Pursuant to the Procedural Order issued on June 20, 2002, AT&T Communications of the Mountain States, Inc. and TCG Phoenix (collectively "AT&T") provide the following list of issues (1) to be decided in the Phase IIA Recommended Opinion and Order and (2) that have been deferred to Phase III of this docket.

PHASE IIA ISSUES

The Price List that Qwest Corporation ("Qwest") included with the Qwest Notice of Compliance to Decision 64922 includes the rate elements to be determined in Phase IIA. With the exception of additional elements discussed below, AT&T agrees that the Price List accurately reflects that rates that the Commission needs to establish in this phase. The following list of issues, however, represent the disputed issues that need to be resolved to establish those rates:

I. Switching

A. Choice of Cost Model – Consistent with the Commission's adoption of the HAI Model 5.2a in Phase II, AT&T proposes that the Commission adopt
the HAI Model 5.2a to determine the costs for rates to be established in Phase IIA.

(AT&T Phase IIA Post-Hearing Brief ("AT&T Brief") at 2-6).

B. Model Inputs – the following specific inputs into the model are disputed:

1. Fill factors (AT&T Brief at 7-10)
2. Growth lines (AT&T Brief at 7-10)
3. Analog offset (AT&T Brief at 11)
4. Feature costs (AT&T Brief at 13)
5. Allocation of traffic sensitive and non-traffic sensitive expenses between the port and minute of use rates (AT&T Brief at 12-13)
6. Use of FCC USF inputs (AT&T Brief)
7. Switch upgrades (AT&T Brief at 10-11)
8. Billing costs
9. Use of dial equipment minutes v. billable minutes

II. Remote Collocation (WorldCom Brief)

III. Custom Routing (WorldCom Brief)

IV. Unbundled Packet Switching (AT&T Brief at 15)

The following rates (almost all of which are included in Qwest’s compliance Price List but are repeated here in general terms for ease of reference) need to be established based on the Commission’s resolution of the issues listed above:

Recurring Rates (most listed in Price List)

-- Reciprocal Compensation: end office call termination and tandem switching

-- Shared Transport
Unbundled Tandem Switching: Trunk Group, Message Trunk Group, DS1 Trunk Group, and minute of use ("MOU")

Unbundled Local Switching: Analog Line Side Port and MOU

Line Port Features

Digital Trunk Ports: Message Trunk Group, DS1 PRI ISDN Trunk Port, and DS1 DID Trunk Port

Unbundled Packet Switching

Customer Channel: Customer Channel and Shared Distribution Loop, Customer Channel and Unbundled Distribution Loop, Customer Channel and CLEC-Provided Loop, DSLAM, and Virtual Transport

Unbundled Packet Switch Loop Capability

Unbundled Packet Switching Interface Port – DS1 and DS3 Interface

Unbundled Packet Switch DSLAM functionality

ATM/Edge Switch Port

Element Manager

Nonrecurring Rates

Subsequent Order Charge

PHASE III ISSUES

The Price List that Qwest included with the Qwest Notice of Compliance to Decision 64922 includes the rate elements to be determined in Phase III. AT&T agrees that the Price List accurately reflects the rates that the Commission needs to establish in Phase III. AT&T also understands that Qwest is filing an expanded list of issues for Phase III which include a significant number of additional rates that Qwest believes need
Commission-established rates. AT&T does not agree that most of these additional rates necessarily are or should be at issue in Phase III. The Commission has already established some of these rates, while others were never contemplated for inclusion in Phase III. AT&T, therefore, proposes that the Commission schedule a procedural conference to discuss these additional issues.

Dated this 8th day of July 2002.

AT&T COMMUNICATIONS OF THE MOUNTAIN STATES, INC.

