```
1
      BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
 2.
                          COMMISSION
     ESCHELON TELECOM OF
     WASHINGTON, INC.,
                  Petitioner, )
 4
 5
              vs.
                                 )
                                      DOCKET NO. UT-033039
                                      Volume II
                                 )
             Respondent. )
                                     Pages 12 - 57
     QWEST CORPORATION,
 6
 8
9
              An oral argument in the above matter was held
     on January 21, 2004, at 1:06 p.m., at 1300 South
10
11
     Evergreen Park Drive Southwest, Olympia, Washington,
12
    before Chairwoman MARILYN SHOWALTER, Commissioners
13
    RICHARD HEMSTAD and PATRICK J. OSHIE,
14
15
              The parties were present as follows:
16
              ESCHELON TELECOM OF WASHINGTON, INC., by
17
    JUDITH A. ENDEJAN, Attorney at Law, Graham & Dunn, 2801
    Alaskan Way, Pier 70, Suite 300, Seattle, Washington
    98121; telephone, (206) 340-9694.
18
19
              QWEST CORPORATION, by LISA A. ANDERL,
    Attorney at Law, 1600 Seventh Avenue, Room 3206,
20
     Seattle, Washington 98191; telephone, (206) 345-1574.
21
22
23
24
    Kathryn T. Wilson, CCR
25
   Court Reporter
```

1	Р	R	Ω	C	\mathbf{E}	\mathbf{E}	D	Т	N	G	S
L		1	\circ	\sim	111	111	ע	_	TA	u	\sim

- 3 CHAIRWOMAN SHOWALTER: We are here in the
- 4 case of a petition of Eschelon. I'm not sure what the
- 5 title is, but the docket number is UT-033039, and we
- 6 are here for oral arguments on the recommendations of
- 7 the administrative law judge's recommended opinion, and
- 8 we have agreed that we will hear first from
- 9 Ms. Endejan. Why don't you enter your names on the
- 10 record first.
- 11 MS. ENDEJAN: Good afternoon, Chairwoman
- 12 Showalter, Commissioners Oshie and Hemstad. Judy
- 13 Endejan appearing for the petitioner and complainant,
- 14 Eschelon Telecom of Washington, Inc. Also listening in
- 15 on the phone is Dennis Ahlers, who is a senior counsel
- 16 with the petitioner.
- 17 MS. ANDERL: Your Honors, Lisa Anderl,
- 18 in-house counsel representing Respondent Qwest
- 19 Corporation.
- 20 CHAIRWOMAN SHOWALTER: I think we've agreed
- 21 that Ms. Endejan will speak for approximately five
- 22 minutes and then we will turn to Ms. Anderl for
- 23 approximately half an hour and then hear rebuttal back
- 24 from Ms. Endejan. Go ahead.
- MS. ENDEJAN: Thank you, Your Honor. The

- 1 reason that I have estimated that I will only need five
- 2 minutes is from the standpoint of Eschelon, it appears
- 3 that really the only remaining issue in this case is
- 4 not a question as to whether Eschelon is entitled to
- 5 the McLeod rate of \$21, but, in fact, when it is
- 6 entitled to have gotten that rate, and I say that
- 7 because as both the administrative law judge
- 8 acknowledges and even Qwest in the declaration of
- 9 Mr. Christiansen acknowledges, Eschelon has entered
- 10 into an agreement with Qwest as of last fall whereby
- 11 Qwest provides to Eschelon the UNE-star rate, which is
- 12 at the genesis or at the source of this lawsuit.
- 13 Perhaps I might briefly take you back to how
- 14 this case came about, and I understand that Ms. Strain
- 15 from the Commission staff has provided you with a time
- line of events leading up to this, but really what is
- 17 at issue is the UNE-P rate that was made available to
- 18 McLeod that Eschelon asked for on October 29th of 2002.
- 19 The agreements between McLeod and Qwest and Eschelon
- 20 and Owest are laid out on the time line of events, but
- 21 I would emphasize that what is sort of critical here is
- 22 that McLeod and Eschelon were entitled to the same
- 23 \$24-a-month rate pursuant to respective amendments with
- 24 their interconnection agreements, and despite the fact
- 25 that the term of the McLeod interconnection agreement

- 1 expired earlier than the term of the Eschelon agreement
- 2 and despite the fact that McLeod had a different volume
- 3 commitment than Eschelon, they both were given the same
- 4 \$24 rate.
- 5 Then McLeod entered into negotiations with
- 6 Qwest and negotiated an amendment to this \$24 UNE-star
- 7 rate dropping it to 21.16 as of September 20th, 2002.
- 8 Approximately a month later, Eschelon wrote to Qwest in
- 9 a fairly straightforward letter stating that they
- 10 wanted to invoke their rights under Section 252(i) of
- 11 the Federal Telecommunications Act to that same rate;
- 12 in other words, substituting the \$24 rate that they had
- 13 both been paying for the \$21.16 rate that McLeod was
- 14 now paying.
- Thereupon, a lot of issues ensued, but
- 16 ultimately, the parties did reach an agreement, and
- 17 Qwest is giving Eschelon the same UNE-star rate as
- 18 McLeod, so I think that the issue of entitlement to
- 19 that rate should be pretty much off the table, and in
- 20 fact, what really needs to be resolved is simply the
- 21 timing. The issue before the Commission is whether
- 22 Eschelon is entitled to the benefit of its opt-in
- 23 request, which asked for the rates and the term of the
- 24 McLeod amendment setting forth the \$21.16 rate.
- We would submit that and we have supported

- 1 the recommended decision of the administrative law
- 2 judge. She pretty much lays out the facts of the case,
- 3 the arguments made by the parties, and the rationale
- 4 for justifying Eschelon's entitlement to the benefit of
- 5 that opt-in procedure and the benefit of that rate, and
- 6 we would ask the Commission to accept the recommended
- 7 decision.
- 8 We would also like to emphasize that this
- 9 issue has been litigated in other jurisdictions between
- 10 Qwest and Eschelon. The Minnesota Commission, in fact,
- 11 has agreed with the position of Eschelon, and the
- 12 Minnesota Public Utilities Commission on December 2nd
- 13 of 2003 issued an order permitting the opt-in and
- 14 requiring a refund, thereby giving Eschelon the benefit
- 15 of its opt-in.
- 16 CHAIRWOMAN SHOWALTER: One clarification
- 17 there. My understanding of the Minnesota case is they
- 18 gave Eschelon relief as of the date that Eschelon made
- 19 its request of Qwest, not retroactive to that date, and
- 20 my understanding of your position in this case is you
- 21 are asking for refunds or compensation prior to the
- 22 date you made the request of Qwest, your original first
- 23 letter.
- MS. ENDEJAN: To remove that, perhaps, as an
- 25 issue from the table, after consultation with my

