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BEFORE THE ARIZONA CORPORATION COMMISSION

2 KRISTIN K. MAYES Chairman

GARY PIERCE

Commissioner

PAUL NEWMAN Commissioner

SANDRA D. KENNEDY Commissioner

BOB STUMP

Commissioner

AZ CORP COMMISSION DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

FEB - 1 2010

DOORETED BY

QWEST CORPORATION,

Complainant,

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MCLEODUSA TELECOMMUNICATIONS SERVICES, INC., d/b/a PAETEC BUSINESS SERVICES.

Respondent.

DOCKET NO. T-03267A-09-0307 T-01051B-09-0307

STIPULATION OF MATERIAL FACTS

Qwest Corporation and McLeodUSA d/b/a PAETEC jointly file this Stipulation of Material Facts, accordance with the Procedural Order entered in this docket on.

- 1. Qwest is a "telecommunications corporation" as defined in A.R.S. 40-201(26) and is an "incumbent local exchange company" ("ILEC"), as defined in 47 U.S.C. § 251(h). Qwest provides local exchange and other telecommunications services in the State of Arizona.
- 2. McLeodUSA is an Iowa corporation and is registered with and classified by the Commission as a competitive local exchange company ("CLEC") and is also a "telecommunications corporation" as defined in A.R.S. 40-201(26). McLeodUSA holds a certificate of convenience and necessity from the Commission to provide facilities-based and resold local exchange and long distance telecommunications services in Arizona.

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- 3. Qwest and McLeodUSA are parties to a certain interconnection agreement entitled "Local Interconnection Agreement," which was voluntarily negotiated, as is permitted by the Telecommunications Act of 1996. The ICA was filed by Qwest for approval by the Commission, which approval was granted by the Commission in its Decision No. 63248, on December 14, 2000.
- 4. The ICA provides the terms, conditions, and prices for network interconnection, access to Unbundled Network Elements ("UNEs"), ancillary network services, and retail service available for resale. ICA (A)1.1.
- 5. McLeodUSA leases UNEs or other facilities from Qwest to serve the majority of end user customers that McLeod serves in Arizona.
- 6. When McLeodUSA leases UNEs or other facilities from Qwest to serve McLeodUSA end user customers, the transaction is performed pursuant to the ICA.
- 7. Except for local call termination services, Qwest does not purchase any network facilities or services from McLeodUSA under the ICA at either wholesale or retail when providing service to its end users.
- 8. The non-recurring rates Qwest charges for installation of unbundled loops are based on TELRIC cost studies that were approved by the Commission in wholesale cost dockets.
- 9. The Arizona wholesale cost dockets-approved rates permit Qwest to charge McLeodUSA specifically enumerated nonrecurring charges when an unbundled loop is ordered by McLeod for installation.
- 10. Part of Qwest's cost study includes cost support for non-recurring charges recovering costs Qwest incurs to process Local Service Requests submitted by CLECs ordering unbundled loops. The cost study includes various costs related to order processing and completion.
- 11. The nonrecurring charges assessed by Qwest were established in the Arizona Wholesale Cost Docket, Decision Nos. 64922.

- 13. When the end user switches from Qwest to another local service provider that is not using unbundled loops from Qwest to provide its service to that end user, Qwest does not assess that other local service provider a non-recurring installation charge as that provider is not ordering an unbundled loop, provided, however, Qwest does charge a Customer Transfer Fee for a resale line purchased by McLeodUSA. There are also non-recurring charges for QLSP services purchased by McLeodUSA. Those QLSP non-recurring charges include the installation of the unbundled loop.
- 14. McLeodUSA's WSOC was filed as part of McLeodUSA Tariff Arizona C.C. No. 3, Section 7.1, effective April 1, 2004 ("WSOC Tariff"). (Joint Stipulation Exhibit A). The WSOC Tariff provision states: "A Wholesale Service Order charge applies to all providers of telecommunications services that assess a non-recurring charge on McLeodUSA for the processing of comparable orders submitted by McLeodUSA to initiate service using network elements leased from the incumbent local exchange carrier ("ILEC")."
- 15. McLeodUSA charges the WSOC to Qwest when an end user customer switches from McLeodUSA to Qwest. No other LEC is assessed the WSOC by McLeodUSA based on McleodUSA's application of the tariff.
- 16. No other LEC operating in Arizona charges either McLeodUSA or Qwest a non-recurring charge when a customer leaves that carrier and moves their telecommunications services, including local services, to McLeodUSA or to Qwest.
- 17. McLeodUSA and Qwest are parties to a Wholesale Service Order Charge

