

**Summary of Written Comments Draft Rules  
Line Extension Rules Rulemaking – UT-073014  
August 14, 2008**

ISSUE	INTERESTED PERSON	COMMENTS	RESPONSE
<b>General Comments</b>			
None	AT&T	6-6-08: Supports adoption of proposed rules.	
“	US Cellular & RCC Minnesota	6-6-08: Supports proposed rules.	
	Rimrock Meadows Association	6-8-08: Kevin Danby, Pres/GM, stated, ” I strongly advise the Commission to look hard before making any sweeping changes. My greatest concern now as it was in the past is public safety. We are nearly 20 miles from any emergency services and without ready access to reliable phones, we might as well be 200 miles away. I work and live in public power communities who understand the need to treat all ratepayers with the same respect, regardless of location. I am also aware that the telecommunications companies are for profit but I can only hope that some reasonable compromise can be reached regarding this issue. Reliable cell service, in the absence of wired phones, would be an acceptable option.	

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<b>(2) Tariffed residential basic local exchange service.</b>			
<p>(c)(ii) requires that for an extension of service that exceeds the allowances, the company must provide a bill for the estimated cost of construction of the extension of service. A notice must include information of the right of reimbursement for a portion of the cost by a subsequent applicant.</p>	<p>Industry Coalition</p>	<p>6-6-08: Industry Coalition proposed that the rule be modified by including language that would permit companies and applicants to agree to use a firm or negotiated quotation for construction charges in lieu of the estimated charge and reimbursement procedure in (4)(c). Coalition suggests that the proposal would not harm any potential customer as it would apply only upon company and customer agreement.</p> <p>Suggested added language: <i>(2)(c)(ii) <b><u>Unless otherwise agreed by a company and its applicant,</u></b> for an extension . . . (remaining subsection)</i></p>	<p>The Commission rejects the proposed rule change. Because there is typically only one telecommunications company from which an applicant may obtain a wire `line extension, a customer could not obtain competing bids or otherwise ascertain the “market” price of the line extension. Therefore, an applicant would have no way of judging the reasonableness of a firm offer and would likely have little or no bargaining power to negotiate a firm price. The initial estimate/true-up approach is preferable because it requires the company to reimburse the amount by which the estimate (and initial bill) exceeds the company’s actual cost. Actual costs can be verified against invoices in the event of a dispute. A “negotiated” price would lack any ready indicia of reasonableness.</p>
<p>(c)(iii) requires the company to complete the extension of service and provide basic local exchange service within twelve months after the applicant meets the payment terms established by the company.</p>	<p>Public Counsel</p>	<p>Public Counsel expressed concern that limited-income applicants may not be able to pay the full cost of an extension quickly and thus may go without service a long time, even where they have entered into a payment plan with the company and have made consistent, substantial payments. PC suggested that this conflicts with the rule’s requirement that service be extended “in a timely manner.”</p> <p>Public Counsel requests that language be included</p>	<p>The Commission rejects Public Counsel’s proposed modification. There is no information available about the relative income of applicants. Line extensions are often sought to service comparatively new developments or second homes. The company may offer payments plans in its tariff. If the payment terms are not acceptable to the applicant, the applicant will need to obtain his/her own financing for the line extension.</p>

