> stating that such measures will not be offered to CLECs, even though they apparently are currently used and provided to IXCs.

Order at 15-16 (footnote omitted).

ii. In re MCI Metro Access Transmission Services, Inc., No. AIA-96-2 (ARB-96-2), Order Finding Continuing Violation and Levying Civil Penalties (Iowa Utils. Bd. Apr. 4, 1997).

In these proceedings, the Iowa Utilities Board ordered U S WEST to provide its current written objective measures of customer service quality within 30 days of the effective date of an interconnection agreement. A copy of the Order is attached as Ex. F.

In later proceedings, the Iowa Utilities Board concluded that U S WEST had not complied. Because of U S WEST's noncompliance, the Iowa Utilities Board levied a civil penalty of $10,000 on U S WEST "for each day after March 21, 1997, to continue until U S West shall [have complied] with paragraphs 1 and 2." Order at 6.

iii. WUTC press release of January 16, 1998.

On January, 16, 1998, the WUTC issued a press release summarizing a recent order in which it approved a rate increase for U S WEST but required it to meet its obligation to provide adequate service. A copy of the press release is attached as Ex. G. The WUTC commented about U S WEST's poor service quality. (Ex. G at 2.) The WUTC also commented <u>about the investment needed from U S WEST to upgrade the telephone network in Washington</u>. (Ex. G at 3.)

iv. In re Investigation into the Service Quality of U S WEST, No. 98-035 (UM 867), Order (OPUC Jan. 26, 1998).

On January 26, 1998, the Oregon Public Utility Commission ("OPUC") entered an Order approving a stipulation between the OPUC staff and U S WEST. A copy of the Order is attached as Ex. H. The OPUC commented:

> On January 21, 1998, Staff and the company submitted a stipulation that provides the details for USWC to bring its held order backlog into compliance with the Commission rule by the third quarter of 1999. The stipulation includes substantial reparations that USWC has agreed to pay if it fails to meet agreed upon quarterly targets.

Order at 1 (emphasis added).

v. In re Investigation into the Entry of U S WEST into In-Region InterLATA Services under Section 271 of the Telecommunications Act of 1996, No. 97-428 (UM 823), Order on Reconsideration (OPUC Nov. 3, 1997).

A copy of the OPUC Order of November 3, 1997, is attached as Ex. I. In its Order, the OPUC notes U S WEST's objection to a question that asked how the company's performance compared to "national industry standards." (Ex. I at 5.) U S WEST contended that it was not aware of national performance standards "on each and every checklist item." (Ex. I at 5.) OPUC retorted:

> We recognize that national industry standards may not currently exist for every checklist item. Nonetheless, we believe that the use of national benchmarks is vital in determining USWC's compliance with the competitive checklist, and further expect the development of new industry standards with increased local competition. Accordingly, Generic Question (5) in Section E should be modified to read:
>
> > (5) How do USWC's performance standards compare to any existing national industry standards for the checklist item?

(Ex. I at 5 (emphasis added).)

vi. In re Investigation into the Service Quality of U S WEST, No. 97-411 (UM 867), Order (OPUC Oct. 27, 1997).

OPUC noted that a rule violation had been found and ordered U S WEST to show cause why it was not in compliance concerning the average number of held access line orders. A copy of the Order is attached as Ex. J. OPUC commented: "We have been as

patient as we can be in allowing USWC to bring its service quality up to an acceptable standard." (Ex. J at 1.)

4. U S WEST has filed simultaneous proposals to remove the LADS tariff in its 14-state region to eliminate an alternative for its intended xDSL service.

In recent months, U S WEST has filed numerous applications with state regulators in its region to eliminate the LADS tariff.

In retrospect, it seems fair to assume that the removal of the LADS tariff was intended as a necessary step to eliminate alternatives to the interLATA xDSL service that U S WEST was planning to launch by filing its petition with the Commission.

LADS is "a metallic, point-to-point unloaded 2-wire or 4-wire circuit." Janet Coursey, Lessons Learned in the LADS Tariff Proceedings in Colorado (Mar. 1998) <http://www.boardwatch.com/mag/98/mar/bwm72.html> (copy attached as Ex. K). A customer of U S WEST who orders LADS is ordering only a copper pair between two points but is not ordering dial tone or any other ILEC service with the copper pair. To use the copper pair for data transmission, modems must be placed at both ends of the line.

