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IN THE MATTER OF U S WEST ) DOCKET NO. T-00000A-97-0238  
COMMUNICATIONS, INC.'S )  
COMPLIANCE WITH SECTION 271 OF THE ) AT&T'S REPLY TO QWEST'S  
TELECOMMUNICATIONS ACT OF 1996 ) RESPONSE TO AT&T'S  
COMMENTS ON THE STATUS  
OF QWEST'S OSS

AT&T Communications of the Mountain States, Inc., and TCG Phoenix  
(collectively "AT&T") hereby reply to Qwest's Response to AT&T's Comments on the  
Status of Qwest's Operational Support Systems and Request that Staff Supplement its OSS  
Report.

**I. REPLY**

**A. The Claim That Wholesale and Retail Processes and Systems for Updating Prices Are Different Was Made By Staff.**

Qwest disparagingly stated, "AT&T claims the systems for wholesale and retail are different."<sup>1</sup> AT&T makes no such statement in its Comments. In its Comments on Qwest's operational support systems ("OSS"), AT&T simply pointed out findings made by the Commission's Staff.<sup>2</sup> It was Staff that concluded, "Qwest utilizes a much different, streamlined process for retail rate changes which allows those rate changes to be put into

<sup>1</sup> Qwest's Response at 1.  
<sup>2</sup> AT&T's Comments on the Status of Qwest's Operational Support Systems and Request That Staff Supplement its OSS Report, December 12, 2002, at 2 - 6 ("AT&T Comments").

effect much sooner than its wholesale rate changes.”<sup>3</sup> It was Staff that concluded Qwest’s “wholesale rate systems and processes are manual, in part and as a result, cumbersome and *much different than the processes that Qwest utilizes to implement its retail rate changes.*”<sup>4</sup> It was Staff that found, “Qwest has not provided any persuasive justification for *the disparate processes* used for the implementation of its retail and wholesale rate changes.”<sup>5</sup> While AT&T stated in its Comments that it agreed with Staff’s findings and conclusions, the findings and conclusions properly should be attributed to the Staff.<sup>6</sup> Moreover, Qwest admits the implementation processes for wholesale and retail rate changes are different. (“Qwest admits that it uses a different rate implementation process for retail rate changes, which permits those rates to be put into effect sooner than changes to wholesale rates.”)<sup>7</sup>

**B. Staff’s Findings Demonstrate That Qwest’s Use of Different Tables, Containing State-Specific Product Codes and State-Specific Prices Do Change the Functionality and Performance of Qwest’s Billing Systems.**

In the Federal Communications Commission’s (“FCC”) Southwestern Bell Kansas/Oklahoma order, the FCC recognized that the use of tables for competitive local exchange carrier (“CLEC”) prices was different than how tables were used for retail prices but “there is nothing in the record that the use of these tables would change the functionality or performance of these billing systems.”<sup>8</sup> Qwest’s claim that “[t]he exact same is true of Qwest” is unsupported by Staff’s findings.<sup>9</sup> Staff found that with respect to

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<sup>3</sup> Decision No. 65450, ¶ 34 (emphasis added) (“Complaint and Order”).

<sup>4</sup> *Id.*, ¶ 17 (emphasis added).

<sup>5</sup> *Id.*, ¶ 25 (emphasis added).

<sup>6</sup> AT&T Comments, at 5.

<sup>7</sup> *Ariz. Corp. Comm. V Qwest*, Docket No. T-01051B-02-0871, Answer to Commission’s Complaint and Order to Show Cause, ¶ 7 (“Qwest’s Answer”).

<sup>8</sup> *Joint Application by SBC Communications Inc., Southwestern Bell Telephone Company, and Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long Distance for Provision of In-Region, InterLATA Services in Kansas and Oklahoma*, CC Docket No. 00-217, Memorandum Order and Opinion, FCC 01-29 (rel. Jan 22, 2001), ¶ 163.

<sup>9</sup> Qwest’s Response at 3.

the updating of wholesale rate changes, “Qwest has structured its systems and processes such that *implementation of wholesale rate changes is a cumbersome, manual process requiring more time than is reasonable or necessary.*”<sup>10</sup> While the FCC may have believed that the differences in Southwestern Bell’s processes for updating rate tables did not affect the functionality or performance of Southwestern Bell’s wholesale bills, with respect to Qwest, the Staff found the differences between Qwest’s processes for updating retail and wholesale rate tables did affect the performance.

“Upon information and belief, it is Staff’s understanding that Qwest is able to implement retail rate changes within one billing cycle. By comparison, Qwest’s implementation of its wholesale rate changes is a cumbersome, manual process which significantly extends the time involved to implement and bill new rates to CLECs. *Qwest has not provided any persuasive justification for the disparate processes used for the implementation of its retail and wholesale rate changes, and Staff believes that Qwest’s wholesale process is unreasonable.*”<sup>11</sup>

Staff found that the difference in how Qwest updates rates for retail customers and CLECs results in retail changes implemented in less than a month and CLEC changes implemented over several months is disparate and unreasonable. There lies the difference between Southwestern Bell in Kansas and Oklahoma and Qwest in Arizona. In Arizona, there is evidence that Qwest’s processes for updating rate tables does change the functionality and performance of the billing systems.

