



0000096669

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

2002 FEB -8 P 4: 13

WILLIAM A. MUNDELL
 Chairman
 JIM IRVIN
 Commissioner
 MARC SPITZER
 Commissioner

Arizona Corporation Commission
DOCKETED
 FEB 0 8 2002

AZ CORP COMMISSION
DOCUMENT CONTROL

DOCKETED BY	<i>CP</i>
-------------	-----------

IN THE MATTER OF THE GENERIC INVESTIGATION INTO U S WEST COMMUNICATIONS, INC.'S COMPLIANCE WITH CERTAIN WHOLESALE PRICING REQUIREMENTS FOR UNBUNDLED NETWORK ELEMENTS AND RESALE DISCOUNTS.

DOCKET NO. T-00000A-00-0194
PHASE II

QWEST CORPORATION'S REPLY TO OTHER PARTIES' POST-EXCEPTIONS BRIEFS

At the January 25 supplemental hearing, the ALJs permitted the CLECs and Staff to file briefs on February 1, 2002, addressing the issues in that hearing and the exceptions filed by Qwest. As further permitted by the ALJs (1/25/02 Tr. 122-23), Qwest Corporation submits this reply to those briefs with respect to the loop, transport, and nonrecurring charges.

ARGUMENT

I. Staff and AT&T Provide No Justification For The Methodological Errors Underlying The RO&O's Loop-Related Errors.

Although WorldCom has filed a full-blown reply brief to support its Exceptions relating to collocation, Qwest limits to a few pages its own reply concerning the loop.

A. Placement costs and sharing. Staff and AT&T acknowledge that their approach to placement costs and sharing percentages does not ask "what it would cost, *in today's market*, to replace the functions of [a network] asset that make it useful," even

though that is the FCC's own articulation of TELRIC.¹ Instead, AT&T and Staff would ask a quite different question: what it (supposedly) cost Qwest years ago to build its network back before development both (1) made cable placement more costly (because obstacles require more expensive digging methods) and (2) reduced savings from the sharing of placement costs (because sharing with developers or other utilities typically occurs, when at all, only in new developments).² But, again, that inquiry bears no resemblance to TELRIC. Although TELRIC entitles CLECs to many advantages Qwest lacked when it built the network, it does not entitle CLECs to wish away present-day concrete and asphalt, just as it does not entitle them to pretend that labor is as cheap today as it was decades ago when much of the trenching for today's network was done.

Moreover, although AT&T struggles to obscure this point, TELRIC asks what it would cost to replace the entire network, in both developed and undeveloped areas, not just what it would cost to add on to the embedded network in undeveloped areas. Indeed, the CLECs themselves seek UNEs in all areas and primarily in developed ones, where the roads are already paved and other utilities have already laid cable. To ignore this point is to chill facilities-based competition, because few CLECs would deploy facilities in developed areas at today's costs if they could lease them at artificially deflated rates designed to reflect yesterday's costs. Finally, and quite apart from these methodological errors, Staff and AT&T ignore the fact that, *even in undeveloped areas*, the savings a carrier could hope to achieve from sharing is 18% rather than 50%, and the percentage of

¹ Br. for Petitioners FCC and United States, *Verizon Communications Inc. v. FCC*, No. 00-511 and consolidated cases, at 6 (filed April 2001) (emphasis added).

² Staff Response to Qwest Exc. at 1-3; Response of AT&T and XO to Qwest Exc. ("AT&T Resp. to Qwest Exc.") at 11-16.

time a carrier must engage in costly placement techniques is far higher than the CLECs suppose. *See* Qwest Exc. at 26, 29-30.

B. Customer location data and MST. In defending its apples-and-oranges comparisons of 1997 customer location data with December 2000 line count data, AT&T rests, at bottom, on the following proposition: that the 20% increase in line counts during that period is attributable not to any significant residential and commercial expansion, but almost entirely to “increased use of second lines” by the same customers living in exactly the same places as before. AT&T Resp. to Qwest Exc. 8. That is absurd. Arizona is one of the nation’s fastest growing states, and *even when the increased use of second lines is taken fully into account*, updating the 1997 customer location data to match the recent line count data would raise the average monthly loop rate by \$1.29. Qwest Ex. 15-16.

