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BEFORE THE ARIZONA CORPORATION COMMISSION  
*Arizona Corporation Commission*

1  
2 RENZ D. JENNINGS  
CHAIRMAN  
3 CARL J. KUNASEK  
COMMISSIONER  
4 JAMES M. IRVIN  
COMMISSIONER  
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**DOCKETED**

**JAN 21 1997**

**DOCKETED BY**

6 IN THE MATTER OF THE PETITION OF ) DOCKET NO. U-3021-96-448  
7 AMERICAN COMMUNICATIONS SERVICES, ) DOCKET NO. U-3245-96-448  
8 INC. AND AMERICAN COMMUNICATIONS ) DOCKET NO. E-1051-96-448  
9 SERVICES OF PIMA COUNTY, INC. FOR )  
10 ARBITRATION WITH U S WEST )  
11 COMMUNICATIONS, INC. OF )  
12 INTERCONNECTION RATES, TERMS, AND )  
13 CONDITIONS PURSUANT TO 47 U.S.C. )  
14 § 252(b) OF THE TELECOMMUNICATIONS )  
15 ACT OF 1996. )

12 IN THE MATTER OF THE PETITION OF ) DOCKET NO. U-2428-96-417  
13 AT&T COMMUNICATIONS OF THE ) DOCKET NO. E-1051-96-417  
14 MOUNTAIN STATES, INC. FOR )  
15 ARBITRATION WITH U S WEST )  
16 COMMUNICATIONS, INC. OF )  
17 INTERCONNECTION RATES, TERMS, AND )  
18 CONDITIONS PURSUANT TO 47 U.S.C. )  
19 § 252(b) OF THE TELECOMMUNICATIONS )  
20 ACT OF 1996. )

17 IN THE MATTER OF THE PETITION OF ) DOCKET NO. U-2752-96-362  
18 MFS COMMUNICATIONS COMPANY, INC. ) DOCKET NO. E-1051-96-362  
19 FOR ARBITRATION WITH U S WEST )  
20 COMMUNICATIONS, INC. OF )  
21 INTERCONNECTION RATES, TERMS, AND )  
22 CONDITIONS PURSUANT TO 47 U.S.C. )  
23 § 252(b) OF THE TELECOMMUNICATIONS )  
24 ACT OF 1996. )

22 IN THE MATTER OF THE PETITION OF ) DOCKET NO. U-3016-96-402  
23 TCG PHOENIX FOR ARBITRATION WITH ) DOCKET NO. E-1051-96-402  
24 U S WEST COMMUNICATIONS, INC. OF )  
25 INTERCONNECTION RATES, TERMS, AND )  
26 CONDITIONS PURSUANT TO 47 U.S.C. )  
§ 252(b) OF THE TELECOMMUNICATIONS )  
ACT OF 1996. )

1 IN THE MATTER OF THE PETITION OF ) DOCKET NO. U-3175-96-479  
2 MCIMETRO ACCESS TRANSMISSION ) DOCKET NO. E-1051-96-479  
3 SERVICES, INC. FOR ARBITRATION OF )  
4 THE RATES, TERMS AND CONDITIONS OF )  
5 INTERCONNECTION WITH U S WEST )  
6 COMMUNICATIONS, INC. PURSUANT TO )  
7 47 U.S.C. § 252(b) OF THE )  
8 TELECOMMUNICATIONS ACT OF 1996. )

9 IN THE MATTER OF THE PETITION OF ) DOCKET NO. U-3009-96-478  
10 BROOKS FIBER COMMUNICATIONS OF ) DOCKET NO. E-1051-96-478  
11 TUCSON, INC. FOR ARBITRATION OF THE )  
12 THE RATES, TERMS AND CONDITIONS OF )  
13 INTERCONNECTIONS WITH U S WEST )  
14 COMMUNICATIONS, INC. PURSUANT TO )  
15 47 U.S.C. § 252(b) OF THE )  
16 TELECOMMUNICATIONS ACT OF 1996. )

17 IN THE MATTER OF THE PETITION OF ) DOCKET NO. U-2432-96-505  
18 SPRINT COMMUNICATIONS COMPANY, L.P.) DOCKET NO. E-1051-96-505  
19 FOR ARBITRATION WITH U S WEST )  
20 COMMUNICATIONS, INC. OF )  
21 INTERCONNECTION RATES, TERMS, AND )  
22 CONDITIONS PURSUANT TO 47 U.S.C. )  
23 § 252(b) OF THE TELECOMMUNICATIONS )  
24 ACT OF 1996. )