- 1 client, Eschelon does not want to dispute whether or
- 2 not it's entitled to any refund prior to the date of
- 3 its opt-in, and it accepts and acknowledges the
- 4 appropriateness of the Minnesota decision. So to the
- 5 extent that Ms. Anderl would like to address that point
- 6 and point out some of the issues associated with that,
- 7 I think we can take that off the table.
- 8 COMMISSIONER HEMSTAD: October 29th, 2003?
- 9 MS. ENDEJAN: That is correct.
- 10 CHAIRWOMAN SHOWALTER: There goes some of the
- 11 argument time.
- 12 MS. ENDEJAN: I suppose it does. I can't
- 13 speak for Ms. Anderl. With that, Your Honor, again, I
- 14 can't say it any better than the administrative law
- 15 judge did in the recommended decision, and we would
- 16 urge you to support it.
- 17 CHAIRWOMAN SHOWALTER: I think that was only
- 18 five minutes. Ms. Anderl?
- MS. ANDERL: Good afternoon, Chairwoman
- 20 Showalter, Commissioners Hemstad and Oshie. It's nice
- 21 to be back here. I actually haven't been before you
- 22 for awhile. I wanted to take my time here now, of
- 23 course, on the first and third issues that I raised in
- 24 our comments on the initial order. It's always nice to
- 25 have a small victory under my belt even before I open

- 1 my mouth, so if the effective date of the rate for the,
- 2 quote unquote, McLeod rate for Eschelon will be October
- 3 29th, 2002, we think if Eschelon is otherwise entitled
- 4 to relief, of course, that is the appropriate date, so
- 5 we won't spend any more time discussing that.
- 6 Most importantly, we think that Eschelon is
- 7 not entitled to the relief that it requested, that they
- 8 did not make a proper opt-in request, that August of
- 9 2003 was really the soonest we learned that they were
- 10 not trying to assert -- or that August of 2003 is when
- 11 they claimed they were not trying to ask for things
- 12 beyond that which they were entitled to under a
- 13 legitimate opt-in, even though we had been pursuing
- 14 them for seven or eight or nine months asking them if
- 15 that were indeed the case.
- 16 As soon as they made their intentions clear
- 17 to us, we did amend their interconnection agreement.
- 18 Even the amendment that we entered into with them in
- 19 September of '03, I don't know that you would
- 20 technically call that an opt-in, because really, they
- 21 didn't opt in to the McLeod rate. The McLeod rate is
- 22 \$21.16. The amendment that Eschelon has now with Qwest
- 23 is \$21.51, so they never did ultimately opt in.
- 24 Ultimately what we agreed to do was amend their
- 25 interconnection agreement to reach a price that was

- 1 satisfactory to both of us.
- 2 Let me kind of start at the beginning and
- 3 take you through why at the time we received the
- 4 Eschelon letter in October of 2002, we did not believe
- 5 they were making a legitimate opt-in request. I've
- 6 provided each of you with a packet of documents, all of
- 7 which are already in the record. I just thought it
- 8 would be handy to have them all together. Behind Tab 1
- 9 is the Eschelon opt-in letter.
- 10 When we received this letter, we had a couple
- 11 of questions for Eschelon. One was what exactly did
- 12 they want to opt in to? If they wanted to opt in to
- 13 the prices of the McLeod agreement, our question to
- 14 them was, were they also opting into the same service
- 15 package as McLeod, and we will get to that in just a
- 16 minute, because the service packages are really very
- 17 different, and the second question we had for them is,
- 18 will you accept the McLeod termination date for the
- 19 prices that you are asking for.
- 20 Eschelon has claimed that it's very clear
- 21 that all along, they only wanted the McLeod rate
- 22 through December 31st of '03. We don't think that's
- 23 the case. If you read this letter, and if you see at
- 24 the bottom of the first page of the letter the
- 25 statement that says, "Eschelon requests that Page 9 of

- 1 Attachment 3.2 of Eschelon's interconnection agreement
- 2 amendment." So in other words, they are asking that
- 3 Page 9 of their own agreement be amended to add the
- 4 rates in the attached page from the McLeod amendment
- 5 under the heading "prices for offering." They are not
- 6 trying to opt in to the McLeod page. They are just
- 7 trying to pull some rates out.
- 8 If you pull rates out of the McLeod agreement
- 9 and enter them into the Eschelon agreement, what you've
- 10 effectively done is made those rates effective for the
- 11 entire duration of the Eschelon agreement, which is
- 12 through 2005. We weren't willing to agree to that, and
- 13 that was one of the main reasons why we had this issue
- 14 with Eschelon and corresponded with them almost
- 15 immediately to raise this issue of the termination
- 16 date.
- 17 Based on the information in the record at
- 18 that time and even up until August or September of last
- 19 year, of '03, we didn't know that Eschelon was willing
- 20 to accept the December 31st, 2003, termination date for
- 21 these prices that they were purporting to opt in to.
- Indeed, it was even an issue at the
- 23 prehearing conference when the ALJ sat before us and
- 24 asked Mr. Ahlers and I to define the issues, and I
- 25 asked specifically, noted that it appeared whether the

- 1 termination date should be December of '03 or December
- 2 of '05 was still an issue. At that point on the
- 3 record, Mr. Ahlers said, no, it wasn't. They were
- 4 willing to accept the '03 termination date, which was
- 5 fine with us. Obviously, that's what we wanted, but I
- 6 raise this issue and I emphasize it because this
- 7 commission's interpretive policy statement has noted
- 8 that the term of the agreement is a legitimately
- 9 related term.
- 10 We were not trying to be obstructionist with
- 11 Eschelon here. We were not trying to pretend that we
- 12 didn't understand what they were asking for. We were
- 13 legitimately seeking to understand, do you really want
- 14 the McLeod service package and the termination date if
- 15 you want this price, or are you seeking to do something
- 16 else, which is, in essence, not opt in to the McLeod
- 17 agreement so much as it is to amend your own agreement
- 18 to receive something comparable to McLeod.
- 19 There is nothing wrong with that, but there
- 20 are certainly different processes associated with
- 21 opting in versus just trying to negotiate a business
- 22 deal and have a subsequent amendment.
- 23 CHAIRWOMAN SHOWALTER: It seems to me that
- 24 there are actually three possibilities. One is that,
- 25 as you were just suggesting, Eschelon was requesting to

- 1 pull into the new rate but for the full term of its
- 2 agreement. At the other end, and there is some
- 3 indication in the record of this interpretation, the
- 4 new rate with a termination date of the whole agreement
- 5 earlier, in which case it doesn't keep going. I think
- 6 that's what the Qwest employee was concerned about,
- 7 actually a shortening of the termination date of the
- 8 whole agreement, and then the third possibility, which
- 9 is the one that was arrived at, is the new rate for a
- 10 temporary time and the full agreement still goes on
- 11 after that.
- MS. ANDERL: Right, and I think option two
- 13 you just listed was what Eschelon was concerned about.
- 14 I think Eschelon was concerned that Qwest was going to
- 15 try to say, Look, if you get the McLeod price, you must
- end your entire agreement on December 31st, 2003, but
- 17 we never told them that.
- 18 CHAIRWOMAN SHOWALTER: My question leading
- 19 from those three scenarios is, are you saying that --
- 20 can a company request to opt in to a new rate that
- 21 another company has with this middle, temporary
- 22 arrangement? Is that an opt-in or an amendment? I
- 23 think there is a lot of differences, maybe, as this
- 24 case developed as to what is a legitimate opt-in in
- 25 terms of subject matter versus when you fall over the