 Amendment that was filed with the Commission for approval and approved by the Commission

- 18. Under the Amendment, McLeodUSA invoices Qwest "for [WSOC] charges associated with orders submitted by Qwest to transfer a CLEC customer to Qwest, and [Qwest] will pay such invoices according to the payment terms of the Agreement." Amendment, Attachment 1, para.1.
- 19. The Amendment, in Attachment 1, para 2, specifically preserves Qwest's rights to challenge the WSOC. If the Commission determines that the WSOC is unjust, unreasonable, unlawful, or otherwise unenforceable, the amendment is deemed terminated on the effective date of the Commission' final order.
 - 20. The Amendment provides that the WSOC in Arizona is \$24.24.
- 21. When customer decides to leave McLeodUSA and take services from Qwest and keep its telephone numbers, Qwest submits a Local Service Request ("LSR") via a McLeodUSA web-based OSS. Depending on the customer's service configuration with McLeodUSA as reflected in the Customer Service Record ("CSR"), McLeod's form permits a carrier to submit an LSR that requests that McLeodUSA disconnect additional lines that are not being ported to that carrier. The McLeodUSA web-based OSS takes the information completed by the LEC and flows that information into various internal systems. Based on a LEC LSR, the system initiates, and in some instances completes, various tasks that must be completed to ensure that end users can seamlessly move their local service (and other services as the case may be) to their new chosen service provider. Undertaking such steps to ensure a seamless transition is in the best interests of the end user.
- 22. In addition to the OSS, McLeodUSA personnel are involved in various aspects of completing the steps required to fully process an LSR for number portability, service disconnection, line disconnection, or all the above. Among other tasks, these employees perform the following:

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RESPECTFULLY SUBMITTED, this 1st day of February, 2010.

QWEST CORPORATION

By: Norman G. Curtright
Corporate Counsel

20 East Thomas Road, 16th Floor

Phoenix, Arizona 85012 Telephone: (602) 630-2187

MCLEODUSA TELECOMMUNICATIONS SERVICES, INC., d/b/a PAETEC BUSINESS SERVICES

Bv:

Michael W. Patten

Roshka DeWulf and Patten, PLC 400 E. Van Buren Street, Suite 800

Phoenix, AZ 85004

Telephone: (602) 256-6100

1	ORIGINAL and 13 copies hand-delivered	
2	for filing this 1st day of February, 2010, to:	
3	Docket Control	
4	ARIZONA CORPORATION COMMISSION 1200 West Washington Street	
5	Phoenix, AZ 85007	
6	Copy of the foregoing hand-delivered	
7	this 1st day of February, 2010, to:	
8	Sarah Harpring	
9	Administrative Law Judge Arizona Corporation Commission	
10	1200 West Washington Street Phoenix, AZ 85007	
11	Maureen Scott, Esq.	
12	Legal Division Arizona Corporation Commission	
13	1200 West Washington Phoenix, Arizona 85007	
14	Steve Olea	
15	Director, Utilities Division Arizona Corporation Commission	
16	1200 West Washington Phoenix, Arizona 85007	
17	Copy of the foregoing mailed	
18	this 1st day of February, 2010, to:	
19	Michael W. Patten ROSHKA DEWULF & PATTEN, PLC	
20	One Arizona Center 400 East Van Buren Street, Suite 800	
21	Phoenix, Arizona 85004	
22	Attorney for McLeodUSA Telecommunications Services, Inc. d/b/a Paetec Business Services	
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EXHIBIT A

