

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Determination of the Cost of the Unbundled Loop of QWEST CORPORATION)))	<u>DOCKET NO. 01-049-85</u> <u>ORDER GRANTING RECONSIDERATION</u>
---	-------------	--

ISSUED: May 30, 2003

By the Commission:

The Commission issued its Order on May 5, 2003 (Order). Petitions for Reconsideration and Clarification were filed by AT&T Communications of the Mountain States, XO Utah, and WorldCom (Joint CLECs) on May 27, 2003; by the Division of Public Utilities (DPU) on May 27, 2003; and Qwest on May 27, 2003. Each of these parties seeks clarification of the Commission's Order and how to implement the Order using the selected model and appropriate inputs for the model. The parties also seek reconsideration of decisions made by the Commission and of the Commission's inputs utilized in the Commission's run of the model used to set the prices identified in the Order.

Based upon the parties' discussion in their respective petitions, the Commission concludes that clarification is needed and reconsideration is appropriate. The Commission believes that most of its work can be done on the existing record, but that a technical conference may be useful to ensure that the parties understand the Commission's intent and that the Commission can ensure that the model can be run with appropriate inputs to correctly incorporate the Commission's intent and decisions. Further scheduling, as needed, will be provided by the Commission.

At this juncture, the Commission can address one issue raised by parties: the model inputs necessary to include Qwest's wholesale activities expenses. As noted in our Order, and in our prior order issued in PSC Docket No.00-049-106, we have concluded that a general support expense factor of 26.7 percent leads to TELRIC based rates which provide recovery of an appropriate level of Qwest's expenses associated with its wholesale activities in providing UNEs. This includes what Qwest characterizes as wholesale product management and sales activities. After our review of their reconsideration requests, we now agree with the Joint CLECs and the DPU that the inputs utilized in the Commission's run of the model provide for a greater recovery than intended by the Commission.

We recognize the DPU's 100/0% allocator factors for specific accounts is an attempt to arrive at the intended, overall 26.7% level. Our effort was an attempt to achieve the same overall 26.7% level, without following the DPU's process of having to make adjustments to specific accounts. We now recognize that if we are to rely upon the HAI 5.2a model's default allocators (or some allocation approach other than that used by the DPU), a different overhead factor for the model is necessary to obtain the 26.7% overall result. We are interested in exploring whether an alternative to the DPU's approach is possible. We seek a simpler mechanism, if one can be appropriately fashioned, that continues to achieve the 26.7% overall result. We direct the parties to submit their suggested approaches, if any, within two weeks of the issuance date of this order. We will consider the suggestions as part of the reconsideration process to determine whether an alternative to the DPU's 100/0% allocators approach can be implemented.

Wherefore, based upon our consideration of the Requests for Reconsideration and Clarification submitted by the parties, the Commission grants reconsideration of its May 5, 2003, Order and will issue a subsequent order or orders providing the requested clarification and our decision on reconsideration.

DATED at Salt Lake City, Utah, this 30th day of May, 2003.

/s/ Stephen F. Mecham, Chairman

/s/ Constance B. White, Commissioner

/s/ Richard M. Campbell, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary

GW#33885