25 IN THE MATTER OF THE PETITION OF ) DOCKET NO. U-3155-96-527  
26 GST TUCSON LIGHTWAVE, INC. ) DOCKET NO. E-1051-96-527  
FOR ARBITRATION OF THE )  
RATES, TERMS, AND CONDITIONS OF )  
INTERCONNECTION WITH U S WEST )  
COMMUNICATIONS, INC. PURSUANT TO )  
47 U.S.C. § 252 (b) OF THE )  
TELECOMMUNICATIONS ACT OF 1996. )

27 **U S WEST COMMUNICATION'S REPLY RELATIVE TO ITS MOTION TO SEVER**  
28 **COST ISSUES AND ESTABLISH ADDITIONAL COST RECOVERY PROCEEDING**

29 On January 6, 1997, U S WEST Communications, Inc. ("USWC")  
30 moved the Arbitrators to sever the issue of the creation of an  
31 appropriate mechanism for the apportionment of the cost of USWC's  
32 electronic interfaces ("OSS cost recovery") from the arbitration

1 hearing currently set for the purpose of determining permanent  
2 quality of service measurements and that the issue of OSS cost  
3 recovery be made part of an additional consolidated hearing to  
4 determine an appropriate mechanism for the recovery of USWC's costs  
5 of implementing the mandates of the 1996 Telecommunications Act (the  
6 "Act"), the FCC First Report and Order ("First Report and Order"),  
7 and the decisions of the Commission in the arbitrations undertaken  
8 pursuant to the Act (the "Arbitration Decisions"). In response to  
9 its motion, USWC has received responses from only AT&T  
10 Communications of the Mountain States, Inc. ("AT&T"), MCI metro  
11 Access Transmission Services, Inc. ("MCI") and TCG Phoenix ("TCG"),  
12 none of which contest the need of a separate proceeding to address  
13 OSS cost recovery or USWC's proposed schedule for such a proceeding.

14           Therefore, the only matter raised in USWC's motion that  
15 remains in dispute is whether a separate consolidated generic  
16 proceeding should consider the recovery of all network rearrangement  
17 costs, including the OSS costs. USWC's motion is not only a request  
18 to sever the OSS cost recovery issues. It is also, as titled, a  
19 motion to establish a proceeding to address additional cost  
20 recovery, i.e. an application to the Commission for the adoption of  
21 ICAM to recover the totality of all network rearrangement costs. As  
22 such, the motion, like any application, discusses the legal and  
23 factual basis for the proceeding requested and the proposed relief  
24 sought. USWC maintains that such a proceeding is appropriate for  
25 the reasons stated in its motion.

26           AT&T, MCI and TCG would have the Commission reject out-of-

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1 hand the portion of USWC's motion that constitutes its application  
2 for ICAM because they do not like the costs specified and the  
3 mechanism requested. In essence, their responses ask the  
4 Arbitrators to conclude that USWC is not entitled to recover these  
5 costs without hearing the evidence that underlies USWC's claims or  
6 without evidence other parties may offer to contradict those claims.  
7 Neither AT&T, MCI or TCG present any specific facts to dispute the  
8 existence of such costs or legal authority to contravene the  
9 creation of an ICAM recovery mechanism.

10 USWC has only requested that the Commission hold a hearing  
11 where all interested parties could present evidence and litigate the  
12 merits of USWC's request for recovery of its costs arising from the  
13 Act, the First Report and Order, and the Arbitration Decisions.  
14 Moreover, AT&T, MCI and TCG fail to demonstrate any way in which  
15 CLECs would be prejudiced by such an evidentiary hearing. To the  
16 contrary, the creation of such a proceeding will give them the  
17 opportunity to litigate these issues fully before the appropriate  
18 body.

19 Therefore, USWC respectfully requests that the Commission  
20 establish this additional cost recovery proceeding, as requested,  
21 for the purpose of determining an appropriate mechanism for the  
22 recovery of all network rearrangement costs, including OSS cost  
23 recovery.

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DATED this 21st day of January, 1997.

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ORIGINAL and 3 copies of  
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filing this 21st day of  
January, 1997 to:

Hearing Division-Arbitration  
Arizona Corporation Commission  
1200 West Washington Street  
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COPY of the foregoing hand-delivered  
this 21st day of January, 1997 to:

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