[Service Date September 7, 2005]

BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Review of: Unbundled Loop and Switching Rates; the Deaveraged Zone Rate Structure; and Unbundled Network Elements, Transport, and Termination (Recurring Costs)	)	DOCKET NO. UT-023003
	)	TWENTY-NINTH SUPPLEMENTAL ORDER PROVIDING FURTHER COST INFORMATION AND CLARIFICATION; REQUIRING COMPLIANCE FILING ON OR BEFORE SEPTEMBER 27, 2005
. . . . .	)	

Synopsis: *The Commission provides Verizon further information related to cost elements, reciprocal compensation and switching for which the company is required to file compliance and requires Verizon to make its compliance filing in this proceeding on or before September 27, 2005.*

1 **PROCEEDING**. Docket No. UT-023003 (cost docket) is a proceeding to review recurring costs and rates for unbundled network element (UNE) loops, switches, transport, and termination, and to review the deaveraged zone rate structure for loops.

2 **APPEARANCES.** Verizon Northwest Inc. (Verizon), by Catherine Ronis, attorney, Washington, D.C.; Qwest Corporation (Qwest) by Lisa Anderl, attorney, Seattle, Washington; AT&T of the Pacific Northwest, Inc. (AT&T), Pac-West, Inc. (Pac-West), and XO Washington, Inc. (XO), by Gregory J. Kopta, attorney, Seattle, Washington; MCI/WorldCom (MCI) by Michel Singer-Nelson, attorney, Denver, Colorado; Covad Communications Company (Covad), by Karen Frame, attorney, Denver, Colorado; WeBTEC, by Arthur Butler, attorney, Seattle, Washington; Eschelon Telecom, Inc. (Eschelon), by Dennis Ahlers,

Minneapolis, Minnesota; and Commission Staff, by Shannon Smith, Assistant Attorney General, Olympia, Washington.

3 **BACKGROUND.** On August 17, 2005, the Commission entered its Twenty-Eighth Supplemental Order in this proceeding granting Venison's motion to incorporate new depreciation rates and granting, in part, clarification of the Commission's Twenty-Fourth and Twenty-Seventh Supplemental Orders. In the Twenty-Eighth Supplemental Order, the Commission required Verizon to make its compliance filing within twenty days of the date of the order. However, the Commission advised Verizon that if the company required additional cost estimate information to calculate compliance rates, the company should advise the Commission in writing within five business days of the order.

4 On August 24, 2005, within five business days of the Twenty-Eighth Supplemental Order, Verizon filed a request for cost estimates for two additional interoffice facilities elements in order to provide the rates required in its compliance filing: DS1 to Voice Grade Multiplexing and DS3 to DS1 Multiplexing. Verizon also required further guidance on its reciprocal compensation rate and switching rate compliance filing calculations.

5 **Discussion.** We find Verizon's request for additional cost element information regarding the two multiplexing rates reasonable and provide a response under the heading "Issue 1: in the attached Appendix A.

6 With regard to Verizon's reciprocal compensation rate compliance filing, we determined the proper calculation of that rate in paragraph 156 of the Twenty-Seventh Supplemental Order in this proceeding. The text of the Order is repeated under the heading "Issue 2" in the attached Appendix A. Verizon must calculate its compliance rate for reciprocal compensation accordingly.

7 Finally, under the heading "Issue 3" in the attached Appendix A, we note the correction of an error in our HM 5.3 cost run and provide the updated HM 5.3 cost estimates that Verizon should use for its switching rate compliance filing.

ORDER

8 THE COMMISSION ORDERS That Verizon incorporate the information and clarification provided in Appendix A to this Order into its compliance calculations and make its compliance filing in this proceeding on or before September 27, 2005.

DATED at Olympia, Washington, and effective this 7th day of September, 2005.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK H. SIDRAN, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner

APPENDIX A

In its letter dated August 24, 2005, Verizon presents three issues for the Commission to address. The issues are addressed specifically below.

