



## DISCUSSION

### A. U S WEST Wire Center Grouping

1. The 24<sup>th</sup> Order adopted the consensus proposal of the competing local exchange company (“CLEC”) parties and TRACER to create five geographic zones each for U S WEST and GTE Northwest Incorporated (“GTE”) based on grouping wire centers according to the average loop cost in each wire center. While it adopted the consensus proposed rates and wire center groupings for GTE, the Commission modified the consensus proposed rates and wire center groupings for U S WEST because the Commission found that AT&T Communications of the Pacific Northwest, Inc. (“AT&T”) did not provide a timely response to the Bench Request No. 6 asking for revised cost estimates for U S WEST using updated line counts. 24<sup>th</sup> Order ¶ 80. The Commission did not explain how it modified the U S WEST rates and wire center groupings, other than to state that it “used the input data from the Eighth Supplemental Order.” *Id.*, ¶ 82.

2. The Commission’s decision not to use the updated cost estimates on which AT&T relied to calculate the U S WEST rates and wire center groupings should have resulted in the use of the wire center cost estimates in the original Exhibit 2C, which neither U S WEST nor GTE challenged. Those cost estimates varied from the estimates in Revised Exhibit 2C by only a few cents for each central office, which should have resulted in only a minor modification to the consensus proposed rates and no alteration to the consensus proposed wire center groupings. The rates the Commission adopted for U S WEST, however, vary significantly from the proposed rates, as do the percentage of lines in each zone. The Commission’s wire center groupings reflect an even more significant alteration. Many of the U S WEST wire centers are assigned to zones

without a demonstrable cost relationship. The Spokane Hudson central office, for example, has an average loop cost of \$14.27 in Exhibit 2C, but the Commission has assigned that central office to zone 5 with a loop price of \$24.18. Two Tacoma central offices illustrate similar marked disparities. The Tacoma Greenfield office has an average cost of \$15.08, but that wire center is assigned to zone 4 with a loop price of \$17.78, while the average cost of the loops in the Tacoma Fort Lewis wire center is \$42.04, but they are priced at \$13.89 in zone 2.

3. The Commission's wire center groupings have a particularly disproportionate impact on Spokane loop prices. The Commission has assigned five of the eight central offices in Spokane – one of the most populous cities in Washington and the largest city east of the Cascade mountains – to zone 5, the most rural zone. Two of the remaining central offices are assigned to zone 4 at a rate of \$17.78, and the other central office is in zone 3. As a result of the 24<sup>th</sup> Order, therefore, the vast majority of loops in Spokane approach or exceed the statewide averaged rate of \$18.16, which Mr. Knowles testified is a level at which unbundled loops are uneconomic and would undermine the development of effective local exchange competition. Ex. 281T (NEXTLINK Knowles Response) at 5-6.

4. The CLEC/TRACER proposal spreads the Spokane central offices across four of the five zones with rates that closely approximate the individual wire center costs. While even the consensus proposal would result in a significant increase in loop prices over the \$13.37 interim rate for most of the loops in Spokane, provisioning service using unbundled loops would remain a viable option in at least some of U S WEST's central offices in that city. The following chart summarizes the Spokane central offices, including cost estimates from both Exhibit 2C and Revised Exhibit 2C and zone assignments and pricing from both the

CLEC/TRACER proposal and the 24<sup>th</sup> Order:

Spokane WUTC USWC Office Price	Exhibit 2C Cost Initial/Revised	CLEC Zone	CLEC Price	WUTC Zone
Chestnut \$24.18	\$33.74/\$33.47	5	\$26.64	5
<b>Fairfax</b> <b>\$17.78</b>	<b>\$15.89</b> /\$15.76	3	\$15.48	4
<b>Hudson</b> <b>\$24.18</b>	<b>\$14.27</b> /\$14.15	2	\$13.66	5
Keystone \$15.73	\$15.61/\$15.49	3	\$15.48	3
Moran \$24.18	\$22.74/\$22.55	5	\$26.64	5
<b>Riverside</b> <b>\$17.78</b>	<b>\$15.76</b> /\$15.64	3	\$15.48	4
<b>Walnut</b> <b>\$24.18</b>	<b>\$18.13</b> /\$17.98	4	\$17.28	5
Whitworth \$24.18	\$20.64/\$20.74	5	\$26.64	5

The central offices in bold type are those that the Commission has assigned to different zones, and a comparison of their average loop costs and Commission approved rates illustrate the substantial disparity between cost and price for these central offices as currently grouped. In each of those cases, the estimated cost is within a few cents of the price (both as proposed by the CLECs/TRACER and as established by the Commission) in the *lower* zone to which it was assigned in the CLEC/TRACER proposal. The Joint Parties, therefore, seek an explanation of the basis for the Commission’s wire center groupings and, to the extent necessary, reassignment of central offices to zones that more accurately reflect the relationship between wire center costs and geographically deaveraged prices.

**B. Order Finality**

5. A consistent issue in this proceeding has been whether the orders issued have been “final orders” within the meaning of RCW 34.05.461, 470 & 514. The 24<sup>th</sup> Order raises the same issue. That order establishes geographically deaveraged loop prices, which could be construed to be a “final order” resolving the issue of loop prices. The Commission, however, has yet to issue an order resolving issues arising out of the compliance filings made by U S WEST and GTE, thus leaving at least some issues unresolved. As has been its custom, moreover, the Commission has not included standard language at the end of the 24<sup>th</sup> Order identifying it as a final Commission order, yet the Commission also did not identify the order as “interim” as, for example, the Seventeenth Supplemental Order was identified. The Joint Parties, therefore, seek clarification that the 24<sup>th</sup> Order is not a “final order” and that no subsequent order the Commission issues in this proceeding will be considered a “final order” unless the Commission expressly states that the order is the final order resolving all outstanding issues.

**REQUEST FOR CLARIFICATION**

6. Accordingly, the Joint Parties request that the Commission issue an order providing the following clarifications to the 24<sup>th</sup> Order:

A. Explaining how the Commission assigned U S WEST wire centers to the geographic zones the Commission established and, to the extent necessary, reassigning wire centers to geographic zones whose prices more accurately reflect the estimated loop costs in those wire centers; and

B. Stating that the 24<sup>th</sup> Order is not a final order and that the Commission will issue, and expressly identify, its final order only when all issues raised in this proceeding have been

resolved.

RESPECTFULLY SUBMITTED this 15th day of May, 2000.

DAVIS WRIGHT TREMAINE LLP  
Attorneys for NEXTLINK Washington, Inc.;  
Electric Lightwave, Inc., Advanced TelCom Group,  
Inc.

By \_\_\_\_\_  
Gregory J. Kopta

ATER WYNNE LLP  
Attorneys for TRACER and Rhythms Links, Inc.

By \_\_\_\_\_  
Arthur A. Butler