- 1 line into an amendment. Can you address that?
- MS. ANDERL: I'm not entirely sure I
- 3 understand the question, but let's say there are two
- 4 carriers who have identical agreements accept for
- 5 different termination dates, and one carrier somehow
- 6 smartly negotiates a lower rate for one particular
- 7 service. The other carrier could opt in to that lower
- 8 rate, but that lower rate would have to expire when the
- 9 first interconnection agreement expired, but the rest
- 10 of Carrier 2's interconnection agreement could go on.
- 11 CHAIRWOMAN SHOWALTER: So what you are saying
- 12 is if it were clear that Eschelon was requesting the
- 13 lower rate for only up to McLeod's date that you would
- 14 consider that a legitimate opt-in, but that if Eschelon
- 15 were requesting or might be requesting a lower rate for
- 16 a longer amount of time or a lower rate and Eschelon's
- 17 whole agreement ends earlier that those two things are
- 18 not comparable, so those two scenarios, you would say
- 19 that falls over into the amendment category?
- 20 MS. ANDERL: All other things being equal,
- 21 and that's assuming we are past all the issues with
- 22 whether the service packages are the same or not, but
- 23 the only thing you said that kind of troubled me is, I
- 24 don't think we would object if Eschelon wanted to end
- 25 their whole agreement earlier, because they can do that

- 1 separately. They can get the amendment for whatever
- 2 period of time was appropriate for the lower rate, but
- 3 then if they wanted for some reason to walk away from
- 4 their interconnection agreement earlier than the stated
- 5 termination date, they are entitled to do that. There
- 6 is a provision in all interconnection agreements that
- 7 allows either side to terminate on a certain amount of
- 8 notice, so that was never an issue for us.
- 9 CHAIRWOMAN SHOWALTER: So you are saying it
- 10 was the ambiguity surrounding a potentially longer
- 11 arrangement for the lower rate that was not the same as
- 12 McLeod; therefore, you felt until that was clear,
- 13 anyway, it was in the amendment category.
- MS. ANDERL: That's exactly right.
- 15 Otherwise, low rates that have been incumbent have
- 16 negotiated for a set period of time would never die
- 17 because a carrier could just opt in to those low rates,
- 18 extend them for the length of their own interconnection
- 19 agreement, which is potentially longer, and then
- 20 somebody else could opt in and extend them even further
- 21 and kind of leapfrog and keep the low rate alive into
- 22 perpetuity as opposed to having it end in 12 months.
- 23 So I think that's probably the reason the
- 24 Commission has determined that the termination date of
- 25 a particular term is a legitimately related term and

- 1 condition, and that's certainly why Qwest believes that
- 2 agreements or amendments are only available for opt-in
- 3 for the same duration that the original underlying
- 4 agreement was originally created.
- 5 The other problem that we had with the
- 6 Eschelon opt-in is that these two carriers did not have
- 7 the same service package at the time Eschelon sent us
- 8 the opt-in letter. They weren't paying the same price
- 9 for that service package. I know that Eschelon will
- 10 cite to a provision in the recommended decision where I
- 11 think it's in Footnote 1 where there is a reference to
- 12 Qwest agrees that the terms UNE-P, UNE-star, UNE-M, and
- 13 UNE-E may be used interchangeably, and say, Well, of
- 14 course the service packages are the same. Qwest agreed
- 15 that UNE-P, UNE-star, UNE-M, and UNE-E could be used
- 16 interchangeably.
- 17 Eschelon in their petition said, Well, we are
- 18 going to use those terms interchangeably, and in our
- 19 answer we said, Well, that's fine if Eschelon wants to
- 20 do that. That's all we meant by that. Clearly, they
- 21 are different service packages. UNE-M and UNE-E are
- 22 shorthand terms for UNE-McLeod and UNE-Eschelon, and
- 23 they are custom service packages that we created for
- 24 each of those carriers that they negotiated with us.
- 25 UNE-star is just a star being an asterisk, a

- 1 placeholder for any kind of UNE combination, and UNE-P,
- 2 of course, is just a UNE platform. The UNE-E and UNE-M
- 3 were types of UNE-P's.
- 4 CHAIRWOMAN SHOWALTER: Is the 35 cents part
- 5 of UNE-E, or is the 35-cent service in addition to the
- 6 UNE-E?
- 7 MS. ANDERL: It's part of UNE-E, and that's
- 8 what I wanted to take you to next. If you would take a
- 9 look at the documents that I handed you, the Tabs 4, 5,
- 10 and 6 have what I believe are important things to be
- 11 aware of when you look at this opt-in request as of the
- 12 date Qwest received it last year, or the year before
- 13 last, rather.
- 14 Tab 4 is a document that was an exhibit to
- 15 the original petition filed by Eschelon. It is the
- 16 McLeod prices prior to the McLeod amendment that is at
- 17 issue here, and if you turn to Page 7 in that document,
- 18 you see that in the pricing table, the Washington rate
- 19 is \$24. You also see that the features included in the
- 20 flat-rated UNE business package, there is a list of
- 21 features there, and then you turn to Page 8 and you see
- 22 a list of features included in existing Centrex common
- 23 blocks.
- 24 The McLeod agreement and the McLeod package,
- 25 UNE-P package that we were selling to McLeod, had a

- 1 number of Centrex lines, and therefore, the focus of
- 2 that service package is basically a Centrex-based UNE-P
- 3 type product because that's how McLeod was structuring
- 4 its business, so that's leg one of the three-legged
- 5 stool here.
- If you turn to Tab 5, you can see the McLeod
- 7 amendment, and on the second page, it does show that we
- 8 reduced those platform recurring rates to \$21.16, and
- 9 that is the entirety of the amendment, and it did not
- 10 change any of the features or Centrex features that
- 11 were included in the McLeod package.
- Now we come to Tab 6, which is what the
- 13 Eschelon prices were prior to Eschelon's opt-in
- 14 request. This is an interconnection agreement
- 15 amendment that was executed on July 31st of '01, so the
- 16 rates had been in effect for some time, and if you look
- 17 at Page 3, you can see that the Washington rate is
- 18 \$24.35, and as you can also see on that page, we are
- 19 referring to this as a UNE-P business package. I don't
- 20 know that the interconnection agreements actually use
- 21 the phrase UNE-E or UNE-M. That was just a convention
- 22 that the parties kind of adopted amongst themselves. I
- 23 think the amendments more often than not refer to
- 24 packages as UNE-P business combinations.
- 25 If you go to Exhibit A, and I apologize for

- 1 how difficult this is to read. It's been faxed a
- 2 number of times, but these are the features that are
- 3 available on the various UNE-P lines that Eschelon
- 4 purchased, and if you look down, you will see that the
- 5 first block in the table has features that in some ways
- 6 match up with some of the McLeod features, but as you
- 7 go down about three-quarters, two-thirds of the way
- 8 down the page, you will see a heading that says CLASS,
- 9 all caps, C-L-A-S-S. None of those CLASS features, to
- 10 my knowledge, is included in the McLeod agreement. So
- 11 there were all of these CLASS features that Eschelon
- 12 had negotiated for with us specifically that were
- 13 included in their agreement that were not included in
- 14 the McLeod agreement.
- 15 If you go further down the next block in the
- 16 table is entitled "listings," and there are headings in
- 17 there for primary listings, additional listings. These
- 18 are all directory services that Eschelon had negotiated
- 19 specifically with us.
- 20 CHAIRWOMAN SHOWALTER: Just so I'm clear, are
- 21 these items on this page subject to the part on the
- 22 35-cent tariffed rates, or are they negotiated as part
- of the package?
- 24 MS. ANDERL: They are what Eschelon can have
- 25 for \$24.35 per line per month.