7.0 Wholesale Services

(N)

7.1 Wholesale Service Order Processing:

A Wholesale Service Order charge applies to all providers of telecommunications services that assess a non-recurring charge on McLeodUSA for the processing of comparable orders submitted by McLeodUSA to initiate service using network elements leased from the incumbent local exchange carrier ("ILEC"). A Requesting Carrier may submit an LSR during regular business hours of McLeodUSA. One LSR must be submitted for each retail end user switching from McLeodUSA to the Requesting Carrier. McLeodUSA will process an LSR and return a firm order commitment (FOC) to the requesting carrier within 48 hours of receipt. A Wholesale Service Order Charge shall be charged for each LSR received, whether accepted as valid or rejected as invalid. LSRs may be rejected for inaccurate, incomplete, or repetitive LSRs. An additional Service Order Charge applies when the Requesting Carrier cancels an LSR request. A separate Service Order Supplemental Charge applies when a Requesting Carrier submits an LSR that modifies or supplements the initial LSR. A Requesting Carrier may request expedited processing of the LSR within 24 hours for an additional Expedite Fee. A Forced Expedite Fee applies if the Requesting Carrier converts a retail customer's service before the Firm Order Commitment Date that causes McLeodUSA to expedite its required activities. An additional charge also applies to an LSR Expedite Order that involves a loop disconnect. A full set of Business Rules is available from McLeodUSA.

7.1.1 Rates:

The Wholesale Service Order charge is equal to the Service Order Charge (or a comparable charge assessed upon receipt of an order) contained in the ICA between McLeodUSA and the incumbent local exchange carrier for the state in which the retail end user resides.

If the ICA does not set forth non-recurring charges identified as a Service Order Charge, Service Order Supplemental Charge, Expedite Fee, or Forced Expedite Fee charge, or comparable items, the following charges apply:

Wholesale Service Order	\$20
Service Order Supplemental Charge	\$15
Expedite Fee*	\$40
Forced Expedite Fee*	\$75

For Expedite or Forced Expedite Request involving Loop Disconnect, the applicable charge applies in addition to a pass through of any monthly recurring charges for an unbundled loop charged by the ILEC after Customer conversion to Requesting Carrier's service.

(N)

Effective: April 1, 2004

Hiawatha, Iowa 52233-3177

EXHIBIT B

Wholesale Service Order Charge Amendment To the Interconnection Agreement between Qwest Corporation and McLeodUSA Telecommunications Services, Inc. dba PAETEC Business Services for the state of Arizona

This is an Amendment ("Amendment") to the Interconnection Agreement between Qwest Corporation ("Qwest"), a Colorado corporation, and McLeodUSA Telecommunications Services, Inc. dba PAETEC Business Services ("CLEC"), an Iowa corporation. CLEC and Qwest shall be known jointly as the "Parties".

RECITALS

WHEREAS, CLEC and Qwest entered into an Interconnection Agreement ("Agreement") for service in the state of Arizona which was approved by the Arizona Corporation Commission ("Commission"); and

WHEREAS, CLEC maintains a tariff or price list on file in the State of Arizona which requires Qwest, when submitting orders to process a customer conversion from CLEC to Qwest to compensate CLEC for the activities that CLEC claims is required to process the order (the "Wholesale Service Order Charge"); and

WHEREAS, Qwest has disputed the lawfulness of the CLEC tariff or price list and its application to Qwest, resulting in litigation filed by CLEC against Qwest and subsequently a settlement between Qwest and CLEC regarding, among other issues, CLEC's claim for compensation for Wholesale Service Order Charges; and

WHEREAS, the Parties wish to amend the Agreement further under the terms and conditions contained herein to implement the terms of the settlement related to this particular dispute.

AGREEMENT

NOW THEREFORE, in consideration of the mutual terms, covenants and conditions contained in this Amendment and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

Amendment Terms

The Agreement is hereby amended by adding terms, conditions and rates pursuant to which CLEC will invoice Qwest for and Qwest will pay Wholesale Service Order Charges. The terms of the Parties' agreement are set forth and specified in Attachment 1 and the Pricing Exhibit to this Amendment, which is incorporated herein by this reference.

