

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the  
  
Continued Costing and Pricing of  
Unbundled Network Elements, Transport,  
Termination, and Resale.

DOCKET NO. UT-003013

**PART B**

COMMISSION STAFF'S  
RESPONSE TO VERIZON'S  
MOTION FOR  
RECONSIDERATION

Commission Staff concurs with AT&T/XO's response to Qwest and Verizon reconsideration petitions. Staff makes the following additional comments:

Verizon, at page 8 of its Motion for Reconsideration and Clarification of the Commission's Part "B" Order, states that the Order "appears to mandate that Verizon and Qwest file non-recurring cost studies in future dockets supported by time and motion studies."

(emphasis added)

Staff, however, reads the Commission's Part "B" Order to state that Verizon and Qwest must file non-recurring cost studies, for NRC's that are affected by OSS-related cost savings, in Part "E" of the current docket. At paragraph 50, the Commission's Order states:

There is also a trade-off between OSS costs and nonrecurring rates. Nonrecurring rates largely are a function of labor costs. However, OSS expenditures enable CLECs to increasingly rely on machine interfaces when accessing the ILECs OSS. This mechanization should lead to a reduction in nonrecurring rates.

At paragraph 51, the Commission's Order continues:

As Qwest and Verizon update their OSS Transition Costs in Part E ..... they must also file updated nonrecurring cost studies supported by time and motion studies that reflect decreased work times that have been achieved through their increasingly mechanized processes.

During the July 11, 2002 prehearing conference in consolidated Docket Nos. UT-003013 (Part E) and UT-023003, the ALJ expressed an understanding of the Part B Order in which Staff concurs:

JUDGE BERG:

...

[M]y recollection was that the Part B order was requiring the filing of nonrecurring cost studies supported by time and motion studies at the point in time that an incumbent is also seeking authorization for additional OSS recovery, that the perspective was that where requests are made for additional OSS cost recovery, the Commission would anticipate that there would also be an increased efficiency that should be accounted for in terms of an adjustment based upon a time and motion study.

Consistent with this reading of the Part B Order, Staff interprets paragraph 51 to require that both Verizon and Qwest must file updated nonrecurring cost studies for NRCs affected by OSS cost-related savings, in Part "E" of the current proceeding--not in some undefined "future" proceeding--to reflect the benefits achieved by OSS investments made over the past 5 or 6 years.

Furthermore, Staff is concerned with Verizon's proposal that it be allowed to substitute what it labels as "actual data", without further definition, for properly conducted time and motion studies. Just as Qwest's SME estimates should not be substituted for properly conducted time and motion studies, Verizon's so-called "actual data" must be shown to be more than merely glorified SME estimates in order for the Commission to accept this as a substitute for time and motion studies.

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The Commission should not enable Verizon to rewrite these paragraphs of the Part B Order to interpret clear requirements out of existence, and therefore should deny Verizon's motion with respect to this issue.

Respectfully submitted this 18<sup>th</sup> day of July, 2002.

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