- 1 CHAIRWOMAN SHOWALTER: But could they have
- 2 them all by themselves for 35 cents a month?
- 3 MS. ANDERL: You can't have most of these
- 4 unless you have a line, so no. In fact, you can't
- 5 really have any of these unless you have UNE-P
- 6 switching, unbundled switching from us, so because
- 7 Eschelon was purchasing UNE-P, they are basically
- 8 purchasing the loop and the switch, and these features
- 9 are from the switching functionality that they buy from
- 10 us.
- 11 COMMISSIONER HEMSTAD: But the features vary
- 12 with the party with whom you are contracting, so would
- 13 the cost of the line change dependent upon those
- 14 features?
- MS. ANDERL: No. What we did is we
- 16 negotiated with Eschelon, and I wasn't privy to the
- 17 negotiations, but my understanding of what happened is
- 18 we looked at all of the lines they had, looked at the
- 19 type of features they bought, and, of course, looked at
- 20 what the Commission's orders on what we could charge in
- 21 terms of UNE rates were for certain features, and
- 22 amongst us, between Eschelon and Qwest, we determined
- 23 that the rate for UNE-P for Eschelon with all of these
- 24 things on this Exhibit A or any combination thereof
- 25 would be \$24.35. Some lines that Eschelon would buy

- 1 from us wouldn't have all of these features.
- 2 COMMISSIONER HEMSTAD: Why then would you
- 3 concede or acknowledge that Eschelon would have the
- 4 right to opt in at \$21.16?
- 5 MS. ANDERL: We didn't, and that's what --
- 6 COMMISSIONER HEMSTAD: For the line itself,
- 7 or maybe I'm missing something.
- 8 CHAIRWOMAN SHOWALTER: What I just understood
- 9 you to say is that I guess with McLeod and with
- 10 Eschelon, you are saying you agreed on a total rate,
- 11 which included tariff features, but your total rate was
- 12 per line, and not every line gets every feature. It's
- 13 not as piecemeal as maybe -- Eschelon is bursting at
- 14 the seams to tell us, but you will get a chance.
- MS. ANDERL: Yes, that's my understanding,
- 16 and when we changed the rate in the Eschelon agreement,
- 17 which at one point was \$24 -- that's no secret that we
- 18 had an agreement with Eschelon where we had a \$24 rate,
- 19 but after this 2001 amendment, the rate was \$21.35, and
- 20 that 35 cents was not simply an increment in respect to
- 21 AIN or class features. It was determined that the
- 22 total \$24.35 was an appropriate package price because
- 23 of the additional features that Eschelon wanted to be
- 24 able to buy, and as I understand it from the people who
- 25 negotiated the package, they actually looked at all the

- 1 lines that Eschelon had and came up with a weighted
- 2 additional price for the types of services that we
- 3 thought Eschelon would be buying from us, and both
- 4 parties agreed that \$24.35 would be a fair price. In
- 5 our view, it was not just a 35-cent adder. It was a
- 6 different rate.
- 7 CHAIRWOMAN SHOWALTER: You are not out of
- 8 time yet, but I want to make sure we cover all the
- 9 issues that are live right now. So getting back to
- 10 whether the original request was a valid opt-in, you
- 11 are saying it was not because the termination date
- 12 requested was not clear and the services were not the
- 13 same.
- Now, is there anything else on that prong of
- 15 your arguments that you want to cover, and if not, you
- 16 should move to the other set, if there is another set.
- 17 MS. ANDERL: The statute of limitations
- 18 issue, and I was going to get to that, and I don't
- 19 really have a lot of time to spend on that.
- If you read all the pleadings in the case,
- 21 you may have seen that at the beginning of the
- 22 discussions back and forth between Eschelon and Qwest,
- 23 we had some questions of Eschelon as to whether they
- 24 would also make the same volume commitments that McLeod
- 25 had made in their agreement. We internally decided not

- 1 to pursue that with Eschelon. Although, when we
- 2 initially sent the letter back to them on November 8th,
- 3 which is behind Tab 2 -- it's our response to the
- 4 opt-in -- we said, Gee, the volume limits in the two
- 5 agreements are kind of different too. What are your
- 6 intentions with regard to that, but that is not an
- 7 issue that we are asserting, so I think we can just
- 8 leave that lie.
- 9 Right now, from October of 2002 until August
- 10 of 2003, we believe that Eschelon was seeking to extend
- 11 the term of the McLeod rate and was seeking basically
- 12 and essentially a lower rate than what McLeod had
- 13 gotten because Eschelon was starting from a higher
- 14 point and was yet in our view still seeking a \$21.16
- 15 rate.
- 16 We sought to clarify that. I think that our
- 17 letter of November 8th, 2002, back to Eschelon did tee
- 18 up those issues pretty fairly. We didn't really hear
- 19 back from them for two months, and when we did, they
- 20 didn't answer our questions, and when we wrote to them
- 21 again, we kind of teed it up again in February of '03.
- 22 Go ahead, Chairwoman.
- 23 CHAIRWOMAN SHOWALTER: You just raised a
- 24 point I wanted to remember to say. It was just in one
- of your documents I saw that there is reference to

- 1 another letter from Eschelon, and is that in the
- 2 record, because when you are putting in lots of
- 3 correspondence and there are references to letters, you
- 4 kind of wonder what they said.
- 5 MS. ANDERL: There was a January 16th, 2003,
- 6 Eschelon letter to Qwest. I don't know why Eschelon
- 7 didn't submit it as part of their filing, but it didn't
- 8 have any information in it that we thought particularly
- 9 bore on the issues, so we didn't submit it with our
- 10 filing either.
- 11 CHAIRWOMAN SHOWALTER: All right.
- 12 MS. ANDERL: I don't know if it's safe to
- 13 assume that if it helped Eschelon, they would have
- 14 submitted it, but that would certainly be my
- 15 assumption.
- 16 Then we didn't hear from Eschelon again until
- 17 April of '03, and the substance of that conservation is
- 18 detailed in Larry Christiansen's affidavit that was a
- 19 part of our answer to the original petition, and again,
- 20 Eschelon at that time sought to clarify some points in
- 21 terms of asking Qwest some questions but never
- 22 volunteered to us that they had either a solution for
- 23 the pricing discrepancy issue that we had brought up or
- 24 a solution for the termination date issue that we had
- 25 brought up, and it wasn't really until Eschelon started

- 1 filing their regulatory complaints in August or
- 2 September of '03 that it became clear to us that what
- 3 they really wanted was their \$24.35 rate lowered to
- 4 \$21.16 plus 35 cents.
- 5 At that time, it didn't take us very long to
- 6 say, We don't think this is an opt-in necessarily, but
- 7 it's something we are willing to give them. We gave it
- 8 to them in September, and at that point, we still
- 9 thought we might have to litigate the termination date.
- 10 As I said at the beginning of this proceeding, I
- 11 thought it would be an issue as to whether it was
- 12 December of '03 or December of '05 on the termination
- 13 date, but once McLeod conceded that issue, we didn't
- 14 really have any other issues with them, other than the
- 15 opt-in date.
- I just wanted in sum on that issue to say, we
- 17 don't really have any incentive to not grant a proper
- 18 opt-in request. We know what this commission's
- 19 authority is. We know that dragging our feet is not
- 20 ever going to help us. I think in 2003, we have filed
- 21 96 interconnection agreements and amendments with your
- 22 commission. I think seven or eight of those were
- 23 opt-ins.
- 24 This is not certainly anything that Qwest did
- 25 in order to somehow pressure Eschelon or somehow

