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USWEST

Arizona Corporation Commission
DOCKETED
AUG 14 1996
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August 14, 1996

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Re: Response of USWC to Petition of TCG Phoenix for Arbitration
Docket No. U-3016-96-402

Dear Docket Control:

Due to a duplicating error, pages 6, 12, 15, 17 and 45 were inadvertently omitted from USWC's Response to TCG's Petition that was filed August 12, 1996. Attached are the missing pages to be inserted into your copies.

I apologize for any inconvenience this may have caused.

Very truly yours,

Gary L. Lane

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cc: Docket Control
All parties of record

Compliance with the interLATA checklist requirements related to interconnection is accomplished through compliance with §§251(c)(3) and 252(d)(1) as quoted above.

Also related to interconnection, and addressed here, are the requirements for reciprocal compensation for the transport and termination of interconnected traffic. U S WEST must provide for the "mutual and reciprocal recovery by [U S WEST and TCG] of costs associated with the transport and termination on each carrier's network facilities of calls that originate on the network facilities of the other carrier[,]" and that cost is to be based upon "a reasonable approximation of the additional costs of terminating such calls."[13] Compliance with this reciprocal compensation obligation meets another item of the interLATA checklist.[14]

Finally, another element following within the purview of interconnection is collocation; U S WEST has a duty "to provide. . . for physical collocation of equipment necessary for interconnection or access to unbundled network elements at [its] premises[.]"[15]

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[13] 47 U.S.C. §252(d)(2). See also §251(b)(5), establishing for all LECs (new entrants and incumbents) a "duty to establish reciprocal compensation arrangements for the transport and termination of telecommunications."
[14] Section 271(c)(2)(B)(xiii) of the checklist requires "[r]eciprocal compensation arrangements in accordance with the requirements of section 252(d)(2)."
[15] 47 U.S.C. §251(c)(6). If a state Commission finds that "physical collocation is not practical for technical reasons or because of space limitations[,]" U S WEST may provide virtual collocation instead. Id.

perverse incentives for either party to avoid facilities construction where it would otherwise make good economic sense.

(c) Call transit.

U S WEST has proposed to offer TCG the option of using U S WEST's tandem switches to transport traffic to another new entrant or incumbent LEC. U S WEST will apply usage-sensitive tandem switched transport and tandem switching charges for each call which is originated by TCG and is delivered by U S WEST to a third party carrier in the local calling area. Call transit cannot be subject to a "bill and keep" arrangement, since, by definition, U S WEST terminates no traffic -- and therefore has no end user to bill, and no revenues to keep.

(d) Collocation.

Finally, as part of its interconnection-related offerings, U S WEST has proposed making both physical and virtual collocation available.[22] As discussed above, collocation provides an opportunity for TCG to minimize its use of U S WEST's transport facilities, and therefore any accompanying

[22] Physical and virtual collocation are surprisingly similar, differing primarily in three respects: first, with physical collocation, TCG would lease floor space in the U S WEST central office and could access that space for installing and maintaining its own equipment, whereas with virtual collocation, TCG would lease its transmission equipment to U S WEST at no charge with U S WEST installing and maintaining the TCG equipment; second, physical collocation would permit TCG access to the leased floor space, whereas virtual collocation does not afford TCG access to the U S WEST central office; and third, physical collocation would entail construction of an enclosed and locked structure for TCG's equipment to enable access to be restricted to TCG and U S WEST personnel, whereas virtual collocation does not require any such enclosure.

In U S WEST's view, this list represents the technically feasible points for unbundling, in compliance with the Act, in light of the need to preserve network interoperability and reasonable cost recovery.[26]

(a) Loop Unbundling

It must be emphasized that U S WEST's loop plant represents the overwhelming bulk of U S WEST's total network investment.

U S WEST has proposed to provide to TCG an unbundled loop facility (called the Local Interconnection Service-Link or LIS-Link) that connects the main distribution frame at the U S WEST central office with the network interface device at the customer premise. TCG can purchase the unbundled loop along with private line service to form a link between the customer and the TCG switch. See Exhibit D. Alternatively, TCG can self-provision transport between the TCG office and the U S WEST office by purchasing collocation and an unbundled loop from U S WEST to form this link. See Exhibit E. LIS-Link is to be made available in a two wire point to point configuration, providing an analog loop interface to TCG.

The LIS-Link product would permit TCG to purchase "[l]ocal loop transmission from the [U S WEST] central office to the customer's premises, unbundled from local switching and other services" and therefore complies with §271(c)(2)(B)(iv) of the checklist.

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[26] U S WEST and TCG were in agreement on the issue of unbundling in Arizona as evidenced by the Arizona Interconnection Workgroup Report dated October 11, 1995 at page 15.

interconnection, and are discussed in more detail in Part II.A.2(b), above. U S WEST's offering of unbundled dedicated or direct trunked transport would permit TCG to purchase "[l]ocal transport from the trunk side of a [U S WEST] switch unbundled from switching," and therefore meets the §271(c)(2)(B)(v) checklist requirement.

(d) Signaling Unbundling

U S WEST has proposed to offer signaling links and access to signaling transfer points (STPs) on an unbundled basis -- essentially, the signaling "necessary for call routing and completion."[27] Taken together, the unbundled pieces of this offering are provided under U S WEST's LIS-Common Channel Signaling Access Capability (CCSAC) offering. The unbundled elements of this offering include: an entrance facility, connecting TCG's signaling point of interface with the U S WEST serving wire center; direct link transport, connecting the U S WEST serving wire center with the STP; and the STP port, providing the switching function at the STP.[28]

U S WEST also proposes that TCG may obtain access to the databases contained in the service control point (SCP), such as Line Information Data Base (LIDB), 800/888 data base, etc. -- but only through the STP. This is because certain critical functions that prevent unauthorized access and protect network integrity currently occur only at the STP.

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[27] 47 U.S.C. §271(c)(2)(B)(x).

[28] The STP port must be purchased by TCG, whether it provides its own direct link transport or purchases it from U S WEST. The remaining CCSAC elements may be self-provisioned by TCG. See Exhibit H for a diagram of the CCSAC arrangements.

negotiation. Merely because TCG is making this request in the context of an arbitration under the Act does not make TCG's otherwise unreasonable proposals either credible or appropriate.

Exhibit 5 would, if incorporated in the interconnection agreement, impose substantial and unprecedented obligations on U S WEST based on the unsupported presumption that such obligations are necessary to provide an appropriate level of quality of service to TCG. Nowhere in the proposal is an offer by TCG to reimburse U S WEST for the costs that would be imposed by such extensive obligations.

The arbitrator should also reject the TCG proposal contained in Exhibit 7. That proposal would impose on U S WEST:

1) A 50 discount on all physical collocation non-recurring fees, should U S WEST not complete installation of TCG's physical collocation arrangement in less than 120 days after receipt of TCG's order.

2) A complete waiver of all physical collocation non-recurring fees, should U S WEST complete installation of TCG's physical collocation arrangements more than 150 days after TCG's order.

3) If the collocation arrangement is not completed until 210 days after receipt of the TCG order, U S WEST would be required to not only waive all collocation non-recurring charges, but also waive all access charges to TCG until the collocation arrangement is completed.

4) U S WEST would be subject to a $1,000,000 fine (payable to TCG) should a switching failure of U S WEST prevent TCG customers from completing calls to customers of incumbent LECs (or vice versa) if such blockage did not apply to ILEC to ILEC traffic.