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April 7, 2000

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Carole J. Washburn, Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
Olympia, WA 98504

Re: Telecommunications Rulemaking Docket No.s UT-990146 et al.

Dear Ms. Washburn:

Near the conclusion of the workshop in Docket No. UT-990146 on March 9, 2000, Nextlink's representative asked the Commission to address its imputation rule proposed by a group of competitive local exchange companies (Nextlink, ELI, ATG, GST, NorthPoint and Focal). This proposed rule (WAC 480-120-X19 "Imputation") was contained in the groups' February 4, 2000 filing. This filing was not served on all interested parties because this proceeding is a Rulemaking and no such service had been ordered by the Commission.

Commission representatives at the workshop asked the parties to provide comments on the Nextlink proposal prior to the next workshop scheduled for April 11. GTE Northwest Incorporated ("GTE") has examined the rule and objects to including this rule at this time in WAC 480-120 for the following reasons. First, the issues introduced by the proposed Imputation rule far exceed the scope of this Rulemaking proceeding, which was designed to revise existing rules against a set of criteria established by Governor's Executive Order 97-02. The issues raised by the introduction of a major new substantive rule on imputation implicate major policy questions relating to pricing, competitive parity and Universal Service. GTE recommends that this rule not be entertained at this time. If considered at all, it should be in a separate docket, as with other major policy Rulemaking proceedings, such as Commission's line extension Rulemaking in Docket No. 991737.

Second, including this rule would be premature because many of the issues inherent in the rules, such as deaveraged pricing and Universal Service are not yet resolved.

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Third, the imputation rule also contains several technical difficulties which cannot be thoroughly addressed or explored in the context of this Rulemaking proceeding. For instance, the proposed rule would require the imputation of network element pricing in all situations. This may not be appropriate in circumstances where an incumbent local exchange company would be competing against a CLEC which is not using unbundled network elements ("UNE") to provision its service. In that scenario the imputation of UNE prices would not be appropriate. The services at issue would not be the sort of "bottleneck" service subject to an imputation analysis. In addition, the definition of "price" contains certain problems which would complicate application of this rule. The proposed rule would include all non-recurring charges within UNE pricing which in turn would have to be imputed to GTE's prices.

Finally, while imputation has not been reduced to the terms of a specific Administrative Rule, it is a practice of this Commission and has been explored and adopted in several adjudicative proceedings, including U85-23 and UT 950200.

Critical pricing policies need to be established after a through vetting of all the issues and concerns and should not be established only in the context of a global regulatory "cleanup" of existing rules, which is the underlying purpose of this docket.

Therefore, GTE recommends that the proposed imputation rule not be acted upon in this Docket at this time.

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Very truly yours,

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END:ks

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