From both a technical and economic standpoint, LADS was the best tariff for ISPs to use to provide xDSL service. The practical result of installing LADS lines with modems at both ends can be T-1 speeds at a monthly cost that is far less than the cost of getting a T-1 from U S WEST.

According to a recent report, U S WEST was successful in removing the LADS tariff in 7 of its 14 states. In the other seven states, U S WEST rescinded its position to remove LADS service because of opposition (those states still have LADS). U S WEST has opened dockets in four states. See Coursey, supra, at 1.

According to a knowledgeable writer, if an ISP wants to offer xDSL service, the survival of the LADS tariff may determine whether that ISP can economically compete against U S WEST's own xDSL services. In part, the reason U S WEST is able to underprice is that the xDSL service is typically offered through a nonregulated "advanced service" subsidiary company; the xDSL services are not subject to tariffed pricing. Coursey, supra, at 2.

Again, according to that same writer, it is in the best interests of ISPs to oppose U S WEST's removal of the LADS tariff. The writer argues that ISPs should make the public utilities commissions aware of what is taking place and that there is a risk that ISPs will lose out and that U S WEST will take over. See Coursey, supra, at 3-4. As for the difference in cost, the writer suggests that "[i]n essence, U S West is saying we'll remove the $25 per month LADS but we can offer you the $250 per month T-1 (DS-1)." Coursey, supra, at 4-5.

A different writer suggests that U S WEST sought to eliminate the LADS circuits soon after Boardwatch published an editorial in its March 1997 issue, urging U S WEST to expand the use of LADS circuits to avoid switched circuit overload. Todd Erickson, And Now, for the Rest of the Story (Mar. 1998) <http://www.boardwatch.com/mag/98/mar/bwm76.html> (copy attached as Ex. L). Mr. Erickson also points out that "at the same time U S West is trying to keep the public from purchasing LADS circuits . . . U S West has begun to roll out its own xDSL services in Arizona and Colorado." Erickson, supra, at 1.

5. Data service can be obtained by schools and libraries through the federal Universal Service Fund program.

U S WEST argues in its petition that needy schools, libraries, and other facilities do not have sources of funding to enable them to obtain advanced telecommunications services. (U S WEST's Pet. at 30.) U S WEST's carefully crafted argument identifying only the offerings of major national backbone providers ignores the fact that service to schools and libraries in U S WEST's region can be made available through regional interLATA data providers like ELI and through independent ISPs, supported in part by the federal Universal Service Fund ("USF") program. See 47 U.S.C. § 271(g)(2).

The USF program makes available $2.25 billion per year in subsidies to schools and libraries to help defray the cost of wiring, network equipment, and local loop and backbone connections necessary for adequate connection to the Internet. See Rudolph Geist, Update: The FCC's $2.25 Billion School and Library Subsidy Program (Mar. 1998) <http://www.boardwatch.com/mag/98/mar/bwm90.html> (copy attached as Ex. M).

Mr. Geist argues that ISPs need to participate in the USF program to ensure their competitive position vis-a-vis facilities-based telecommunications carriers. Geist, supra, at 2.

Under this program, it appears that smaller ISPs working with facilities-based data network providers like ELI can provide the access that U S WEST says only it will be able to provide.

6. ISPs have not been overloading U S WEST's voice telephone switches; U S WEST has attempted to remove ISP access to existing copper lines.

In its petition, U S WEST argues that ISP traffic has overloaded its voice telephone switches in major metropolitan areas.

This is an old argument that U S WEST has advanced each time call blocking and disconnects have been brought to its attention. This time, U S WEST has attempted to use that argument as ground for being allowed to build an interLATA data network and to exclude any other carriers from unbundled access.

There is no question that U S WEST has had an overload situation on many of its major switches in the last two years. That problem, however, can easily be corrected. The construction of a new interLATA data network is not essential to the cure.

First, overloaded tandems and related trunks can be remedied by investing money in new facilities and equipment for the existing networks. It appears that U S WEST has deliberately chosen not to do this. Instead, it has spent huge sums of money to build a large data network outside its region. Thus, while customers in its region are being treated to very poor service, the money they have paid to U S WEST appears to have gone out of the region to be invested in equipment and facilities that will serve others.

