

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the)
)
Continued Costing and Pricing of) DOCKET NO. UT-003013
Unbundled Network Elements, Transport,) *PART A*
Termination, and Resale.)
)
) COMMISSION STAFF’S
) ANSWER TO QWEST’S PETITION
) FOR RECONSIDERATION AND
) CLARIFICATION
_____)

Commission Staff has reviewed the Qwest Petition for Reconsideration and Clarification of the Commission’s Thirteenth Supplemental Order. Staff strongly disagrees with Qwest’s arguments concerning OSS transition costs, as set forth below.

Qwest contends that the Commission should not have limited its OSS transition cost recovery to \$5.5 million. (Qwest Petition at 2) Qwest subsequently alleges that “there is no basis upon which to conclude that Qwest’s OSS transition costs are due to ‘captive customer’ status, or that they are otherwise unreasonable in any way.” (Emphasis added) (Qwest Petition at 5)

To the contrary, the record in this case is replete with evidence that Qwest’s proposed OSS transition costs were unreasonable. The Commission Staff brief pointed out a number of serious issues with Qwest’s cost estimates. First, the OSS cost estimates were overstated by the improper inclusion of so called “attributable costs” to the one-time transition expenses.

(Commission Staff Brief at 38,39) Second, the OSS cost estimates were overstated by the use of depreciation rates which had not been authorized by the Commission. (Commission Staff Brief at 40) Third, the question of whether the OSS transition costs also resulted in a joint benefit to Qwest could not be determined, nor could the level of claimed OSS investment and expense be verified, without an audit. (Commission Staff Brief at 44)

For all of these reasons, Staff requests that the Commission reaffirm its earlier decision permitting Qwest to recover \$5.5 million of OSS transition costs.

DATED this 28th day of February, 2001.

CHRISTINE O. GREGOIRE
Attorney General

GREGORY J. TRAUTMAN
Assistant Attorney General
Attorneys for Washington Utilities and
Transportation Commission Staff