- 1 benefit Qwest. This is what we believe was a
- 2 legitimate dispute with enough ambiguity in the request
- 3 that we did not have an obligation to treat it as an
- 4 opt-in request. Had Eschelon wished a different
- 5 outcome, they had a lot of time during which they could
- 6 have corrected or clarified the ambiguities, which I
- 7 guess kind of leads right into the six-month statute of
- 8 limitations question, and that is, the administrative
- 9 law judge ordered --
- 10 CHAIRWOMAN SHOWALTER: Just clarify for me
- 11 why this is still relevant. I'm just trying to
- 12 remember. If Eschelon has conceded that the earliest
- 13 date is the date of request --
- MS. ANDERL: October 29th, 2002. They filed
- 15 their complaint on September 12th of '03, so now we are
- 16 arguing about the period of time between October 29th,
- 17 '02 and March 12th of '03, so it's about another
- 18 three-and-a-half, four months worth of refund.
- 19 CHAIRWOMAN SHOWALTER: Before you go to the
- 20 issues under our RCW's -- I'm not sure why we are going
- 21 to our RCW's anyway, and isn't this under our authority
- 22 delegated to us by the legislature to carry out the
- 23 terms of the Telecom Act to enforce interconnection
- 24 agreements, and where that leads us I'm not sure, but
- 25 are we even under a complaint state statutory

- 1 enforcement scheme?
- 2 MS. ANDERL: I don't know. I think that
- 3 might be a question of first impression if under the
- 4 Telecommunications Act your authority to enforce an
- 5 interconnection agreement really enables you to award a
- 6 refund based on a differential in a rate that you
- 7 should have been properly granted under 252(i), the
- 8 opt-in provisions.
- 9 I have not seen any authority on that. It
- 10 was my impression that Eschelon was arguing for the
- 11 refund under RCW 80.04.220, and that is how we
- 12 responded. I know the administrative law judge in her
- 13 initial order mentions that there is authority under
- 14 the Telecom Act to enforce interconnection agreement,
- 15 but it seems to me that unless or until there is any
- 16 authority to the contrary, that enforcement authority
- 17 is an ability to enforce things on a going-forward
- 18 basis to order a company to take action with regard to
- 19 the provision of the interconnection agreement terms
- 20 and conditions.
- 21 COMMISSIONER HEMSTAD: What did the Minnesota
- 22 UTC do on this, or was it at all an issue in that
- 23 proceeding?
- 24 MS. ANDERL: The Minnesota UTC was asked to
- 25 order a refund and did order a refund back to October

- 1 29, '02.
- 2 COMMISSIONER HEMSTAD: Is there a similar
- 3 statutory scheme there?
- 4 MS. ANDERL: I don't know whether we raised a
- 5 state statute of limitations in the Minnesota case or
- 6 not, Your Honor. I'm sorry.
- 7 CHAIRWOMAN SHOWALTER: By the way, I asked
- 8 Ms. Strain to get this together and just put down every
- 9 date that might be relevant. No comment on what is
- 10 relevant, but just to anchor us here, August 14th,
- 11 2003, is the date that Eschelon needed -- that's to
- 12 file a petition. That's the date you say that things
- 13 became clear. However, the Minnesota date, the
- 14 comparable date, would be October 29th, 2002.
- MS. ANDERL: No. The October 29th, 2002,
- 16 date is the date that Eschelon sent the opt-in letter
- 17 for all of its estates. I'm not sure when Eschelon
- 18 filed their complaint in Minnesota.
- 19 COMMISSIONER HEMSTAD: But then the Minnesota
- 20 UTC adopted the October 29th, 2002, date?
- 21 MS. ANDERL: On the basis that Eschelon had
- 22 made a proper opt-in request.
- 23 COMMISSIONER HEMSTAD: Proper as of the date
- 24 of that letter.
- MS. ANDERL: Right.

- 1 CHAIRWOMAN SHOWALTER: All right. So the
- 2 Minnesota case is they found it was a proper opt-in.
- 3 Therefore, I don't know if theirs was October 29th, but
- 4 if it was, at least in our realm, that's October 29th.
- 5 COMMISSIONER HEMSTAD: It's the same letter.
- 6 MS. ANDERL: They did a multistate letter.
- 7 CHAIRWOMAN SHOWALTER: So if the October 29th
- 8 date is valid as a valid opt-in, then you are saying
- 9 nevertheless, because the complaint was not brought
- 10 until September 12th, a refund can't go six months
- 11 earlier than that date.
- MS. ANDERL: That's right.
- 13 CHAIRWOMAN SHOWALTER: On the other hand, if
- 14 October 29th was not a valid opt-in date, then in your
- 15 view, the first time it became valid was when it became
- 16 clear, which is August 14th, 2003, or you are just
- 17 willing to do that.
- MS. ANDERL: I think we can concede that,
- 19 Your Honor. At that point, we were able to begin to
- 20 negotiate or -- that's the problem that I have is I'm
- 21 still not sure if it was ever a valid opt-in request.
- 22 It was at that point that their intent became clear
- 23 enough to us that we were able to prepare what we
- 24 believe was just an amendment to their interconnection
- 25 agreement, not a McLeod opt-in.

- 1 CHAIRWOMAN SHOWALTER: In that view, it would
- 2 really be an amendment because --
- 3 MS. ANDERL: The rate didn't go to \$21.16.
- 4 That's why it's not an opt-in. The rate went to \$21.16
- 5 plus 35 cents, but that's the wrong way to look at it,
- 6 if the rate went to \$21.51, which is a different rate
- 7 for Eschelon than for McLeod for a different set of
- 8 services.
- 9 CHAIRWOMAN SHOWALTER: I think your time is
- 10 up.
- 11 MS. ANDERL: I'm happy to rest on my written
- 12 pleadings with regard to the statute of limitations
- 13 argument. I think I've only spent a couple of
- 14 paragraphs on it in the comment that we filed on the
- 15 15th, Paragraphs 19, 20 and 21, and I will allow Your
- 16 Honors to make your decision based on that. I really
- 17 didn't have a lot to add on it.
- 18 CHAIRWOMAN SHOWALTER: All right,
- 19 Ms. Endejan, and I hope you can start with the issue of
- 20 was the October 29th letter a valid opt-in request;
- 21 That is, was it sufficiently clear.
- MS. ENDEJAN: That is precisely where I was
- 23 going to start, Your Honor, and with all due respect to
- 24 my esteemed colleague, I think we differ quite
- 25 profoundly on the clarity with which the opt-in request

- 1 was made.
- 2 I think if you turn to the opt-in request
- 3 itself -- it's behind Tab 1 here. I'm going to read it
- 4 to you, because Eschelon quite specifically says what
- 5 we want is the rates in the attached page from the
- 6 McLeod amendment to the end of the platform rates
- 7 column under the heading "prices for offering" and to
- 8 indicate the specified time period within the term of
- 9 the Eschelon amendment that the McLeod amendment rates
- 10 apply, e.g., effective as of September 20th, 2002, as
- 11 noted on Page 2 of the McLeod amendment.
- 12 If you turn to the McLeod amendment, which I
- 13 believe is --
- 14 CHAIRWOMAN SHOWALTER: I'm just going to stop
- 15 you there, because I really do think this gets at the
- 16 ambiguity. It's clear that Eschelon would want to go
- 17 back to September 20th, but what the ambiguity that's
- 18 alleged here is the other end of how long does it go,
- 19 and don't you think that the "e.g." leaves hanging this
- 20 open question?
- 21 MS. ENDEJAN: Two responses to that. First,
- 22 if you would please turn to the amendment behind Tab 5
- and look at what's set out on the top half of the page.
- 24 Up there it says, "platform recurring rates effective
- on September 20th, 2002, and ending December 31st,

