

July 3, 2002

Carole Washburn, Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504

Re: Continued Costing and Pricing Proceeding
Docket No. UT-003013 *Part B*

Dear Ms. Washburn:

On June 28, 2002, Qwest filed Advices 3329T and 3330T stating that the filings are made in compliance with the Commission's Thirty-Second Supplemental Order (Part B order) in Docket UT-003013. The Part B order directs Qwest to make two separate filings, Advice 3329T contains rate elements that were uncontested or approved without change, and Advice 3330T contains rejected rate elements requiring recalculation of cost.

Advice 3329T

Staff has reviewed the rates in this advice and believes the proposed rates and rate elements accurately reflect the Commission's decisions in the Part B order regarding uncontested or approved without change rate elements. The cover letter to this advice also indicates that Qwest is not filing certain rates for unbundled loops. Since this matter concerns proposed rates which the Commission rejected, Staff will discuss this concern in the context of Advice 3330T, which regards rates which have been rejected in the Part B order. Staff recommends the Commission issue an order allowing the proposed rates in Advice 3329T to become effective.

Advice 3330T

Staff has reviewed the rates in this advice and believes the proposed rates and rate elements have been accurately recalculated to reflect the Commission's decisions in the Part B order. The remaining issue with this advice regards the absence of sub-loop rates based on paragraph 237 of the Part B order. Paragraph 237 states that "Qwest must utilize the feeder and distribution ratios proposed by Staff, at Table 1 of Exhibit T-1350, when calculating sub-loop rates." In discussing this matter with the company, Qwest's position is that the revised loop and

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sub-loop rates approved by the Commission on June 26, 2002 in Docket UT-020724 are based on benchmarking to Colorado loop rates and it would be inappropriate to mix the Washington sub-loop ratios with the benchmarked rates. In addition, Qwest states that the sub-loop rates based on the Colorado benchmarking are lower than sub-loop rates that would result from applying the sub-loop ratios in the Part B order to the current zone rates. The revised loop rates in Docket UT-020724 will become effective July 10, 2002. Staff notes however, that the revised sub-loop rates in Docket UT-020724 do not contain any sub-loop rates for the feeder portion of the loop. Therefore, Staff recommends that the Commission reject Advice 3330T because it is not in compliance with the Part B order. In the alternative, Staff suggests that the Commission could approve the rates that are contained in Advice 3330T and require Qwest to make another filing in which it provides feeder and distribution sub-loop rates using the ratios approved in the Part B order applied to the zone rates approved in Docket UT-020724.

Very truly yours,

GREGORY J. TRAUTMAN
Assistant Attorney General

GJT:kll

cc: Judge Berg
All Parties