

March 29, 2004

***Via E-Mail and
Overnight Mail***

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

Re: Docket No. UT-023003

Dear Ms. Washburn:

This responds to the Commission's March 23, 2004 Notice of Opportunity to Respond to Issues Lists.

WorldCom, Inc. (MCI) agrees with the comments of the parties that nonrecurring cost issues and issues related to Qwest (except for deaveraged 2/4 wire loops and subloops) should be removed from the issues list for this docket. MCI also agrees with Verizon that a rate element "transfer of installed splitters" does not apply to competitive local exchange carriers in Verizon territory in Washington and therefore, it need not remain on the issues list for this docket.

In its comments regarding the issues lists, MCI added rate elements. MCI recognizes that because of the current schedule of this proceeding, it would be difficult to address the rate elements added to the recurring cost issues list in the hearing in May. However, because we are scheduled to file initial testimony on nonrecurring rate elements several months from now, supplementing the issues

list concerning nonrecurring costs is timely. Thus, MCI asks the Commission to include the additional nonrecurring rate elements in the nonrecurring cost docket scheduled to begin later this year.

MCI also asks the Commission to address the rate elements added to the recurring cost issues list in the nonrecurring cost docket. Since the time the initial issues list was submitted in this docket, Verizon has proposed new rates and MCI has added services to its local offerings, resulting in disputes between the parties about rates, some of which relate to recurring rates. The nonrecurring cost docket scheduled to begin this summer is a currently open forum where the disputes can be resolved. No party would be prejudiced by adding a few recurring rate elements to the nonrecurring docket.

In its comments, Verizon requests that this Commission address issues in this docket relating to the *Triennial Review Order (TRO)* and *U.S. Telecom Ass'n v. FCC*, ___F.3d___, 2004 WL 374262 (D.C.Cir. Mar. 2, 2004) (*USTA II*). It would be difficult to fully evaluate the impact of the *TRO* and *USTA II* on this docket in the time between now and the hearings, particularly since the mandate of *USTA II* has not issued. Thus, at least to the extent that the *TRO* was changed by *USTA II*, the state of the law is uncertain. These issues may be addressed by the parties in their post hearing briefs. By then, the mandate of *USTA II* will have been issued or, the decision will have been stayed pending appeal to the United States Supreme Court. The issues list should not, however, be amended at this time to accommodate *USTA II*.

Verizon recently filed a Petition for Arbitration with this Commission to address the impact of the *TRO* and *USTA II* on its effective interconnection agreements in Washington. The Commission could address costing and pricing issues arising out of the *TRO* in the arbitration docket. Another approach would be for the Commission to address these issues in the nonrecurring cost docket scheduled to begin this summer, when the law may be clearer.

Sincerely,

Michel Singer Nelson

Cc: Service List (via email and US Mail)