- 1 2003."
- 2 CHAIRWOMAN SHOWALTER: Put us on the right
- 3 page.
- 4 MS. ENDEJAN: It's behind Tab 5. It's the
- 5 McLeod amendment. It was also Exhibit 6 to the
- 6 petition, but go to the page that has the rates.
- 7 CHAIRWOMAN SHOWALTER: We just have two pages
- 8 here.
- 9 MS. ENDEJAN: There is two pages. It says
- 10 "interconnection agreement." That's Page 1. Then the
- 11 second page has a series of states with rates, and then
- 12 the upper right-hand corner says, "platform recurring
- 13 rates effective on September 20th, 2002, and ending
- 14 December 31st, 2003."
- 15 Now that pretty clearly, and the ALJ agreed
- 16 and the Minnesota Commission agreed, indicated that
- 17 what Eschelon was trying to do was say under 252(i),
- 18 the chunk that I have identified with as much
- 19 specificity as I believe we could, we want that into
- 20 our agreement. That's what 252(i) allows.
- 21 Now, what's particularly important for you to
- 22 bear in mind is remember, the UNE platform here, if I
- 23 can analogize this, it's like I go to a car lot, and
- 24 let's say there is a law that requires all basic Hondas
- 25 to have the same price to give everybody the right to

- 1 drive the same car, so McLeod pays \$24 to drive the
- 2 basic Honda. Eschelon was allowed to pay \$24 to drive
- 3 the basic Honda as of the prior amendments in 2001 and
- 4 2000. So Eschelon and McLeod were paying for the same
- 5 platform, the same Honda.
- 6 What Eschelon then did is they said, Well, I
- 7 want to add a special rearview mirror on my Honda, and
- 8 I will pay more for that. I will pay that 35-cent
- 9 adder so I can have the rearview mirror, but what they
- 10 were saying in their request to Qwest was, I still want
- 11 to pay the same platform rate that McLeod paid for the
- 12 underlying Honda.
- Now, what happened, and I was not privy to
- 14 the discussions between Qwest, and I don't believe
- 15 Ms. Anderl was either, but as I understand it, Eschelon
- 16 in dealing with the Qwest folks, and I think that's
- 17 born out in the declaration of Mr. Christiansen, Qwest
- 18 told Eschelon, Well, we are happy to negotiate over
- 19 this. That means you are going to have to take the
- 20 same volume commitments and you are going to have to
- 21 take the same term as the McLeod entire agreement.
- Eschelon said, No, I don't have to do that.
- 23 I don't have to opt in to the entire agreement of
- 24 McLeod. I under the law can pick and choose a related
- 25 term. Here the term was the rate for the specified

- 1 period of time. That's all, and Eschelon, I believe,
- 2 made that clear in its opt-in request. It was clear
- 3 enough to the ALJ. It was clear enough to the
- 4 Minnesota Commission.
- 5 But in any event, if Qwest had the problem
- 6 they are saying here about, Gosh, we didn't understand
- 7 your request and we didn't know if you wanted it for
- 8 the whole period of your agreement through 2005, what
- 9 Owest could have done but did not do was honor the
- 10 opt-in request at the McLeod rate and advise Eschelon
- 11 that that rate expires as of December 31st, 2003, and
- 12 does not include the 35-cent adder, period, end of
- 13 story.
- 14 Eschelon could not have complained about it
- 15 because that's what their agreement provided for, and
- 16 that's all that they were asking for. Qwest did not do
- 17 that. Instead they continued to insist that Eschelon,
- 18 quote, negotiate, and that's precisely why congress
- 19 enacted the pick-and-choose provision so that CLEC's
- 20 would not have to go through the delaying and expensive
- 21 negotiation process in order to avail themselves of
- 22 prices and terms for similarly situated terms and
- 23 conditions that other CLEC's were getting.
- 24 So in that context then, and I think you will
- 25 find in the ALJ's recommended decision that some of the

- 1 arguments Qwest advances sort of are a bit, as to use
- 2 her words, disingenuous in the sense that it's clear
- 3 when you look at both the relationship of the parties
- 4 and the agreements that the 35 cents was always
- 5 intended to be an adder. It was added on top of the
- 6 \$24 rate that was the underlying platform rate that
- 7 McLeod and Eschelon paid, and it's disingenuous to
- 8 consider it otherwise.
- 9 But more importantly, in honoring their
- 10 obligations to opt-in requests, Qwest had it within its
- 11 power to simply state, Okay, you get exactly what
- 12 McLeod gets. You get this rate for that platform for
- 13 that period of time. What could Eschelon have done?
- 14 Nothing. But instead, we had this inevitable period of
- 15 delay forcing Eschelon to have to file a petition for
- 16 enforcement, forcing Eschelon to file a complaint, and
- 17 then when they filed the complaint, they get what they
- 18 are asking for, which is the platform rate plus the
- 19 35-cent adder.
- 20 So it would be incredibly unfair and unjust
- 21 to say to Eschelon now because Qwest didn't understand
- 22 there was some ambiguity inherent in your opt-in
- 23 request and you didn't phrase it right, we are going to
- 24 deny you the benefit of that term for the period for
- 25 which you asked it.

- 1 CHAIRWOMAN SHOWALTER: It's not unfair if
- 2 there is an ambiguity. We are talking about a factual
- 3 issue here, and you made your case that you don't think
- 4 this letter is ambiguous, but doesn't it really get
- 5 down to that; that is, if this letter is clear in the
- 6 same terms as the parties are now agreeing on, if it's
- 7 clear that it is an opt-in request -- well, I'm not
- 8 even sure Ms. Anderl concedes that, but if it's clear,
- 9 it's one thing. If it's not, it's another. Doesn't
- 10 this get down to an argument over the facts of whether
- 11 this letter is sufficiently clear in the way that you
- 12 say it is?
- MS. ENDEJAN: That's one aspect, but it goes
- 14 beyond that, Your Honor. It goes back to, in a sense,
- 15 who -- if there was an ambiguity here, it sort of
- 16 strains belief here given the fact that Owest knew
- 17 prior to this opt-in request and prior to the McLeod
- 18 amendment that both Eschelon and McLeod had been paying
- 19 the same underlying UNE platform rate.
- 20 So now, Eschelon comes along and says, I want
- 21 to still pay the same UNE platform rate as McLeod, and
- 22 the only issue might be for how long is Eschelon
- 23 entitled to that, and that could have been solved quite
- 24 simply by Qwest giving them the rate as of the opt-in
- 25 date, telling them, Oh, this rate expires as of the

