

NON-CONFIDENTIAL VERSION

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Pricing Proceeding for) Interconnection, Unbundled Elements,) Transport and Termination, and Resale.) _____))	Docket No. UT-960369
In the Matter of the Pricing Proceeding for) Interconnection, Unbundled Elements,) Transport and Termination, and Resale) for U S WEST COMMUNICATIONS, INC.) _____))	Docket No. UT-960370
In the Matter of the Pricing Proceeding for) Interconnection, Unbundled Elements,) Transport and Termination, and Resale) for GTE NORTHWEST INCORPORATED.) _____))	Docket No. UT-960371

**COMMISSION STAFF'S RESPONSE TO
U S WEST and GTE COMPLIANCE FILINGS**

U S WEST Communications, Inc. ("U S WEST") and GTE Northwest Incorporated ("GTE") both made compliance filings on June 9, 2000 as required by the Commission in its Twenty-Fifth Supplemental Order in this proceeding. Staff was granted an extension of time until June 28, 2000 to file responses to U S WEST's and GTE's compliance filings. Staff's response is limited to the issues and concerns previously discussed in Staff's written comments concerning U S WEST's and GTE's compliance filings (November 1999) and Staff's response to the Commission's requests for clarification. Staff respectfully files the following response.

A. U S WEST COMMUNICATIONS, INC.

1. Nonrecurring Costs for Connection and Disconnection

Staff previously stated in its response to the Commission's requests for clarification that Staff accepts U S WEST's cost estimates for connection and disconnection. (*See* Staff's response, p. 4.) Staff would like to clarify that its acceptance of the Nonrecurring Costs for Connection and Disconnection (NRC) is limited to the nonrecurring costs for unbundled loop; \$36.07 for connect and \$13.85 for disconnect. Staff may address other companies' NRC studies in Docket No. UT-003013, such as ILNP and OSS.

2. Recovery of OSS Costs

In its Twenty-Fifth Supplemental Order, the Commission permitted separate charges for start-up and ongoing maintenance costs as proposed by U S WEST to take effect on an interim basis. The Commission reaffirmed that the level of expenses being recovered through the interim OSS rates will be reviewed and resolved in Docket No. UT-003013. The Commission agrees with Staff that a true-up of OSS rates be implemented. The Commission required that U S WEST file its tariff stating the true-up procedures and provide a mechanism for tracking the revenue. Given the ongoing investigation of the OSS cost recovery and the establishment of a true-up mechanism in Docket No. UT-003013, Staff does not object to the interim rates.

3. Customer Transfer Charge

Upon review of the supplementary documentation filed by U S WEST pursuant to paragraph 96 of the Twenty-Fifth Supplemental Order, Staff accepts the Custom Transfer Charge (CTC) as filed by U S WEST. However, Staff continues to caution the Commission that the

inclusion of the \$3.76 resale OSS system cost should be reviewed in conjunction with the reasonable recovery of OSS cost and the establishment of permanent OSS rates in Docket No. UT-003013. U S WEST should not be allowed to recover the same cost twice.

B. GTE NORTHWEST, INCORPORATED

1. ILNP Nonrecurring Charges

Pursuant to paragraph 72 of the Twenty-Fifth Supplemental Order, GTE filed a rate sheet which was modified to reflect NRC rates for Interim Local Number Portability (ILNP) “New” and “Change” orders; \$14.44 for a new order and \$7.64 for a change order. These modified rates are identical to the rates recommended by Staff in Exhibit JYR -5. (Exhibit C, p. 3 of 3.)

Therefore, these rates are in compliance with the 17th Supplemental Order.

2. Nonrecurring Charges for Connect and Disconnect

Staff applauds GTE’s effort to provide a detailed explanation and additional documentation pursuant to the Twenty-Fifth Supplemental Order. However, GTE’s compliance filings for NRCs do not comply with the Commission’s 17th Supplemental Order. Paragraph 454 of that Order requires that “These adjustments should be made in a manner consistent with Staff witness Roth’s study, as explained in response to Bench Request No. 128. GTE is also directed, in its compliance filing, to make the following adjustments as outlined in Response to Bench Request No. 128:

- Reduce the time estimates for “Due Date Assignment” and “Provide LSC to CLECs” by 50 percent;
- Utilize Staff’s proposed time adjustments in Exhibit JYR-5 relating to INP, as detailed in Section B of Bench Request No. 128, and;

- Utilize Staff’s proposed changes as detailed in Section C of Bench Request No. 128.”

