BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF INVESTIGATION INTO
U S WEST COMMUNICATIONS, INC.'S
COMPLIANCE WITH CERTAIN WHOLESALE
PRICING REQUIREMENTS FOR UNBUNDLED NETWORK ELEMENTS AND RESALE DISCOUNTS.

DOCKET NO. T-00000A-00-0194

SURREBUTTAL OUTLINE OF
TERESA K. MILLION
ON BEHALF OF
U S WEST COMMUNICATIONS

MAY 9, 2000
U S WEST
SURREBUTTAL OUTLINE

Response to Staff Rebuttal

CLEC ability to identify rate zone in U S WEST’s proposal

It will not be difficult for CLECs to identify the rate zone in U S WEST’s proposal. Rate zone information is easily identified in the normal pre-order process used by CLECs. This information is available because the current retail structure uses Base rate area and two zones.

Zones vs. Wire Centers

CLECs don’t use publicly available data in provisioning UNE facilities to their customers. The CLECs use U S WEST systems for identifying an existing U S WEST customer or a new customer at an existing or new location. In the latter case there is no phone number to identify the customer. U S WEST systems identify facilities to a location/address.

Local number portability removes the link between telephone number and wire center.

U S WEST systems in Arizona identify all addresses by base rate or zones, as well as wire center, so there will be no problems for CLECs to identify which zone a potential customer is in.

Connection between wholesale and retail rates

UNE rates are in fact related to retail rates.

Regulated retail rate structure is based on implicit support to cover the cost of residential service. That is why all the current residential basic local service rates (even with zone charges) are lower than the cost of the UNE loop (in Staff’s lowest cost zone), without adding switching, transport and signaling costs of basic local service.

CLECs have the ability to use de-averaged UNE rates to provide retail business service that undercuts U S WEST’s retail business rates that include implicit subsidies that support residential service.

Loop Rates

The loop rate used on page 5 of Staff’s testimony ($16.95) appears to be incorrect. The rate shown on Staff Schedule 1 is $17.82. Based on the data shown in Schedule 1, $17.82 appears to be the correct number.
Response to AT&T Rebuttal

U S WEST's proposal is cost-based. Loop costs are primarily a function of density and distance. U S WEST's proposal uses wire center size to develop costs based on density. Distance is reflected with the break points used for the base rate area and the zones. The further the distance of the customer from the central office, the higher the cost reflected. Since all customers within the base rate area experience average retail rates and treated the same, only customers outside of those areas have been identified as the higher cost zones. See exhibit TKM-1, p. 1.