Pursuant to the Hearing Officer's ruling, AT&T Communications of the Mountain States, Inc. ("AT&T") provides the following outline of issues to be raised by Douglas Denney in oral surrebuttal.

1. Staff used the line counts contained in the FCC Hybrid Model. These counts are inaccurate.

2. Staff's proposal will not permit economically viable competition.

3. US WEST alleges that AT&T is advocating the same methodology in all 14 states, AT&T's methodology is arbitrary and AT&T is manipulating results to get a very low loop rate for Zone 1 with only 5 wire centers in Zone 1.

   There have not been proceedings in all 14 states. Grouping wire centers with similar costs is the best method i.e., balancing accuracy with ease of implementation. AT&T is not manipulating results to its advantage by changing its position state by state as US WEST has done.

4. US WEST alleges AT&T's method has nothing to do with geography of any area and it is based on the average cost of the wire centers. US WEST states that the
method selected needs to be based on loop length and density – the drivers of loop cost. Wire centers do make a geographic distinction.

5. U S WEST alleges that no state has adopted AT&T’s proposed deaveraging method. U S WEST mentions Colorado, Wyoming, New Mexico and Utah. Washington recently adopted AT&T’s method.

6. U S WEST states that three zones should be used because it is consistent with U S WEST’s retail structure. However, wholesale unbundled network costs and structure may influence retail rates, but retail rates should not dictate how wholesale rates are established.

7. U S WEST states that under AT&T’s proposal, it would need to know which wire centers are in each zone in order to identify the customers, making it sound like an extremely difficult thing. Under AT&T’s method, it is easy to identify what wire center a customer is served by and which zone a wire center is in. U S WEST states its method is easier for CLECs to identify customers by zone. This is only true because almost all customers fall within Zone 1.

8. U S WEST states that under AT&T’s method, 850,000 loops are priced above the statewide average, while under U S WEST’s method less than 150,000 loops will be priced above $20.12. U S WEST provides no explanation what this has to do with establishing cost-based zones. It does explain why U S WEST’s cost for Zone 1 is so high.

It was AT&T’s understanding that oral surrebuttal was limited to Staff’s testimony. However, U S WEST indicated it would be providing oral surrebuttal testimony on AT&T’s testimony. To reserve its right to provide oral surrebuttal
testimony regarding U S WEST’s witness in the event oral surrebuttal is permitted, AT&T listed oral issues it will raise regarding U S WEST’s testimony. AT&T will raise the appropriateness of oral surrebuttal by AT&T’s and U S WEST’s witnesses at the beginning of the hearing.

Respectfully submitted this 10th day of May, 2000.

AT&T COMMUNICATIONS OF THE MOUNTAIN STATES, INC. AND TCG PHOENIX

By:

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CERTIFICATE OF SERVICE

I hereby certify that the original and 10 copies of the Issues to Be Addressed in Oral Surrebuttal of Douglas Denney on behalf of AT&T Communications of the Mountain States, Inc., regarding Docket No. T-00000A-00-0194, were hand delivered on this 10th day of May, 2000, to:

Arizona Corporation Commission
Docket Control - Utilities Division
1200 West Washington Street
Phoenix, AZ 85007

and a true and correct copy was sent via United States Mail, postage prepaid, on this 10th day of May, 2000, to:

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