

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 REPLY
TO QWEST'S FILING IN
ACCORDANCE WITH THE
THIRTY-FOURTH
SUPPLEMENTAL ORDER

On July 25, 2002, Qwest filed tariff sheets for feeder and distribution sub-loops as directed by the Commission in the Thirty-Fourth Supplemental Order in this docket. On July 26, 2002, however, Qwest filed additional comments regarding this compliance filing (Advice No. 3335T), asking that the Commission reject it and allow the filing under Advice No. 3319T, Docket No. UT-020724, to remain in effect. Staff disagrees with Qwest's recommendation. Staff has reviewed the tariff sheets filed under Advice No. 3335T, and believes that the sub-loop rates properly reflect the feeder and distribution sharing ratios ordered by the Commission.

In paragraph 6 (a) of the Thirty-Fourth Supplemental Order, the Commission asked Qwest to explain why it believed that it was inappropriate to apply the Washington sub-loop sharing ratios to the revised loop rates filed by Qwest that became effective on July 10, 2002. Qwest's response appears to be that: (1) the revised benchmark sub-loop rates based on the Colorado loop rates produce lower rates than if the feeder/distribution ratios ordered by this Commission were applied to the old Washington zone loop rates that were based on a statewide

average loop rate of \$18.16; and (2) the benchmarking procedure uses the Colorado sub-loop ratio to calculate sub-loop rates, and the use of any other ratio would be inappropriate because it does not adhere to the benchmarking process.

In reply, Staff does not believe that feeder and distribution sub-loop ratios ordered by the Commission were uniquely determined to apply only to the zone rates currently in effect at the time the sub-loop ratios were developed. Indeed, the sub-loop ratios that were ordered by the Commission were based on output from the HAI 3.1 that did not replicate the statewide average loop rate of \$18.16. Hence, the sub-loop rates were not contemplated to be specific to a particular loop cost estimate. In terms of compliance, the question for the Commission is whether it is appropriate for the feeder and distribution sub-loop rates to be applied to the benchmarked rates recently approved by the Commission, or whether such ratios should only be applied to loop rates that have been determined by this Commission. Qwest does not explain why its approach to the calculation is “appropriate” and other approaches “inappropriate” beyond its explanation of the benchmarking process. Staff notes that nowhere in Qwest’s comments is there any suggestion that the FCC would find Washington loop rates to be in error if the Washington specific sub-loop ratios were applied in lieu of the Colorado ratio. Staff believes the FCC would likely find such rates acceptable since they produce lower distribution sub-loop rates than the sub-loop rates based on the Colorado ratio in all zones except zone 5. (*See* Tariff work papers.)

In paragraph 6 (b) of the Thirty-Fourth Supplemental Order, the Commission asked Qwest to explain why its revised sub-loop rates do not contain sub-loop rates for the feeder portion of the loop. Qwest’s response is that “this is not a product Qwest has developed or intends to offer,” (Qwest’s Filing in Accordance with the Thirty-Fourth Supplemental Order at

page 3, line 23), and that no CLEC had sought a DSO level feeder sub-loop in any of the Washington SGAT proceedings. Qwest admits that a DSO level sub-loop was contemplated in the Part B proceeding but believes it is no longer appropriate.

In reply, Staff states that we do not know if the reason CLECs have not requested a DSO feeder sub-loop element in the SGAT is because they do not need it or because CLECs were simply overwhelmed by the immensity of the SGAT undertaking, resulting in the request being overlooked. Staff suggests that the Commission permit feeder sub-loop rates to go into effect and allow parties to address whether or not they desire such an element in the new loop cost case, Docket UT-023003.

Finally, in paragraph 6 (c) of the 34th Supplemental Order, the Commission asked Qwest to show how it calculated the revised loop rates from Docket UT-020724. Qwest describes the benchmarking process and analysis and Staff has no dispute with the explanation. The only question appears to be whether the Colorado sub-loop ratio or Washington sub-loop ratios should be used to calculate the Washington sub-loop rates.

Respectfully submitted this 31st day of July, 2002.

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