

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In Re	)	
	)	DOCKET NO. UT-990976
U S WEST COMMUNICATIONS, INC.'s	)	
	)	
Petition to Modify the Requirements	)	
of U-85-23 to Discontinue	)	ORDER GRANTING PETITION IN PART,
U S WEST's Designation as	)	DENYING PETITION IN PART,
the IntraLATA Toll Carrier for	)	AND RETAINING JURISDICTION;
Independent Companies.	)	AND DIRECTING STAFF TO
.....	)	FILE CR-101

**BACKGROUND**

On August 3, 1999, U S West Communications, Inc. (US WEST) filed a petition requesting the Commission to issue an order modifying the requirements of U-85-23, and to determine that U S WEST no longer has an obligation to act as the designated carrier of intraLATA toll traffic and private-line services for the independent telephone companies. The Washington Independent Telephone Association (WITA) and its member companies<sup>1</sup>, on September 8, 1999, submitted a letter raising some concerns and questions about the conditions on which the petition might be granted.

The matter was brought before the Commission at its September 8, 1999 Open Meeting. Commission Staff supported granting the petition relating to relieving US WEST of its obligations as primary toll carrier, and recommended that certain conditions be imposed on the granting of the petition. Staff also recommended that the portion of the petition relating to private-line service be dismissed. U S WEST agreed with Staff's recommendation on the private-line portion of the petition, as long as the primary toll carrier portion of the petition was granted. Action on the petition was postponed to the Commission's meeting set for September 23, 1999, to allow U S WEST and WITA to reach an understanding on the commitments and obligations of each of the parties.

At the September 23, 1999 Open Meeting, the parties represented to the Commission that, after extensive discussion and negotiations, WITA had filed a statement of position with the Commission. U S WEST and WITA presented agreed language for Findings of Fact and Conclusions of Law that the parties requested be

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<sup>1</sup> Unless the context requires otherwise, see Ordering Paragraph 1(f), as used in this Order the terms "Independent Company" and "Independent Companies" refer to the following companies: Asotin Telephone Company, CenturyTel of Washington, CenturyTel of Inter-Island, CenturyTel of Cowiche, Hat Island Telephone Company, Hood Canal Telephone Co., Inc., Inland Telephone Company, Kalama Telephone Company, Lewis River Telephone Company, McDaniel Telephone Company, Pioneer Telephone Company, St. John, Co-Operative Telephone And Telegraph Company, Tenino Telephone Company, The Toledo Telephone Co., Inc., Western Wahkiakum County Telephone Company, Whidbey Telephone Company, and Yelm Telephone Company.

incorporated into an Order to be issued by the Commission. The Commission has considered the language agreed on by the parties, exercised its judgement, and finds the granting of the petition, on the conditions agreed to by the parties, to be in the public interest.

### **FINDINGS OF FACT**

1. U S WEST Communications, Inc. (U S WEST) filed a petition for relief from the requirements of the 17th and 18th Supplemental Orders in Cause No. U-85-23 that it serve as designated carrier for intraLATA toll traffic and private-line services for the customers of the independent telephone companies, as well as in its own service territory. U S WEST also stated its intent to stop providing toll and private-line service in the independent company areas if the petition is granted. US WEST proposed an implementation period of no more than six months.

2. Earlier this year, the Commission required that U S WEST and each of the independent local exchange companies open the intraLATA toll market to competition. All local exchange companies were ordered to implement "dialing parity" for 1-plus calls, so that customers can designate the toll provider of choice. On January 27, 1999, the Commission classified U S WEST's toll service as competitive, as provided for in RCW 80.36.330.

3. Staff recommended that the two services included in U S WEST's petition, designation of US WEST as primary toll carrier, and the obligation to provide private-line services in areas where it is not the incumbent local exchange carrier be addressed independently. Staff recommended that U S WEST be relieved of its designated toll carrier obligations to provide intraLATA toll in areas where it is not the incumbent local exchange carrier, subject to conditions recommended in the staff memo. However, Staff noted that the private-line services provided by U S WEST are not competitive, and recommended that the portion of the petition related to the private-line service be dismissed. U S WEST does not object to the dismissal of this portion of its petition. U S WEST is free to renew this request in the future.

4. Staff recommended that the Commission require U S WEST and the Independent Companies to provide notice and information to each affected customer, including competitively neutral consumer-education material to assist customers in making an informed choice about a replacement carrier, if U S WEST chooses to exit the market in areas served by an Independent Company.

5. U S WEST has built and, as of the date of this Order, is responsible for maintaining and augmenting the existing intraLATA toll/access network that connects to Independent Company exchanges. Carriers that provide toll services to customers in Independent Company territories often utilize U S WEST's network to access those customers in Independent Company territories and to transport toll messages to and from those customers. This is a service provided by US WEST and, to the extent

utilized by interexchange carriers, those interexchange carriers pay tariff or contract access rates for that service.

