August 11, 2000

Commissioner Carl Kunasek
Commissioner William Mundell
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, Arizona 85007

Re: AT&T request for Reconsideration: Docket No. T-00000A-00-0194

Dear Commissioners:

I have read AT&T's Request for Reconsideration of our decision in the Matter of Investigation into US West Communications Inc.'s Compliance with Certain Wholesale Pricing Requirements for Unbundled Network Elements and Resale Discounts.

In light of the Eighth Circuit Court of Appeals decision in Iowa Utilities Board v. FCC, No. 96-3321, (July 18, 2000 8th Cir.), which was decided on the same day the full Commission addressed deaveraged rates, I believe reconsideration is warranted. In that decision, the Court of Appeals decided that, “the cost of universal service subsidies should not be included in the costs of providing network elements.”

Although the rates adopted by the Commission on July 25, 2000 are interim at this time, if their operative effect prohibits competition in both the residential and business sectors, perhaps they are not justified at this time. Furthermore, since these interim rates allow for Qwest (formerly US West) to recover implicit universal service subsidies for unbundled network elements, they may conflict with federal law and/or FCC rules.

Sincerely,

Jim Irvin, Commissioner
Arizona Corporation Commission

Cc: Docket Control