

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION

In the Matter of the	)	DOCKET NO. UT-003013
	)	
	)	
	)	
Continued Costing and Pricing of	)	TWENTY-SIXTH
Unbundled Network Elements,	)	SUPPLEMENTAL ORDER;
Transport, and Termination	)	PART D PREHEARING
.....	)	CONFERENCE ORDER

**Prehearing Conference**

1 The Commission convened a Prehearing Conference in part D of this docket on September 24, 2001, at Olympia, Washington before Administrative Law Judge Lawrence J. Berg pursuant to due and proper notice to all interested persons. The primary purpose of the conference was to discuss issues to be addressed in this proceeding.

**Appearances**

2 The following participated in the prehearing conference: Qwest Corporation (“Qwest”), by Lisa Anderl and Adam Sherr, attorneys, Seattle; Verizon Northwest Inc. (“Verizon”), by Jennifer McClellan, attorney, Richmond, Virginia; Covad Communications Company (“Covad”), by Brooks Harlow, attorney, Seattle; AT&T of the Pacific Northwest, Inc., and (“AT&T”) XO Washington, Inc. (“XO”), by Gregory Kopta, attorney, Seattle; MCI/WorldCom by Michel Singer Nelson, attorney, Denver, Colorado; TRACER by Arthur Butler, attorney, Seattle; and Commission Staff, by Gregory Trautman, Assistant Attorney General, Olympia, and Mary Tennyson, Senior Assistant Attorney General, Olympia.

**Part D Issues -- Updated OSS Transition Costs**

3 Verizon represents that its 2001 OSS Transition Cost data will not be available until about February 2002. Verizon’s evidence cannot be sufficiently considered under the Part D schedule. Although Qwest may be able to timely present its updated data with respect to the current schedule, the Commission prefers to consider all evidence regarding OSS Transition Costs at the same time. Accordingly, all issues regarding Qwest’s and Verizon’s updated OSS Transition Costs are deferred to a “Part E” proceeding in this docket. A notice of prehearing conference will issue soon, and direct testimony is expected to be filed in March 2002.

**Part D Issues -- Self-Provisioning of POIs**

4 Parties are directed to address in Part D the issue of how CLECs should be allowed to self-provision entrance facilities outside of a central office, and what costs are associated with that self-provisioning.

5 The parties agree to involve their technical experts to discuss this issue outside of the hearing process.

**Part D Issues – Qwest**

6 Qwest filed a revised list of issues to be addressed in Part D on October 3, 2001. That list is appended to this Order as Attachment A.

**Part D Issues -- Verizon**

7 Verizon intends to file cost information regarding nonrecurring charges for multiplexing, fiber optic patch cord related to OCN termination, and virtual collocation, in addition to eight rate elements relating to the FCC's recent collocation order.

**Covad Proposal -- DSL Line Sharing Over Digital Loop Carrier (“DLC”)**

8 Covad requests that the Commission direct Qwest and Verizon to file cost studies using “the least cost forward looking technology for DSL line sharing over digital loop carrier or DLC.” Covad states that it is concerned that delay will result in an unfair advantage to Qwest and Verizon. The Commission notes that Qwest intends to present some additional cost and pricing information in Part D.

9 Parties presented evidence regarding DSL line sharing over DLC in Part B. It would be burdensome for parties to prepare testimony on this issue prior to resolution of the Part B issues. Covad's request may ultimately be consistent with the Commission's decision in Part B, but until the Part B Order is entered Covad's request is premature.

**MCI/WorldCom Proposal -- Unbundled Loop and Switching Rates**

10 MCI/WorldCom proposes that the Commission revisit rates for UNEs that make up residential local exchange service (UNE loop and switching rates). UNE loop and switch rates previously were established in the Commission's *Eighth Supplemental Order* in Docket No. UT-960369, et al. MCI/WorldCom argues that the loop rates established in Washington are based on outdated data and assumptions. MCI/WorldCom also argues that the cost models on which the Commission's current rates are based have been replaced or significantly revised.

