

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In The Matter of)
Rulemaking Concerning) Docket No. UT-991737
Line Extension Tariffs)
)

COMMENTS OF AT&T

AT&T Communications of the Pacific Northwest, Inc. ("AT&T") submits these comments pursuant to the Notice of Opportunity to File Written Comments, dated February 18, 2000. AT&T directs its Comments to the cost recovery provisions of the rule set forth in Subsection (3).

Subsection (3) of the proposed rule would permit local exchange companies to increase the terminating access rate "to recover the direct cost of an extension of service." This provision violates both federal and state law. Section 254(b) of the Federal Act provides in relevant part as follows:

"(b) UNIVERSAL SERVICE PRINCIPLES. The Joint Board and the Commission shall base policies for the preservation and advancement of universal service on the following principles:

.....
"(4) EQUITABLE AND NONDISCRIMINATORY CONTRIBUTIONS. All providers of telecommunications services should make an equitable and nondiscriminatory contribution to the preservation and advancement of universal service.

"(5) SPECIFIC AND PREDICTABLE SUPPORT MECHANISMS. There should be specific, predictable and sufficient Federal and State mechanisms to preserve and advance universal service." 110 Stat. 71-72.

Section 254(f) of the Federal Act provides:

- (f) A State may adopt regulations not inconsistent with the Commission's rules to preserve and advance universal service. Every telecommunications carrier that provides intrastate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, in a manner determined by the State to the preservation and advancement of universal service in that State. A State may adopt regulations to provide for additional definitions and standards to preserve and advance universal service within that State only to the extent that such regulations adopt additional specific, predictable, and sufficient mechanisms to support such definitions or standards that do not rely on or burden Federal universal service support mechanisms." 110 Stat. 73.

The proposed rule continues to recover **all costs of universal service** through access charges in violation of the mandate of Section 254(b)(4) of the Federal Act that **all providers** should bear these costs in an equitable and non-discriminatory manner.

Establishing this rule would also violate the statutory directive in Section 254(f) that a state commission may adopt only rules consistent with the Act.

Subsection (3) also provides that, in reviewing a company's tariff to recover costs of an extension of service, the "Commission will not conduct an earnings review of the company's operations." Section 254(b)(1) of the Federal Act establishes, as the first principle in assuring the preservation and advancement of universal service, that "quality services should be available at just, reasonable and affordable rates." The Commission cannot fulfill its obligations under the Federal Act by ignoring the earnings of a company seeking to increase its rates.

Further, the abrogation of the Commission's responsibility to review earnings conflicts with state law. The Commission is required to assure that **all** rates are "fair, just, reasonable and sufficient." RCW 80.36.070. The existing access rates have been established through rate cases or through review of the annual filing of the independent companies. In either case, the rates were developed based upon a revenue requirement for all of the company's regulated operations. The rule purports to increase **only** access rates to recover any line extension costs and to do so without regard to whether the company is already over-earning.

The appropriate method for recovering any cost of extension of service—like any other cost of providing local service—is to file a rate case if existing rates are no longer adequate. Subsection (3) should be deleted because it contravenes both state and federal law.

Respectfully submitted on March 14, 2000.

AT&T COMMUNICATIONS
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