Second, the overload problem could have been cured to some extent if U S WEST had provided LAD circuits and xDSL to ISPs within its 14-state region. The editor of Boardwatch explained the situation in a recent article. See Jack Rickard, You, Me, and Computer III - The xDSL Rosetta Stone (Mar. 1998) <http://www.boardwatch.com/mag/98/mar/bwml.html> (copy attached as Ex. N).

Mr. Rickard states:

> We pointed this out in a March 1997 editorial responding to US West's claim that ISPs were bogging down their voice telephone switches. We somewhat thoroughly debunked this claim, but noted that if there were ANY truth to it, the telcos should be most anxious to get ISPs using LAD circuits and xDSL.

Rickard, supra, at 3.

Mr. Rickard also states:

> [I]n response to our March editorial, US West filed in all fourteen states to remove the LAD circuit tariff. . . . It's also one of the most viciously anti-competitive acts we've seen from regional Bell operating companies.
>
> . . . .
>
> But the RBOCs have a huge advantage currently over local Internet service providers in providing xDSL. They have access to the copper. And they are very busy making sure ISPs don't have access to the copper. They see this as a way to basically steal the dial-up access market now that smaller companies have demonstrated the market exists.

Rickard, supra, at 3-4.

Finally, Mr. Rickard explains that CLECs have access to unbundled products (such as access to copper), whereas ISPs do not have access to copper if the LADS tariffs are removed. The Commission appears to be moving toward correcting that problem (at least in part) by opening an inquiry entitled "Computer III Further Remand Proceedings: Bell Operating Company Provision of Enhanced Services; 1998 Biennial Regulatory Review - Review of Computer III and ONA Safeguards and Requirements." Rickard, supra, at 4. Mr. Rickard states that "the document proposes something quite progressive - allowing ISPs to have access to the same collocation and unbundled copper provisions as CLECs. This would ensure a competitive environment for xDSL where any ISP could in theory deliver xDSL as well." Rickard, supra, at 4.

Mr. Rickard states:

> I received this from an anonymous but well placed source. I'm printing it as most of my editorial this month, along with the full text of the *Computer III Further Remand Proceedings document.*
>
> . . . .

> *Telephone companies have known about xDSL technology for a number of years now. Why they haven't used it to offer us high speed internet access is a question best addressed to them, although it seems to have to do with other aspects of the Act that would require them to offer this technology to their competitors at prices they regard as insufficient, and to the fact that providing broadband to businesses is more remunerative than providing it to residences.*

Rickard, supra, at 4-6.

In summary, it seems that U S WEST has done two things to create the switch and trunk overload problems in the major metropolitan areas of its 14-state region--U S WEST has not invested adequately in equipment and facilities for those problem areas and has tried its best to keep ISPs from having access to the existing copper lines, either as LADS or as an "unbundled network element."

7. U S WEST has been attempting to sell its rural territories and facilities.

Although U S WEST's petition purportedly is based on concern about customers in rural territories, U S WEST in fact has been attempting to sell its rural territories and facilities. See, e.g., In re Application of U S WEST for an Order Transferring Right to Exclusively Served Territory, No. 97-297 (UA 55), Order (OPUC Aug. 6, 1997) (attached as Ex. O); In re Joint Application of U S WEST & Telephone Utilities of Eastern Oregon, Inc., No. 97-331 (UP 96), Order (OPUC Aug. 25, 1997) (attached as Ex. P).

LEGAL ARGUMENT

U S WEST's argument that the Commission could, if it so desired, waive regulatory restraints and allow U S WEST to build an in-region interLATA data network is disingenuous. It is curious, however, that in its 54-page petition, U S WEST never once quotes language from any rule or regulation of the Commission (or even identifies any such

rule by name or section number). The probable reason for this failure is that the prohibition is statutory in origin, not regulatory. The clear language of 47 U.S.C. § 271 is that no RBOC may provide any sort of interLATA services except as allowed pursuant to 47 U.S.C. § 271.

1. Full compliance with the strictures of 47 U.S.C. § 271 is the only avenue an RBOC may take in seeking permission to provide interLATA services.

