

-----Original Message-----

From: Anne Richardson [SMTP:raricha@qwest.com]
Sent: Tuesday, November 12, 2002 10:29 AM
To: wdmarkert@eschelon.com
Cc: Toni Dubuque; Scott Martin; Judy Taylor; Terrell Cloke; Coleen Austin;
richard.corbetta@qwest.com; Jean Novak; Joan Masztaler; Beth Halvorson;
mam@gr_espel.com; Michael Whitt
Subject: SGAT rates for UNE-P

Bill -

Attached is a letter clarifying Qwest's position on the billing of SGAT rates for certain elements of UNE-P. I'll send a hard copy to you, as well.

Anne



SGAT rates for UNE P

11.12.02....

(See attached file: SGAT rates for UNE P 11.12.02.doc)



Qwest
200 South Fifth Street, Suite 2400
Minneapolis, MN 55402
612 663-0215

Anne Richardson
Sales Director
Wholesale Strategic Accounts

Mr. William Markert
Vice President – Network Financial Management
Eschelon
730 Second Avenue South
Suite 1200
Minneapolis, Minnesota 55402

Re: Use of SGAT rates for UNE-P

Dear Bill:

The Qwest billing group is receiving disputes from Eschelon relating to the billing of certain UNE-P rate elements in some states. To the extent those disputes are based on the fact that the UNE-P rates charged differ from rates currently in Qwest's SGAT, this letter is intended to clarify Qwest's position on the matter.

As you know, Qwest holds that the interconnection agreements ("ICA") between Qwest and Eschelon do not fully address the terms and conditions (including rates) of provisioning UNE-P. Further, the parties currently have no ICA amendment governing UNE-P. This results in an aberrant situation, both in terms of the clear intent of the federal act to encourage the establishment of *contractual* terms and conditions of interconnection, and in terms of Qwest's interconnection relationships with other CLECs (whereby Qwest and the CLECs routinely execute ICA amendments to establish clear and firm contractual rights and obligations for services not covered by the initial ICA). Frankly, the situation is also untenable.

Qwest has requested on several occasions that Eschelon execute an appropriate amendment, but Eschelon has refused. The fact that Eschelon continues to order UNE-P without the existence of a contract amendment leaves the terms and conditions of interconnection undefined and ripe for dispute.

Without the amendment, even the price – an essential term of provisioning UNE-P – must rely on a surrogate source, like SGAT.

As you know, the lack of an UNE-P amendment has required Qwest to charge and try to enforce certain rate elements for UNE-P *not* covered in Eschelon's ICA, such as nonrecurring charges for loop installation. In those cases, Qwest has used the prevailing cost docket rates, if a relevant cost docket order existed. Otherwise, where no cost docket rate existed, Qwest has billed Eschelon for UNE-P elements employing the SGAT rate as of April, 2002.

At Eschelon's request, Qwest reviewed and updated the rates for pertinent UNE-P elements on a one-time basis in April/May 2002. This update was entirely an "out-of-process" update. (For "in process" rate changes, Qwest uses a customer's ICA and amendment as the basis for updating cost docket rates.) Although SGAT rates change with some regularity and in some cases, have changed since the rates were updated in May 2002, Qwest will not again be manually "scrubbing" the rate tables that produce Eschelon's bill.

With this background, I formally request that Eschelon execute an appropriate UNE-P amendment. If Eschelon wishes to have more clarity around UNE-P rates, Qwest stands ready to negotiate an UNE-P amendment with Eschelon. Frankly, we would welcome a negotiation on this matter to achieve clarity for both parties regarding the terms and conditions for the UNE-P product.

If Eschelon refuses to negotiate an amendment, then Qwest will employ the SGAT rate in place as of April, 2002, for UNE-P elements that are not covered in Eschelon's ICAs, or otherwise governed by a cost docket order. To be clear, Qwest will no longer "scrub" Eschelon's UNE-P rates on a revolving basis.

Please advise me of your preferred course of action.

Sincerely,

-----Original Message-----

From: Markert, William D.
Sent: Wednesday, November 13, 2002 1:55 PM
To: 'Anne Richardson'; Markert, William D.; Clauson, Karen L.; Copley, Ellen M.
Cc: 'Toni Dubuque'; 'Scott Martin'; 'Judy Taylor'; 'Terrell Cloke'; 'Coleen Austin'; 'richard.corbetta@qwest.com'; 'Jean Novak'; 'Joan Masztaler'; 'Beth Halvorson'; 'mam@gr_espel.com'; 'Michael Whitt'; Boyd, Geoffrey M.
Subject: RE: SGAT rates for UNE-P

Anne,

Please tell me the purpose of sending this letter to me. Eschelon expects to be billed commission approved rates or rates negotiated between the parties. All of our state interconnection agreements allows for Eschelon to be billed according to provisions of the 1996 Act, rules and regulations of the FCC and Commission rules and regulations. The interconnection agreements mention that the rates may change from time to time with other Commission decisions.

We disagree that our interconnection agreements exclude combinations of unbundled network elements (UNE-P). We have loops, local and transport usage elements and switch ports in our interconnection agreement. We have the ability to install lines in our interconnection agreements. I thought both parties agreed earlier this year that a UNE-P amendment would not be necessary.

I think Qwest has mistaken the issue about referencing SGAT rates. Eschelon uses the SGAT as a source to pull Commission approved rates when disputing the non-commission approved / incorrect rates Qwest bills month in and month out. We do not reference the SGAT for services that reflect Qwest proposed rates or for services we don't order. Qwest is proclaiming in these SGATs via the footnotes that the rates without a note next to them are approved by the Commission.

Most of our disputes revolve around the fact that Qwest is not billing commission approved rates. It has little to do with individual elements that are or are not in our contract. What we buy is in our contract.

Your letter claims you will not be manually scrubbing the rate tables that produce Eschelon's bills. Does that mean, Qwest will not be fixing the inaccurate billing Eschelon is receiving every month?

In addition, your billing reps are not providing the necessary detail when Eschelon disputes certain amounts within a bill. See examples of responses attached. There is no detail to determine what amounts are being sustained and what amounts are being credited. Eschelon provides detail for the dispute. Qwest has to provide that same level of detail, something Qwest agreed to in our monthly billing meetings. Please rectify this immediately. Eschelon will not recognize these notices until such time as Qwest responds with the necessary detail that make up the lump sums.

As for getting more clarity surrounding our rates, it is apparent to me that Qwest doesn't want to fix our rates. We asked Qwest to get a list of what rates were in our profile so we could do Qwest's validation work. We hoped Qwest would use the information to populate the correct rates. That way, both parties wouldn't have to waste time every month processing disputes. From your letter, it appears that Qwest doesn't care about the accuracy of its bills.

In conclusion, I am extremely dissatisfied with having to dispute over \$[REDACTED]K per month, or roughly 25-30% of my monthly charges because of incorrect rates being billed.

You ask in your letter what our preferred course of action is. Eschelon's preferred course of action is demanding Qwest to populate valid and accurate rates in our profiles and correct our billing.

Thanks.

Bill Markert
=====

[ENCLOSURES REDACTED]