

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: August 20, 2002**

**REGULAR**   X   **CONSENT**        **EFFECTIVE DATE**       August 20, 2002      

**DATE:** August 13, 2002

**TO:** John Savage

**FROM:** John Reynolds through Cynthia Van Landuyt and Phil Nyegaard

**SUBJECT:** QWEST CORPORATION: (Docket No. UM 1025) Request to expand the scope of Qwest's UNE review docket.

**STAFF RECOMMENDATION:**

Staff recommends that the Commission approve the expanded list (in Attachments A and B) of unbundled network elements (UNEs) and related elements for investigation in docket UM 1025.

**DISCUSSION:**

The Commission in 1993 established a list of UNEs in docket UM 351.<sup>1 2</sup> The Commission investigated and approved Qwest's recurring UNE costs and set prices in Order No. 96-283 in UM 773. The Commission reviewed Qwest's revised costs and modified the monthly rates in Order No. 97-239 in UM 844. These costs were based on Qwest's 1996-97 studies. Docket UM 773 deferred some UNEs for future investigation. In Orders No. 97-153 and 97-157, the Commission opened dockets UT 138 and 138 to investigate nonrecurring charges. Nonrecurring charges (also based on 1996-97 cost studies) were allowed to go into effect, subject to refund. UT 138/139 Phase III will conclude later this year and will establish the default nonrecurring charges. It will also allow calculation of applicable refunds.

The FCC established additional UNEs after the passage of the Telecommunications Act of 1996. At the conclusion of UT 138/139 Phase II, Order No. 01-1106 adopted a matrix that mapped existing building blocks to FCC UNEs. The matrix also listed the additional FCC UNEs and the UNEs deferred from UM 773. At the August 7, 2001 public meeting,

---

<sup>1</sup> UNEs were originally called "building blocks" in Oregon.

<sup>2</sup> An Incumbent Local Exchange Carrier is subject to Section 251(c)(3) of the act and has "The duty to provide, to any requesting telecommunications carrier for the provision of a telecommunications service, nondiscriminatory access to network elements on an unbundled basis at any technically feasible point on rates, terms, and conditions that are just, reasonable, and non discriminatory..." See 47 USC 251(c)(3).

the Commission established docket UM 1025 to investigate the recurring and nonrecurring costs of these new and carried forward UNEs and establish default prices for them.

During planning meetings for docket UM 1025, the parties expressed strong desire to expand the list of UNEs to be reviewed, using more current cost studies. (Qwest's studies supporting current prices are based on input gathered between 1993 and 1997, when competitive interconnection was in its infancy.) Technology, operations and cost modeling have all changed to some degree since the original studies. In some cases comparable current Qwest cost studies for other states provide lower rates to the CLECs.<sup>3</sup> The parties agreed that the list needed to be all encompassing to avoid inconsistencies in costs caused by different study vintages. The parties also agreed that the docket should include both recurring and nonrecurring costs to ensure that assumptions are consistent, costs aren't double counted, and the entire cost framework is considered.

The expanded list proposed by Staff includes all current UNEs, and several related charges agreed to by the ILECs and the CLECs. The options available to the Commission are as follows:

- (1) Proceed with the original list submitted at the August 7, 2001, public meeting;
- (2) Proceed with a partially expanded list; or
- (3) Proceed with Staff's proposed expanded list.

Moving forward with only the original list (1) will establish rates for the new UNEs, but it will leave all existing charges with obsolescent cost support and will withhold some cost benefits from the CLECs. A partially expanded list (2) will leave a mix of cost study vintages and further delay review of those deferred charges. The list proposed by Staff (3) offers the greatest benefits in consistency and relevance of cost data, and may provide economies of scale in workload for the parties.

#### **PROPOSED COMMISSION MOTION:**

The Commission approve for investigation the list of Qwest's recurring and nonrecurring charges for UNEs and related activities, as shown on Attachments A and B.

#### **Attachments:**

UM 1025-Aug 20-2002- PMM.doc

---

<sup>3</sup> See UT 138/139 Phase II Testimony ATT/1, Denney/4-8.