- 1 McLeod expiration date of December 31st, 2003, end of
- 2 story.
- 3 CHAIRWOMAN SHOWALTER: Perhaps that would
- 4 have been a way to resolve it. Is that way Qwest's
- 5 obligation to act in that way, to simply proceed on a
- 6 version of what might be a legitimate opt-in, or is the
- 7 obligation the other way on the requesting party to be
- 8 clear on its intent in the first place?
- 9 MS. ENDEJAN: You have to look at the
- 10 policies here, and the policies are that Qwest should
- 11 be honoring the opt-in request, and if there is an
- 12 ambiguity there, and I think if you read the
- 13 correspondence and you even read the declaration, Qwest
- 14 wasn't just trying to clarify an ambiguity. Qwest was
- 15 trying to negotiate new and different terms. Qwest was
- 16 trying to extract something from Eschelon; in other
- 17 words, a different volume commitment, and get Eschelon
- 18 to perhaps agree to shorten the term of its
- 19 interconnection agreement from 2005 to 2003, and it's
- 20 those tagalongs that tend to cloud the issue here.
- 21 Particularly when I keep going back to the
- 22 fact that Qwest should have known that Eschelon would
- 23 want and would be entitled to the same underlying
- 24 platform rate, which makes it a little hard for us to
- 25 accept the argument that, Well, we weren't really clear

- 1 for how long you wanted this rate when there should
- 2 have been no doubt as to the clarity with which the
- 3 request for that rate for the underlying element was,
- 4 given the history between the parties.
- 5 CHAIRWOMAN SHOWALTER: Can I just ask a
- 6 question on this October 29th letter? The action
- 7 request is that Eschelon asks that Page 9 of Eschelon's
- 8 interconnection agreement, dated November 15th, 2000,
- 9 be amended. Now, is November 15th, 2000, the date of
- 10 Eschelon's interconnection agreement that needs to be
- 11 amended?
- 12 MS. ENDEJAN: That would be the UNE-star
- 13 agreement that had the \$24 rate. That was an amendment
- 14 to the initial interconnection agreement. So in other
- 15 words, the Qwest/Eschelon interconnection agreement was
- 16 initially signed February 24th of 2000, and then in
- 17 November 15th of 2000, it was amended to allow Eschelon
- 18 to avail itself of the same \$24 what is called UNE-star
- 19 rate that Qwest and McLeod had agreed to on October 1st
- 20 of 2000 so --
- 21 CHAIRWOMAN SHOWALTER: What about the 35-cent
- 22 provisions? When did they come in?
- MS. ENDEJAN: That came in in a separate
- 24 agreement on July 31st, 2001. That is what we call the
- 25 AIN -- I don't know what it stands for, Advanced

- 1 Integrated Network something, I think -- feature
- 2 amendment that added the 35-cent adder.
- 3 CHAIRWOMAN SHOWALTER: Is that a separate
- 4 agreement?
- 5 MS. ENDEJAN: That was a separate agreement,
- 6 yes.
- 7 CHAIRWOMAN SHOWALTER: Not an amendment to
- 8 the agreement?
- 9 MS. ENDEJAN: It's probably labeled -- I
- 10 don't mean to confuse you, but I believe it's probably
- 11 labeled an amendment.
- 12 CHAIRWOMAN SHOWALTER: Ms. Anderl, do you
- 13 have a reference?
- 14 MS. ANDERL: It's behind Tab 6, and it is an
- 15 amendment.
- 16 CHAIRWOMAN SHOWALTER: The reason I raise
- 17 this point is that it's not clear to me from the letter
- 18 whether Eschelon is trying to amend an agreement or
- 19 change an agreement dated November 15th of 2000 or a
- 20 later one. What is the meaning of amending an
- 21 agreement that's already been amended?
- 22 MS. ENDEJAN: I believe that the November
- 23 15th, 2000, agreement set out the initial \$24 rate, so
- 24 what Eschelon was conveying here was what we want is
- 25 that underlying \$24 rate as the UNE-star.

- 1 CHAIRWOMAN SHOWALTER: All right, but then
- 2 what happens to the later rate that includes the \$24.35
- 3 rate? What happens to it? Isn't it there still?
- 4 MS. ENDEJAN: What did actually happen is
- 5 that the parties agreed that the rate, as of August or
- 6 September of 2003, was going to be the platform rate of
- 7 \$21.16 plus the 35 cents. I believe the ALJ discusses
- 8 this about how it's clear if you look at it that the
- 9 \$24 is, you know, that there are two components to this
- 10 rate, the underlying platform rate and the 35-cent
- 11 adder, and it's disingenuous to suggest to the contrary
- 12 that this is a blended rate as Qwest would characterize
- 13 it.
- 14 So what we are dealing with here is a
- 15 bottom-line situation where we believe, obviously, that
- 16 the agreement or that the opt-in request of October
- 17 29th, 2002, is sufficiently clear to specify that the
- 18 terms and conditions that Eschelon wants to opt in to
- 19 are at the top of Page 2 of the McLeod amendment.
- 20 That's all that it's trying to do.
- 21 So given that fact, given the history between
- 22 the parties, and I can't speak for what the actual oral
- 23 conversations that occurred between the parties, but it
- 24 would seem that to accept Qwest's view to the contrary
- 25 would be to provide an incentive to local incumbent

- 1 carriers to question, say, raise an ambiguity, allow
- 2 delay, put the burden on the CLEC to have to file a
- 3 petition for enforcement because that petition for
- 4 enforcement, contrary to how it perhaps might be
- 5 characterized --
- 6 CHAIRWOMAN SHOWALTER: Why isn't it an
- 7 incentive to the requesting party to be clear, and if
- 8 the question is raised to bounce back quickly with what
- 9 you need?
- 10 MS. ENDEJAN: I think they did, Your Honor.
- 11 Qwest was told, we believe both in this letter and -- I
- 12 cannot represent to you what oral conversations
- 13 occurred so I don't know what happened, but the fact
- 14 is, it was clear that what Eschelon was doing was
- 15 saying, We want the same platform rate that McLeod got.
- 16 You gave it to us before at \$24. McLeod got a lower
- 17 price for that same thing. We want it. If there was a
- 18 question about duration date, then Qwest could have
- 19 said, Okay, you get the rate, but it stops as of the
- 20 date of the McLeod amendment. That's all you get. You
- 21 get the term and condition. Why that was any skin off
- 22 their back to do that is a little bit hard to take
- 23 given the fact they were willing to do it when both
- 24 parties were paying the same \$24 rate, and particularly
- 25 because they are acknowledging that, Yeah, we will give

- 1 it to you now once we got sued.
- 2 CHAIRWOMAN SHOWALTER: I would say that
- 3 Ms. Anderl would say from her point that since it's
- 4 clear they were willing to do that when in her view it
- 5 was clear, it shows that it wasn't earlier and that's
- 6 why they were asking for amendments.
- 7 MS. ENDEJAN: It took a petition for
- 8 enforcement, Your Honor, to get them to suddenly have
- 9 this clarity of vision. They were advised before the
- 10 petition was filed that they intended to file a
- 11 petition pursuant to the procedures that this
- 12 commission has adopted.
- 13 So bottom line here is with that sort of
- 14 stick over their head, yes, they were much more willing
- 15 to somehow or other but not concede this was the opt-in
- 16 rate, even though oddly enough it is the same rate as
- 17 McLeod, \$21.16, minus the 35-cent adder. Let me turn
- 18 briefly, Your Honor --
- 19 COMMISSIONER OSHIE: Before you leave that
- 20 Ms. Endejan, I need some clarification on whether there
- 21 is a difference between the UNE-star platform rates
- 22 that are really at issue here and the AIN adder, the
- 23 35-cent adder. Is AIN part of the platform, or is it
- 24 separate and apart from the platform, at least within
- 25 the industry, that there is an understanding that we

