

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,	)	
	)	DOCKET NO. UT-970010
Complainant,	)	
v.	)	THIRD SUPPLEMENTAL ORDER CLARIFYING THE SECOND SUPPLEMENTAL ORDER
U S WEST COMMUNICATIONS, INC.,	)	
	)	
Respondent.	)	
.....	)	

On November 7, 1997, the Commission entered its Second Supplemental Order rejecting U S WEST Communications, Inc.'s (USWC) interconnection cost adjustment mechanism (ICAM); on November 17, 1997, USWC timely petitioned the Commission for reconsideration and clarification of the Order. On November 21, 1997, the Commission served on all parties a Notice Requesting Response to Petition; on December 4, 1997, responses were filed by Commission Staff, Public Counsel, and a collective response by AT&T of the Pacific Northwest, Inc., Electric Lightwave, Inc., MCI Metro Access Transmission Corporation, Metronet Services, Inc., NEXTLINK Washington L.L.C., Sprint Communications Company L.P., and TCG Seattle.

One issue which the Commission considered dispositive in granting the motions to reject the tariff filing was whether the costs sought to be recovered by the ICAM are at issue in the generic cost proceeding (Docket Nos. UT-960369, *et al.*) and are therefore not properly recovered through another mechanism. USWC has restated its concerns over arguments by other parties in that proceeding that competition onset costs should not be included in the prices charged to new entrants or competitors and over these parties' efforts to have consideration of those costs excluded from the cost docket (Tr. at 2446).

The USWC petition states the ICAM was filed subsequent to the generic cost case because the ICAM costs were not recoverable or included as a part of that proceeding. USWC essentially is concerned that it have an opportunity to proceed to an evidentiary hearing regarding costs associated with operational support systems (OSS) and other start-up costs. USWC seeks either reconsideration and an opportunity to proceed to an evidentiary hearing in the instant proceeding or a clarification that it will be permitted to present evidence in the generic cost case, to the extent that it is not already on the record, to support the identification and recovery of the ICAM costs.

The responding parties oppose the request for reconsideration. The Commission agrees with Public Counsel that USWC has not established a proper basis for reconsideration of the Commission's Order pursuant to RCW 34.05.470 and WAC 480-09-810. The request for reconsideration does not sufficiently identify any error of law or fact in the challenged Order and is denied.

The responding parties also oppose the request for clarification. They argue that the Order is clear on its face and that the clarification which is sought is beyond the scope of this proceeding. The USWC request for clarification is within the scope of the Second Supplemental Order. The Second Supplemental Order is an important decision and clarification as requested

by USWC does not prejudice any other party.

The ICAM is a label which USWC created to address certain costs which it contends will be incurred and which it is entitled to directly recover from other telecommunications carriers. In the Second Supplemental Order, the Commission placed great weight on the language in Section 252(d) of the federal Telecommunications Act of 1996, Public Law No. 104-104, 101 Stat. 56, *codified at* 47 U.S.C. ' 151 et seq. (1996). Section 252(d) provides that State commissions shall determine just and reasonable rates for local interconnection service (ALIS) and unbundled network elements (AUNEs) based on the cost of providing the interconnection or network element. The Commission found that based on the cost means based on *all* costs of providing the interconnection or network element. In order to determine just and reasonable rates based upon all costs of providing LIS and UNEs, it will be necessary for the Commission to consider competition onset costs. The Commission would expect that additional evidence presented by the parties would include the level of costs incurred, whether costs were non-recurring or recurring, the appropriate method for recovering costs, and the timing of recovery.

The costs which USWC addressed in the ICAM will be considered as part of the evidentiary record in the generic case to the extent that they are directly and uniquely related to the cost of providing LIS and UNEs. The consideration of evidence related to costs is not a guarantee that they will be recovered in rates. The presentation of this costing evidence shall be made in Phase II of the generic cost proceeding.

DATED at Olympia, Washington, and effective this                      day of  
January 1998.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

ANNE LEVINSON, Chair

RICHARD HEMSTAD, Commissioner

WILLIAM R. GILLIS, Commissioner