Issue 1

The cost estimates for the additional rate elements Verizon added in Exhibit No. 226T[1] can be found below in Table 1. Since these rate elements were omitted from Verizon's June 2003 VzCost filing, and since the Commission's rate table was based on that filing, these rate elements were also omitted from the Commission's 28th Supplemental Order.[2]

Table 1 – VzCost Cost Estimates for DS1 and DS3 Multiplexing

DS1 to Voice Grade Multiplexing	$306.25
DS3 to DS1 Multiplexing	$631.26

Issue 2

Verizon points out that "Appendix A [of the 28th Supplemental Order] does not include a rate element for reciprocal compensation" and that Verizon "… intends to calculate a compliance rate for reciprocal compensation in accordance with paragraphs 522-28 of the 24th Supplemental Order." The Commission notes that a reciprocal compensation cost estimate was not included in Appendix A to the 28th Supplemental Order because at paragraph 156 of the 27th Supplemental Order the Commission determined "…For its compliance filing, Verizon should apply the ratio: Verizon's proposed reciprocal compensation rate to Verizon proposed switching usage rate, to the traffic sensitive rate that is produced by the HM 5.3 model." Verizon should calculate the reciprocal compensation rate consistent with the instructions provided in the 27th Supplemental Order.

Issue 3

Verizon notes that the only difference between the HM 5.3 switching cost estimates published in the 27th and 28th Supplemental Orders should be the result of using updated, higher depreciation rates in the latter order; yet, some of the switching rates in the 28th Supplemental Order appear to have decreased. While investigating Verizon's concern the Commission identified two "Future Net

[1] See Exhibit No. 226T at page 6 and Attachment A-1.
[2] See 24th Supplemental Order at footnote 437.

Salvage' inputs that were incorrect. These errors have been corrected. The updated HM 5.3 cost estimates can be found below in tables 2 through 4.

Table 2 – HM 5.3 DS-0 Cost Estimates

CLLI	Cost Estimate	CLLI	Cost Estimate	CLLI	Cost Estimate	CLLI	Cost Estimate
ACMEWAXA	$ 50.66	EDSNWAXX	$ 44.87	LKWNWAXA	$ 65.75	RCLDWAXB	$ 9.28
ALGRWAXX	$ 37.62	ENTTWAXX	$ 83.32	LOMSWAXA	$ 142.06	RDMDWAXA	$ 8.05
ANCRWAXX	$ 14.40	EVRTWAXC	$ 8.32	LVWOWAXX	$ 51.51	ROSLWAXA	$ 131.78
ARTNWAXX	$ 26.09	EVRTWAXF	$ 7.24	LYNDWAXX	$ 20.77	RPBLWAXA	$ 94.10
BGLKWAXX	$ 49.98	EVSNWAXX	$ 33.00	MLDNWAXA	$ 117.06	SKYKWAXX	$ 52.24
BLANWAXB	$ 20.95	EWNCWAXA	$ 21.00	MLSNWAXA	$ 273.78	SLLKWAXA	$ 8.65
BNCYWAXX	$ 40.97	FNDLWAXA	$ 24.42	MNFDWAXX	$ 139.24	SMSHWAXA	$ 13.77
BOTHWAXB	$ 8.52	FRFDWAXA	$ 96.13	MNSNWAXA	$ 38.02	SNHSWAXX	$ 20.81
BRBAWAXA	$ 19.09	FRTNWAXX	$ 96.71	MONRWAXX	$ 16.73	SOLKWAXX	$ 45.21
BRPTWAXX	$ 81.09	GERGWAXX	$ 107.31	MPFLWAXA	$ 73.01	STPSWAXA	$ 61.95
BRWSWAXA	$ 45.87	GRFDWAXX	$ 96.92	MRBLWAXX	$ 93.46	STWDWAXX	$ 23.26
BURLWAXX	$ 15.89	GRFLWAXX	$ 29.90	MRWYWAXA	$ 8.36	SULTWAXX	$ 33.29
CAMSWAXX	$ 17.82	GRLDWAXX	$ 29.10	MTVRWAXX	$ 12.27	SUMSWAXX	$ 34.94
CHLNWAXX	$ 36.66	HLLKWAXX	$ 8.67	MYVIWAXX	$ 12.05	SWLYWAXX	$ 23.73
CLVWWAXA	$ 19.47	HMTNWAXA	$ 51.90	NCHSWAXX	$ 40.50	TEKOWAXX	$ 83.81
CMISWAXA	$ 23.80	JUNTWAXA	$ 10.52	NILEWAXX	$ 62.81	THTNWAXA	$ 214.83
CNCRWAXX	$ 77.21	KNWCWAXA	$ 13.61	NWPTWAXX	$ 54.65	TNSKWAXA	$ 122.36
CNWYWAXX	$ 37.68	KNWCWAXB	$ 15.48	OKDLWAXX	$ 104.06	WDLDWAXA	$ 28.87
CPVLWAXX	$ 25.18	KNWCWAXC	$ 20.84	OKHRWAXX	$ 15.19	WNTCWAXX	$ 15.01
CRLWWAXA	$ 183.60	KRLDWAXX	$ 8.62	PALSWAXX	$ 56.31	WRLDWAXA	$ 20.17
CSHRWAXX	$ 28.13	LACNWAXX	$ 21.22	PLMNWAXX	$ 20.26	WSHGWAXA	$ 20.66
CSTRWAXA	$ 30.86	LARLWAXX	$ 24.72	QNCYWAXX	$ 56.74	WSPTWAXA	$ 17.65
DMNGWAXA	$ 49.96	LATHWAXA	$ 81.95	RCBHWAXX	$ 7.37	WSRVWAXA	$ 47.26
DRTNWAXX	$ 43.89	LKGWWAXA	$ 22.10	RCFRWAXB	$ 100.94	WTVLWAXA	$ 125.99
DVLLWAXX	$ 21.54	LKSTWAXA	$ 14.98	RCLDWAXA	$ 16.78	**Statewide Avg.**	$ 17.21

