

SERVICE DATE
NOV 21 1996

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Pricing Proceeding)
for Interconnection, Unbundled Elements,) DOCKET NO. UT-960369
Transport and Termination, and Resale)
.....))

In the Matter of the Pricing Proceeding)
for Interconnection, Unbundled Elements,) DOCKET NO. UT-960370
Transport and Termination, and Resale for)
U S WEST COMMUNICATIONS, INC.)
.....))

In the Matter of the Pricing Proceeding)
for Interconnection, Unbundled Elements,) DOCKET NO. UT-960371
Transport and Termination, and Resale for)
GTE NORTHWEST INCORPORATED) ORDER INSTITUTING
.....) INVESTIGATIONS; ORDER OF
) CONSOLIDATION; AND
) NOTICE OF PREHEARING
) CONFERENCE
) (December 9, 1996)

These cost and pricing proceedings are initiated to effectuate the Commission's October 23, 1996 Order in several arbitration dockets,¹ stating the Commission's intention that a "generic" proceeding be established to consider cost and pricing issues. These issues became apparent during the arbitration process and arise out of the Commission's obligations under the Telecommunications Act of 1996² to establish rates for interconnection, unbundled network elements, transport and termination, and resale. 47 U.S.C. §§ 252(d). These matters also arise from the Commission's obligations under law to regulate telecommunications companies in the public interest, and to establish rates and charges for telecommunications services under Title 80 RCW.

¹Order on Sprint's Petition to Intervene and to Establish Generic Pricing Proceeding, Docket Nos. UT-960307, UT-960309, UT-960310, UT-960323, UT-960326, UT-960332, October 23, 1996.

²Telecommunications Act of 1996, Public Law No. 104-104, 101 Stat. 56, codified at 47 U.S.C. § 151 et seq.(1996)("the 1996 Act" or "the Act").

FORM OF PROCEEDING

This Order commences three proceedings. First is a “generic” investigative proceeding relating to the development of an appropriate and consistent cost methodology to determine costs of providing certain telecommunications services. The other two matters are investigations of two incumbent regulated local exchange telecommunications companies to determine, using the appropriate cost methodology, the costs each company faces and, based on those costs, the proper level of prices for interconnection, unbundled network elements, transport and termination, and resale. The incumbent local exchange companies (“ILECs”), currently engaged in arbitrations under the Act, are U S WEST Communications, Inc. (“USWC”), in Docket No. UT-960370, and GTE Northwest Incorporated (“GTE”) in Docket No. UT-960371.³

These proceedings raise common and related issues. Therefore, the Commission in this Order directs that they be consolidated for hearing and consideration. The Commission reserves the authority to conduct separate hearings and enter separate orders in individual proceedings as it believes to be necessary or appropriate.

These consolidated proceedings are investigative in nature. The Commission will employ adjudicative procedures in conducting these proceedings, including evidentiary hearings, pursuant to the provisions of RCW 34.05.413-.476. In addition, one or more workshops or other informal proceedings may be held to help the parties and the Commission understand interests, exchange information, and clarify and resolve issues.

ISSUES

(1) Costing and Pricing. The main purpose of these proceedings is to consider cost methodology and pricing for interconnection, unbundled network elements, transport and termination, and wholesale and resale discounts. Related issues for interim number portability and collocation costing and pricing also will be considered.

³Two other ILECs, United Telephone Company of the Northwest d/b/a Sprint and Telephone Utilities of Washington d/b/a PTI Communications, currently are not engaged in arbitration but have received requests for negotiation. Separate dockets for these and other local exchange companies may be initiated at a later date and may be consolidated into the instant proceedings. All ILECs will be given notice of these proceedings and may participate in the generic case.

(2) Terms and Conditions. Terms and conditions for interconnection will continue to be addressed in the negotiation and arbitration process. To the extent terms and conditions are integrally related to a particular cost or price issue in this proceeding, they may be addressed in one or more of the proceedings.

