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BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

AT&T COMMUNICATIONS OF THE
PACIFIC NORTHWEST, INC.,

Complainant,

v.

VERIZON NORTHWEST INC.,,

Respondent.

Docket No. UT-020406

ANSWER OF INTERVENOR
WORLDCOM IN OPPOSITION TO
VERIZON'S MOTION TO DISMISS

WorldCom, Inc., and its regulated subsidiaries (“WorldCom”) joins AT&T and the Commission Staff in opposition to Verizon’s Motion to Dismiss. WorldCom will not repeat the arguments of AT&T and Staff, but will bring additional authority to the attention of the Commission that supports AT&T’s complaint.

Contrary to Verizon’s assertion, the AT&T price squeeze complaint is not at all “nearly identical” to the complaint in MCI Telecommunications Corp. v. GTE Northwest, Docket No. UT-970653. That complaint in the MCI/GTE case contained no allegations of a price squeeze. Indeed, to WorldCom’s knowledge, there has been only one price squeeze complaint case¹ that has been fully litigated before the Commission, Northwest Payphone Association, et al. v. U S WEST Communications, Inc., Docket No. 920174 (“Northwest Payphone”). In Northwest Payphone, the Commission upheld a complaint by competitive payphone providers alleging that the interplay of U S WEST’s rates for the monopoly inputs to

¹ Price squeeze issues were considered in several other dockets commenced by the Commission, rather than a competitor. See, e.g., U-85-23, UT-911488, and UT-950200.

1 their competitive payphone business² and Qwest's retail rates for payphone service, created an
2 unlawful price squeeze. See Order Granting Complaint In Part, Northwest Payphone, supra,
3 (March 17, 1995).

4 Like Verizon, U S WEST argued in Northwest Payphone that the Commission
5 could not correct a price squeeze upon conclusion of a successful complaint without conducting
6 a rate case to examine rate of return issues. The Commission rejected that argument and should
7 reject Verizon's argument here, as well. Contrary to Verizon's arguments, the Commission has
8 recognized that a price squeeze case is fundamentally different from a rate case:

9 The Commission is not persuaded by U S WEST's characterization of our
10 inability to lower rates for a service upon successful prosecution of a complaint
11 proceeding against those rates. Commission Staff and NWPA have drawn a clear
12 and convincing legal distinction between the traditional rate case where revenue
13 requirement is a central issue and a complaint case alleging undue discrimination
14 with regard to individual rates.

15 Fifth Supplemental Order Denying Reconsideration, Clarification, Rehearing and Reopening.
16 Northwest Payphone, supra., at 10 (June 30, 1995).

17 The provisions of RCW 80.36.186 effectively prohibit a telecommunications
18 company with monopoly services, such as U S WEST and Verizon, from creating a price
19 squeeze. Likewise, that section gives the Commission primary jurisdiction to determine whether
20 that section has been violated. If Verizon's Motion to Dismiss were granted, the legislative
21 purpose behind RCW 80.36.186 would be thwarted. A victim of a price squeeze would be
22 unable to invoke the Commission's jurisdiction and obtain a remedy outside a general rate case.
23 As the Commission recognized in the Northwest Payphone case, this argument has no merit.

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² In that case, the monopoly elements were access line and related features.

1 Verizon's Motion to Dismiss should be denied for the reasons set forth above and
2 in those in the answers of AT&T and Staff.

3 Respectfully submitted this 18th day of June, 2002.

4 MILLER NASH LLP

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9 Attorneys for Intervenor WorldCom
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BRIEF ANSWER OF INTERVENOR WORLDCOM IN
OPPOSITION TO VERIZON'S MOTION TO DISMISS - 3

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