Effective Date

This Amendment shall be deemed effective upon approval by the Commission; however, the Parties may agree to implement the provisions of this Amendment upon execution, with such implementation relating to payment of charges contemplated in this Amendment being subject to true-up with an effective bill date of August 1, 2008. To accommodate this need, CLEC must generate, if necessary, an updated Customer

December 12, 2008/kcd/McLeodUSA/AZ/CDS- 000714-0097 Wholesale Service Order Charge Amd

Questionnaire. In addition to the Questionnaire, all system updates will need to be completed by Qwest. CLEC will be notified when all system changes have been made. Actual order processing may begin once these requirements have been met. Additionally, Qwest shall implement any necessary billing changes within two (2) billing cycles after the latest execution date of this Amendment, with a true-up back to the latest execution date of this Amendment by the end of the second billing cycle. The Parties agree that so long as Qwest implements the billing changes and the true-up as set forth above, the CLEC's bills shall be deemed accurate and adjusted without error.

Further Amendments

Except as modified herein, the provisions of the Agreement shall remain in full force and effect. The provisions of this Amendment, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions of this Amendment may not be given without the written consent thereto by both Parties' authorized representatives. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, will be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

Entire Agreement

The Agreement as amended (including the documents referred to herein) constitutes the full and entire understanding and agreement between the Parties with regard to the subjects of the Agreement as amended and supersedes any prior understandings, agreements, or representations by or between the Parties, written or oral, to the extent they relate in any way to the subjects of the Agreement as amended.

The Parties intending to be legally bound have executed this Amendment as of the dates set forth below, in multiple counterparts, each of which is deemed an original, but all of which shall constitute one and the same instrument.

McLeodUSA Telecommunications. Services, Inc. dba PAETEC Business Services	Qwest Corporation
South	LT Clientes
Sean Pflaging	Signature L. T. Christensen
Name Printed/Typed 12/14/03	Name Printed/Typed Director Wholesale Contracts
Title Sr. VP Notwork Services	Title 1/12/09
Date	Date

December 12, 2008/kcd/McLeodUSA/AZ/CDS- 000714-0097 Wholesale Service Order Charge Amd

ATTACHMENT 1

TO WHOLESALE SERVICE ORDER CHARGE AMENDMENT

- 1. CLEC Wholesale Service Order Charges Qwest agrees that pursuant to the terms of the Amendment, Qwest will not dispute CLEC's properly stated and documented invoices for Wholesale Service Order charges associated with orders submitted by Qwest to transfer a CLEC customer to Qwest, and will pay such invoices according to the payment terms of the Agreement. The invoices will be deemed properly stated and documented if they are provided by McLeod in electronic spreadsheet format (e.g., Excel, Access or equivalent format) and, for each charge, McLeod provides Qwest with Qwest's PON, the phone number to which the service applies, and the date McLeod provides the service for that phone number. The rates applicable to CLEC's Wholesale Service Order charges to Qwest are as listed in Exhibit 1 hereto. The Parties agree that Qwest has not waived its rights to dispute invoices for Wholesale Service Order charges for accuracy or other such reasons not related to the applicability of the Amendment.
- 2. Without Prejudice a. The Parties agree that Qwest reserves its rights to challenge CLEC's Wholesale Service Order tariff provisions before the Commission or before the utility commissions of other states. The Parties further agree that Qwest's agreement to the Amendment is and shall be without prejudice to any position that Qwest may take in the event that Qwest institutes any challenge to CLEC's Wholesale Service Order tariff provisions in the future. In the litigation of any such challenge, CLEC shall not make any argument in support of its tariffs based on the Amendment or on Qwest's agreement to enter the Amendment, including but not limited to any argument that the Amendment evidences Qwest's acceptance of CLEC's right to collect charges for the activities identified in the Amendment. b. It is the intent of the Parties to negotiate in good faith whether terms and rates similar to those in the Amendment should be included in the successors to the Agreement. Neither Qwest nor CLEC waive any position it may take with respect to negotiations in any successor agreements.
- 3. **Termination.** The Amendment shall continue in force until the earliest of these events: a. The parties mutually agree to terminate it, including but not limited to the execution and approval of a successor to the Agreement; or b. The Commission issues a Final Order that the Wholesale Service Order charge provisions in McLeodUSA's tariff in this state are unjust, unreasonable, unlawful or otherwise unenforceable, in which case this Amendment shall be deemed terminated in this state with respect to charges for any Wholesale Service Orders after the effective date of the Commission's order.