Under the modified final judgment in AT&T, 552 F. Supp. 131, RBOCs were prohibited from providing interLATA services. That prohibition was contained in a consent decree entered into between the United States and AT&T and was binding except as modified by the court. Over the years, numerous attempts have been made by the RBOCs to carve out exceptions, with notable lack of success.

In the 1990s, the RBOCs petitioned Congress to remove the prohibition on providing interLATA services. Discussions and negotiations took years, and final solutions took years after a basic bill had been proposed. The ultimate agreement was that RBOCs would provide interconnection to new competing carriers on a nondiscriminatory basis; once such competition could be shown to have been established and thriving, an RBOC could apply to enter into interLATA services.

The scope of the statute is broad and sweeping. 47 U.S.C. § 271 applies to all types of services. The exact language in the statute is as follows:

> Neither a Bell operating company, nor any affiliate of a Bell operating company, may provide interLATA services except as provided in this section.

47 U.S.C. § 271(a).

The only exceptions are for services that Congress described as "incidental interLATA services."

> A Bell operating company, or any affiliate of a Bell operating company, may provide incidental interLATA services (as defined in subsection (g) of this section) originating in any State after February 8, 1996.

47 U.S.C. § 271(b)(3).

Incidental interLATA services are the following:

> (g) Definition of incidental interLATA services
>
> For purposes of this section, the term "incidental interLATA services" means interLATA provision by a Bell operating company or its affiliate--
>
> (1)(A) of audio programming, video programming, or other programming services to subscribers to such services of such company or affiliate;
>
> (B) of the capability for interaction by such subscribers to select or respond to such audio programming, video programming, or other programming services;
>
> (C) to distributors of audio programming or video programming that such company or affiliate owns or controls, or is licensed by the copyright owner of such programming (or by an assignee of such owner) to distribute; or
>
> (D) of alarm monitoring services;
>
> (2) of two-way interactive video services or Internet services over dedicated facilities to or for elementary and secondary schools as defined in section 254(h)(5) of this title;
>
> (3) of commercial mobile services in accordance with section 332(c) of this title and with the regulations prescribed by the Commission pursuant to paragraph (8) of such section;
>
> (4) of a service that permits a customer that is located in one LATA to retrieve stored information from, or file information for storage in, information storage facilities of such company that are located in another LATA;

(5) of signaling information used in connection with the provision of telephone exchange services or exchange access by a local exchange carrier; or

(6) of network control signaling information to, and receipt of such signaling information from, common carriers offering interLATA services at any location within the area in which such Bell operating company provides telephone exchange services or exchange access.

47 U.S.C. § 271.

The statute goes on to explain that the definition of incidental interLATA services is to be narrowly construed.

(h) Limitations

The provisions of subsection (g) of this section are intended to be narrowly construed. The interLATA services provided under subparagraph (A), (B), or (C) of subsection (g)(1) of this section are limited to those interLATA transmissions incidental to the provision by a Bell operating company or its affiliate of video, audio, and other programming services that the company or its affiliate is engaged in providing to the public. The Commission shall ensure that the provision of services authorized under subsection (g) of this section by a Bell operating company or its affiliate <u>will not adversely affect telephone exchange service ratepayers or competition in any telecommunications market</u>.

47 U.S.C. § 271 (emphasis added).

If Congress had wanted to carve out an exception for data services, it certainly knew how to do so (and did in part for elementary and secondary schools, thereby eliminating any implication that it had not given thought to the issue). U S WEST's petition for permission to provide in-region interLATA data network service does not meet the requirements of 47 U.S.C. § 271. Despite U S WEST's comment that it is complying with 47 U.S.C. § 251, it has barely started the process under 47 U.S.C. § 271 by filing a petition in the state of Montana. (U S WEST's Pet. at 36 n.15.) Based on the information set forth

above, it is clear that U S WEST would be unable to obtain permission under 47 U.S.C. § 271 based on its behavior to date.

2. 47 U.S.C. § 157 provides no basis for the Commission to avoid the strictures of 47 U.S.C. § 271 or to carve out additional exceptions that Congress did not authorize.

