

AT&T Communications of the Mountain States, Inc. and TCG Phoenix (collectively, "AT&T") hereby respond to the Arizona Corporation Commission Staff's Motion to Reopen Docket or Open a New Sub-Docket ("Motion").

I. INTRODUCTION

The Staff seeks to reopen the docket or open a new sub-docket to examine issues raised as a result of: 1) the United States Supreme Court's decision in *AT&T v. Iowa Utils. Bd.*, 119 S.Ct. 721 (1999); 2) the District Court's decision on the Commission's arbitration order regarding the costs of resold retail and wholesale services, *U S WEST v. Jennings*, 46 F. Supp.2d. 10004 (D. Ariz. 1999); and 3) the Federal Communications Commission's ("FCC") order lifting the FCC's previous stay of the FCC's rule requiring geographic deaveraging of wholesale rates and order requiring U S WEST to establish rates for line sharing. AT&T concurs with Staff's request to reopen this docket and notes that this step is necessary because of the decisions cited above.

II. ARGUMENTS

A. Deaveraged Rates for Network Elements

The Staff correctly points out that 47 C.F.R. § 51.507(f) requires the Commission to establish different rates for network elements "in at least three defined geographic areas within the state to reflect geographic cost differences" and that this must be accomplished by May 1, 2000. It is AT&T's position that, in light of this deadline, the Hearing Officer should immediately order U S WEST and all other parties to file their proposals to deaverage network elements to three cost-based geographic zones along with testimony and cost support justifying its proposal.

98, FCC 99-355 (rel. Dec. 9, 1999), ¶ 4. The Order took effect 30 days after publication in the Federal Register (January 10, 2000), or February 9, 2000. *Id.*, ¶ 6. U S WEST is required to provide line sharing within 180 days of the release of the Order, or June 6, 2000. *Id.* ¶ 13.

E. U S WEST v. Jennings

Numerous issues appealed to the District Court in *U S WEST v. Jennings*, No. CIV 97-0026 PHX-OMP (consolidated) (order dated May 5, 1999) were remanded by the Court for further consideration by the Commission. See May 5, 1999 Order, at 48-49. Both remanded and decided issues from that case have been appealed to the Ninth Circuit Court of Appeals. *U S WEST v. Jennings et al.*, Docket Nos. 99-16247, 99-16264, 99-16330, 99-16333. The issues on appeal were fully briefed on February 3, 2000. Oral argument has not yet been set.

F. AT&T's Position

U S WEST must establish geographically deaveraged prices for network elements on or before May 1, 2000; rates for dark fiber, subloops and other network elements pursuant to the *Third Report and Order* by May 17, 2000; and rates for line sharing by June 6, 2000.

These issues should be given highest priority.

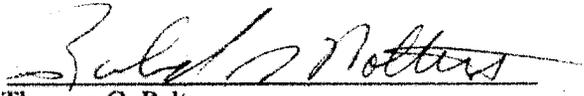
Therefore, AT&T recommends that Staff's Motion be granted. U S WEST should be ordered to file cost-based rates for: (1) network elements for at least three defined geographic areas, (2) the new network elements in the *Third Report and Order* and (3) the new network elements identified in the line sharing order. These rates should be accompanied by all supporting testimony and cost studies and should be filed on or before March 1, 2000. All other parties wishing to propose rates should also file their proposals by March 1, 2000. AT&T also recommends that a scheduling conference be held as soon as possible to determine the scope of the proceeding and identify all other cost issues that should be addressed, for

example, reciprocal compensation, non-recurring charges, and individual-case-basis ("ICB") rates in U S WEST's Statement of Generally Available Terms and Conditions ("SGAT").

III. CONCLUSION

For the foregoing reasons, AT&T requests that Staff's Motion be granted. For administrative reasons, AT&T recommends that a new proceeding be initiated and parties in the existing proceeding be provided notice and an opportunity to intervene.

DATED this 3rd day of February, 2000.

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CERTIFICATE OF SERVICE

I hereby certify that the original and 10 copies of AT&T and TCG Phoenix's Response to Staff's Motion to Reopen Docket or Open a New Sub-docket, regarding Docket Nos. U-02428-96-0417 and U-3016-96-402, *et al.*, were sent via overnight delivery on this 4th day of February, 2000, to:

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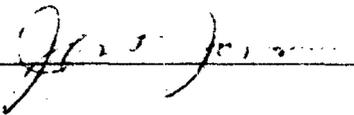
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