

January 13, 2003

Carole Washburn, Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504

Re: Staff Comments on Qwest Compliance Filing
Docket No. UT-003013 *Part B*

Dear Ms. Washburn:

On September 23, 2002, the Commission entered the Thirty-Eighth Supplemental Order on Reconsideration in Docket UT-003013. On October 7, 2002, the Commission entered its Fortieth Supplemental Order in this docket. The Thirty-Eighth and Fortieth Supplemental Orders directed Qwest to file compliance tariffs by November 7, 2002. Qwest requested, and the Commission granted, an extension of time until December 6, 2002 to make the compliance filing. On December 6, 2002, Qwest filed revisions to its Interconnection Services Tariff WN U-42 and Resale tariff WN U-43 in Advice 3364T to comply with the Commission's 32nd, 38th and 40th Supplemental Orders in Docket UT-003013.

Staff comments were initially due on December 20, 2002. Staff requested and received an extension of time until January 13, 2002 to file comments on the compliance filing.

- A. Staff files these initial comments, but was unable to complete its analysis. Staff proposes that Qwest provide the information and responses requested by Staff directly to the Commission, and that Staff will respond, as necessary, after Qwest provides that information.

Staff reviewed Advice 3364T and the supporting work papers and has discussed the filing with Qwest's compliance staff. Staff has identified several concerns with the filing, which are discussed below. As explained below, staff has not completed its analysis of the compliance filing. Staff believes the best way to proceed is to file this report with the Commission so Qwest can respond to the Commission regarding these comments. Staff can provide further comment as necessary after Qwest responds to these comments and provides the additional information requested by Commission Staff, as noted below, to the Commission.

- B. The development of manual and mechanized rates for NRCs established in Docket UT-960369 and Part B of Docket UT-003013.

In the 40th Supplemental Order in Docket No. UT-003013, the Commission directed Qwest to establish separate manual and mechanized rates for non-recurring charges (NRCs) for UNEs that had been previously approved in Docket UT-960369. The NRCs for UNEs established in Docket UT-960369 included 2/4 wire loops, NID, Port, DS-1/3 Entrance Facilities, Multiplexing, Common Channel Signaling (CCS) Links, and the Customer Transfer Charge (CTC).

In Docket UT-960369 the Commission rejected Qwest's proposed times for Interconnect Service Center activity and required rates to be calculated using a six minute activity time. The Commission reaffirmed that decision in Part B of Docket UT-003013.

In this compliance filing, Qwest proposes to establish mechanized rates for services established in Docket UT-960369 by using the currently tariffed rates which were calculated based on the six minute order entry time except for the CTC. The manual rates were developed by using the work times originally proposed by Qwest and rejected by the Commission in Docket UT-960369.

Also in the 40th Supplemental Order in Docket UT-003013, the Commission requires Qwest to “revise its nonrecurring charges,.... for service orders, so that anywhere there are nonrecurring charges for UNEs, the service ordering, or disconnection ordering, portion of the UNE charge is separated to reflect whether the order was manually or electronically submitted.” *40th Supplemental Order, ¶ 19*. In its compliance filing (Advice 3364T) for UNEs established in Part B, Qwest filed the NRCs for both manual and mechanized orders for UNE-P POTS Existing Services, UNE-C POTS New Services, Unbundled Subloop Elements, DS1 and DS3 Capable Loops, Dark Fiber, Enhanced Extended Link (EELs) for DSO, DS1 and DS3, and Unbundled Dedicated Interoffice Transport (UDIT) elements.

Qwest established the bifurcated NRCs for these UNEs by using the six minutes for processing all mechanized orders in its Interconnection Service Center (ISC) for the UNEs except for UNE-P POTS Existing Services Initial Install and UNE-C New Service Initial Connection. For these two UNE elements, Qwest used its original time estimates instead of the six minutes processing time.