U S WEST argues that 47 U.S.C. § 157 gives the Commission the power to grant the relief it requests. According to U S WEST, 47 U.S.C. § 157 authorizes the Commission to forbear applying its own rules if they might hinder the deployment of advanced telecommunications capability. (U S WEST's Pet. at 36-40.)

U S WEST's argument completely misses the mark. The statute promulgated by Congress governs. The Commission has no power under 47 U.S.C. § 157 to amend, suspend, or interpret that statute to carve out any exceptions.

47 U.S.C. § 157 does not help U S WEST. That statute allows the Commission only to encourage the deployment of advanced telecommunications capability by utilizing

> "price cap regulation, regulatory forbearance, <u>measures that promote competition in the local telecommunications market</u>, or other regulating methods that remove barriers to infrastructure investment."

47 U.S.C. § 157 historical note (quoting Telecommunications Act of 1996, Pub. L. No. 104-104, Title VII, § 706(a), 110 Stat. 56, 153 (emphasis added)).

U S WEST does not identify the regulation it thinks the Commission should overturn. In any event, regulatory forbearance cannot overcome the plain language of the

statute. Furthermore, it would not promote competition in the local telecommunications market to allow U S WEST to provide in-region interLATA services because the record shows that it has done its best to prevent or delay effective competition from CLECs.

3. The federal courts did not make similar accommodations prior to enactment of the Telecommunications Act of 1996.

U S WEST argues that under the modified final judgment and prior to enactment of the Telecommunications Act of 1996, the courts granted certain waivers of the prohibitions against RBOC provision of interLATA service. That argument has no bearing on the issue before the Commission at this time. The modified final judgment was a judge-made announcement of principles of law (entered on stipulation of the parties). Like any court ruling, it could be modified by the courts. See discussion in United States v. Western Elec. Co., 890 F. Supp. 1, 6 (D.D.C. 1995). When the Telecommunications Act of 1996 was passed, however, the modified final judgment was superseded, and the courts no longer had jurisdiction and authority to modify the modified final judgment. Instead, the courts' function at this point is merely to interpret the Telecommunications Act of 1996.

Western Electric (the very case cited by U S WEST) provides a good illustration of what happened when the Telecommunications Act of 1996 was passed. In Western Electric, certain parties had asked the court to modify the modified final judgment to allow them to provide cellular interexchange service where competitive access providers were already operating. The court noted that it had the power to change judge-made rules and would consider doing so because of the lengthy delay in final enactment of the new Telecommunications Act. Judge Greene allowed very limited entrance into the provision of

cellular interexchange service, subject to many rules and limitations. Judge Greene's order was vacated, however, by the court of appeals on the ground that the Telecommunications Act had become law in the meantime and that it superseded Judge Greene's ruling and made that ruling moot. Cases like Western Electric were undoubtedly the reason for inclusion by Congress of subsections (f), (g), and (h) in 47 U.S.C. § 271 (exception for previously authorized activities to the extent not vacated on appeal; definition of incidental interLATA services; and narrow construction of incidental interLATA services).

4. Other sections of the Telecommunications Act of 1996 confirm that the Commission has no power to forbear enforcement of 47 U.S.C. § 271.

A specific section contained in the Telecommunications Act of 1996 speaks to the scope of regulatory forbearance powers of the Commission, including regulations and statutes. 47 U.S.C. § 160 discusses regulatory flexibility and allows petitions for forbearance based on specified findings. Congress imposed a limitation on the scope of that forbearance, however, by stating:

> Except as provided in section 251(f) of this title, the Commission may not forbear from applying the requirements of section 251(c) or 271 of this title under subsection (a) of this section until it determines that those requirements have been fully implemented.

47 U.S.C. § 160(d).

47 U.S.C. § 157(b), which U S WEST argues is a section that also grants forbearance powers to the Commission, does not grant powers to waive or forbear as to statutes.

5. An RBOC should never be allowed to avoid its obligation to unbundle xDSL facilities for its competitors.

U S WEST wants the Commission not only to carve out exceptions prohibited by 47 U.S.C. § 271, but also to dispense with unbundling of U S WEST's xDSL services and resale of those services to CLECs.

