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March 27, 2000

VIA ELECTRONIC MAIL ORIGINAL VIA U S MAIL

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

Re: Generic Cost and Pricing Proceeding Phase III, Docket Nos. UT-960369, *et al.*

Dear Ms. Washburn:

Pursuant to the Request for Clarification (March 24, 2000) in the above-referenced proceeding, NEXTLINK Washington, Inc., Electric Lightwave, Inc., and Advanced TelCom Group, Inc. (collectively "CLECs"), provide the following response to Request No. 10:

Consistent with their position that federal law does not authorize recovery of the OSS development costs that U S WEST and GTE are seeking from CLECs, as well as the Commission's prior decision in U S WEST's Interconnection Cost Adjustment Mechanism ("ICAM") filing, the CLECs did not propose recovery of their OSS and ordering costs incurred to access the ILECs' systems. Even U S WEST's OSS cost witness, however, acknowledged that CLECs incur costs to comply with their obligations under the Telecommunications Act of 1996. *See* Tr. at 467-68 (USWC Buhler Cross). CLECs provide the same functions as the ILECs – *e.g.*, constructing and maintaining electronic gateways, measuring traffic for reciprocal compensation, and tracking interconnection trunk data – and CLECs are entitled to the presumption that they incur the same costs as the ILEC for providing these functions unless they demonstrate that their costs are higher. *See* 47 C.F.R. § 51.711. If the ILECs are entitled to recover their costs to provide these functions from the CLECs, the CLECs are entitled to recover their costs from the ILECs, either through explicit charges or as an offset or credit to the charges imposed by the ILECs.

CLECs have not submitted a cost study or rate proposal in this or any other docket to demonstrate that their costs are higher than U S WEST's and GTE's costs or to quantify costs that CLECs incur that the ILECs do not incur, such as ordering interconnection trunks. *See* Tr. at 637 (USWC



Carole Washburn
March 27, 2000
Page 2

Reynolds Cross). In light of the Seventeenth Supplemental Order, CLECs are evaluating whether to file such evidence in the new costing and pricing proceeding, Docket No. UT-003013. CLECs nevertheless adhere to their position that rate design issues, including appropriate offsets or credits for CLEC costs, must be addressed and resolved before the Commission establishes any interim rate for access to the ILECs' OSS.

Please contact me if you have any questions about this response or if you need any additional information.

Very truly yours,

Davis Wright Tremaine LLP

Gregory J. Kopta

cc: Service List
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