AT&T further asks the Commission to ignore the consequences of its chronological mismatch on the theory that Qwest and the FCC have incorporated lesser mismatches in their own cost models. But, as Qwest has explained, this argument too is invalid because of structural differences among these cost models. For example, unlike HAI, Qwest’s LoopMod avoids any similar cost distortion by *automatically* increasing the size of the distribution area being served by an amount proportionate to an increase in the number of lines. *See* Qwest Exc. 15 n.12; Tr. 236-37. Finally, it was the FCC, not Qwest, that “caution[ed] parties from making any claims in other proceedings” based on the FCC’s modeling assumptions in the universal service context, where the issue is not the *absolute* cost of network elements, but the *relative differences* in costs among the 50 states. *See* Qwest. Exc. 20-21 (quoting FCC).

As discussed in Qwest's Exceptions (at 21), the Commission could alternatively mitigate the consequences of this chronological mismatch by disengaging the optional "MST" function, which, when turned on, causes the HAI model to ignore real-world obstacles and thus systematically understate cable placement costs. As the Colorado commission recently explained, the MST function "should not be used because it will result in *consistent undercompensation* to Qwest, even under TELRIC pricing." *Colorado Cost Order*, Dkt. No. 99A-577T (Dec. 21, 2001), at 42. AT&T misleadingly contends that the problem with the MST function has been cured because, in the current version of HAI, it now produces a "right-angle routing assumption." AT&T Resp. to Qwest Exc. 10. This is nonsense. The HAI model used in Colorado is the same version of the model at issue here (version 5.2a), and, as the Colorado commission found, the problem remains: the MST function improperly causes the HAI model to "ignor[e] . . . sources of network placement cost such as buildings, rivers, lakes, etc." *Colorado Cost Order* at 42. It is just as impossible for cable trenches to *zig-zag* through homes and office buildings (under "right-angle routing") as to pass through them in straight line.³

³ As for the line counts themselves, AT&T, like its expert, remains unable to explain how it could make sense to treat business access lines on a channel-equivalent basis now that the HAI model has been corrected in this respect and treats *all other access lines* on a physical pair basis. See Qwest Exc. 17-18. AT&T suggests that the Commission must build this indefensible anomaly into its cost model to avoid the use of "confidential information," but in fact the physical pair information at issue was shared with all parties to this proceeding, and AT&T has no plausible claim of prejudice. AT&T contends that the Qwest information is "not reliable," apparently because, on the stand, Qwest witness William Fitzsimmons expressed momentary uncertainty about why, in some wire centers, the ratio of access line equivalents to physical lines is sometimes greater than what would be expected where DS1 lines alone are used for ISDN Primary Rate service. AT&T Resp. to Qwest Exc. 11; see also R.O.O. 23-24 (criticizing Dr. Fitzsimmons for not producing off-the-cuff answer). But, as Dr. Fitzsimmons explained in the Colorado cost docket, this numerical difference arises because this service is sometimes provided over

C. General support assets. Finally, AT&T seeks to justify the HAI model's arbitrary 50% reduction in the portion of "general support assets" recovered through wholesale UNE rates (rather than retail rates) on the theory that many of those assets are retail-specific. They are not. These assets consist of the trucks, computers, office equipment, and so forth associated with operating the network *as such*, whether to provide UNEs or retail services. Quite apart from the 50% reduction, the HAI model already takes into account the extent to which the network, and thus these general network assets, happen to be used in the provision of retail services: An ILEC can recover general support costs through UNEs, rather than retail rates, *only in proportion to the number of lines actually leased as UNEs*. See Qwest Exc. 31-32 & n.21. The Colorado commission was thus quite correct when it recently determined that "[t]he HAI Model's 50% reduction to general support expenses is not justifiable as a forward-looking assumption." *Colorado Order* at 64.

II. AT&T Provides No Justification For Its Transport Rate Proposal.

Qwest has previously observed that AT&T's proposed rates for dedicated transport (encompassing, under AT&T's approach, both interoffice transport and entrance facilities) would fall radically below (1) the rates produced by the AT&T-sponsored HAI model, (2) the norm within Qwest's region, and (3) the rates adopted in the states for which the FCC has granted section 271 authorization. See Qwest Resp. to

DS3 technology, which provides up to 672 access line equivalents per physical facility. *In the Matter of U S WEST Communications, Inc.'s Statement of Generally Available Terms and Conditions*, Docket No. 99A-577T, Transcript of Proceedings, Vol. 6, at 152-54 (Aug. 13, 2001).