As the fact section of this memorandum shows, U S WEST has had in effect a LADS tariff that allowed ISPs to provide data services to smaller customers. When U S WEST attempted to obtain permission to provide data services on an interLATA basis in its region, it acted to remove the LADS tariff by simultaneously seeking to end that tariff in 14 states.

U S WEST's behavior gives some explanation of the reasoning behind its suggestion that the Commission could forbear from requiring unbundling and sale of facilities to CLECs and ISPs. Without LADS lines and without unbundling of xDSL, most of the competitors would simply be put out of business. That is the reason the Commission recently proposed to extend to pure ISPs the right to obtain unbundled network elements. See In re Computer III Further Remand Proceedings, CC Docket No. 95-20, ¶¶ 94-96 (FCC released Jan. 30, 1998). U S WEST is trying to go in the opposite direction and rob both CLECs and ISPs of the right to obtain unbundled access to any services or network elements, notwithstanding the clear language of 47 U.S.C. § 251(c)(3).

Further, it should be noted that U S WEST engages in some legal sophistry in attempting to explain why it does not have the obligation to unbundle. U S WEST argues:

> Both the unbundling and resale discount provisions of the Act apply only to "incumbent local exchange carriers." 47 U.S.C. § 251(c). A "local exchange carrier" is defined as a person providing "telephone exchange service or exchange access." Id. § 153(26). "Telephone exchange service," in turn,

> is "(A) service within a telephone exchange . . . or (B) comparable service provided through a series of switches, transmission equipment, or other facilities . . . by which a subscriber can originate and terminate a telecommunications service."
>
> A procompetitive reading of these provisions would be that a carrier providing advanced data services described in this petition is not providing "telephone exchange service," and therefore is not an "incumbent local exchange carrier" subject to the obligations of 47 U.S.C. § 251(c).

(U S WEST's Pet. at 45 n.24.) This argument apparently is intended to mean that the Commission can split an RBOC's activities into entirely discrete parts and order unbundled access only for the purpose of competitive provision of Plain Old Telephone Service. This does not work because the interLATA facility proposed by U S WEST can and will immediately be used for voice transmission.

U S WEST's argument would stand the statute on its head. 47 U.S.C. § 153(26) defines "local exchange carrier" to mean "any person that is engaged in the provision of telephone exchange service or exchange access." U S WEST does not cease being a local exchange carrier just because it attempts to offer services other than or in addition to local telephone exchange service or exchange access because the only statutory exclusion is for commercial mobile service.

> The term "local exchange carrier" means any person that is engaged in the provision of telephone exchange service or exchange access. Such term does not include a person insofar as such person is engaged in the provision of a commercial mobile service under section 332(c) of this title, except to the extent that the Commission finds that such service should be included in the definition of such term.

47 U.S.C. § 153(26). By excluding only commercial mobile service, Congress plainly left data and all other services in the mix of services and network elements that an RBOC must provide to others on an unbundled basis.

CONCLUSION

U S WEST's premise that Commission rules or regulations are the only source of a prohibition against RBOC entry into interLATA services is simply false. The statute passed by Congress prohibits an RBOC from providing any in-region interLATA services without first going through the processes and strictly meeting the requirements for permission under the express terms of 47 U.S.C. § 271 (winning state, Commission, and Department of Justice approval).

U S WEST has barely started the process for permission under 47 U.S.C. § 271 by filing a petition in one of its fourteen states. Under the incontrovertible facts, U S WEST cannot obtain permission under 47 U.S.C. § 271 because it has not allowed competition to come into existence in its region as measured by the competitive checklist contained in 47 U.S.C. § 271(d).

U S WEST has spent capital obtained from customers in its region to build a data network outside its region, rather than provide much-needed equipment, facilities, and services in its region. State regulators have continually imposed orders on U S WEST seeking to persuade U S WEST to change its behavior. U S WEST has not done so.

If U S WEST were allowed to provide in-region interLATA data services at this time, its control over facilities from the Internet backbone to the wires in a customer's house would enable it to drive out competitors like ELI that are trying to become established and competitive. It is noteworthy that in its petition, U S WEST does not reveal the

existence of ELI's network or talk about how ISPs would fare, but instead tries to persuade the Commission that no such facilities exist.

For the reasons set forth, U S WEST's petition should be denied.

