

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the	)	
	)	DOCKET NO. UT-003013
	)	
Continued Costing and Pricing	)	
Proceeding for Interconnection,	)	THIRTY-SEVENTH
Unbundled Network Elements, Transport	)	SUPPLEMENTAL
and Termination, and Resale	)	ORDER: APPROVING QWEST'S
	)	COMPLIANCE TARIFF FILINGS
	)	
.....	)	

BACKGROUND

1 On June 10, 2002, Qwest filed loop and sub-loop rates in a proposed tariff filing (“Advice No. 3319T”) in Docket No. UT-020724. Those rates were developed by applying a benchmarking methodology to loop rates previously approved in Colorado (“benchmarked rates”), and are lower than loop rates previously approved by the Commission. Advice No. 3319T stated an effective date of July 10, 2002.

2 On June 21, 2002, the Commission entered its Thirty-Second Supplemental Order (“Part B Order”) in this proceeding. The Commission, at paragraph 237 of the Part B Order, found that the ratio of feeder and distribution investment by Qwest Corporation (“Qwest” or “Company”) differs between rural and urban areas. The Commission directed Qwest to utilize feeder and distribution ratios proposed by Staff, at Table 1 of Exhibit T-1350, when calculating sub-loop element rates. The Part B Order, at paragraph 455, required Qwest to submit certain compliance filings.

3 On June 26, 2002, the Commission allowed Advice No. 3319T to go into effect.

4 On June 28, 2002, Qwest filed proposed tariff revisions for its Tariff No. WN U-42 (“Advice No. 3330T”), and represented that the proposed tariffs were in compliance with the Thirty-Second Supplemental Order. Advice No. 3330T stated an effective date of July 28, 2002.

5 On July 19, 2002, the Commission entered its Thirty-Fourth Supplemental Order in this proceeding. The Commission approved Qwest’s Advice No. 3330T compliance filing, but also found the Company’s filing to be incomplete. The Commission required Qwest to make an additional compliance filing applying the feeder and distribution ratios proposed by Staff, at Table 1 of Exhibit T-1350, to Qwest’s benchmarked rates in Advice No. 3319T. The Commission also allowed Qwest to

state objections as part of its filing, and provided opportunity for other parties to submit response comments.

- 6 On July 25, 2002, Qwest filed additional proposed tariff revisions for its Tariff No. WN U-42 (“Advice No. 3335T”), nominally in compliance with the Thirty-Fourth Supplemental Order. These include the following pages:

**INTERCONNECTION SERVICES**

**WN U-42**

<b><u>SECTION</u></b>	<b><u>SHEET</u></b>	<b><u>REVISION</u></b>
3	8	3 <sup>rd</sup>
3	8.1	1 <sup>st</sup>

Qwest’s compliance filing includes arguments opposing approval by the Commission. Qwest’s compliance filing Advice No. 3335T states an effective date of August 24, 2002.

- 7 On July 31, 2002, Commission Staff filed a reply to the arguments in Qwest’s compliance tariff filing accompanying Advice No. 3335T. No other party filed reply comments.

**DISCUSSION**

- 8 Qwest acknowledges that neither Advice No. 3330T, filed in this case, nor Advice No. 3319T, filed in Docket No. UT-020724, state feeder sub-loop rates. The Company contends that its DS-0 feeder sub-loop rate, although originally identified as a network element in the Part B proceeding, later became irrelevant because the DS-0 feeder sub-loop was not identified as an element sought by any CLEC in Qwest’s SGAT proceeding.<sup>1</sup> Thus, a proposed rate for the DS-0 feeder sub-loop has never been included in any of Qwest’s price lists.

- 9 Qwest states that as the market for sub-loop elements has evolved over the past two years, the company has concluded that there are no circumstances under which a CLEC would request or use such an element. Accordingly, Qwest did not file a benchmarked rate for the DS-0 feeder sub-loop in Advice No. 3319T. Qwest argues that only the distribution portion of the DS-0 loop should be tarified, not the feeder.