- 11 Commission Staff supports MCI/WorldCom's request and suggests that the Commission forgo re-examination of various cost models and adopt instead the FCC Hybrid Cost Proxy Model (HCPM) for use in recalculating loop costs. Covad also supports the WorldCom proposal
- 12 Qwest refutes the basis for the MCI/WorldCom proposal. Qwest asserts that the current deaveraged loop rates are TELRIC-based and that the Commission utilized inputs that are consistent with a cost-based approach to setting prices. Verizon also opposes the MCI/WorldCom proposal and states that the Commission should not consider new models until the Supreme Court rules on TELRIC. Both Qwest and Verizon argue that MCI/WorldCom's proposal was a disputed issue in the Part B proceeding and that a decision now would pre-judge that outcome.
- 13 The MCI/WorldCom proposal differs from the Covad proposal discussed above. For instance, there is a body of evidence in the record regarding the issue of how DSL should be provided over DLC. On the other hand, the MCI/WorldCom proposal is a pure legal argument that appears in WorldCom's brief. Qwest is the only party to respond to MCI/WorldCom's proposal, and neither MCI/WorldCom nor Qwest cite to any evidence in the record. Further, the proposal was not identified as a disputed issue in the briefing outline developed by all parties.
- 14 A more complete record of the parties' positions in response to MCI/WorldCom's proposal exists in this part of the proceeding. Accordingly, it is appropriate to consider MCI/WorldCom's proposal prior to entering a Part B final order.
- 15 When the Commission initiated the generic cost case in November 1996 it is unlikely that anyone envisioned that our efforts would be ongoing five years later. WorldCom raises legitimate concerns regarding whether earlier decisions establishing UNE loop and switching rates are based on data and assumptions that have become outdated. MCI/WorldCom's proposal has merit; however, the Commission's review should not be limited to any one cost model. Other rates to be established in Part B subsequently may be impacted by revisions to the current UNE loop and switching rates, and they may require additional review in turn.
- 16 Consideration of these issues will depend on an entirely new record. Therefore, a new docket should be opened to revisit UNE loop and switching rates for Qwest and Verizon, in addition to reexamination of the current deaveraged zone rate structure as discussed below. A notice of that new proceeding will issue shortly, but parties should begin preparation now to file direct testimony in March 2002.

**Commission Staff Proposal – Deaveraged Zone Rate Structure of UNE Loops**

- 17 Commission Staff proposes to submit direct testimony regarding the further deaveraging and/or realignment of UNE loop zone rates for both Qwest and Verizon

exchanges. MCI/WorldCom supports the Staff proposal and argues that the current manner of deaveraging create a barrier to economically viable residential and small business competition. Covad also supports Staff;s proposal.

- 18 Qwest questions the wisdom of re-opening consideration of deaveraged loop rates that have only been effective since December 2001. Qwest also points out that distance sensitive loop deaveraging was considered and rejected in Phase III of the old generic cost case. Verizon agrees with Qwest and argues that the CLECs themselves proposed the current five-zone structure.
- 19 The Commission remains committed to establishing fair, just, and reasonable rates that enable carriers to serve high cost areas. In this context, the newness of the Commission-approved deaveraged zone rate structure is as much an argument in favor of further review as it is an argument in opposition to review. Staff's proposal is substantively different in scope than a request for reconsideration, and its proposal is not limited to the topic of distance sensitive deaveraging.
- 20 New cost models will be presented in response to the Commission's decision to revisit recurring UNE loop and switching rates. These new cost models will establish a foundation for the review of the Commission's deaveraged zone rate structure in the same proceeding.

### **Hearing Schedule**

- 21 Parties agreed to the following dates for filing of testimony:

Direct Testimony	November, 7, 2001
Response Testimony	December 20, 2001
Reply Testimony	January 29, 2002

- 22 The prehearing conference date for the distribution of cross-exhibits (and other procedural matters) and the evidentiary hearing dates are as follows:

Prehearing Conference	February 20, 2002, at 1:30 p.m.
Evidentiary Hearings	February 28 through March 8, 2002

- 23 Further notice regarding the prehearing conference date and the evidentiary hearing dates will be served to the parties in January 2002.