Other Parties' Exc. ("Qwest Resp.") at 4-9 & Exh. C. AT&T makes no effort to deny that point, because it is indisputable.

Nor does AT&T offer any plausible reason for selective abandonment of its own cost model – HAI – in this context. It is first necessary to put to rest the fiction that AT&T "did not submit the Model for [transport pricing] and never proposed that it be adopted for that purpose." Response of AT&T and XO to Questions Raised During 1/25 Hearing ("AT&T Resp. to Hrg."), at 2. AT&T's own witness, Douglas Denney, specifically endorsed the use of HAI to calculate forward-looking transport costs:

[B]ased on the forward-looking network architecture being deployed by ILECs today, the Model determines the amounts of various network components needed to support the known demand for the elements and services in question. In doing so, it employs numerous optimization routines that ensure 4) *efficient interoffice fiber optics transport rings* based on the widely-used Synchronous Optical Network ("SONET") family of standards. . . . [T]he Model estimates the investment required to purchase and deploy the requisite quantities of each identified component considering detailed engineering design, material, and labor. . . . Part a of Ex. DKD 6 contains . . . other switching and *interoffice transport UNEs* on p. 2.

Direct Testimony of Douglas Denny p. 12-13, 34 (emphasis added). Accordingly, AT&T and the other CLECs submitted this HAI transport module and its results within their submissions in this proceeding. See Qwest Resp. at 5-6.

Second, AT&T contends that Qwest's "failure to raise this issue until after the RO&O is reason enough to disregard" the need for fairness and consistency in the application of a cost model. AT&T Resp. to Hrg. 3. This is nonsense. In the underlying hearings, Qwest of course advocated the use of its own cost model ("ICM") for both transport and the loop. But now that the RO&O has rejected ICM in favor of HAI, Qwest has every right to ask that HAI be applied consistently and not just in the contexts where it creates the greatest competitive advantage for CLECs. Indeed, the only parties that

have waived arguments here are the CLECs, for they are the ones that proposed the HAI transport module without subjecting it to the criticism that they now seek to raise for the first time here, in their third post-hearing brief (*see* AT&T Resp. to Hrg. 2-3).

Finally, that criticism is, in any event, both unsound on the merits and irrelevant. AT&T criticizes its cost model chiefly on the ground that it “calculates transport prices only on a fixed basis.” *Id.* at 3. To begin with, *any* UNE pricing inquiry involves significant cost averaging among different kinds of facilities. Within any given zone, for example, all loops cost the same even though they vary dramatically in length, and even though loop costs vary with distance. AT&T cites no reason for believing that averaging the costs of dedicated transport would be any more “discriminatory” than any of the other cost-averaging decisions that inevitably accompany the pricing of network elements.

In any event, this is not Qwest’s battle to fight. If the Commission is persuaded by AT&T’s criticism of its own cost model for its flat-rated approach, the two appropriate alternatives are (1) to modify the HAI transport module to take account of distance or (2) to use Qwest’s ICM transport module without AT&T’s arbitrary adjustments. *See* Qwest Resp. at 7. Either of those alternatives would be satisfactory in principle, but the first could require additional evidentiary proceedings and might thus delay the conclusion of this cost docket. Thus, if the Commission were disinclined to adopt the HAI transport module as it stands, it should adopt the ICM transport module as *it* stands. Doing so would produce transport rates already at the very low end of the range of reasonableness established by the other Qwest states and by the 271-authorized states. *Id.* at 6-7. And AT&T makes no effort to defend its incoherent, apples-to-oranges

proposal for lowering those ICM rates still further based on its criticisms of incommensurable inputs in the HAI cost model. *See id.*