**C. The Facts Show that Qwest Can Update Retail Tables in One Billing Cycle While Wholesale Rates Take Up to Six Months To Update.**

Qwest attempts to dismiss its wholesale billing system deficiencies by characterizing Staff’s findings of fact as AT&T argument. Qwest attempts to mislead the Commission by changing a Staff finding -- that “Qwest can update retail tables in one

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<sup>10</sup> Complaint and Order, ¶ 22 (emphasis added). See also Qwest’s Answer, ¶ 7, (... “Qwest admits that part of the process of implementing changes in wholesale is manual, not automated.”)

<sup>11</sup> *Id.*, ¶ 25 (emphasis added).

billing cycle, while wholesale rates take up to six months to update” -- to an AT&T argument.<sup>12</sup> The statement by AT&T that Qwest can update retail tables in one billing cycle was based upon Staff’s finding that, “Qwest has indicated in its discussions with Staff, that it is able to implement retail rate changes within one billing cycle.” The fact that Qwest can update its retail rate changes within one billing cycle is not an AT&T opinion; it is a factual finding made by Staff. Moreover, Qwest’s subsequent admission confirms Staff’s findings. (“Qwest admits that it is usually able to implement retail rates in one billing cycle.”)<sup>13</sup>

As to the fact that Qwest can take up to six months to update its wholesale rates, the time for Qwest to implement the Commission’s cost order speaks for itself. Qwest was ordered to change its wholesale rates in June of 2002, and it did not complete the process until December of 2002. Again, the fact that Qwest took nearly six months to update its wholesale rates is not AT&T argument or AT&T’s opinion; it is a fact.

**D. Qwest’s BI-3A Billing Accuracy Results do not Reflect that Qwest has Been Charging CLECs the Wrong Rates for the Last Six Months.**

Qwest asserts that Qwest’s BI-3A results “are the true test of whether Qwest’s billing systems are adequate” and the fact that in the four month period from July 2002 until October 2002 Qwest’s BI-3A performance to CLEC in providing accurate bills was worse by a statistically significant amount ignores that “competitive significance is the proper standard.”<sup>14</sup> *What Qwest has failed to point out is that its reported BI-3A results for Arizona do not reflect that for the past six months Qwest has been billing CLECs the wrong rates.* If in each of the last six months Qwest adjusted the CLEC bills to reflect the

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<sup>12</sup> Qwest’s Response at 3.

<sup>13</sup> Qwest’s Answer, ¶ 15. *See id.*, ¶ 25.

<sup>14</sup> Qwest’s Response, at 2.

Commission ordered rates, Qwest BI-3A performance would be much worse. As it is, the Commission should expect that once Qwest issues its promised credits to CLECs for the six months of overbilling that it made, Qwest's BI-3A results for the first few months of 2003 will be significantly worse than the last six months of 2002.

Qwest's failure to provide accurate bills in the first instance coupled with it having to issue credits in one or two months for six months of overbillings should significantly impact the BI-3A results. The BI-3A results that Qwest holds up as evidence of the accuracy of its wholesale bills should be given little weight since they do not reflect the failure to implement the rate changes, nor do they begin to account for the bill credits that Qwest will need to issue.

Failure to make rate changes *is* competitively significant and impacts the CLECs ability to meaningfully compete. CLECs were required to pay higher rates until Qwest made the rate reductions. This unnecessarily and inappropriately increased the CLECs' cash requirements. In effect, CLECs were providing Qwest with a loan or working capital. Qwest may have its own debt problems, but it should not attempt to minimize them by forced borrowings from the CLECs.

## **II. CONCLUSION**

The Staff has stated that the wholesale processes are manual and different than the processes Qwest uses for retail changes.<sup>15</sup> Qwest has admitted this. It is Staff's opinion that the issues raised by Staff have section 271 implications.<sup>16</sup> AT&T agrees.

Staff's finding and comments were made in a separate proceeding. AT&T's Comments were filed in the section 271 proceeding to identify some of the section 271

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<sup>15</sup> Complaint and Order to Show Cause, ¶ 17.

<sup>16</sup> *Id.*, ¶ 35.

issues raised by Staff's findings and conclusions. More importantly, since Staff has maintained that there are section 271 implications, those implications must be addressed in the relevant proceeding – the section 271 proceeding.

Dated this 7<sup>th</sup> day of January, 2003.

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**CERTIFICATE OF SERVICE**  
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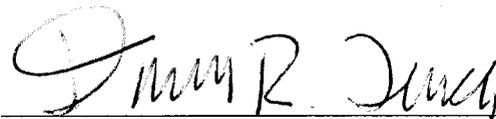
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