

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Review of)
Unbundled Loop and Switching Rates and)
Review of the Deaveraged Zone Rate)
Structure)
DOCKET NO. UT-023003
SECOND SUPPLEMENTAL
ORDER; PREHEARING
CONFERENCE ORDER;
REQUEST FOR COMMENTS
AND RESPONSES
REGARDING SCOPE
OF PROCEEDINGS (April 8
and 15, 2002, respectively)

1 Docket No. UT-023003 is a generic proceeding to review UNE loop and switch rates, including the deaveraged zone rate structure, previously established by the Commission in other proceedings as discussed in Docket No. UT-003013, Twenty-Sixth Supplemental Order, at para. 10-20.

2 The Commission convened a prehearing conference in this docket at Olympia, Washington on March 15, 2002, before Administrative Law Judge Lawrence Berg.

3 **Appearances.** The following participated in the prehearing conference: Qwest Corporation ("Qwest"), by Lisa Anderl and Adam Sherr, attorneys, Seattle; Verizon Northwest Inc. ("Verizon"), by Jennifer McClellan, attorney, Richmond, Virginia; MCI/WorldCom ("WorldCom") by Michel Singer Nelson, attorney, Denver, Colorado, and Brooks Harlow, attorney, Seattle; AT&T of the Pacific Northwest, Inc., ("AT&T") and XO Washington, Inc. ("XO"), by Gregory Kopta, attorney, Seattle; Covad Communications Company ("Covad"), by K. Megan Doberneck, attorney, Denver, CO; TRACER by Arthur Butler, attorney, Seattle; Eschelon Telecom, Inc. ("Eschelon"), by Dennis Ahlers, attorney, Minneapolis, MN; Public Counsel, by Simon ffitich, Assistant Attorney General, Seattle, WA; and Commission Staff, by Shannon Smith, Assistant Attorney General, Olympia, WA. Contact information provided at the conference is attached as Appendix A to this order.

4 **Petitions for Intervention.** No party objected to Eschelon's petition for intervention, which was granted.

5 **Protective order.** The parties requested that the Commission enter a protective order in this docket pursuant to RCW 34.05.446 and RCW 80.04.095, to protect the

confidentiality of proprietary information. The request was granted, and a protective order has been entered.

6 **Discovery.** Parties desire to engage in discovery as to the issues in the proceeding. The proceeding qualifies under WAC 480-09-480 as a proceeding in which inquiries may be made to the extent provided in the rule. The discovery rule is invoked.

7 **Hearing schedule.** The parties agreed to a procedural schedule regarding disputed issues.

Parties (except Staff) file direct evidence	August 16, 2002
Commission Staff files direct evidence	August 30, 2002
Parties file response evidence	October 11, 2002
Parties file rebuttal evidence	November 8, 2002
Prehearing conference to mark exhibits and resolve objections and process issues	November 21, 2002
Hearing begins	December 2, 2002, at noon

The need for closing argument or briefs will be determined at a later time.

8 **Public Counsel Proposal Regarding an Independent Cost Model.** Public Counsel recommends that the Commission designate an independent cost model, and require all parties filing a proprietary cost model to also produce a version of the independent cost model using their proprietary data. According to Public Counsel, the designation of an independent cost model would facilitate comparisons between the parties' proprietary models and promote consistent outcomes upon which to base Commission decisions.

9 All other parties state objections or reservations to Public Counsel's suggestion because of the additional burden on the parties' resources to produce a second cost model, the additional time that would be required to produce and analyze additional cost models, and the speculative nature of the benefit that would result.

10 The Commission acknowledges the difficulty of reconciling the various cost models produced by parties in prior proceedings, and appreciates Public Counsel's consideration of this problem at the outset of this case. The Commission has not previously identified a preferred cost model methodology nor embraced a particular model for purposes of validating the costs and rates produced by proprietary models. The very selection of such an independent model poses unique problems that would

have to be studied and resolved in such a way that would assure the Commission that the results from these secondary studies would be meaningful.

- 11 In addition to the burden that this endeavor would place on the parties' resources, the Commission is concerned about the strain on the agency's resources to select and support development of an independent model. In light of the objections of other parties, and considering the additional time that the proposal would add to the already lengthy schedule that is established in this Order, we conclude that the proposal will not produce a sufficient benefit to outweigh the additional burden and delays that would certainly result.
- 12 **Request for Comments and Responses Regarding Review of Costs and Rates Established in Docket No. UT-960369.** In a discussion off the record at the prehearing conference, the parties talked in general terms about those loop and switching costs that they propose for review by the Commission. In order to better manage the scope of this proceeding, the Commission requests that the parties file written comments specifically identifying those rates developed in Docket No. UT-960369 that the parties propose for review no later than **April 8, 2002**. Parties may file responses to the comments of other parties no later than **April 15, 2002**.
- 13 **Review of Costs and Rates Established in Docket No. UT-003013.** The Commission in Docket No. UT-003013, Part A, established additional costs and rates, including access to the high frequency portion of an unbundled loop. Other relevant costs and rates are under consideration in Docket No. UT-003013, Part B. AT&T and XO propose that the scope of this proceeding include a review of certain costs and rates arising out of the Commission's Orders in Docket No. UT-003013, Part A and Part B.
- 14 All parties agree that their comments will be influenced by the Commission's decisions in the pending Part B Final Order. Accordingly, the Commission will separately serve a notice requesting comments specifically identifying those rates developed in Docket No. UT-003013 that the parties propose for review subsequent to entry of the Part B Final Order. An opportunity to respond to comments will also be allowed.

Dated at Olympia, Washington, and effective this 2nd day of April, 2002.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

LAWRENCE J. BERG
Administrative Law Judge

NOTICE TO PARTIES: Any objection to the provisions of this Order must be filed within ten (10) days after the date of mailing of this document, pursuant to WAC 480-09-460(2). Absent such objections, this prehearing conference order will control further proceedings in this matter, subject to Commission review.