By: Richard S. Wolters
1875 Lawrence Street, #1503
Denver, Colorado 80202
303-298-6741 Phone
303-298-6301 Facsimile
rwolters@att.com E-mail

Greg Kopta
DAVIS WRIGHT TREMAINE LLP
1501 Fourth Avenue
2600 Century Square
Seattle, WA 98101-1688
206-628-7772
206-628-7699 (Facsimile)

Attorneys for AT&T of the Mountain States, Inc.
CERTIFICATE OF SERVICE

I hereby certify that the original and 10 copies of Application for Rehearing of AT&T and XO of Phase II Opinion and Order, regarding Docket No. T-00000A-00-0194, were hand delivered this 8th day of July, 2002, to:

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

and that a copy of the foregoing was hand-delivered this 8th day of July, 2002 to the following:

Dwight D. Nodes, ALJ
Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Maureen Scott
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

and that a copy of the foregoing was sent via United States Mail, postage prepaid, on the 8th day of July, 2002 to the following:

Timothy Berg
Fennemore Craig, P.C.
3003 North Central Ave.
Suite 2600
Phoenix, AZ 85012
Attorneys for Qwest

Janet Livengood
Z-TEL Communications, Inc.
601 South Harbour Island
Suite 220
Tampa, Florida 33602
Attorneys for Z-Tel Communications, Inc.

Steve Sager, Esq.
McLeod USA Telecommunications Service, Inc.
215 South State Street, 10th Floor
Salt Lake City, Utah 84111
Attorneys for McLeod USA

Ray Heyman
Roshka Heyman & DeWulf
400 North 5th Street
Suite 1000
Phoenix, AZ 85004
Attorneys for Alltel Communications
Michael W. Patten  
Roscoe Heyman & DeWulf  
400 North 5th Street  
Suite 1000  
Phoenix, AZ  85004  
Attorneys for Cox, e-spire, McLeod USA, Teligent, Z-Tel, MGC Communications

Marti Allbright, Esq.  
MPower Communications Corporation  
5711 South Benton Circle  
Littleton, CO  80123  
Attorneys for MGC Communications

Dennis Ahlers  
Echelon Telecom, Inc.  
730 Second Avenue South  
Suite 1200  
Minneapolis, MN  55402  
Attorneys for Echelon Telecom, Inc.

Thomas H. Campbell  
Lewis & Roca LLP  
40 N. Central Avenue  
Phoenix, AZ  85004  
Attorneys for Rhythms Links, Inc., Time Warner, WorldCom, Echelon Telecom, Allegiance

Thomas F. Dixon  
WorldCom, Inc.  
707 17th Street  
Suite 3900  
Denver, CO  80202  
Attorneys for WorldCom

John Connors  
WorldCom, Inc.  
Law and Public Policy  
707 17th Street, Suite 3600  
Denver, CO  80202  
Attorney for WorldCom

Stephen H. Kukta  
Sprint Communications Co.  
1850 Gateway Drive  
7th Floor  
San Mateo, CA  94404-2647  
Attorneys for Sprint

Eric Heath  
Sprint Communications  
100 Spear Street  
Suite 930  
San Francisco, CA  
Attorneys for Sprint

Steven J. Duffy  
Ridge & Isaacson, P.C.  
3101 North Central Avenue  
Suite 1090  
Phoenix, AZ  85012-2638  
Attorneys for Sprint

Megan Doberneck, Senior Counsel  
Nancy Mirabella, Paralegal  
Covad Communications Company  
4250 Burton Drive  
Santa Clara, CA  95054  
Attorney for Covad

Penny Bewick  
New Edge Networks  
P.O. Box 5159  
3000 Columbia House Blvd.  
Vancouver, Washington  98668  
Attorneys for New Edge

Michael M. Grant  
Gallagher and Kennedy  
2575 E. Camelback Road  
Phoenix, AZ  85016-9225  
Attorneys for ELI, Covad, New Edge
Michael B. Hazzard
Kelley Drye and Warren
1200 19th Street, NW
Washington, DC  20036
Attorneys for Z-Tel Communications

Scott S. Wakefield
RUCO
2828 N. Central Avenue
Suite 1200
Phoenix, AZ  85004

Andrea Harris
Allegiance Telecom
2101 Webster
Suite 1580
Oakland, CA  94612

Kevin Chapman
SBC Telecom, Inc.
300 Convent Street, Room 13-Q-40
San Antonio, TX  78205

Patricia A. Palmer