The manual rates for the UNEs developed in UT-003013 were also calculated by using the work times for processing an order at the ISC that were originally proposed by Qwest and rejected by the Commission in Part B of Docket UT-003013. *See 32nd Supplemental Order, ¶125*.

Staff's concern is with Qwest's use of work times that were previously rejected by the Commission to calculate manual rates for NRCs. Qwest indicated that there is nothing in the record in Docket UT-960369 and in Docket UT-003013 for them to use other than their own original time estimates. Staff asks that the Commission provide Qwest with further guidance as to the calculation of manual rates as necessary.

As to CTC NRCs and the NRCs for mechanized orders for UNE-P Existing Service and UNE-C New Service (initial install and connection), staff asked Qwest why they did not use the six minutes of processing time ordered by the Commission. Staff has not yet received a reply to this inquiry.

C. Qwest did not use the six minute work time in calculating the NRC for Mechanized Orders for certain UNEs.

The studies supporting the NRC mechanized rate development for DS-1/3 Entrance Facilities, Multiplexing and CCS links do not use the six minute work time in the NRC rate development. The 32nd Supplemental Order at ¶162 for instance states “We approve Qwest’s proposed non-recurring rates for multiplexing subject to adjustments based on the Company’s NRC methodology as ordered.” (emphasis added.) Staff believes this language directs Qwest to adopt the six minute work time in developing NRCs for these UNEs. Qwest states that it has never interpreted the six minute work time to apply to UNE NRCs ordered via ASR which are processed by the ICSC. Staff request the Commission clarify this obligation.

D. Staff cannot ascertain if Qwest applied the Verizon ratio of disconnect-to-add service work-time to EEL NRCs.

In the Thirty-Second Supplemental Order, ¶133, the Commission ordered Qwest “to adjust its disconnect call work-time downward so that the ratio of disconnect-to-add service work-time is equal to that of Verizon. Qwest is ordered to include this adjustment, and all associated calculations, in a compliance filing.” Although staff is familiar with Verizon’s voluminous cost study, staff could not verify the ratio used by Qwest in this compliance filing and Qwest did not provide work papers showing how it adjusted EEL NRCs to comply with the Commission’s order. Staff asked Qwest to provide the backup for the calculations. Qwest staff said they would respond to this inquiry, but staff has not yet received a reply.

E. Qwest’s proposed NRC for UNE-C New POTS First Line (Mechanized) Disconnect needs to be clarified.

The cost support for the UNE-C New POTS First Line (Mechanized) Disconnect states that the time estimate used for processing an order for disconnection at its ISC “includes all lines on the order” (emphasis added). The compliance filing also proposes to establish NRCs for disconnection of each additional line. The non-recurring rate for UNE-C New POTS First Line (Mechanized) Disconnection is \$3.16, higher than the original proposed rate of \$2.53 as shown in exhibit TKM-28 (9.23.1.1) in Part D of Docket UT-003013 which the Commission adopted in Part B (*See 32nd Supplemental Order* ¶114). It appears that Qwest developed the NRC for the first disconnection to include all lines being disconnected but then proposes additional rates for additional

Carole Washburn

January 13, 2003

Page 5

disconnected lines. Staff asked Qwest to explain its intentions. Qwest said they would respond later in the week but staff has not yet received a reply. Qwest needs to clarify the calculation and applicability of this charge.

F. Qwest filed changes to tariff sheets that were not ordered by the Commission.

Qwest contacted staff before making this filing to ask whether it was acceptable to remove USOCs from the tariff in order to make room on the tariff sheet for the Manual and Mechanized rate elements. Staff indicated it would be acceptable to make the change in the context of the compliance filing. The Qwest compliance filing, however, removes the USOCs from the entirety of WN U-42 rather than just the sheets where the mechanized and manual rates are being established. Qwest should be directed to remove tariff sheets from the filing that are unrelated to the compliance filing.

Very truly yours,

MARY M. TENNYSON
Sr. Assistant Attorney General

MMT:kl

cc: All Parties