PRICING EXHIBIT

State	McLeodUSA Rate
Arizona	\$ 24.24
Idaho	\$ 16.22
lowa	\$ 20.70
Montana	\$ 23.94
Nebraska	\$ 24.87
New Mexico	\$ 29.23
North Dakota	\$ 24.87
Oregon	\$ 17.09
South Dakota	\$ 24.87
Utah	\$ 13.10
Washington	\$ 21.24.
Wyoming	\$ 17.36

EXHIBIT C

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

QWEST CORPORATION,)	
Complainant,)	DOCKET NO. UT-090892
v. MCLEODUSA TELECOMMUNICATIONS SERVICES, INC., d/b/a PAETEC BUSINESS SERVICES,)	PAETEC RESPONSES TO QWEST FIRST DATA REQUESTS
Respondent.)	

McLeodUSA Telecommunications Services, Inc., d/b/a PAETEC Business Services

("PAETEC") provides the following responses to the first set of Data Requests propounded by

Qwest Corporation ("Qwest").

Data Request No. 3:

If not already provided in response to the previous questions, please fully describe the costs that are recovered by the WSOC. Your answer should include, but is not necessarily limited to, information that would be contained in a non-recurring cost study for such activities, regardless of whether such a cost study exists or not.

Response:

See Response to Request No. 1. The WSOC recovers costs associated with PAETEC's operational support systems and order processing activities involved in accepting, verifying, correcting, and processing orders and subsequent technical activities to execute orders, which are comparable to the activities described in Qwest's non-recurring cost studies.

Prepared by: Patty Lynott and Dr. August Ankum, QSI Consulting

Date: September 4, 2009

Data Request No. 5:

Explain the term "comparable orders" as used in section 7 of McLeod's tariff, Exhibit A to Qwest's complaint.

Response:

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"Comparable orders" as that term is used in the tariff include orders such as Local Service Requests ("LSRs") that are submitted by PAETEC to Qwest to facilitate an end user switching local services from Qwest local service to PAETEC. Qwest submits a comparable LSR to PAETEC via the PAETEC website to facilitate a customer moving its local service from PAETEC to Qwest.

Prepared by: Patty Lynott Date: September 4, 2009

Data Request No. 6:

Please admit that McLeod leases unbundled network elements and or other facilities from Qwest in order to provide service to end user customers in each of the states listed in question 1.

Response:

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PAETEC admits that it leases unbundled network elements or other facilities from Qwest to serve the majority of end user customers PAETEC serves.

Prepared by: Bill Haas Date: September 4, 2009

Data Request No. 7:

Does McLeod serve end users in any of the states listed in question 1 by means other than leasing unbundled network elements or other facilities from Qwest? If so, please fully describe the method of serving those customers.

Response:

Yes, PAETEC also provides services to end users via resale of Qwest retail services, through commercial services from Qwest, or by leasing special access circuits from Qwest.

Prepared by: Bill Haas Date: September 4, 2009

Data Request No. 8:

For purposes of this question, please assume that a McLeod retail end-user customer contacts McLeod and disconnects its service, without porting its number, and the customer subsequently takes service from Qwest.

- a. If McLeod was originally serving this customer with facilities leased from Qwest, does McLeod charge Qwest the WSOC in this instance?
- b. If so, why does McLeod assess this charge?
- c. If McLeod was serving this customer in a manner that did not involve facilities leased from Qwest, does McLeod charge Qwest the WSOC in this instance?
- d. Is your answer different if the customer wishes to port its telephone number to Owest?