PURPOSES OF THE PROCEEDINGS

The commission's goal in these proceedings is to derive an accepted cost methodology and to establish prices or price ranges for use in pending and future arbitrations, and in tariffs that are required pursuant to Commission orders in the consolidated interconnection and USWC rate case proceedings. Based upon the result of these proceedings, discussions with the parties, and completion of appropriate process, the result may be an order, a policy statement, or a new or amended rule or any combination thereof.

In these consolidated cases, the Commission intends to review the cost methodology and pricing proposals of the incumbent companies. It may begin with the cost studies and proposed price schedules that the parties filed in the arbitrations, as supplemented in this proceeding, and may consider relevant material from the consolidated interconnection dockets (see below). Competitors may also offer cost studies and price proposals for review.

The Commission intends to adopt a cost methodology and to establish for each of the two ILECs, prices or price ranges based upon that methodology and the record in its case. It is expected that those prices or price ranges will be applied in future arbitrations, and that parties will reform their contracts to adopt the Commission-approved prices. It is also anticipated that the determinations made in these proceedings will apply to any relevant tariffs required to be filed pursuant to Commission Orders in the consolidated interconnection proceedings, Docket No. UT-941464, *et al.*, and the USWC rate case proceeding, Docket No. UT-950200.

Interconnection Docket and Record. Further proceedings in the consolidated interconnection proceedings will be held in abeyance. Portions of the record in those proceedings may be incorporated in the instant proceedings in the Commission's discretion, upon request of a party or on the Commission's own motion.

Arbitration Record. The Commission intends to incorporate all cost studies and proposed price lists, including proposals of competitors, from all pending arbitrations in the record in these proceedings.

Protective Order. The Commission will enter a Protective Order in these proceedings.

Parties and Service. In addition to the two respondent companies and Commission Staff, who are parties, Public Counsel may participate pursuant to RCW 80.04.510, and others may petition to intervene pursuant to WAC 480-09-430. Service of this Order has been made upon the service list for the consolidated interconnection proceedings, the USWC rate case proceeding, all arbitration proceedings, and the Commission's telecommunications industry and counsel lists.

Petitions to Intervene -- Deadline. Petitions to intervene should be filed on or before December 9, 1996, no later than the start of the prehearing conference scheduled herein.

ORDER OF INVESTIGATION AND CONSOLIDATION

THE COMMISSION ORDERS That investigations shall be, and they are hereby, instituted by the Commission as specified above.

THE COMMISSION FURTHER ORDERS That each of the three proceedings specified in this Order is consolidated for purposes of hearing and determination, with the Commission reserving the authority to hold such separate hearings and to enter such separate orders in each proceeding as the Commission deems appropriate.

NOTICE OF PREHEARING CONFERENCE

Hearings in these consolidated matters are being held pursuant to Part IV of Chapter 34.05 RCW pertaining to adjudicative proceedings, including but not limited to RCW 34.05.413, .422, .440, .449, and .452. The Commission has jurisdiction over the subject matter of these proceedings by virtue of Title 80 RCW, having the legal authority to regulate the rates, services, and practices of telecommunications companies pursuant to Chapter 80.36 RCW. Statutes involved, in addition to those previously cited in this Order and Notice, include Chapter 80.04 RCW and RCW 80.01.040, 80.04.130, 80.20.020, 80.36.080, and 80.36.140.

The Commission invites local exchange companies, not to date designated as parties to these proceedings, but whose interests may be affected by these matters, to petition to intervene and to participate as a party in these dockets.

The ultimate issue in Docket No. UT-960369 is what cost methodology should be adopted for use for interconnection, unbundled network elements, transport and termination, and interim number portability and collocation, and determining appropriate wholesale and resale discounts.

The ultimate issue in Docket Nos. UT-960370 and UT-960371 is what is the appropriate price level or price range for those local exchange companies for the elements stated above.