DATED this 3rd day of April, 1998.

Respectfully submitted,

MILLER, NASH, WIENER, HAGER & CARLSEN LLP

John R. Bakkensen

JAMES L. PHILLIPS

James L. Phillips

R. Alan Wight

R. Alan Wight

Attorneys for Electric Lightwave, Inc.

CERTIFICATE OF SERVICE

I hereby certify that I served the foregoing opposition of Electric Lightwave, Inc., to petition of U S WEST Communications, Inc., for relief from barriers to deployment of advanced telecommunications services on:

Mr. William T. Lake
Mr. John H. Harwood, II
Mr. Jonathan J. Frankel
Wilmer, Cutler & Pickering
2445 M Street, N.W.
Washington, D.C. 20037

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U S WEST, Inc.
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Washington, D.C. 20036

by mailing full, true, and correct copies thereof. I further certify that said copies were contained in sealed envelopes with postage thereon prepaid, addressed as above stated, and deposited in the post office at Portland, Oregon, on the 3rd day of April, 1998.

R. Alan Wight

R. Alan Wight
Of Attorneys for Electric Lightwave, Inc.

XWW00F7C

back

Electric Lightwave,, Inc.

Vancouver, Washington

HISTORY

Founded in 1990, Electric Lightwave Inc. is a wholly owned subsidiary of Citizens Utilities Company. ELI builds and operates all-digital, fiber-optic networks, and also operates digital, SONET-based, fiber-optic networks throughout the western United States, which it has expanded into a national backbone. ELI built and operates Southwest FiberNet, a connection between Las Vegas and Phoenix, a network between Seattle and Portland, and is developing additional routes throughout the West.

ELI was the first telecommunications company west of the Mississippi to be authorized as an alternative local telephone service provider. Through its local telephone service, ELI offers switched intraexchange telecommunications services in Seattle, Portland, Sacramento, and Salt Lake City. ELI has received authority to provide intrastate telecommunications services in Arizona, Minnesota, Idaho, and has applied for authority in Nevada. The company operates sales and technical offices in Washington, Oregon, California, Utah, Arizona, and Idaho. ELI launched its Internet product line in 1995. As a competitive local exchange carrier (CLEC), ELI says, it is in an excellent position to offer fiber-optic cable local loop access to both switched and data services, enhancing its Internet services.

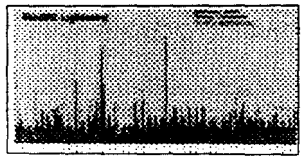
Citizens Utilities Company, incorporated in 1935, has telecommunications and utility assets that provide local, long distance, cellular, paging and other services, as well as natural gas distribution, electric distribution and water and wastewater treatment services. Citzens Utilities' headquarters are in Stamford, Connecticut. A subsidiary, Citizens Communications, is one of the country's 15 largest telecommunications companies.

COMPANY DESCRIPTION

CEO: Dave Sharkey
NYSE: CZNA, CZNB, and CZNPr
Consumer Subscribers: None
Business Accounts: None
Revenues: $306.1 million (3 months ending June 30)
Earnings: -$158.1 million (3 months ending June 30)
Total POPs: Dedicated Internet 8
Frame Relay U.S. Domestic 540
Frame Relay International in 41 countries
Employees: 400
Office Location: 8100 N.E. Parkway Drive, Suite 150, Vancouver, WA 98662
Voice: (360) 892-1000
Toll Free: (800) 987-9354
Network Operations Center:

Exhibit A
Page 1

Facsimile: (360) 816-3822
MailTo: mktg@eli.net
http://www.data.eli.net



CURRENT BACKBONE ARCHITECTURE

ELI has a multi-homed, DS-3 backbone over Cisco 7507 and 7513 routers, and Cascade Frame Relay switches. ELI maintains multiple private peering points with MCI, Sprint, and UUNet.