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		in subsection (2) that would require companies to make reasonable payment plans available to all applicants and begin the running of the twelve-month deadline upon substantial, partial payment.	
<b>(3) Allowances.</b>			
<p>(a) A company’s tariff must allow for an extension of service within its service territory up to one thousand feet at no charge to the applicant. The tariff may allow for an extension of service for distances over the allowance at no charge to the applicant.</p>	Public Counsel	<p>2-11-08: Public Counsel requested the Commission set the allowance at 2000 feet. Public Counsel stated that setting the allowance at 2,000 feet would still result in lowering the costs that companies are currently responsible for under the existing rule because it would place the extraordinary cost of long extensions on individual customers. According to the data provided by four companies, it was longer extensions—those over 2,000 feet—which made up the bulk of the companies’ overall costs. Shorter extensions were notably less expensive; almost all extensions shorter than 2,000 feet cost less than \$10,000.</p> <p>In its Fourth set of comments (6-6-08), Public Counsel again requests that the distance cap be set at 2,000 feet based on data gathered on the length and cost of line extensions constructed in recent years. PC suggests that a 2,000 foot distance cap would strike the right balance between fostering universal service while not imposing unreasonable costs on companies and ratepayers in general. Below is Public Counsel’s discussion in its CR-101 comments.</p>	<p>The Commission rejects Public Counsel’s proposed revision. The initial line extension allowance proposed in this rulemaking was 500 feet. After consideration of the written initial comments, the line extension allowance was expanded to one thousand feet. The one thousand foot allowance strikes a reasonable balance between the costs that should be borne by the company and those that should be borne by the customer.</p>

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<p>(c) If the company determines that an extension of service up to one thousand feet will involve extraordinary costs, the company may petition for permission to charge the applicant(s) for those costs. The petition must be in the form required under WAC 480-07-370(b)(ii) and the company must file the petition within one hundred twenty days after the order date. The company must provide notice to the applicant of the petition.</p>	<p>Industry Coalition</p>	<p>6-6-08: Coalition proposed that the rule be modified to address extraordinary costs that could be incurred in construction of the first 1000 feet of any line extension that is longer than 1000 feet. The subsection provides for recovery of extraordinary costs associated with an extension that is up to 1000 feet. Coalition suggests the intent be clarified. Suggested added language: <i>(3)(c) If the company determines that an extension of service up to one thousand feet, or the first thousand feet of an extension that is longer than one thousand feet, will involve extraordinary costs, the company may petition for permission to charge the applicant(s) for those costs. (remaining subsection)</i></p>	<p>The Commission accepts Coalition’s proposal to clarify the language regarding recovery of extraordinary costs associated with the first one thousand feet of the line extension. The language is revised to allow the company to demonstrate that the first 1000 feet of any extension of service can be considered for recovery of extraordinary costs. The revised language would read:  (c) If the company determines that <u>the first one thousand feet of</u> an extension of service <del>up to the first one thousand feet</del> will involve extraordinary costs, the company may petition for permission to charge the applicant(s) for those costs. The petition must be in the form required under WAC 480-07-370(b)(ii) and the company must file the petition within one hundred twenty days after the order date. The company must provide notice to the applicant of the petition.</p>
	<p>Industry Coalition</p>	<p>6-6-08: Coalition proposed that a new subsection (3)(d) be added to address general waivers under WAC 480-120-015. The proposed language would make it clear that the existence of an ETC as an alternative service provider for the location where the extension is requested could be a factor to be considered in deciding whether to grant a waiver. Suggested new language: <i>(3)(d) A company may seek a waiver of the requirement to extend service under this rule</i></p>	<p>The Commission rejects Coalition’s proposed new subsection (3)(d). The rule as drafted achieves a bright line standard for companies concerning the obligation to construct a line extension. Adding a waiver option would detract from the bright line standard. A company may seek a waiver under WAC 480-120-015 whenever it thinks it appropriate and the Commission may consider any pertinent</p>