Table 3 - HM 5.3 DS-1 and DS-3 Cost Estimates

DS-1 Loops		
DS-1 Concentrator		
Unit Cost/month	$	82.75
DS-1 Feeder		
Unit Cost/month	$	1.13
DS-1 Distribution		
Unit Cost/month	$	13.08
DS-1 Total		
Unit Cost/month	$	96.96
DS-3 Loops		
DS-3 Feeder		
Unit Cost/month	$	93.36
DS-3 Distribution		
Unit Cost/month	$	729.04
DS-3 Total		
Unit Cost/month	$	822.40

Table 4 – HM 5.3 Switching and Transport Cost Estimates[3]

		Annual Cost	Units			Unit Cost	
End office switching	$	43,106,967	903,463		$	3.98	total switch cost per line per month
Non-Usage Related		15,445,226	903,463	switched lines	$	1.42	per line/month
Usage-Related		27,661,741	19,554,671,925	actual minutes	$	0.00141	per actual minute
Signaling network elements	$	1,569,961					
Links		265,449	235	links	$	93.97	per link per month
STP		1,134,591	13,592,140,373	TCAP+ISUP msgs	$	0.00008	per signaling message
SCP		169,921	672,916,540	TCAP queries	$	0.00025	per query
Transport network elements							
Dedicated							
Transport including Special	$	6,268,708	1,074,558	trunks	$	0.49	per DS-0 equivalent per month
Transport		6,268,708	1,074,558	trunks	$	0.00005	per minute
Special		-	-	trunks			
Transmission Terminal		24,728,552	1,074,558	trunks	$	1.92	per DS-0 equivalent per month
					$	0.00019	per minute
					$	0.00024	total per minute
Common							
Transport	$	735,753	948,148,074	minutes	$	0.00059	per minute per leg (orig or term)
Transmission Terminal		475,748	948,148,074	minutes	$	0.00038	per minute
					$	0.00097	total per minute
Direct							
Transport	$	2,748,031	5,718,719,980	minutes	$	0.00048	per minute
Transmission Terminal		2,695,591	5,718,719,980	minutes	$	0.00047	per minute
					$	0.00095	total per minute
Tandem switch	$	1,310,298	802,060,365	minutes	$	0.00163	per minute
Operator systems	$	5,986,885					
Public Telephones	$	933,243					
Total (w/ Public)	$	291,992,390					
Total cost of switched network elements (w/o Public)	$	25.31	per line/month				

[3] Consistent with Appendix B of the 27th Supplemental Order the number of switched lines and various traffic sensitive inputs were reduced by 5% in the Commission's updated model runs.