After a close examination of the new costs and rates development sheets filed on June 9, 2000 and its November 1999 cost studies, Staff believes that an underlying cost determinant called “total productive hours per LSR” for ordering does not reflect Staff’s recommended adjustments which the Commission has clearly ordered GTE to make. A simple comparison between GTE’s November 1999 filing, using the unbundled loop cost as an example, and Staff Exhibit C (JYR-4), also explained further in Section B of Bench Request No. 128, is as follows:

Function	GTE’s Estimates (productive hours per LSR) (Source 2-WA 45)	Staff Proposed (Commission Adopted)
Electronic LSR Receipt	CONFIDENTIAL	CONFIDENTIAL
“I” Order Entry for UNEs	CONFIDENTIAL	CONFIDENTIAL
Due Date Assignment	CONFIDENTIAL	CONFIDENTIAL
Provide L.C. to CLECs	CONFIDENTIAL	CONFIDENTIAL
Jeopardy Notification	CONFIDENTIAL	CONFIDENTIAL
Error Correction	CONFIDENTIAL	CONFIDENTIAL
Field Visit Determination	CONFIDENTIAL	CONFIDENTIAL
Total	CONFIDENTIAL	CONFIDENTIAL

Even if Staff accepts the “Error Correction” rate as proposed by GTE, the “Productive hour per LSR” for ordering unbundled loop (basic, non-engineered) should be CONFIDENTIAL, not CONFIDENTIAL as used in GTE’s November 1999 filing.

It is also clear that GTE did not follow the Commission's directive in paragraph 454 of the 17th Supplemental Order to "utilize Staff's proposed changes as detailed in Section C of the Bench Request." If one multiplies the CONFIDENTIAL "Productive hour per LSR" by GTE's new labor rate of CONFIDENTIAL, the result would be CONFIDENTIAL, not CONFIDENTIAL as proposed by GTE in its recent compliance filing. (*See* Exhibit 2B, p. 5 of 17, line 42, and Column D of Exhibit 2C, p. 9 of 37, line 1, and Column 1.) Following the same logic, adding the remaining rates as proposed by GTE in the rate sheet, the resulting rate for ordering an unbundled loop (basic, non-engineered) should be \$22.07, not \$24.07 as proposed by GTE.

The above illustration is just one example of GTE's non-compliance with the Commission's directives and which results in a higher rate. If correct adjustments are made throughout GTE's cost studies, Staff believes that the rates for various NRCs will be lower.

3. Outside Facility Connect Charge

In paragraphs 235 and 236 of its 17th Supplemental Order, the Commission requested that the parties provide testimony on the reasonableness of GTE's Outside Facility Connect Charge cost study in Phase III. Since that Order was issued, the Commission has limited Phase III of this proceeding to the issue of deaveraged rates. Staff believes the issue of GTE's Outside Facility Connect Charge cost study should be addressed in Docket No. UT-003013.

The Commission has also stated that it will use U S WEST's costs as a proxy and set GTE's interim rate equal to the interim rate for U S WEST. (*See* 17th Supplemental Order, paragraph 235; Twenty-Fifth Supplemental Order, paragraph 103.) GTE's recent filing does not

reflect that interim rate.

4. Building Modification Charge

In its comments previously filed with the Commission regarding the building modification charge, Staff expressed concerns about the inclusion of the cost of a chain link fence. In its Twenty-Fifth Supplemental Order, the Commission ordered GTE “to remove all fencing costs and to develop a rate proportionately distributing the remaining costs according to the total space available for collocation.” It appears that GTE has removed the cost of the chain link fencing from its recent filing. Staff does not object to these rates taking effect on an interim basis given that the issue of collocation will be reviewed again in Docket No. UT-003013.

C. CONCLUSION

For the reasons set forth above, Staff recommends that the Commission require U S WEST and GTE to modify and file rates to reflect the concerns Staff discussed above.

Respectfully submitted this ____ day of June, 2000.

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