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May 17, 2005

Ms. Carole Washburn  
Executive Secretary  
Washington Utilities and Transportation Commission  
P. O. Box 47250  
Olympia, Washington 98504-7250

ATTENTION: Ms. Jing Roth

RE: Docket No. UT-053025  
An investigation regarding the status of competition and analysis of the impact of  
FCC's Triennial Review Remand Order (TRRO) on the competitive environment

Dear Ms. Washburn:

On April 27, 2005, at its regularly scheduled open meeting, the Commission approved Qwest's Competitive Classification Petition for its Digital Business Services (Docket No. UT-050258) and also ordered that an investigation be opened regarding the status of competition in the Washington telecommunication market, including an analysis of the impact of the FCC's Triennial Review Remand Order (TRRO) on the competitive telecommunications environment. Based on preliminary discussions with Staff, Qwest understands that the Commission is interested in receiving comments from interested parties regarding the make-up and scope of such a docket. Accordingly, Qwest provides the following comments based on its experience in evaluating telecommunications competition in the Washington market.

Qwest believes that a comprehensive evaluation of telecommunications competition should encompass all factors that contribute to the competitive environment for the services being evaluated. Although the TRRO does affect the availability of some unbundled network elements over time, it does so based on existence of alternative means for Qwest's competitors to deliver telecommunications services to their

customers. Accordingly, Qwest encourages the Commission to take a systematic approach to identifying all forms of competition in the relevant market and the impact of the competition on the market. For exchange services, for example, this would include, but is not limited to, the following activities:

- Conduct an inventory of all substitutable services and facilities and establish growth trends based on historic data:
  - o Wireless – determine the extent of wireless substitution for wireline services – Qwest has conducted such surveys in other states
  - o Cable – determine the coverage of cable networks (e.g., cable networks pass xx% of the households in the relevant market and have connected to xx% of the customers) – also, survey the cable companies to determine the current and future availability of telephony services on their networks (including both traditional wireline and VoIP services) - determine the extent to which cable networks have been modernized to facilitate two way broadband communications necessary to support VoIP service
  - o CLEC-owned facilities – survey the CLECs, similar to Staff’s investigation in Docket UT-030614, to determine the extent of CLEC-owned facilities as the basis for competitive services in the relevant market – such a survey should also include facilities that CLEC lease from third party providers such as other CLECs, PUDs and other utilities
  - o Municipalities - survey Washington municipalities to determine if they have plans for deploying competitive retail and wholesale telecommunications services
  - o Other incumbent local exchange companies (LEC) - survey the other incumbent LECs in Washington to determine the extent to which they (or their affiliates) have deployed retail and wholesale telecommunications services in competition with other LECs
  - o Other inter-modal forms of competition – determine the number of VoIP, Wi-Fi, and WiMAX providers and access lines (including virtual lines)
  - o Inventory the number ILEC resold services, unbundled network elements, and wholesale services (e.g., interstate and intrastate special access services and Qwest Platform Plus)
  - o Inventory Qwest/other ILEC retail service volumes
- Evaluate the prices/revenues of the retail services (including all vertical services – i.e., features, toll, and access) and the costs of the inputs to determine margins for the various forms of competition
- Evaluate the impact on the competitive telecommunications environment of recent consolidation within the telecommunications market such as the SBC/AT&T and Verizon/MCI mergers

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- Overlay the expected results of the TRRO, offset by any substitutable offerings (e.g., as a result of the Triennial Review Order (“TRO”), UNE-Platform, or UNE-P, was eliminated, but Qwest provided Qwest Platform Plus as a replacement service and there appears to be no drop off in volume or growth)

Qwest believes that this systematic approach will provide the Commission with a complete picture of the competitive environment for telecommunications in Washington. Qwest appreciates the opportunity to provide these comments to the Commission and looks forward to working with the Commission, Staff, and the other parties in the upcoming docket.

Sincerely,

Mark S. Reynolds

MSR/llw