

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

FROM: WELDON STUTZMAN

DATE: NOVEMBER 24, 2003

RE: CASE NO. QWE-T-01-11, QWEST'S UNBUNDLED NETWORK ELEMENTS (UNEs) COST DOCKET: TWO MOTIONS FILED BY QWEST--MOTION TO WITHDRAW AND SUBSTITUTE TESTIMONY; MOTION FOR APPROVAL OF NEGOTIATED RATES

This case was opened on June 12, 2001, when the Commission approved a motion by Qwest for a procedural Order asking the Commission to adopt a proceeding to establish prices for Qwest's unbundled network elements (UNEs). The federal Telecommunications Act of 1996 provides for State Commissions to set nondiscriminatory prices for UNEs, based on a total element long-run incremental cost (TELRIC) methodology. Qwest's Motion said it would provide assistance for the use of its cost model and information about the inputs used to produce the cost model results, and participate in workshops to facilitate discussions and, if possible, agreement on rates for specific UNEs. Qwest also filed direct testimony of its witnesses to establish the foundation for the discussion of Qwest's proposed UNE prices and its cost model results. The parties convened an initial workshop on June 23, 2001. Although other intervenors attended the first workshop, as time went on, only the Commission Staff actively participated in discussing cost model results and possible UNE prices with Qwest.

As a result of the procedure approved by the Commission in Order No. 28748, Qwest and the Commission Staff were able to identify numerous UNE prices that are not controversial. Accordingly, Qwest and the Staff focused on those elements as their discussions continued, and were able to identify UNE rates for the non-controversial elements.

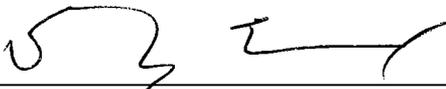
On November 12, 2003, Qwest filed a Motion to Withdraw and Substitute Testimony, and also a Motion for Approval of Negotiated Rates. By its first Motion, Qwest asks the

Commission to issue an order authorizing Qwest to withdraw all of its original testimony, exhibits and cost studies previously filed in the case, and permit Qwest to substitute the old testimony and exhibits with new testimony and exhibits. By its second motion, Qwest asks the Commission to approve the numerous UNE prices resulting from the discussions between Qwest and Staff, contained in Attachment A to Qwest's Motion. Qwest asked that the request for approval be processed by Modified Procedure.

The prices negotiated by Qwest and the Staff are for UNEs that have not generated interest by other intervening parties. Many of the prices result from Qwest's and Staff's cost model runs that achieved similar results. More significant UNEs, such as local loop and local switching prices, remain controverted and were not part of the discussions between Qwest and the Staff. Because the UNE prices now supported by Staff will resolve a significant number of UNE prices that are not controversial, Staff recommends the Commission approve Qwest's Motion to Withdraw and substitute its previously filed testimony. Staff also recommends the Commission issue a Notice of Modified Procedure to process Qwest's Motion for Approval of the Negotiated UNE Prices contained in Attachment A.

Commission Decision

1. Should the Commission issue an order approving Qwest's Motion to Withdraw Its Previously Filed Testimony and substitute it with new testimony?
2. Should the Commission issue a Notice of Modified Procedure to process Qwest's Motion for Approval of the Negotiated UNE Rates contained in Attachment A?



Weldon Stutzman

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