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

ANSWER OF COMMISSION STAFF TO PETITION FOR RECONSIDERATION

I. INTRODUCTION

Pursuant to the Twenty-Eighth Supplemental Order in this proceeding inviting answers to the Joint Petition for Reconsideration, Rehearing, and Stay (Joint Petition), the Staff of the Washington Utilities and Transportation Commission (Staff) files this Answer supporting a clarification of the Twenty-Seventh Supplemental Order.

We do not suggest that the Commission reconsider the ultimate result on loop rates in this proceeding. Accordingly, we urge the Commission to deny in substantial part the Joint Petition.

However, we seek clarification on the methodology used to arrive at the state-wide average loop cost and the deaveraged loop rates. Such clarification is necessary in order for Staff to produce valid and reliable analysis of sub-loop costs in Docket No. UT-003013(b).

II. ARGUMENT

A. The Commission Should Clarify and Further Explain Its Methodology in Calculating Qwest Corporation's Loop Costs

In its Twenty-Seventh Supplemental Order, the Commission responded to the concerns of various parties, including Staff, who could not replicate the Commission's calculation of Qwest Corporation's (Qwest) costs. The Commission elaborated on its 24th and 8th Supplemental Orders. 27th Supp. Order ¶¶ 18-22. Following these instructions, Staff has once again attempted to replicate the Commission loop cost and wirecenter results using the HM3.1 model in order to prepare testimony regarding UNE sub-loop cost estimates in Docket No. UT-003013(b). However, to date, we have been unable to reproduce either the statewide average loop cost of $13.53 or the wirecenter costs and zone classifications. We conclude that either there were errors in the Commission's run of the model or that we need additional information.[1]

Staff's concern about the inability to duplicate the Commission result is not simply academic. We will be unable to participate effectively in the development of sub-loop element costs for Part B of Docket No. UT-003013 unless and until we can reproduce the results reported

[1]We understand that Qwest has claimed that it has replicated the Commission's loop cost results. Docket No. UT-960369, Volume IX, p. 2176. Qwest was asked to provide its replicated study, but, to our knowledge, has not yet provided its result.

in the 24th Supplemental Order in Docket No. UT-960369, et al.[2] Therefore, we request that the Commission explain further its methodology. We are filing with this Answer a CD-ROM in which we provide the model modules, data, and output Staff has used in attempting to reproduce the Commission result in the hope that the Commission can correct us if we erred or provide further explanation, if necessary. Included on that CD-ROM (and reproduced in Appendix A attached hereto) is a "Readme" file that explains generally the steps Staff took to reproduce the Commission's results.

B. The Commission Should Deny the Remainder of the Petition for Reconsideration

Unless the clarification of the calculation of Qwest's loop costs results in a need to modify the final result, the Commission should deny the remainder of the Joint Petition. (This is not to say that the Commission should not eventually revisit the calculation of loop costs. At some point in the future, perhaps near future, it may be appropriate to reexamine this issue.)

At paragraphs 2 and 3 of the Joint Petition, the Joint Petitioners take exception to the unquantifiable adjustment to the loop cost in the areas where the models could not be adjusted to address the Commission's findings. Staff believes that it is entirely within the proper scope of the Commission's duty to determine "fair, just, and reasonable" rates to use its expertise to estimate a value for the items which could not be quantified. A good faith and reasoned estimate is better than no estimate at all.

[2]The Commission limited the use of the cost models to those of record using inputs and line counts previously used in the proceeding in determining deaveraged loop rates and has not authorized the use of new loop cost models in Docket No. UT-003013. Third Supplemental Order, Docket No. UT-003013, ¶ 28.

At paragraph 10 of the Petition, the Joint Petitioners express concern about the UNE-loop rate for a number of the Tacoma and Spokane wirecenters. To the extent such groupings are not premised on a calculation error, Staff does not share that concern since it is the result of establishing UNE- loop rates on a wirecenter basis rather than on an exchange level basis as Staff had proposed in the proceeding. Therefore, unless there was an error in the wirecenter groupings (and none of Staff's recent cost model runs were able to confirm the grouping selections), this part of the Joint Petition should be denied.

DATED this 9th day of October, 2000.

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