6. U S WEST today acts as the clearinghouse for certain types of calls (credit card, collect, and third party, etc.) that are not handled by the national CMDS system. US WEST's role as the clearinghouse is to (1) pass message records to the appropriate carrier; (2) receive and distribute the associated revenue; and (3) pay and recover, as appropriate, the billing and collection charges of participating carriers.

### ORDER

1. The Petition of U S WEST for modification of the U-85-23 Orders, insofar as the Petition seeks discontinuance of U S WEST's role as designated carrier<sup>2</sup> for switched intraLATA toll for territories not served by it as a local exchange carrier and served by Independent Companies as local exchange carriers, is granted, on the following conditions:

- a. Nothing in this Order changes any of U S WEST's current obligations to provide access, network, and transport of toll calls to and from Independent Company territories.
- b. U S WEST shall continue to perform the functions currently performed by it as a clearinghouse for intraLATA alternate-billed messages (including calling card calls, collect calls, and third-number billed calls), as well as associated revenues and billing and collection charges of the Independent Companies. U S WEST shall also continue to maintain its portion of the CMDS system for the exchange of other alternate-billed messages, if necessary.
- c. Some customers in Independent Company territories will need to change their selection of a presubscribed intraLATA carrier as a result of this Order. The customer notice and educational material referred to in subparagraph (4) above shall include information on how a customer may make this change. In the event that any customer so affected fails to make such a selection in a timely manner for one or more of that customer's access lines, the Independent Company that provides local exchange service to

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<sup>2</sup> In U-85-23, the term "designated carrier" appears to be used interchangeably with the term "carrier of last resort." This Order shall not be construed as precedent to US WEST's obligation (or lack of obligation) to be, or to participate as, a toll carrier of last resort in Independent Company territory that the Commission may determine is in the public interest in the future. However, to the extent U-85-23 imposes any carrier of last resort obligations upon US WEST, those obligations are relieved as to switched intraLATA toll. This Order's use of "designated carrier" encompasses any such obligation.

such access line(s) is hereby authorized to change the intraLATA PIC associated with such access line(s) to be the carrier preselected by the customer for interLATA calls associated with such access line(s), or, if the carrier designated as the interLATA PIC for such access line(s) does not offer originating intraLATA service from that location, to a "no-PIC" status. If a "no-PIC" status is not available in an Independent Company's switch, the Independent Company is authorized to change the intraLATA PIC to such other carrier as the Independent Company may select for this purpose.

- d. U S WEST shall not exit areas not served by U S WEST as a local exchange carrier and served by Independent Companies as local exchange carriers until March 31, 2000, or such earlier date as U S WEST and the affected Independent Company may agree.
- e. U S WEST agrees that it will remain as a carrier of switched intraLATA toll service in the territory served by CenturyTel (CenturyTel of Washington, CenturyTel of Inter-Island, and CenturyTel of Cowiche) as the local exchange carrier. However, U S WEST remaining as an interexchange carrier in these areas shall not be construed as continuation of its status as designated toll carrier for switched intraLATA toll.
- f. U S WEST agrees to enter into a separate agreement with the Independent Companies to reimburse the Independent Companies for a portion of costs incurred by them for processing and mailing customer notifications and transitioning customers to other toll carriers.
- g. No charge shall be imposed on the customer for a change in the intraLATA carrier that occurs as a result of this Order.
- h. Nothing in this Order shall be construed as authorizing U S WEST to deaverage its toll rates.

2. The Commission directs that a CR-101 statement of inquiry be issued to address the question of carrier-of-last-resort obligations for toll service. The Commission directs Commission Staff to provide its recommendations to the Commission on whether further action is needed on the issue of carrier of last resort for toll service by December 31, 1999. Such further action may include rulemaking, an interpretive statement, or other appropriate action.

3. The Commission will retain jurisdiction of this matter to oversee the implementation of U S WEST's withdrawal from any of the territories of the Independent Companies, including, but not limited to, the customer-education activities required by this Order, and to effectuate the other terms and conditions of this Order.

4. Nothing in this Order shall be construed to affect an Independent Company's ability to become a toll/interexchange carrier in any capacity.

5. The portion of US WEST's Petition that pertains to private-line service is dismissed as withdrawn.

Except to the extent expressly granted or dismissed by this Order, US WEST's Petition is denied.

DATED at Olympia, Washington, this 24<sup>th</sup> day of September 1999.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

  
MARILYN SHOWALTER, Chairwoman

  
WILLIAM R. GILLIS, Commissioner