- 1 are talking about features within a group that's
- 2 offered to accompany but not necessarily within the
- 3 UNE-star?
- 4 MS. ENDEJAN: Your Honor, all I can tell you
- 5 is my understanding of how these things works, and my
- 6 understanding is the 35 cents is what they call an AIN
- 7 adder that is paid separately and on top of the
- 8 underlying UNE-platform rate, and that's my
- 9 understanding of it, and I believe that's the same
- 10 understanding that the administrative law judge had and
- 11 has in her recommended order. I don't know if that
- 12 answers your question, but that's the best I can tell
- 13 you.
- 14 COMMISSIONER OSHIE: I noted in Qwest's
- 15 letter in response, they didn't raise the AIN adder as
- 16 perhaps one of the reasons why they weren't going to, I
- 17 use the term "honor" the opt-in request or at least to
- 18 clarify it. They did make reference to the CLASS
- 19 features that distinguish, perhaps, the McLeod
- 20 agreement from the Eschelon agreement, but they did not
- 21 reference the AIN features that --
- MS. ENDEJAN: I think that the AIN adder
- 23 issue is somewhat of a red herring because it diverts
- 24 from the focus of the real concern here, which is the
- 25 underlying UNE-P rate, and that's really what this case

- 1 is all about.
- 2 So I think that it's a little unclear from
- 3 Qwest's correspondence, and I agree with you in terms
- 4 of what they are talking about in terms of what they
- 5 are saying in, Well, you are getting different features
- 6 than McLeod, but that doesn't wash when you think about
- 7 the fact that Qwest charged the same underlying \$24
- 8 rate to Eschelon and McLeod for the same thing, and
- 9 then the only difference between what Eschelon pays and
- 10 what McLeod pays is this 35-cent increment that was
- 11 negotiated and is subject to a different amendment, so
- 12 the same building block.
- 13 McLeod paid the same price that Eschelon paid
- 14 in 2000, and then in 2001, McLeod got a reduction in
- 15 the price of the building block, and Eschelon asked for
- 16 the same price, and we got sent down this bunny trail
- 17 and leading to this case. I would point out that with
- 18 respect to the statute of limitations argument --
- 19 CHAIRWOMAN SHOWALTER: I've get a question
- 20 before that, which is can you turn to your petition.
- MS. ENDEJAN: I have it in front of me.
- 22 CHAIRWOMAN SHOWALTER: Page 7. I've been
- 23 skimming the petition, but in particular, Paragraph 23
- 24 says the rates are not tied to the termination date.
- 25 The termination dates of the original agreements were

- 1 different by two years, yet the rates were identical.
- 2 The termination agreement for McLeod did not change,
- 3 but the price was reduced; thus, the rate is
- 4 independent of the termination date.
- 5 What I was looking for is anywhere in this
- 6 petition where you made it clear you were only seeking
- 7 a lower rate through the McLeod term, so I saw that
- 8 paragraph, and then I looked towards the prayer for
- 9 relief, and it says on Page 10 that you are asking us
- 10 to find that you're entitled to the lower rate as of
- 11 September 20th.
- 12 I don't find anywhere where Eschelon was
- 13 expressly limiting itself in this debate to the McLeod
- 14 end date until later, I guess, on the amendment that
- 15 the Commission ultimately approved. You are making the
- 16 argument here that it was very, very obvious that
- 17 that's what you originally asked, and Qwest could have
- 18 just done that, but you seem to not be pinning yourself
- 19 down in this petition anyway.
- 20 MS. ENDEJAN: Your Honor, I would have to
- 21 take a few minutes to study the petition to adequately
- 22 address that issue, but I think it goes back to the
- 23 initial opt-in request date and how you would interpret
- 24 what is being asked for here given the context in which
- 25 the parties have operated, and what the petition is

- 1 doing is asking for enforcement of its opt-in request.
- 2 So you have to look at the opt-in request in
- 3 conjunction with the petition, and the opt-in request
- 4 says to indicate within the term of the Eschelon
- 5 amendment that the McLeod amendment rates applied as
- 6 noted on Page 2 of the McLeod amendment. That says to
- 7 me, as noted on Page 2 of the McLeod amendment, clearly
- 8 says that they apply only until December 31st, 2002,
- 9 period. That's how you can read it, and had Qwest,
- 10 which Qwest did not do, state, Are you saying that you
- 11 agree that these rates only apply through December
- 12 31st, 2002, as it appears on Page 2 of the McLeod
- 13 amendment?
- 14 That never happened. It says they got a
- 15 series of letters, phone calls, documents, and said,
- 16 Well, we are willing to negotiate with you on this, and
- 17 that's not what opt-in is all about.
- 18 CHAIRWOMAN SHOWALTER: Any other questions?
- 19 I think we are out of time. If you each want to take a
- 20 little more, but I want to be fair.
- 21 MS. ENDEJAN: I just did want to point out in
- 22 conclusion that the Minnesota Commission said that they
- 23 did not examine the issue of statute of limitations or
- 24 whatever. They just felt that Eschelon was entitled to
- 25 a refund stating, This retroactive relief will correct

- 1 Owest's improper denial of Eschelon's proper request
- 2 for the rate given to McLeod. Without such relief to
- 3 Eschelon, incumbent local exchange carriers such as
- 4 Qwest would have an incentive to delay granting an
- 5 opt-in request, and with that, I would request you
- 6 adopt the ALJ's recommended decision.
- 7 MS. ANDERL: Your Honor, I have one other
- 8 nonsubstantive item if I could bring that up. As you
- 9 know, our comments on the initial order were due on a
- 10 fairly tight time frame, and since we filed them and as
- 11 I reviewed them today, I found a couple of
- 12 typographical errors that might cause some confusion as
- 13 you read them, if you decide to reread any of those
- 14 comments before you enter your final order. If I could
- 15 correct those now, or perhaps that would be the most
- 16 convenient thing. I would be happy to submit corrected
- 17 pages as well.
- 18 CHAIRWOMAN SHOWALTER: Why don't you just
- 19 read them.
- 20 MS. ANDERL: The first typo is in Paragraph 6
- 21 of my comments. They were filed just a week ago on the
- 22 15th of January. The typo there in Paragraph 6 in the
- 23 first sentence, I cite to 80.36.220 and 240. That's
- 24 80.04.
- 25 CHAIRWOMAN SHOWALTER: In both cases?

```
1 MS. ANDERL: Yes, in both cases. Then the
```

- 2 more important one is on Paragraph 11, and this, Your
- 3 Honor, is an issue that you were just asking
- 4 Ms. Endejan about, and I say there that first, Eschelon
- 5 does not cite to the then effective interconnection
- 6 agreement amendment and the pricing contained in the
- 7 February 24th, 2002 amendment. There I mean to refer
- 8 to the July 31st, 2002.
- 9 CHAIRWOMAN SHOWALTER: So February 24 should
- 10 be changed to July 31st?
- 11 MS. ANDERL: Yes. In the next sentence where
- 12 it says February 2002 -- actually, I think it's '01, so
- 13 February 24th, '02 should be changed to July 31st, 2001
- 14 in the first sentence, and then in the second sentence,
- 15 you should strike February 2002 and insert July 2001,
- 16 and I think that syncs up all the dates in the
- 17 document.
- 18 CHAIRWOMAN SHOWALTER: Thank you very much.
- 19 We are off the record.
- 20 (Hearing concluded at 2:18 p.m.)

21

22

23

24