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		<p><i>pursuant to WAC 480-120-015. In making its determination whether to grant such a waiver, the Commission may take into consideration the existence of an alternative service provider that is an Eligible Telecommunications Carrier (“ETC”) for the location where an extension of service is requested.</i></p>	<p>information, including the existence of an ETC alternative, without adding the suggested language.</p>
<p><b>(4) Determining costs and billing for extensions of service longer than allowances.</b></p>			
<p>(c) At the completion of the construction of the extension of service, the company must determine the difference between the estimated cost provided under subsection (2)(c)(ii) and the actual cost of construction. The company must provide to the applicant detailed construction costs showing the difference. The company must refund any overpayment and may charge the applicant for reasonable additional costs up to ten percent of the estimate.</p>	<p>Industry Coalition</p>	<p>6-6-08: Coalition proposed that the rule be modified by including language that would permit companies and applicants to use bill credits instead of refunds for overpayments.</p> <p>June 6 suggested added language:  <i>(4)(c) <b><u>Unless otherwise agreed by a company and its applicant,</u></b> at the completion of the extension of service, the company must determine the difference between the estimated cost provided under subsection (2)(c)(ii) and the actual cost of construction. The company must provide to the applicant detailed construction costs showing the difference. The company must refund any overpayment and may charge the applicant for reasonable additional costs up to ten percent of the estimate.</i></p> <p>6-14-08: Proposed modification:  <i>(4)(c) At the completion of the construction of the extension of service, the company must determine the difference between the estimated cost provided under subsection (2)(c)(ii) and the actual cost of construction. The company must provide to the applicant detailed construction costs showing the</i></p>	<p>The Commission rejects Coalition’s proposed modification. It would be unfair to expect the applicant to pay cash for the extension and then be given bill credits in lieu of a cash refund.</p>

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		<p><i>difference. <b><u>Unless otherwise agreed by a company and its applicant,</u></b> the company must refund any overpayment and may charge the applicant for reasonable additional costs up to ten percent of the estimate.</i></p>	
<b>(6) Requirements for supporting structures and trenches.</b>			
<p>(a)(ii) The company tariff may require that all supporting structures required for placement of company-provided drop wire from the applicant’s property line to the premises are placed in accordance with company construction specifications. The tariff must require that, once in place and in use, all supporting structures and drop wire will be maintained by the company as long as the company provides service, and any support structure and trenches constructed at company expense are owned by the company.</p>	<p>Public Counsel</p>	<p>6-6-08: Public Counsel supports the change in the proposed rule that specified that a company’s offer to construct supporting structure and dig trenches be clearly separated from billing of mandatory costs.</p> <p>PC again requests that language be added to require that the company’s construction specifications be reasonable. Not including such language could be problematic considering that subsection (6)(a) states that “<i>a company tariff may <u>condition construction on completion of support structures, trenches, or both on the applicant’s property.</u></i>”</p> <p><b>Issue:</b> In its February 11, 2008, comments, Public Counsel proposed that “[t]o further ensure that applicants have a meaningful choice, subsection (7)(a)(ii) should include a statement that the company’s construction specifications should be reasonable.”</p>	<p>The Commission accepts Public Counsel’s recommendation and revises the language to include the term “reasonable.” The addition clarifies that supporting structures required for the placement of company-provided drop wire from the applicant’s property line to the premises are only reasonably necessary to complete the line extension. The revised language would read:</p> <p>(a)(ii) The company tariff may require that all supporting structures required for placement of company-provided drop wire from the applicant’s property line to the premises are placed in accordance with <b>reasonable</b> company construction specifications.</p>

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<b>(8) Application of rule.</b>			
<p>WAC 480-120-071 as amended applies to requests for service made on or before [the effective date] of this rule if the company has informed the applicant that it will request an exemption.</p>	<p>Industry Coalition</p>	<p>Coalition proposed that the rule be modified by adding language that would address the transition to the new rule. Cost recovery mechanisms are in place based on the current rule that will not have run their course on the effective date of the new rule but that will be effectively repealed by the new rule. Specifically, the customer surcharge authorized in current 480-120-071(3)(a) and the terminating switched access surcharge authorized in current 480-120-071(4) run on a twenty-month cycle.</p> <p>Suggested added language:  <i>(8) (Proposed rule language . . . then Coalition suggested addition):  WAC 480-120-071 as it was in effect on June 1, 2008 shall continue to apply to applications for extension of service that a company has completed or accepted before _____ (the effective date of the amended rules).</i></p>	<p>The Commission accepts the Industry Coalition’s proposal and revises the language to clarify the applicability of the new rule.</p> <p><u>(a) The prior WAC 480-120-071, as it was in effect on June 1, 2008, will continue to apply to applications for extension of service that a company has completed or accepted before [the effective date of the amended rule].</u></p> <p><u>(b) This section, as amended effective [the effective date of the amended rule], applies to all other requests for service before and after the effective date.</u></p>