

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION

In the Matter of: )  
 ) DOCKET NO. UT-991573  
Commission Review of Toll Carrier Obligations )  
 )  
\_\_\_\_\_ )

**INITIAL COMMENTS OF U S WEST**

**INTRODUCTION**

On October 25, 1999, the Washington Utilities and Transportation Commission (Commission) issued a *Notice Of Opportunity To File Written Comments* concerning the Commission's review of toll carrier obligations. The *Notice* stated that the Commission's rulemaking inquiry arises from the pending exit of U S WEST from the local (intraLATA) toll market in several exchanges served by independent local exchange companies. (Pursuant to Docket UT-990976.) The *Notice* identified eight specific issues on which the Commission seeks comment from the industry. U S WEST herein provides comment on the specific issues identified in the Commission's *Notice*.

**COMMISSION ISSUES**

**Whether consumers in any area of the state currently do not have a reasonable choice of intrastate long-distance providers offering service at affordable rates that are comparable to those charged in other areas, especially urban areas, of the state.**

U S WEST has reviewed the list of *Registered Telecommunications Companies Reporting*

to the Washington Utilities and Transportation Commission which is viewable via the Commission's website. According to the Commission's list, there were 491 carriers registered to provide long distance service as of November 1, 1999. U S WEST's research, conducted in conjunction with Docket UT-990976, found that multiple carriers applied to serve all exchanges during the intraLATA presubscription process, ensuring that customers have an ample choice of providers. Furthermore, at least three carriers provide service to all local telephone companies in the state. As to the issue of whether intrastate long distance providers offer service at rates that are comparable to those charged in other areas of the state, U S WEST would note that pursuant to WAC 80.36.183, the Commission may require carriers to provide statewide average rates.

*WAC 80.36.183 Discounted message toll rates prohibited – Availability of statewide, averaged toll rates.*

Notwithstanding any other provision of this chapter, no telecommunications company shall offer a discounted message toll service based on volume that prohibits aggregation of volumes across all territory with respect to which that company functions as an interexchange carrier. The commission shall continue to have the authority to require statewide, average toll rates to be made available by any telecommunications company subject to its jurisdiction.

**2. Whether consumers in any area of the state currently do not have access to calling plans and promotions that long-distance carriers offer to consumers in other areas of the state.**

U S WEST offers calling plans on an equal and equitable basis within its service territory, U S WEST is not aware of restrictions in calling plans offered by other carriers.

**3. Whether it is likely that, in the absence of an obligation to serve imposed by regulators, long-distance providers will: (a) withdraw from providing intrastate toll service in any area of the state; (b) increase the rates for such service above those charged in other areas of the state, or (c) not offer calling plans or promotions available in other areas of the state.**

There will always be carriers interested in serving areas where it is in their economic interest to do so. To U S WEST's knowledge, no long distance carrier has filed to serve only selected areas of the state. As noted above, the Commission has the authority to require statewide averaged rates.

**4. Whether any of the following factors relating to the provision of access and**

**billing services by local exchange companies are (or are likely in the future to be) an impediment to provision of intrastate service at reasonable prices within any area of the state. If so, please identify specific geographic areas or specific local exchange companies: (a) Intrastate originating access charges; (b) Intrastate terminating access charges, including universal service charges; (c) Intrastate billing and collection charges; (d) Non-recurring charges and/or provisions for ordering access services.**

All of these factors potentially could impact a carrier's ability to provide service.

An additional factor is whether a carrier is required to provide only intraLATA service or is a full service carrier. U S WEST assumes that the large number of long distance providers registered in Washington indicates that the provision of full service (intrastate, interstate, intraLATA, interLATA) toll is profitable.

U S WEST suspects that there are economies associated with providing the entire range of long distance services (i.e. intrastate, interstate, intraLATA and interLATA services). Some elements will be less of a factor for these full service carriers and some factors may not apply at all. (i.e. Self-provisioned billing and collection services.)

**5. Whether the practice of charging the same rates for toll services in all areas of the state causes long-distance providers to limit their service to areas of the state where costs are lower due to lower access charges, greater customer density, higher calling volumes, or other reasons.**

Refer to Issue #3.

**6. Whether any aspect of the process for designating 1-plus intraLATA and interLATA carriers affects the likelihood that long-distance carriers would choose not to offer service in any areas of the state.**

To U S WEST's knowledge, there are no aspects of the 1-plus designation process that affect the likelihood of whether long distance carriers would choose not to offer service in any areas of the state.

**7. Whether any or all of the following provisions are necessary to protect the public interest. Please state whether the provision would be effective in ensuring access to toll service at affordable prices and whether it would be an**

**unreasonable burden to any customer, any local exchange company, or any long-distance company, and state facts or reasons supporting your conclusions: (a) A requirement that any carrier offering originating interLATA service in an exchange also offer originating intraLATA service in that same exchange. (b) A requirement that any carrier over some minimum size offer originating interLATA and intraLATA service in every exchange in the state and, if so, what minimum size is appropriate. (c) A requirement that any long-distance provider give six months' notice (or some other period) to customers, the local exchange company, and/or the Commission before ceasing to offer service in any exchange. (d) A requirement that any long-distance provider petition the Commission for approval before ceasing to offer service in any exchange. (e) A "market failure safety net" mechanism by which: (i) The Commission could, on either an interim or permanent basis, order one or more long-distance companies to offer service in a particular exchange if it determines that customers in that particular exchange do not have reasonable choices; and (ii) The Commission could, for the duration of such an order, require that the local exchange company reduce its access charges.**

Concerning issues (a) and (b), to U S WEST's knowledge the public interest is already protected by the existing rules. Considering that 491 carriers have registered to provide statewide toll service, there appears to be no reason to establish new rules at this time. Rather, enforcement of existing Commission rules, if necessary, would be a more appropriate action.

Concerning issue (c), although U S WEST negotiated a six-month transition period for its exit from areas addressed in Docket UT-990976, depending on the circumstances, a lengthy transition period may not be necessary. Therefore, a specific time period for customer notification should not be established as a requirement at this time. Rather, the Commission should allow the companies to work through these business and customer issues on a case-by-case basis.

Concerning issue (d), it is U S WEST's opinion that a long-distance provider would need to file a revision to its registration to change its service territory. (i.e. Part C, (D), Geographic Delineation of the Relevant Market.) The applicable service territory should also be identified in the carrier's price list or tariff.

Concerning issue (e), U S WEST does not believe that it is necessary for the Commission to impose a “market failure safety net.” U S WEST believes that the safety net is already in place since each independent telephone company has the ability to offer its own intrastate toll service.

**8. Whether, taking all interests and factors into consideration, there is a need at this time for the Commission to consider rules on this subject.**

For all of the reasons stated above, U S WEST believes that the Commission currently has sufficient rules to deal with toll carrier obligations and an adequate safety net is in place to protect consumers. However, if conditions should change in the future, and the Commission finds that enforcement of the existing rules is insufficient in protecting the public interest, then U S WEST would support a further review of the situation.

**CONCLUSION**

Washington has a highly competitive toll market as evidenced by the 491 companies registered by the Commission to provide long distance services. Should the situations addressed in the Commission’s issues ever occur, U S WEST believes that the Commission currently has sufficient rules (e.g. WAC 80.36.183) to deal with the proposed situations. Additionally, an adequate safety net is already in place since each independent telephone company has the ability to offer its own intrastate toll service. However, if conditions should change in the future, and the Commission finds that enforcement of the existing rules are insufficient in protecting the public interest, then U S WEST would support a further review of the situation at that time.