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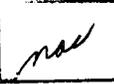
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Arizona Corporation Commission

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IN THE MATTER OF 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
AT&T AND XO'S MOTION TO
STRIKE AND RESPONSE TO
QWEST'S REPLY BRIEF

I. BACKGROUND

Contrary to the rules established by this Commission, Qwest filed a response to all parties' exceptions in this proceeding. As a result of AT&T's motion to strike, the Commission permitted all other parties the same opportunity to respond to Qwest's Exceptions. Later, at a supplemental hearing on January 25, 2002, Judge Nodes raised questions about issues outside the exceptions and determined that all parties would have the opportunity to address those questions in writing. AT&T, therefore, filed two briefs on February 1, 2002. The first responded to those new issues raised by Judge Nodes at the supplemental hearing. The second addressed Qwest's Exceptions.

Qwest's Response, filed on February 8, 2002, makes no attempt to limit itself to the new issues raised by Judge Nodes. Instead, Qwest's Response is a more general "reply" to the responses other parties were permitted to file to Qwest's Exceptions. Qwest's new brief goes far beyond the limited subject matter for Qwest's third brief on these issues approved by Judge Nodes during the supplemental hearing.

The proper response would be to strike Qwest's reply or to permit AT&T to respond to the improper arguments made by Qwest. For the most part, however, AT&T has already addressed Qwest's improper arguments in prior briefing and there is no need to reargue the issues. This memorandum, therefore, simply summarizes AT&T's arguments and refers the Commission to portions of the prior briefs addressing Qwest's arguments.

II. DISCUSSION

A. Placement Costs and Sharing.

AT&T addresses this issue at pages 11 to 13 of its Response to Qwest's Exceptions. The essential point that Qwest ignores is that its placement cost assumptions ignore the FCC's own evaluation of the appropriate placement costs that should be used in modeling a forward looking network.

B. Customer Location Data and MST.

AT&T addresses this issue in its Response to Qwest's Exceptions at pages 4 through 10. Again, the essential point is that the FCC itself has accepted the use of customer location data similar to that used in the HAI Model as consistent with a forward looking network. The HAI Model is already conservative in the amount of cable it assumes will be required to replace the Qwest network, and it makes no sense to increase those cable distances as suggested by Qwest.

C. General Support Assets.

AT&T addresses this issue in its Response to Qwest's Exceptions at page 16. In arguing that there should be no reduction in its total expenses for general support assets, Qwest seeks to obscure the costs associated with retail operations like sales and marketing that must be removed from these expenses. Qwest itself acknowledges that reductions must be made in its total expenses to calculate an appropriate expense factor. *See* Qwest Exhibit 18 (Million Rebuttal),

Exhibit TKM-02R (Expense Factors Module Users' Manual) at 31-32. A similar adjustment must be made in the HAI Model to comply with the FCC's requirement that TELRIC may not include retail costs. *See* 47 C.F.R. § 51.505(d).

D. Transport.

Qwest's Response on transport issues does address new issues raised at the supplemental hearing on January 25th. AT&T, for this reason, will provide no further response on these issues.

E. Non-recurring Charges.

Many of the arguments that Qwest makes regarding non-recurring charges are in response to Judge Nodes' questions at the hearing on January 25, 2002. In keeping with the order of Judge Nodes at that proceeding, AT&T will not respond on those issues. In one respect, however, Qwest's argument responds only to issues raised by AT&T's Response to Qwest's Exceptions.

Qwest again attempts to claim that Mr. Weiss, a witness for the intervenors in this proceeding, conceded that the systems assumed by the AT&T/WorldCom Nonrecurring Cost Model adopted in this proceeding are not "currently available." AT&T's Response to Qwest's Exceptions addresses this argument at pages 17 through 20. Qwest's creative (and misleading) use of quotation marks aside, there is ample evidence in the record that the operational support systems assumed by the AT&T/WorldCom Model are available and are being implemented by carriers today. This is not surprising. The Minnesota Commission adopted most of the assumptions used in that model in an Order issued almost three and a half years ago. *See In the Matter of a Generic Investigation of U S WEST Communications, Inc.'s Cost of Providing Interconnection and Unbundled Network Elements*, OAH Docket No. 12-2500-10956-2, Report of the Administrative Law Judge (November 17, 1998). The fact that Qwest and other carriers

have not yet chosen to fully implement those systems (which is the only statement actually made by Mr. Weiss) cannot be stretched to support Qwest's claim that those systems are not "currently available."

III. CONCLUSION

On this basis, AT&T requests that Qwest's Exceptions be rejected.

Dated this 15th day of February 2002.

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CERTIFICATE OF SERVICE

I hereby certify that the original and 10 copies of AT&T and XO's Motion to Strike and Response to Qwest's Reply Brief, regarding Docket No. T-00000A-00-0194, were hand delivered this 15th day of February, 2002, to:

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