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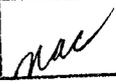
Arizona Corporation Commission

January 29, 2003

DOCKETED

JAN 30 2003

Docket Control Center
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007-2996

DOCKETED BY 

Re: Docket No. T-00000A-00-0194 In the Matter of the Investigation Into Qwest Corporation's Compliance With Certain Wholesale Pricing Requirements For Unbundled Network Elements And Resale Discounts

Docket No. T-0105B-02-0871 Complaint and Order To Show Cause

To whom it may concern:

On January 9, 2003, Mountain Telecommunications, Inc. (MTI) filed with the Commission applications to intervene in each of the above-captioned docketed proceedings. As explained in those applications, MTI has received from Qwest invoices for certain services including Transport and Local Interconnection Service which contain rates developed by Qwest in purported compliance with its understanding of Decision No. 64922. Those invoices reflect substantial unanticipated price increases for those services. As indicated in its applications to intervene, MTI does not believe that Decision 64922 contemplated such massive increases in the rates for these important unbundled network elements. During a discussion with Staff counsel following the procedural hearing held in Docket No. T-0105B-02-0871 on January 27, 2003, it was suggested that MTI provide additional information regarding these price increases. The information contained in the Supplement to Applications to Intervene filed herewith is for the purpose of clarifying MTI's interests in these proceedings in light of the discussion with transpired during the procedural hearing, specifically comments and questions articulated by the presiding officer.

Please direct any questions regarding this Supplement to Applications to Intervene to undersigned counsel for MTI.

Respectfully submitted,

Mitchell F. Brecher

cc: All Parties of Record

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SAO PAULO FORT LAUDERDALE BOCA RATON WEST PALM BEACH ORLANDO TALLAHASSEE

BEFORE THE ARIZONA CORPORATION COMMISSION

MARC SPITZER
CHAIRMAN
MIKE GLEASON
COMMISSIONER
JEFF HATCH-MILLER
COMMISSIONER
JIM IRVIN
COMMISSIONER
WILLIAM A. MUNDELL
COMMISSIONER

ARIZONA CORPORATION COMMISSION
Complainant,

v.

QWEST CORPORATION,
Respondent

DOCKET NO. T-00000A-00-0194

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

and

DOCKET NO. T-0105B-02-0871

COMPLAINT
AND
ORDER TO SHOW CAUSE

SUPPLEMENT TO APPLICATIONS TO INTERVENE

Mountain Telecommunications, Inc. ("MTI"), by its attorneys, pursuant to A.R.C. R14-3-106, hereby files this Supplement to Applications to Intervene.

On January 9, 2003, MTI filed with the Commission applications to intervene in each of the above-captioned proceedings. Although neither of those applications has been acted on by the Commission, MTI attended and participated in the procedural conference held on January 27, 2003 in Docket No. T-0105B-02-0871. Based upon the discussion which occurred during that conference, including questions raised by the presiding officer, MTI believes that it would be helpful for it to clarify the reasons for its interest in these proceedings. Thus, by this Supplement, it is providing further information about the Qwest invoices which it has received which contain significantly increased rates for unbundled network elements, including Transport

and Local Interconnection Service, based upon Qwest's purported compliance with its understanding of Decision No. 64922 issued in Docket No. T-00000A-00-0194.

With respect to the rate changes in Transport pricing, Qwest's pricing changes have increased the prices to MTI for Transport by forty-two percent (42%) in the Tucson LATA (668) and by seventy-one percent (71%) in the Phoenix LATA (666). MTI has calculated these percentage increases by comparison of its invoices received from Qwest for October 2002 service (based on the pre-Decision 64922 rates) with its invoices for December 2002 service (received in January 2003, based upon Qwest's selective implementation of the rate changes reflecting its understanding of Decision 64922). MTI purchases many Transport services from Qwest in Arizona. Examples of the unanticipated rate increases for Transport include the following: Circuit ID No. 16 HCFU710813 (Tucson Main – Tucson East) has increased from \$46.49 to \$153.59; Circuit ID Nos. 16 HCFU710814 and 16 HCFU711110 (Tucson Main – Tucson Craycroft), each has increased from \$48.44 to \$153.59; Circuit ID Nos. 14 HCFU998297 and 14 HCFU998298 (Scottsdale Main – Tempe Main), each has increased from \$47.79 to \$153.59; Circuit ID Nos. 14 HCFU969107 and 14 HCFU970017 (Scottsdale Main – Scottsdale Thunderbird) (DS-3 circuits), each has increased from \$353.05 to \$1,834.61.