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<sup>1</sup> The Commission combined Docket Nos. UT-003022 and UT-003040 to consider issues pertaining to Qwest’s Section 271 application to offer inter-LATA exchange access services and the company’s statement of generally available terms (“SGAT”).

- 10 Qwest also argues that it is inappropriate to apply the Commission-ordered sub-loop ratios established in the Part B proceeding to the company's benchmarked rates in Advice No. 3319T. Qwest contends that the Part B ratios rely on Washington-specific data and, thus, are only properly applied to Qwest's Washington-specific loop rates that were effective at the time that the Part B Order was entered.
- 11 Qwest opposes the application of the Part B Washington-specific sub-loop ratios to the company's benchmarked rates because a double-discount would purportedly result. According to Qwest, the Washington benchmarked rates must be multiplied by the distribution sub-loop ratio for Colorado in order to calculate appropriate sub-loop rates, and then those rates must be compared to sub-loop rates produced by multiplying the Part B feeder/distribution ratios by the loop rates previously approved in Washington. Qwest proposes that the lower sub-loop rates produced by either approach should then be made effective. According to Qwest, the lowest rates are reflected in Advice No. 3319T.
- 12 Commission Staff responds that the feeder and distribution sub-loop ratios approved by the Commission in the Part B Order were not limited in application to the loop rates in effect at the time of the Order. Commission Staff points out that the sub-loop ratios approved in the Part B Order are based on outputs from the HAI 3.1 cost model, and that HAI 3.1 did not replicate the same statewide average loop rate that was approved by the Commission in Docket No. UT-960369. Commission Staff argues, thus, the sub-loop ratios approved by the Commission in the Part B Order are not specific to any particular loop cost estimate.
- 13 Commission Staff states with respect to demand for DS-0 feeder sub-loops that it does not know why CLECs have not requested this element. Commission Staff states that the matter is not addressed in either the Part B or SGAT case records. 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 generic case.
- 14 The issue of the feeder/distribution sub-loop ratio was recently litigated in the Part B proceeding. There is nothing in the Part B record nor in the compliance filings that supports Qwest's contention that it would be inappropriate to apply Commission Staff's recommended ratios to the Company's benchmarked rates. Qwest's revised rates in Advice No. 3319T are meant to reflect the cost of service in Washington – not Colorado. Therefore, the application of Washington-specific feeder/distribution sub-loop ratios to Qwest's benchmarked rates in Advice No. 3319T is appropriate.
- 15 Further, there is no evidence of record to suggest that Qwest's proportionate deployment of feeder and distribution in the company's Colorado network is substantially similar to the deployment of facilities in the company's Washington

network. Thus, it is inappropriate to rely on Qwest's distribution sub-loop ratio for Colorado to determine the appropriate ratio in Washington State.

- 16 We agree with Commission Staff that the Commission's decision in the Part B Order establishing the appropriate feeder/distribution sub-loop ratio based on Washington-specific data does not depend on any specific loop rates. The Commission has agreed to review UNE loop and sub-loop rates in Docket No. UT-023003. Parties may present in that proceeding additional evidence regarding the appropriate feeder/distribution sub-loop ratio to be applied to deaveraged zone loop rates.
- 17 We find that the proposed tariff revisions stated in Advice No. 3335T filed by Qwest on July 25, 2002, are consistent with the Commission's Part B and Thirty-Fourth Supplemental Orders. We therefore conclude that the substance of the proposed tariff revisions should be approved as filed for effect on the date this order is entered.

### ORDER

THE COMMISSION ORDERS That:

- 18 (1) The tariff revisions in Advice No. 3335T filed by Qwest on July 25, 2002, in accordance with the Thirty-Second and Thirty-Fourth Supplemental Orders in this proceeding, shall become effective as filed on the date this order is entered.
- 19 (2) THE COMMISSION ORDERS FURTHER That it retains jurisdiction over the subject matter and the Parties to effectuate the provisions of this and prior orders in these proceedings.

DATED at Olympia, Washington, and effective this        day of August, 2002.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

RICHARD HEMSTAD, Commissioner