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BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL
Chairman
JIM IRVIN
Commissioner
MARC SPITZER
Commissioner

Arizona Corporation Commission

DOCKETED

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AZ CORP COMMISSION
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IN THE MATTER OF INVESTIGATION)
INTO QWEST CORPORATION'S)
COMPLIANCE WITH CERTAIN)
WHOLESALE PRICING REQUIREMENTS)
FOR UNBUNDLED NETWORK)
ELEMENTS AND RESALE DISCOUNTS)

Docket No. T-00000A-00-0194

AT&T ISSUES LISTS FOR PHASE
IIA AND III

Pursuant to the Procedural Order issued on June 20, 2002, AT&T
Communications of the Mountain States, Inc. and TCG Phoenix (collectively "AT&T")
provide the following list of issues (1) to be decided in the Phase IIA Recommended
Opinion and Order and (2) that have been deferred to Phase III of this docket.

PHASE IIA ISSUES

The Price List that Qwest Corporation ("Qwest") included with the Qwest Notice
of Compliance to Decision 64922 includes the rate elements to be determined in Phase
IIA. With the exception of additional elements discussed below, AT&T agrees that the
Price List accurately reflects that rates that the Commission needs to establish in this
phase. The following list of issues, however, represent the disputed issues that need to be
resolved to establish those rates:

I. Switching

A. Choice of Cost Model – Consistent with the Commission's

adoption of the HAI Model 5.2a in Phase II, AT&T proposes that the Commission adopt

the HAI Model 5.2a to determine the costs for rates to be established in Phase IIA.
(AT&T Phase IIA Post-Hearing Brief (“AT&T Brief”) at 2-6).

B. Model Inputs – the following specific inputs into the model are
disputed:

1. Fill factors (AT&T Brief at 7-10)
2. Growth lines (AT&T Brief at 7-10)
3. Analog offset (AT&T Brief at 11)
4. Feature costs (AT&T Brief at 13)
5. Allocation of traffic sensitive and non-traffic sensitive
expenses between the port and minute of use rates (AT&T Brief at 12-13)
6. Use of FCC USF inputs (AT&T Brief)
7. Switch upgrades (AT&T Brief at 10-11)
8. Billing costs
9. Use of dial equipment minutes v. billable minutes

II. Remote Collocation (WorldCom Brief)

III. Custom Routing (WorldCom Brief)

IV. Unbundled Packet Switching (AT&T Brief at 15)

The following rates (almost all of which are included in Qwest’s compliance Price
List but are repeated here in general terms for ease of reference) need to be established
based on the Commission’s resolution of the issues listed above:

Recurring Rates (most listed in Price List)

- Reciprocal Compensation: end office call termination and tandem switching
- Shared Transport

- Unbundled Tandem Switching: Trunk Group, Message Trunk Group, DS1 Trunk Group, and minute of use (“MOU”)
- Unbundled Local Switching: Analog Line Side Port and MOU
- Line Port Features
- Digital Trunk Ports: Message Trunk Group, DS1 PRI ISDN Trunk Port, and DS1 DID Trunk Port
- Unbundled Packet Switching
- Customer Channel: Customer Channel and Shared Distribution Loop, Customer Channel and Unbundled Distribution Loop, Customer Channel and CLEC-Provided Loop, DSLAM, and Virtual Transport
- Unbundled Packet Switch Loop Capability
- Unbundled Packet Switching Interface Port – DS1 and DS3 Interface
- Unbundled Packet Switch DSLAM functionality
- ATM/Edge Switch Port
- Element Manager

Nonrecurring Rates

- Subsequent Order Charge

PHASE III ISSUES

The Price List that Qwest included with the Qwest Notice of Compliance to Decision 64922 includes the rate elements to be determined in Phase III. AT&T agrees that the Price List accurately reflects the rates that the Commission needs to establish in Phase III. AT&T also understands that Qwest is filing an expanded list of issues for Phase III which include a significant number of additional rates that Qwest believes need

Commission-established rates. AT&T does not agree that most of these additional rates necessarily are or should be at issue in Phase III. The Commission has already established some of these rates, while others were never contemplated for inclusion in Phase III. AT&T, therefore, proposes that the Commission schedule a procedural conference to discuss these additional issues.

Dated this 8th day of July 2002.

**AT&T COMMUNICATIONS OF THE
MOUNTAIN STATES, INC.**

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CERTIFICATE OF SERVICE

I hereby certify that the original and 10 copies of Application for Rehearing of AT&T and XO of Phase II Opinion and Order, regarding Docket No. T-00000A-00-0194, were hand delivered this 8th day of July, 2002, to:

Arizona Corporation Commission
Docket Control – Utilities Division
1200 West Washington Street
Phoenix, AZ 85007

and that a copy of the foregoing was hand-delivered this 8th day of July, 2002 to the following:

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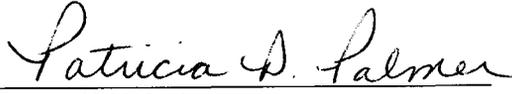
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