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May 11, 2001

BY FAX AND OVERNIGHT MAIL

Ms. Carole J. Washburn
Executive Secretary
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive SW
Post Office Box 47250
Olympia, WA 98504-7250

UT-003013/UT-003022/003040

Dear Ms. Washburn:

On May 3, 2001, the Commission issued a Notice of Prehearing Conference in the above referenced dockets outlining four general questions on the relationship between the generic costing docket and Qwest's 271/SGAT proceeding. In general, it appears that the Commission is attempting to determine the appropriate docket to address various open issues with respect to Qwest.

While Verizon is a party to the 271/SGAT proceeding, it has not been an active participant. In general, Verizon does not take a position on whether Qwest has complied with the Telecommunication Act's 271 checklist or on the terms and conditions under which it proposes to comply with the requirements of § 251. Verizon will not have a 271 proceeding and currently does not intend to offer an SGAT of its own. Therefore, it is unclear to what extent, if any, the Commission's questions apply to Verizon.

In general, Verizon believes that any Commission decisions that would be binding upon both Verizon and Qwest should be made in the context of a generic docket, not in the context of Qwest's 271 or SGAT proceeding. Similarly, any decisions on Qwest's 271 compliance or terms and conditions should be addressed in its company-specific proceeding, not in the generic docket.

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Dockets UT-960369, et al., were established as a “generic” proceeding to consider cost and pricing issues as a result of the Commission’s obligations under the Telecommunications Act of 1996 to establish rates for interconnection, unbundled network elements, transport and termination. *See* Order Instituting Investigations; Order of Consolidation and Notice of Prehearing Conference, Dockets UT-960369, et al. With respect to terms and conditions, the Commission ruled that:

terms and conditions for interconnection will continue to be addressed in the negotiation and arbitration process. To the extent terms and conditions are integrally related to a particular cost or price issue in this proceeding, they may be addressed in one or more of the proceedings.

Id. The follow-on Docket UT-003013 has followed this approach.

Verizon believes that this principle should continue to govern the resolution of issues arising out of the Commission’s implementation of §§ 251 and 252 of the Act. Section 252 of the Act contemplates that terms and conditions for interconnection, services or network elements be determined by either (i) negotiation or arbitration of interconnection agreements to be approved by state commissions, or, (ii) for a Bell operating company (i.e., in Washington, Qwest) a statement of generally available terms. Following this standard, because Verizon does not intend to offer a SGAT, its terms and conditions should be developed through the interconnection agreement process. Thus, as Verizon’s requirements under §§ 251 and 252, and the FCC’s associated rules change, the Commission should continue to limit generic dockets to cost and pricing issues, and address Verizon’s terms and conditions through the negotiation and arbitration process.

The Commission has also asked the parties to address what issues will not be ripe for decision and should not be addressed in either the generic cost docket or the Qwest 271/SGAT proceeding at this time. For reasons that Verizon will make clear in its Phase B post-hearing brief, the issue of access to the high frequency portion of a loop served by fiber is one such issue. Similarly, permanent rates for line splitting will not be ripe for decision until the product service descriptions are finalized and all costs associated therewith can be identified. Finally, the issue of reciprocal compensation for Internet Service Provider-bound traffic has been preempted by the FCC,¹ and should not be addressed at all.

¹ *See* Order on Remand and Report and Order, *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Inter-carrier Compensation for ISP-Bound Traffic*, CC Docket Nos. 96-98, 99-68 (rel. April 27, 2001) (“*FCC ISP Remand Order*”).

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Thank you for your consideration in this matter. Please contact me if you have any questions.

Sincerely yours,

Jennifer L. McClellan

cc: Service List
Patty Nelson
The Honorable Lawrence J. Berg

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