- 24 **NOTICE TO PARTIES: Any objection to the provisions of this Order must be filed within ten (10) days after the date of mailing of this document, pursuant to WAC 480-09-460(2). Absent such objections, this prehearing conference order will control further proceedings in this matter, subject to Commission review.**

Dated at Olympia, Washington and effective this 19<sup>th</sup> day of October, 2001.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

LAWRENCE J. BERG  
Administrative Law Judge

## ATTACHMENT A

### QWEST'S WASHINGTON ISSUES FOR PART D

#### Collocation

- Space Availability Report [8.8]
- Space Optioning [ ]
- Remote Collocation [8.6]
- Adjacent Collocation - this will continue to be ICB [8.5]
- CLEC to CLEC [8.7]
- Channel Regeneration (DS1 and DS3) [8.1.7]
- OCn Termination [8.1.9.3]

#### UNE Issues

- Trunk nonrecurring charges [7.5]
- Category 11 mechanized record charge [7.8.4]
- Loop nonrecurring charges [9.2.4]
  - DS0 Coordinated Installation without Cooperative Testing [9.2.4.4]
  - DS0, DS1 and DS3 Basic Installation with Cooperative Testing [9.2.4.5]
- OCn Loops [Qwest committed to provide these prices during July 271 Workshops]
- Subloop Issues [ 9.3 – all rate elements not yet reviewed] [Note 1]
  - Trouble Isolation Charge
  - NRC for jumper (when CLEC runs the jumper and when Qwest runs the jumper)
  - NRC for inventorying subloops
- OC-48 UDIT and E-UDIT [9.6.6]
- UDIT Rearrangements nonrecurring charges [9.6.10]
- Multiplexing (DS3 to DS1) nonrecurring charges [9.6.8]
- Unbundled Dark Fiber [9.7 – all rate elements not yet reviewed]
  - Dark Fiber splice [ ]
- Local Tandem Switching nonrecurring charges [9.10]
- Vertical Features [9.11.1.3]
  - Selected nonrecurring charges [9.11.1.3]
  - Capital Leases for applications software (outside switching model) – add on to recurring Analog line side port charge [9.11.1.1]
  - CLASS Call Trace – new separate study [ ]
- Subsequent Order Charge [9.11.1.4]
- Digital line side port [9.11.1.5]
- Digital trunk ports [9.11.1.6]
- DS0 Analog trunk ports [9.11.1.7]
- EEL Transport – OC-48 [9.23.6]

- Unbundled Packet Switching [9.24]
- UNE-P nonrecurring charges [9.23.1]

### **Miscellaneous Charges**

- Customized Routing [9.13]
- Common Channel Signaling/SS7 – miscellaneous elements [9.14]
- AIN [9.15]
- LIDB [9.16]
- 8XX Database Query service [9.17]
  - POTS Translation [9.17.2]
  - Call Handling & Destination feature [9.17.3]
- ICNAM [9.18]
- Miscellaneous Charges [9.20] [Note 2]
- Directory Assistance, Facility Based Providers [all rate elements under 10.5] [Note 3]
- Directory Assistance List Information [all rate elements under 10.6] [Note 3]
- Call Branding [10.7.3 and 10.7.4] [ Note 3]
- Access to Poles, Ducts, etc. – nonrecurring charges [10.8]
  - ROW Inquiry [10.8.3]
  - ROW Doc Prep [10.8.4]
  - Planner Verification [10.8.7]
  - Manhole Verification Inspector [10.8.8]
  - Manhole Make-Ready Inspector [10.8.9]
- Daily Usage Record File [12.3]
- Bona Fide Request Processing Fee [17.1]

Note 1 – Issues from Docket No. UT-003120, by agreement of Qwest and AT&T – may need to be modified depending upon decision on some subloop issues in Part B.

Note 2 – Issue deferred from SGAT proceeding – limited to question of when overtime and premium time rates should apply.

Note 3 – Issue identified by WorldCom. Qwest does not agree that this is an appropriate issue for this docket.

<b><u>PARTIES' REPRESENTATIVES</u></b>				
<b>DOCKET NO. UT-003013</b>				
<b>updated 10/18/2001</b>				
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