III. AT&T's Proposed Non-Recurring Charges Are Indefensible.

AT&T persists in proposing a \$1.76 charge for a (1) basic loop installation, (2) a coordinated loop installation ("hot cut") without field testing, and (3) a hot cut accompanied by the specific field activities itemized in Qwest's SGAT for "coordinated installation with testing." That \$1.76 figure could make sense only if these various services required no human labor. But in fact they all do require substantial human labor 100% of the time, as Qwest has explained in detail in its previous filings. In a nutshell, when a CLEC asks Qwest to reroute a loop from its switch to the CLEC's switch, Qwest must (among other things) send technicians to the frame, identify the relevant wires, manually disconnect them from the ILEC's switch, and run cross-connects to the CLEC's collocation space. *See, e.g.,* Qwest Resp. 11-16. No carrier, no matter how efficient, could avoid that labor, for there is today no magic wand that can send signals magically through the air to the desired location in a central office. *Id.*

Moreover, in the case of hot cuts (with or without field testing), Qwest must closely *coordinate* the timing of this disconnection and reconnection exercise to avoid service outages for the end user. That requires, among other things, sending flesh-and-blood technicians to the frame at a particular office at a particular time to perform the loop cutovers and then to stand by in case trouble is reported on the line; often, it requires sending a whole team of technicians to the frame, because CLECs that serve large businesses commonly order cutovers of many different loops at the same time. *See* Qwest Resp. 11-12. Last year, Qwest handled more than 8,000 coordinated cuts for

unbundled loops under the terms of its SGAT, which requires it to perform specific manual activities to ensure service quality. Indeed, under the current version of Arizona's Performance Assurance Plan (OP-13), Qwest's failure to perform those activities may subject it to substantial liability.

Finally, in the case of hot cuts *with* testing, Qwest must perform the specific testing services the CLEC orders from the SGAT, which includes dispatching technicians not just to the frame, but to the field. AT&T inexplicably criticizes Qwest for "assum[ing]" that "Qwest will be required to send a technician to the customer premises a substantial portion of the time" when coordinated installations are ordered *with testing*. But the *very definition* of "testing," as contained in Qwest's SGAT, involves the dispatch of a technician to the customer premises for the benefit of the CLEC. If AT&T does not want Qwest to perform that service, it does not have to order it. But if it does want that service, Qwest is entitled to recover the costs it incurs to provide it.⁴ Finally, because they involve complex issues of circuit design, installations of high-capacity loops, such as DS1s and DS3s, require even greater human involvement than installations of regular DS0 loops, and the nonrecurring charges should be set accordingly. *See* Qwest Resp. 13-14.

AT&T never once explains how an efficient carrier could avoid any of these labor costs through the use of "currently available" technology – which, as the FCC's regulations explicitly recite, is the only technology relevant to a TELRIC analysis. 47

⁴ It is hard to know what to make of AT&T's bizarre suggestion (AT&T Resp. to Hrg. at 5) that "installation of a network interface device" is somehow a substitute for the sophisticated testing procedures at issue here: it is not, and AT&T will not be ordering that service if it wants Qwest to perform hot cuts *with testing*.

C.F.R. § 51.505(b)(1). To avoid human involvement, AT&T appears to be positing a futuristic world in which carriers deploy (1) massive amounts of fiber throughout their central offices to connect their own distribution frames directly to each other carrier's collocated facilities, and (2) many costly "pre-switches" to send traffic in the right direction (because circuit-switched signals do not "know" where to go unless expensive electronics tell them). AT&T avoids any discussion of these issues, and for good reason: No carrier has deployed any such technology, because it is not "currently available," and even if it were currently available, it would be prohibitively expensive. Needless to say, AT&T does not build that prohibitive expense into its cost model for either recurring or non-recurring costs. Similarly, no carrier in the real world has achieved anything approaching the absurd 98% flow-through level AT&T posits, because the technology does not exist that could possibly permit that degree of automation in the real world – *even if* all CLECs submitted orders that are both perfect and automated, which they quite often do not. *See* Qwest Exc. at 35-38.

Indeed, the record is undisputed on that point, although AT&T disingenuously claims otherwise. AT&T contends that its cost witness, Mr. Weiss, "never stated during the hearing that the systems assumed by the Joint Intervenors' model were unavailable."

AT&T Resp. to Qwest Exc. 19. But the transcript speaks for itself:

Q: My question specifically is: Are the recommendations you have made, are you assuming that Qwest would have fully automated interfaces and fully automated back end OSS systems?

A: I am anticipating that Qwest would have fully TMN-compliant systems in place and operational.