Senior Network Architect Engineer: Geoff Williams
MailTo: engineer@eli.net

U.S. BACKBONE CITIES

Phoenix, AZ
Los Angeles, CA
Sacramento, CA
San Francisco, CA
New York, NY
Portland, OR
Dallas, TX
Salt Lake City, UT
Seattle, WA

INTERNATIONAL BACKBONE SITES

Buenos Aires, Argentina
Melbourne, Australia
Sydney, Australia
Vienna, Austria
Brussels, Belgium
Sao Paulo, Brazil
Calgary, Canada
Montreal, Canada
Toronto, Canada
Vancouver, Canada
Ottawa, Canada
Santiago, Chile
Beijing, China (available fourth quarter '97)
Bogota, Columbia
San Jose, Costa Rica
Copenhagen, Denmark
Helsinki, Finland
Paris, France
Berlin, Germany
Dusseldorf, Germany
Frankfurt, Germany
Hamburg, Germany
Munich, Germany
Athens, Greece
Quarry Bay, Hong Kong

Budapest, Hungary
Jakarta, Indonesia
Dublin, Ireland
Tel Aviv, Israel
Milan, Italy
Rome, Italy
Tokyo, Japan
Osaka, Japan
Seoul, Korea
Luxembourg, Luxembourg
Kuala Lumpur, Malaysia
Mexico City, Mexico
Auckland, New Zealand
Amsterdam, Netherlands
Oslo, Norway
Manila, Philippines
Lisbon, Portugal
Hato Rey, Puerto Rico
Singapore, Singapore
Johannesburg, South Africa
Madrid, Spain
Barcelona, Spain
Stockholm, Sweden
Malmo, Sweden
Bern, Switzerland
Lausanne, Switzerland
Zurich, Switzerland
Taipei, Taiwan
Bangkok, Thailand
London, United Kingdom
Caracas, Venezuela

Through an agreement with Infonet Services Corporation of El Segundo, California, ELI offers services in the following international cities:

MAJOR PEER INTERCONNECT POINTS

Sacramento, CA
Portland, OR
Salt Lake City, UT
Seattle, WA

BUSINESS PRODUCTS

Business Contact Information

Person: David Gilberts
Position: Internet Product Manager
Voice: (360) 816-3340
Facsimile: (360) 816-3822
MailTo: david_gilberts@eli.net
http://www.data.eli.net

45 Mbps T-3 LEASED LINE ACCESS

Availability: All U.S. Backbone Cities
Average Installation Time: 90 days
Setup: $1,500

Exhibit A
Page 3

Monthly: $38,000
Recommended Equipment: Cisco 4700 or 7000 series router

1.544 Mbps T-1 LEASED LINE ACCESS

Availability: All U.S. Backbone Cities
Average Installation Time: 90 days
Setup: $1,500
Monthly: $2,000
Recommended Equipment: Cisco 2500 (or greater) series router

CONSUMER PRODUCTS

Consumer Contact Information

Person: Marketing
Voice: (800) 987-9354
Facsimile: (360) 816-3822
MailTo: mktg@eli.net
http://www.data.eli.net

In addition to high-speed, dedicated access to the Internet, the company offers local and long distance telephone service; LAN, WAN and Frame Relay connectivity; videoconferencing; competitive switching services; voice messaging; collocation; disaster protection; voice, data, video services; network services; telecommunications equipment; frame relay; and prepaid debit cards.

FUTURE EXPANSION PLANS

By the fourth quarter of 1997, ELI plans to offer dial-up termination services (analog connections from 28.8 Kbps to 128 Kbps ISDN) for ISPs and businesses via Integrated Switched Access Product (ISAP). ISAP will provide corporate and ISP dial-up termination services through ELI's Northern Telecom DMS 500 local switches, Cisco 7513 routers, Cascade Frame Relay Switches, and PPP modem termination devices. The service will be available in the following cities:

Phoenix, AZ
Sacramento, CA
Boise, ID (available third quarter '98)
Portland, OR
Salt Lake City, UT
Seattle, WA

Electric Lightwave will continue to expand its Internet network, both nationally and internationally, over the next six months. The domestic Internet backbone will be upgraded to include all ATM switches by the second quarter of 1998.

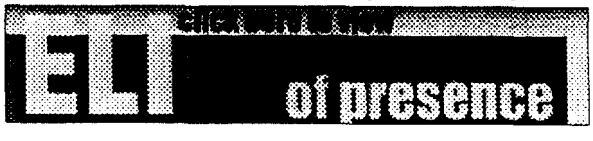


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Exhibit A
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