

[Service Date January 7, 2003]

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION

In the Matter of the)
) DOCKET NO. UT-003013
)
Continued Costing and Pricing)
Proceeding for Interconnection,) FORTY-FIFTH
Unbundled Network Elements,) SUPPLEMENTAL ORDER;
Transport and Termination, and) APPROVING COMPLIANCE
Resale) TARIFF FILING
.....)

BACKGROUND

- 1 On September 26, 2002, the Commission entered its Thirty-Eighth Supplemental Order in this proceeding resolving issues on petitions for reconsideration. The Order directed Verizon to submit compliance filings no later than eight business days after service of the order. Verizon subsequently asked for and received an extension of time until November 7, 2002 to make the compliance filing for the contested non-recurring charges.

- 2 Verizon, on November 7, 2002 filed Advice No. 3059 containing tariff revisions for its Tariff No. WN U-21. On November 14, 2002, Verizon amended the compliance filing adding Section 5, Sheet 2 to remove existing loop conditioning rates and revising Section 5, Sheet 3.1 to add NRC rates for Changeover Unbundled Loops which were inadvertently omitted.

- 3 Advice 3059 includes the following pages:

Unbundled Network Elements**WN U-21**

<u>SECTION</u>	<u>SHEET</u>	<u>REVISION</u>
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4	1	2nd
4	1.1	Original
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4	3.2	Original
5	3	2nd
5	3.1	1st
5	4.1	Original
5	4.2	Original
5	4.3	Original
5	4.5	Original
5	4.6	Original
5	4.7	Original
5	4.8	Original

- 4 Commission Staff has reviewed the Company's compliance tariff filing and states that it appears to comply in all substantive respects with the Commission's Order with the exception of the Loop Conditioning rate elements shown on Section 5, sheet 4.4. No other party filed comments.
- 5 The first issue raised by Commission Staff regards Verizon's use of Qwest's loop conditioning work times. The 32nd Supplemental Order ("Part B Order") rejected Verizon's proposed rates and stated that Verizon must use Qwest's rates. *Part B Order at para. 61*. Because Verizon's actual average loop lengths are longer than those of Qwest, Verizon was directed to increase Qwest's distance-sensitive work times by a ratio of 17:13 – based on their respective loop lengths. Verizon

applied the ratio to all of Qwest's work times. Staff states that it does not understand why engineering or splicing work times should be longer.

- 6 Verizon states that the company made no determination regarding which of Qwest's work times are distance sensitive. Verizon consulted Qwest, and Qwest responded to Verizon that it developed engineering and splicing work times on a distance sensitive basis. Thus, Verizon applied the 17:13 ratio to Qwest's work times. Verizon states that Staff's concern whether as a general matter engineering or splicing should be considered distance sensitive is not a question of compliance and thus provides no basis for rejecting Verizon's adjusted rate calculation.
- 7 In the 8th Supplemental Order in Docket No. UT-960369, at para. 149 through 154, the Commission concluded that Qwest's proposed loop conditioning work times for engineering and splicing were unreasonable, and we broadly required Qwest to reduce those work time inputs. The 8th Supplemental Order does not discuss other work times inputs in Qwest's cost study, and Commission orders do not distinguish between distance and non-distance sensitive work times for loop conditioning. As described in the 8th Supplemental Order, engineering and splicing comprise a significant part of the work time associated with loop conditioning. Where loop lengths are longer, there will be more maps that must be reviewed by an engineer to locate load coils and bridge taps, and more splices will be required where coils and taps are removed. Thus, Verizon's procedural objection aside, application of the ratio to the entirety of Qwest's rate is reasonable based on the records in the generic proceedings.
- 8 The second issue raised by Commission Staff regards the absence of rates for conditioning additional loops beyond the initial loop. Staff contends that Verizon should be directed to develop Additional Unit loop rate elements. Verizon responds that the Commission rejected its loop conditioning rate structure, which included rates for additional units, and ordered Verizon to use Qwest's work times, which are not based on additional unit rates. In this context, additional units means additional pairs in a binder group.
- 9 The principle issue as argued by the parties in the generic proceedings is whether the ILECs will obtain an unjust benefit because they are likely to de-load all pairs when they de-load any pairs. Thus, the CLECs contend, the cost of de-loading an entire binder group will be borne by a CLEC requesting that a single pair be

de-loaded. The Commission first addressed the issue of loop conditioning rate structure in the 8th Supplemental Order in UT-960369, at paragraph 147: “We find that where de-loading occurs, the costs should be assigned to those *lines* for which removal of the load coils has been requested.” (Emphasis added). Thus, whether a CLEC requests that one pair or twenty-five pairs be de-loaded, the cost remains the same. Requests that are separate in time will incur a separate charge, but all lines that are requested de-loaded at one time only incur one charge.

10 The Commission revisited loop conditioning rate structure in the Part B Order, at paragraphs 62 through 67, where the Commission stated:

We conclude that it is overly speculative to presume that the ILECs will de-load additional pairs, or that they disproportionately benefit from doing so. Accordingly, we reaffirm that parties requesting de-loading or removal of bridge taps are the cost-causer and must compensate ILECs for the entire nonrecurring costs that are consequently incurred. *At paragraph 67.*

Thus, Verizon’s proposed rate structure in its compliance filing is consistent with Commission orders

11 The Commission finds that the tariff revisions filed with the Commission by Verizon on November 7 and 14, 2002, are consistent with the Commission’s Thirty-Eighth Supplemental Order and therefore concludes that the substance of the tariff revisions should be approved as filed on the date this Order is entered.

ORDER

THE COMMISSION ORDERS That:

12 The tariff revisions filed by Verizon on November 7 and 14, 2002, in accordance with the Thirty-Eighth Supplemental Order in this proceeding are effective as filed on the date this Order is entered.

13 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 January, 2003.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

RICHARD HEMSTAD, Commissioner

PATRICK OSHIE, Commissioner