...

Q: Am I correct, Mr. Weiss, that you're not aware of any carrier that has a fully TMN-compliant OSS system in place today?

A: *At this juncture, you're absolutely right. I'm not so aware, but I am aware that these carriers are working toward it.*

Tr. 1511 (emphasis added). Mr. Weiss could not have been more explicit in conceding that the technology underlying AT&T's nonrecurring cost model is not "currently available," as TELRIC requires. 47 C.F.R. § 51.505(b)(1).⁵ He nonetheless viewed the cost model as consistent with TELRIC, but only because, like AT&T itself, he mistakenly believes that "forward-looking" means "future," rather than "currently available" – or, to put this misunderstanding in his own words, "right now is not a forward-looking time."

Tr. 1566. In fact, "right now" is the *only* time relevant to a proper TELRIC inquiry in the sense that, if technology is not "currently available" to an efficient carrier, TELRIC explicitly forbids taking it into consideration. 47 C.F.R. § 51.505(b)(1).

Finally, AT&T claims (Resp. to Qwest Exc. at 20) that Qwest has taken Mr. Weiss's revealing "right now" quote "out of context," but in fact the context reveals just how absurd, and just how irreconcilable with TELRIC, AT&T's position actually is. Mr. Weiss answered "right now is not a forward-looking time" to explain why, in his view, Qwest should receive *no compensation at all* for the human resource burden Qwest must bear in processing the 24% of orders that CLECs choose today to submit by fax rather than through Qwest's automated systems. Tr. 1566; *see* Ex. Qwest-18 (Million Rebut.) at

⁵ AT&T falsely claims that Qwest misquoted Mr. Weiss when it cited this page of the transcript in observing that (as he conceded) "the nearly flawless automation assumed by the ALJs' nonrecurring cost model is nowhere 'currently available.'" *See* AT&T Resp. to Qwest Exc. 19 (citing Qwest Exc. 34). AT&T's complaint seems to be that quotes appear around the words "currently available" and that Mr. Weiss does not use those words on p. 1511 of the transcript. But Qwest was not quoting Mr. Weiss; it was quoting the FCC's binding TELRIC regulations, recited earlier in the same paragraph of Qwest's Exceptions. AT&T's accusation manages to reveal only its continuing unfamiliarity with the explicit terms of those regulations.

47 (discussing faxed orders). To drive the point home, Mr. Weiss acknowledged: “That is a real cost that they’re [ILECs] incurring today on behalf of CLECs, but *in the future*, that cost should not be there if we [CLECs] have an appropriate GUI system installed.” Tr. 1566-67 (emphasis added). It would be the height of arbitrariness to penalize *Qwest* for the inefficiencies of *CLECs* on the theory that someday *in the future* CLECs will be less inefficient.⁶

* * *

Finally, AT&T wrongly contends that the D.C. Circuit’s recent decision in *Sprint Communications v. FCC*, 274 F.3d 549 (D.C. Cir. 2001), somehow justifies the imposition of below-cost UNE rates (what AT&T calls “the low end of any reasonable TELRIC range”) so that CLECs may earn substantial profits by offering residential service through the UNE platform. AT&T Resp. to Qwest Exc. at 23-24. This is nonsense. First, as a legal matter, the *Sprint* court did *not* endorse that position on the merits. Without even vacating the underlying order, the court simply remanded to the FCC for more detailed “consideration” (274 F.3d at 556) of its current position that AT&T’s proposed “margin analysis” is irrelevant to the “public interest” test of 47 U.S.C. § 271(d)(3)(C). Indeed, the court observed that the FCC could well reaffirm that existing position on remand, and it even pointed the way to that outcome, explaining that

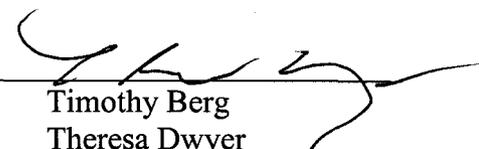
⁶ AT&T and Staff claim that, because there were too many rates in this case, they did not file opposing studies and testimony on numerous items such as SS7 functions and LIDB access. They now suggest that, rather than entering Qwest’s unopposed rates as final, the Commission should declare them “interim” and conduct another proceeding. AT&T and Staff seem to have forgotten that they insisted that Qwest provide cost studies for every UNE listed in the SGAT. Their failure to analyze all of Qwest’s studies is no excuse for the Commission to withhold final rates. Qwest is attaching to this brief a list of all rate elements for which no CLEC presented costs.

