

## WASHINGTON UNIVERSAL SERVICE/ACCESS REFORM PACKAGE

The public switched telecommunications network (PSTN) is the communication link that supports economic development, broadband access and modern communications in rural Washington. The goal of universal service legislation is to promote and preserve a network which meets the state's long stated goal of preserving and advancing universal service in Washington. There is a link between access reform and universal service. The fund will transition over time to a broadband fund and accomplishes access reform goals.

- 1) Support for ILECs with less than 2% of the state access lines – criteria for drawing
  - a. Eligible providers – ILECs with less than 2% of state access lines.
  - b. Support based on switched access revenue reduction (see Item 3 below), adjusted for benchmark rate
  - c. One time calculation
  - d. Simplified earnings review as threshold
  - e. Carrier may propose transition plan for reaching benchmark
  - f. ILEC may petition for additional high-cost support
  
- 2) Support for companies serving in ILEC study areas with 2% or more of the state access lines - Criteria for drawing:
  - a. Eligible providers
    - i. ILECs with 2% or more of state access lines.
    - ii. Competitive LECs
    - iii. Other service providers(non-LECs)
  - b. Area covered must be “high cost”
    - i. “High cost” defined by threshold based on cost per line that excludes the areas where a second wireline carrier presence supports competitive business case (e.g. also known as the "Competitive Area")
    - ii. High cost measured on wire center basis; provided if second wireline carrier present, exclude Competitive Area
  - c. Services provided by the ILEC in a Competitive Area will automatically be classified as competitive services if intrastate high-cost support is received by ILEC or awarded to another provider for portion of the wire-center outside the Competitive Area. The ILEC may elect not to have services automatically classified as competitive.
  - d. Support for one provider per high cost area –
    - i. Commission establishes competitively neutral provider selection process per periodic review (5 years)
    - ii. Awardee must take on COLR responsibilities currently applied to ILECs (not quasi regulation as provided for in CETC model)
    - iii. All other service providers operating in the designated area are automatically relieved of COLR responsibilities, except to the extent of commitments for federal ETC status, and are treated as offering competitive services within that area (ILEC may elect not to have services classified as competitive).

- e. Eligibility review
    - i. Limited to demonstration of cost to serve high cost area
    - ii. Recovery for a high cost area is limited to the delta between the forward looking costs of serving the high cost area and the revenues received from the supported services. This criteria applies under all circumstances and to all service providers under this track.
- 3) Access Reform
- a. Reduce intrastate switched access charge rates to that company's composite interstate per minute switched access rate levels maximum of over four years
  - b. Commission set a "benchmark" local service rate that includes EAS and SLC – must move to the benchmark or impute the benchmark rate in order to be eligible to draw from WUSF
  - c. Local service rate benchmark level not to exceed comparable rates in urban areas
- 4) Transition to Broadband
- a. Commission defines broadband goal
  - b. High cost areas for broadband deployment determined by Commission
  - c. Support for high cost areas is provided if needed to reach or maintain goal
  - d. Transitions old fund to new fund over period of time
- 5) Washington Universal Service Reform - Contributions
- a. All carriers who use the PSTN pay to support the PSTN
  - b. Working telephone numbers (or successor protocol) (land line, wireless, VoIP) basis for contribution into the fund
  - c. Universal Service Fund administered by the UTC through WECA or such other administrator as the Commission may designate
  - d. Commission sets definitions and contribution amount. Commission has enforcement powers.