

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Pricing Proceeding for)	PHASE III
Interconnection, Unbundled Elements, Transport)	
and Termination, and Resale)	
.....)	DOCKET NOS. UT-960369, UT-960370,
In the Matter of the Pricing Proceeding for)	UT-960371
Interconnection, Unbundled Elements, Transport)	
and Termination, and Resale for U S WEST)	
COMMUNICATIONS, INC.)	QWEST'S ANSWER TO JOINT
.....)	PETITION FOR RECONSIDERATION,
In the Matter of the Pricing Proceeding for)	REHEARING, AND STAY
Interconnection, Unbundled Elements, Transport)	
and Termination, and Resale for GTE)	
NORTHWEST INCORPORATED)	
_____)	

Pursuant to the provisions of WAC 480-09-810 and RCW 34.05.470, and the Commission’s September 27, 2000 call for answers, Qwest Corporation (“Qwest”) hereby answers the CLECs’ Joint Petition for Reconsideration of the 27th Supplemental Order.

The Joint CLECs (NEXTLINK Washington, Inc., Electric Lightwave, Inc., Advanced TelCom Group, Inc., Worldcom, Inc., and TRACER) request reconsideration of the Commission’s 27th Supplemental Order on the issue of the \$18.16 loop price, and on the issue of the deaveraged zone loop prices.

The \$18.16 Loop Price: The Petition for Reconsideration is not well founded. The Joint CLECs are incorrect when they allege that the Commission has failed to support its loop

cost calculations (Petition at ¶ 1). The Commission has provided detail on all of the quantifiable adjustments, and has made findings regarding the impact to the loop cost of the adjustments which could not be precisely quantified. The Joint CLECs do not contend that the “non-quantifiable” adjustments were inappropriate factors for the Commission to consider, or even that the Commission made the wrong decision on these items. Further, the Joint CLECs are wrong when they state that no record evidence supports the adjustments. For example, the Commission stated that it would adjust the loop cost upward to reflect the impact of competition. Qwest (then U S WEST) provided testimony that competition would likely increase an incumbent’s risk, and therefore its overall cost of production. (*See, e.g.,* Direct Testimony of Robert Harris, January 10, 1997, page 22.)

The CLECs are also incorrect that the Commission has any obligation to establish the lowest loop price possible (Petition at ¶ 6). Rather, the Commission’s obligation is to establish costs and prices that are consistent with the Telecommunications Act of 1996. If the result of the Commission’s determination to set prices in accordance with the Act is that certain new entrants find the purchase of unbundled loops less desirable, that should not change the Commission’s decision. Indeed, it should be of greater concern to the Commission that all new entrants continue to be able to purchase unbundled loops for approximately \$5-\$7 under cost (Petition at ¶ 5), because this sends incorrect economic signals to the market about the cost of entry. Thus, the Commission should implement its final order as soon as possible.

Deaveraging: The other issue raised by the Petition is whether the Commission correctly determined which wire centers should be in each of the five deaveraged zones. Qwest believes that this issue has already been decided by the Commission when the parties petitioned for reconsideration of the 24th Supplemental Order. Qwest was among the parties

requesting reconsideration, along with Staff and the Joint CLECs. The Commission considered those petitions, and the result of that consideration is that the Commission did not change the findings or conclusions in the 24th Supplemental order.

The Joint CLECs raise no new issues in their latest petition, and it should be denied on that basis alone. Indeed, and ironically, the Commission selected the deaveraging methodology endorsed by the Joint CLECs. Their petition demonstrates clearly that they have no particular allegiance to the methodology – only to the result they believed it would produce. When the desired result did not appear in the 27th Supplemental Order, the CLECs have simply attempted to relitigate the issue. Unfortunately, with their request for a stay, they have already had some measure of success, as they have succeeded in delaying, once again, the implementation of the Commission-ordered prices.

In reviewing some of the answers that have already been filed, Qwest finds itself in agreement with Staff's suggestion that it would be helpful to have additional clarification on the issue of how the Commission calculated the Hatfield loop costs for Qwest, both the average and the deaveraged rates. Qwest also agrees that if any wire centers are incorrectly included in a particular zone because of a calculation error, that error should be corrected. The Commission should simply provide an electronic version of the Hatfield model run to the parties, and put the matter to rest.

In conclusion, Qwest believes that the Joint CLECs' Petition for Reconsideration should be denied.

Respectfully submitted this 11th day of October, 2000.

Qwest Corporation

Lisa A. Anderl, WSBA # 13236