when UNE rates are based on TELRIC, regulators might well conclude that “the residential market may not be attractive to competitors” choosing to enter *through the UNE platform*. 274 F.3d at 556; *see* Qwest Exc. 7-8. In any event, as discussed in Qwest’s Exceptions, a statewide average loop rate of \$18 would in fact permit substantial residential competition through the UNE platform in Arizona. *See* Qwest Exc. 8 & Exh. C. AT&T makes no effort to dispute that point.

CONCLUSION

The briefs in this proceeding vividly confirm that the Recommended Decision is based on gross inconsistencies with TELRIC, and its underlying principles and objectives. If the objective of this proceeding is to determine costs under TELRIC, the Commission should grant Qwest’s Exceptions and overrule the Exceptions of the Joint Intervenors and Staff (except where consistent with Qwest’s positions).

Respectfully submitted this 8th day of February, 2002.

By: 

Timothy Berg
Theresa Dwyer
FENNEMORE CRAIG
3003 North Central, Suite
2600
Phoenix, Arizona 85012

John Devaney
Norton Cutler
PERKINS COIE LLP
607 Fourteenth Street, N.W.
Suite 800
Washington, D.C. 20005-
2011

*Attorneys for Qwest
Corporation*

ORIGINAL and 10 copies of the
foregoing hand-delivered for filing
this 8th day of February, 2002 to:

Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, AZ 85007

COPY of the foregoing hand-delivered
This day to:

Maureen Scott
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, AZ 85007

Ernest G. Johnson, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, AZ 85007

Lyn Farmer, Chief Arbitrator
Hearing Division
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, AZ 85007

Dwight Nodes, Arbitrator
Hearing Division
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, AZ 85007

COPY of the foregoing mailed this day to:

Steven J. Duffy
RIDGE & ISAACSON, P.C.
3101 North Central Avenue, Ste. 1090
Phoenix, Arizona 85012-2638

Richard S. Wolters
M. Singer-Nelson
AT&T
1875 Lawrence Street, Room 1575
Denver, CO 80202-1847

Allen Wong
AT&T
1875 Lawrence Street, Room 1575
Denver, CO 80202-1847

Michael W. Patten
ROSHKA HEYMAN & DEWULF
400 North Fifth St., Ste. 1000
Phoenix, AZ 85004-3906

Michael Grant
Todd C. Wiley
GALLAGHER & KENNEDY
2575 E. Camelback Rd.
Phoenix, AZ 85016-9225

Thomas H. Campbell
LEWIS & ROCA
40 N. Central Avenue
Phoenix, AZ 85007

Brian S. Thomas
TIME WARNER TELECOM
520 SW Sixth Ave., Suite 300
Portland, OR 97204-1522

Thomas F. Dixon
WORLDCOM
707 17th Street
Denver, CO 80202

Eric S. Heath
SPRINT COMMUNICATIONS CO.
100 Spear Street, Suite 930
San Francisco, CA 94105

Scott S. Wakefield
RUCO
2828 N. Central Avenue, Suite 1200
Phoenix, AZ 85004

Ray Heyman
ROSHKA HEYMAN & DeWULF
400 North 5th Street, Suite 1000
Phoenix, AZ 85004

Rex M. Knowles
XO Communications, Inc.
111 E. Broadway, Suite 1000
Salt Lake City, UT 84111

Megan Doberneck
COVAD COMMUNICATIONS COMPANY
7901 Lowry Boulevard
Denver, Colorado 80230

Lisa Crowley
COVAD COMMUNICATIONS COMPANY
4250 Burton Drive
Santa Clara, CA 95054

Robert S. Tanner
DAVIS WRIGHT TREMAINE LLP
17203 N. 42nd Street
Phoenix, AZ 85032

Greg Kopta
DAVIS WRIGHT TREMAINE LLP
2600 Century Square
1501 Fourth Avenue
Seattle, WA 98101-1688

Mary S. Steele
DAVIS WRIGHT TREMAINE, LLP
2600 Century Square
1501 Fourth Avenue
Seattle, WA 98101-1688