The rate increases experienced by MTI for Local Interconnection Service are even more pronounced. MTI's LIS rates increased by thirty-four percent (34%) in the Tucson LATA and by one hundred fifty four percent (154%) in the Phoenix LATA. Illustrative examples of these LIS circuit rate increases include the following: Circuit ID 101T1ZF SNMNAZMADADCO (San Manuel Main – Tucson Main) increased from \$46.88 to \$75.95; Circuit ID Nos. 105T1ZFSRVSAZMAHJ1, 107SRVSAZMAHJ1, and 108T1ZFSRVZSAZMAHJ1 (Sierra Vista Main – Sierra Vista South), each increased from \$19.94 to \$75.95; Circuit ID No.

101T3MESAAZMAK19 (Mesa Main – Scottsdale Main) increased from \$371.71 to \$1,137.30; Circuit ID Nos. 101T3PHNXAZMAK06 and 101T3PHNXAZNOK14 (Scottsdale Main – Phoenix Main), each increased from \$391.48 to \$1,137.30; Circuit ID No. 102T1PHNXAZMYDCO (Phoenix North – Phoenix Maryvale) increased from \$20.59 to \$75.95; Circuit ID No. 102T1PHNXAZSODGO increased from \$20.59 to \$75.95.

The examples of rate increases listed in the preceding paragraphs are illustrative of the substantial increases reflected in Qwest's invoices to MTI received in January 2003. These examples are by no means exhaustive. Other examples abound. It appears that the massive price increases have resulted from the manner in which Qwest has averaged transport rates among all distances. Based upon MTI's current usage of Qwest Transport and Local Interconnection Service, MTI's monthly charges for these unbundled network elements will increase by approximately \$55,000 – an increase of 77.8 percent over the rates in effect through November 2002.

While Qwest has increased its Transport and Local Interconnection Service rates “across the board” in purported compliance with Decision No. 64922, to date, its rate adjustments for other unbundled network elements, including unbundled loops, has been sporadic and selective. Although loop rates were expected to decline following implementation of Decision 64922, only about eight percent of MTI's loops have been priced at the revised rate levels. The remainder of MTI's loops continue to be charged at the pre-Decision 64922 rates. Moreover, Qwest continues to invoice all installation and other non-recurring charges at the pre-Decision 64922 prices.

Unless promptly addressed by the Commission, the manner in which these unbundled network element rate changes for the Transport and Local Interconnection Service elements have been implemented by Qwest has the potential to erode any remaining opportunity for the

development of competitive telecommunications services, primarily local telecommunications services, in Arizona. The Telecommunications Act of 1996 mandates competition for telecommunications services by three means: by building and operating alternative networks which are to be interconnected with the incumbents' networks; by obtaining services from the incumbents at wholesale rates for resale; and by acquiring access to the incumbents' networks on an unbundled network element basis at cost-based prices and using those unbundled network elements to provision competing services. As described in MTI's applications to intervene in each of the above-captioned proceedings and as illustrated by the specific rate increase examples provided in this Supplement, Qwest's selective, sporadic and self-serving implementation of Decision No. 64922, specifically with respect to Transport and Local Interconnection Service, and its unexplained and unexplainable delay and limited implementation of the mandated changes in unbundled loop prices and installation charges, have caused material net increases in the costs of competing with Qwest in the Arizona telecommunications services market. Unless these pricing irregularities are promptly corrected, those providers whose market entry strategies include use of unbundled network elements will not be able to access the capital markets needed to finance their efforts to offer competitive alternatives as contemplated by the 1996 Telecommunications Act.

In view of the foregoing as well as the reasons stated in its applications to intervene filed in each of these captioned proceedings, MTI reiterates its request that it be allowed to intervene in each proceeding. In the event that the Commission deems it necessary to hold a hearing on

MTI's intervention applications, MTI urges the Commission to schedule such a hearing at the earliest opportunity.¹

Respectfully submitted,

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January 30, 2003

¹ On January 21, 2003, Qwest submitted a response to MTI's application for intervention in which it opposed MTI's application to intervene in Docket No. T-01051B-02-0871, but did not oppose its application to intervene in Docket Nol T-00000A-00-0194. Qwest's response was not served upon MTI's counsel. By agreement of the parties, MTI will be submitting a reply to that response on January 31, 2003. Also, on January 17, 2003, MTI filed with the Commission a Motion for Injunction in which it has asked the Commission to enjoin Qwest from charging for Transport and Local Interconnection Service at the rates reflected in the invoices rendered to MTI in January 2003. Qwest has not yet responded to that motion. Upon receipt of Qwest's response, MTI will reply as appropriate. As noted in MTI's motion, it will suffer irreparable injury absent the injunctive relief requested. Accordingly, MTI urges the Commission to act on its injunction motion expeditiously and to schedule a hearing on that motion at the earliest possible time if the Commission determines that a hearing is necessary before it can grant the requested injunctive relief.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing Supplement to Applications to Intervene on all parties of record in these proceedings by mailing a copy thereof, properly addressed with first class postage prepaid to the following:

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Dated at Washington, D.C., this 29th day of January, 2003.


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