

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION**

In the Matter of Rulemaking
Concerning Telecommunications
Service (Line) Extensions (WAC
480-120 and 480-123)

DOCKET NO. UT-073014

INITIAL COMMENTS OF UNITED
TELEPHONE COMPANY OF THE
NORTHWEST d/b/a EMBARQ

United Telephone Company of the Northwest d/b/a Embarq (“Embarq”) respectfully submits these comments in response to the Commission’s August 14, 2007 Notice of Opportunity to File Written Comments in this matter. Embarq appreciates the opportunity to provide input to the Commission’s consideration of the line extension rule (WAC 480-120-071).

The current line extension rule, effective January 15, 2001, resulted from a rulemaking proceeding in Docket No. UT-991737. In adopting the rule, the Commission stated the desired effect of the new rule:

“The effect of the proposed rule will be to provide customers with extensions of service at reasonable rates, provide companies with an incentive to include as many customers as is reasonable on new extensions, provide a more workable process for persons seeking extensions, and provide cost recovery for companies extending service.”¹

Embarq believes the desired effects of the rule articulated in the Commission’s order have been met. Since the rule was implemented in 2001, Embarq has completed 135 line extensions where cost recovery was provided through the line extension access rate element. The ability to recover the costs of line extensions partially from the requesting customer and partially through the line extension access rate element has made it

possible to economically provide service to those customers, when it would otherwise have not been possible to do so. While the costs of these line extensions varied, it is likely that few, if any, of the extensions would have been possible without the cost recovery mechanism provided by the current line extension rule. As a result, from a current public policy perspective, the Commission's objective of furthering the availability of telecommunications services has been achieved.

Embarq believes that the ability to fully recover its costs for completing line extensions is critical, but also recognizes that the current recovery mechanism through an access charge rate element may need to be reevaluated. Reform of intercarrier compensation, including access charges, continues to be considered at the federal level, and various proposals such as the Missoula plan, incorporate reform of intrastate access charges at the same time. In addition, because the line extension access charge rate element is assessed only to interexchange carriers, the current cost recovery mechanism places a large share of the cost recovery burden on these carriers. Interexchange carriers, including Embarq's long distance affiliate, Embarq Communications Inc., must recover the additional access expense generated from line extension access rate element through the rates charged to their long distance customers.

The Commission may want to consider alternatives to existing method of recovery, including methods which provide more explicit recovery of these costs. One possible approach would be through an explicit state universal service fund. Such an approach would allow the Commission to continue support of its objectives to advance the availability of service at a reasonable cost, provide companies appropriate cost recovery for extending service, and ensure that funding obligations are imposed on a more equitable basis than is provided under the current rule. Alternatively, because the demand for line extensions appears to have decreased over time, since the current rule

¹ Docket No. UT-991737; General Order No. R-436, issued December 4, 2000, Paragraph 5.

went into effect in 2001, the Commission may want to consider whether it is appropriate to place more of the obligation for funding line extensions on the customers requesting the extensions, and not on the greater body of consumers.

Embarq appreciates the opportunity to comment on this important issue and looks forward to participating in the Commission's scheduled workshops.

Respectfully submitted this 14th day of September, 2007.

By: _____

William E. Hendricks
WSBA No. 29786
902 Wasco Street
Hood River, OR 97031
541/387-9439
541/387-9753 (fax)
tre.hendricks@embarq.com

Attorney for United
Telephone Company of the
Northwest d/b/a Embarq