Dennis Ahlers
Senior Attorney
ESCHELON TELECOM, INC.
730 Second Avenue South, Suite 1200
Minneapolis, MN 55402

Steve Sager, Esq.
MCLEODUSA TELECOMMUNICATIONS SERVICE, INC.
215 South State Street, 10th Floor
Salt Lake City, Utah 84111

Marti Allbright, Esq., Esq.
MPOWER COMMUNICATIONS CORPORATION
5711 South Benton Circle
Littleton, CO 80123

Penny Bewick
NEW EDGE NETWORKS
PO Box 5159
3000 Columbia House Blvd.
Vancouver, Washington 98668

Michael B. Hazzard
KELLEY DRYE AND WARREN
1200 19th Street, NW
Washington, DC 20036

Janet Livengood
Z-TEL COMMUNICATIONS, INC.
601 South Harbour Island
Suite 220
Tampa, Florida 33602

Andrea Harris
ALLEGIANCE TELECOM
2101 Webster
Suite 1580
Oakland, CA 94612

Traci Grundon
DAVIS, WRIGHT TREMAINE, LLP
1300 S. W. Fifth Avenue
Portland, OR 97201

Joan Burke
OSBORN MALEDON
2929 N. Central Avenue
Phoenix, AZ 85012



Elements For Which No CLEC Proposed Costs

QWEST
Pricing Proposal

	Recurring	NRC
UNBUNDLED NETWORK ELEMENTS (UNES)		
Non-loaded Loops		
2-Wire Extension Technology - Unbundled Loop Grooming	\$1.60	
DS0 - Loop Installation Charges		
Basic Installation with Performance Testing		
First Loop		\$192.29
Each Additional Loop		\$137.97
Coordinated Installation with Cooperative Testing		
First Loop		\$232.25
Each Additional Loop		\$137.97
Coordinated Installation without Cooperative Testing		
First Loop		\$95.38
Each Additional Analog Loop		\$83.16
Basic Installation with Cooperative Testing		
First Loop		\$192.29
Each Additional Loop		\$137.97
DS1 Loop Installation Charges		
Basic Installation with Performance Testing		
First Loop		\$278.18
Each Additional Loop		\$203.72
Coordinated Installation with Cooperative Testing		
First Loop		\$318.14
Each Additional Analog Loop		\$203.72
Coordinated Installation without Cooperative Testing		
First Loop		\$153.26
Each Additional Loop		\$119.90
Basic Installation with Cooperative Testing		
First Loop		\$278.18
Each Additional Loop		\$203.72
DS3 Loop Installation Charges		
Basic Installation with Performance Testing or w/cooperative testing		
First Loop		\$278.18
Each Additional Loop		\$203.72
Coordinated Installation with Cooperative Testing		
First Loop		\$318.14
Each Additional Analog Loop		\$203.72
Coordinated Installation without Cooperative Testing		
First Loop		\$153.26

* ALJ Recommended column is preliminary price-out

Elements For Which No CLEC Proposed Costs

QWEST
Pricing Proposal

	Recurring	NRC
Each Additional Loop		\$119.90
Basic Installation with Cooperative Testing		
First Loop		\$278.18
Each Additional Loop		\$203.72
Subloop		
DS1 Capable Feeder Loop	\$74.83	\$293.36
DS1 Each Additional Capable Feeder Loop		\$219.50
Zone 1	\$72.62	
Zone 2	\$72.71	
Zone 3	\$79.53	
Unbundled Dedicated Interoffice Transport (UDIT)		
DS0 UDIT		\$307.95
OC3 UDIT		\$352.92
OC-12 UDIT		\$352.92
Low Side Channel Performance	\$11.52	
Low Side Channel Performance with Multiplexing	\$7.35	
DS1/DS0 Low Side Channelization		
Multiplexing DS3 to DS1	\$232.15	
Multiplexing DS1 to DS0	\$210.68	
UDIT M1-3 Multiplexing		\$2,569.47
UDIT MI-O Multiplexing High Side		\$273.68
UDIT M1-0 Multiplexing Low Side	\$7.35	\$239.83
UDIT Rearrangement		
Single Office		\$176.26
Dual Office		\$219.07
High Capacity Single Office		\$238.39
High Capacity Dual Office		\$266.02
Unbundled Dark Fiber (UDF)		
Single Strand Increments (Available May 31, 2001)		
Initial Records Inquiry (IRI)		
Simple		\$159.49
Complex		\$203.37
UDF-IOF Charges		
Order Charge per PR/Route/Order		\$563.63
Order Charge ea Addl. Pr/Same Route		\$271.89
UDF-Loop Charges		
Order Charge per Pr./Route/Order		\$563.63
Order Charge ea Addl. Pr/Same Route		\$271.89
Extended Unbundled Dark Fiber (E-UDF)		
Order Charge per Pr./Route/Order		\$563.63
Order Charge ea Addl. Pr.Same Route		\$271.89
Termination at Wire Center, 2 per Pair	\$7.01	
Termination Fixed Per Pr./Prem.	\$6.42	