Response:

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PAETEC objects to this request on the grounds that it is vague and ambiguous in failing to state the period of time between the customer direction to disconnect PAETEC service and the customer order for service from Qwest. Subject to, and without waiver of, this objection, PAETEC provides the following response based on its understanding that the request assumes a substantial period of time between those two activities:

- a. No, as long as the timing of the disconnect is processed prior to the new service installed with Qwest.
- b. Not applicable.
- c. See Response to subpart a above.
- d. No.

Prepared by: Counsel (objections); Patty Lynott

Date: September 4, 2009

Data Request No. 9:

For purposes of this question, please assume that a McLeod retail end-user customer contacts Qwest and advises Qwest that it wishes to switch its service from McLeod to Qwest.

- a. If McLeod was originally serving this customer with facilities leased from Qwest, does McLeod charge Qwest the WSOC in this instance?
- b. If so, why does McLeod assess this charge?
- c. If McLeod was serving this customer in a manner that did not involve facilities leased from Qwest, does McLeod charge Qwest the WSOC in this instance?
- d. Does your answer change if the customer does or does not wish to port its telephone number?

Response:

- a. The answer depends, in part, on what facilities that PAETEC was leasing from Qwest and whether or not those facilities included the lease of a switch port under a commercial agreement. Without specifying which facilities are being leased, PAETEC cannot fully respond. PAETEC, however, charges the WSOC in such circumstances when PAETEC is leasing certain Qwest facilities, including unbundled loops, to serve that retail end user.
- b. PAETEC assesses the WSOC pursuant to an interconnection agreement amendment to recover costs that Qwest causes PAETEC to incur. See Response to Request No.3.
- c. Yes, if Qwest submits an LSR to PAETEC to disconnect service.
- d. No.

Prepared by: Patty Lynott Date: September 4, 2009

Data Request No. 10:

For purposes of this question, please assume that a McLeod retail end-user customer contacts another CLEC and advises the CLEC that it whishes [sic] to switch its service from McLeod to the CLEC.

- a. If McLeod was serving this customer with facilities leased from Qwest, does McLeod charge Qwest the WSOC in this instance?
- b. If so, why does McLeod assess this charge?
- c. If McLeod was serving this customer in a manner that did not involve facilities leased from Qwest, does McLeod charge Qwest the WSOC in this instance?
- d. Is your answer different if the customer wishes to port its telephone number to the new carrier?

Response:

- a. No, unless Qwest submits an LSR to disconnect the service.
- b. If PAETEC charges Qwest, it does so because Qwest submitted the LSR to PAETEC and caused PAETEC to incur costs to process Qwest's order, and the parties' interconnection agreement authorizes PAETEC to recover those costs from Owest.
- c. Yes, if Qwest submitted the LSR to PAETEC to disconnect service.
- d. No.

Prepared by: Patty Lynott Date: September 4, 2009

Data Request No. 11:

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For purposes of this question, please assume that a McLeod retail end-user customer contacts a wireless carrier and advises the wireless carrier that it wishes to switch its service from McLeod to the wireless carrier.

- a. If McLeod was originally serving this customer with facilities leased from Qwest, does McLeod charge Qwest the WSOC in this instance?
- b. If so, why does McLeod assess this charge?
- c. If McLeod was serving this customer in a manner that did not involve facilities leased from Qwest, does McLeod charge Qwest the WSOC in this instance?
- d. Does your answer change if the customer does or does not wish to port its telephone number?

Response:

- a. PAETEC does not charge Qwest a WSOC when an end user leaves to move service to a wireless carrier. It should be noted that only a very small number of end users have terminated local service from PAETEC and requested porting their phone number to a wireless carrier.
- b. Not applicable.
- c. See response to a. above.
- d. No.

Prepared by: Patty Lynott and Bill Haas

Date: September 4, 2009