NOTICE IS HEREBY GIVEN that a prehearing conference will be held in this matter at 9:30 a.m., December 9, 1996, at 1300 S. Evergreen Park Drive SW, Room 206, Olympia, Washington. Pursuant to WAC 480-09-010(3), the Commission finds good cause for waiving the notice requirement of WAC 480-09-700(1)(a). The time and place for evidentiary hearings will be set at the prehearing conference or by later written notice. The purpose of the prehearing conference is to consider formulating the specific issues in the proceeding and determining other procedural matters to aid in its disposition, as specified in WAC 480-09-460. Petitions to intervene shall be made in writing before the start of the prehearing conference.

Please see the form attached to this notice, which should be completed and returned if any party or witness needs an interpreter or other assistance.

NOTICE IS FURTHER GIVEN THAT ANY PARTY WHO FAILS TO ATTEND OR PARTICIPATE IN THE HEARINGS SET HEREIN, OR OTHER STAGE OF THIS PROCEEDING, MAY BE HELD IN DEFAULT IN ACCORDANCE WITH THE TERMS OF RCW 34.05.440.

An administrative law judge from the Utilities and Transportation Commission, 360-753-6513, will be designated to preside at the hearing.

The names and mailing addresses of all parties and their known representatives are as follows:

Respondent: U S WEST Communications, Inc.
1600 - 7TH Avenue, Room 3105
Seattle, Washington 98191

Representative: Edward T. Shaw
U S WEST Communications, Inc.
1600 - 7TH Avenue, Room 3206
P.O. BOX 21225
Seattle, Washington 98191
206-343-4031

Respondent: GTE Northwest Incorporated
1800 - 41ST Street
Everett, Washington 98201

Representative: Richard Potter
GTE Northwest Incorporated
1800 - 41ST Street
Everett, Washington 98201
206-261-5006

Commission: Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. BOX 47250
Olympia, Washington 98504-7250
360-753-6423

Representative: Gregory J. Trautman
Assistant Attorney General
1400 S. Evergreen Park Drive SW
P.O. BOX 40128
Olympia, Washington 98504-0128
360-586-1146

People of the State of Washington Office of the Attorney General
Public Counsel Section
900 Fourth Avenue, Suite 2000
Seattle, Washington 98164-1012
206- 464-6253

Proper notice will be provided as to the time and place of further proceedings in this matter.

It is contemplated that specially designated hearings may be held for the purpose of receiving the testimony of members of the public at times and places to be determined at a later time. The Commission will maintain at its Olympia offices current records of the hearing for the use of any persons who may wish to examine them. The Office of the Attorney General, Public Counsel Section, has been designated to represent the public. The address of the Commission, set out below, may be used to make inquiries of Public Counsel. Interested persons may also reach public counsel directly at the address or telephone number set out below. Public Counsel will assist members of the public in preparing testimony, if assistance is desired.

DATED at Olympia, Washington, and effective this 20th day of November 1996.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION


RICHARD HEMSTAD, Commissioner


WILLIAM R. GILLIS, Commissioner

Inquires may be addressed to:

Secretary
Washington Utilities and
Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, Washington 98504-7250
360-753-6253

-or- Public Counsel Section
Office of the Attorney General
Suite 2000
900 Fourth Avenue, TB-14
Seattle, WA 98164-1012
(206) 464-6253

NOTICE

PLEASE BE ADVISED that the hearing facilities are accessible to interested people with disabilities; that smoking is prohibited; and that if limited English-speaking or hearing impaired parties or witnesses are involved in a hearing and need an interpreter, a qualified interpreter will be appointed at no cost to the party or witness.

The information needed to provide an appropriate interpreter or other assistance should be designated below and returned to Washington Utilities and Transportation Commission, Attention: Steve McLellan, 1300 S. Evergreen Park Drive SW, P. O. Box 47250, Olympia, WA 98504-7250. (SUPPLY ALL REQUESTED INFORMATION)

Docket No.: _____

Case Name: _____

Your Name: _____

Hearing Date: _____ Hearing Location: _____

Primary Language: _____

Hearing Impaired (Yes) _____ (No) _____

Do you need a certified sign language interpreter:

Visual _____ Tactile _____

Other type of assistance needed: _____

English-speaking person who can be contacted if there are questions:

Name: _____

Address: _____

Phone No.: () _____