* ALJ Recommended column is preliminary price-out

Elements For Which No CLEC Proposed Costs

QWEST
Pricing Proposal

	Recurring	NRC
E-UDF Fiber (Per pair)	\$110.86	
Fiber Cross-Connect Per Pr.	\$4.03	\$21.56
Local Switching		
DS0 Analog Trunk Port Each Additional	\$15.78	\$28.57
Common Channel Signaling/SS7		
CCSAC STP Port	\$249.69	\$440.28
CCSAC Options Activation Charge Basic Translations		
First Activation, per order		115.34
Each Additional Activation, per		\$9.58
CCSAC Options Database Translations		
First Activation per order		134.49
Each additional Activation per order		\$57.45
Signal Formulation, ISUP, Per Call Set-Up Request	0.0020272	
Signal Transport, ISUP, Per Call Set-Up Request	\$0.0013148	
Signal Transport, TCAP, per Data Request	\$0.0002914	
Signal Switching, ISUP, Per Call Set-Up Request	\$0.0009192	
Signal Switching, TCAP, Per Data Request	\$0.0005754	
Line Information Database (LIDB)		
LIDB Storage		
LIDB Query Service, per Query	\$ 0.0009435	Same as 9.13.2.2
8XX Database Query Service		
Basic Query, per Query	\$0.02007675	Same as 9.13.2.2
POTS Translation	\$0.00000165	
Call Handling & Destination Feature	\$0.00000055	
ICNAM, Per Query	\$ 0.00083600	Same as 9.13.2.2
UNE Platform		
UNE-P New Connection		
UNE-P POTS Mechanized, First		\$55.56
UNE-P POTS Mechanized, Each Additional		\$15.94
UNE-P POTS Manual, First		\$82.49
UNE-P POTS Manual, Each Additional		\$18.52
UNE-P POTS,CENTREX, PAL, PBX		
Manual,First		\$16.28
Manual, Each Additional		\$2.71
UNE-P PBX DID		
First		\$20.70
Each Additional		\$3.13
UNE-P ISDN PRI, DSS per DS1 Facility		\$51.22
UNE-P ISDN PRI, DSS Trunk		

* ALJ Recommended column is preliminary price-out

Elements For Which No CLEC Proposed Costs

QWEST
Pricing Proposal

	Recurring	NRC
First		18.85
Each Additional		\$3.13
UNE-Combination Private Line DS0/DS1/DS3/OCN/Integrated T-1 Existing Service		41.05
Multiplexing		
DS1 Transport Mux		\$258.16
DS3 Transport Mux		\$258.16
DS0 Channel Performance		
DS0 Low Side Channelization	11.52	
DS1/DS0 MUX, Low Side Channelization	\$7.35	239.83
ANCILLARY SERVICES		
Access to Poles, Ducts, Conduits and Rights of Way		
Pole Inquiry Fee, per Mile		\$322.99
Innerduct Inquiry Fee, per Mile		\$388.25
ROW Inquiry Fee		\$143.49
ROW Document Preparation		\$143.49
Manhole Make Ready Inspector, per Manhole		\$430.47
Pole Attachment Fee, per Foot, per Year	\$4.28	
Innerduct Occupancy Fee, per Foot, per Year	\$0.36	
Operational Support Systems		
Daily Usage Record File, per Record	\$0.0007460	

* ALJ Recommended column is preliminary price-out