**Chapter 480-120 WAC**

**TELEPHONE COMPANIES**

**PART VIII. FINANCIAL RECORDS AND REPORTING RULES**

480-120-339 Streamlined filing requirements for Class B telecommunications company rate increases.

480-120-349 Retaining and preserving records and reports.

480-120-352 Washington Exchange Carrier Association (WECA).

~~[Accounting for]~~

480-120-359 Accounting for telecommunications companies not classified as competitive.

480-120-379 Mergers, acquisitions, and sales of exchanges.

480-120-382 Annual report for competitively classified telecommunications companies.

480-120-385 Annual report for telecommunications companies not classified as competitive.

480-120-399 Access charge and universal service reporting.

**WAC 480-120-339 Streamlined filing requirements for Class B telecommunications company rate increases.** (1) A Class B company, as defined in WAC 480-120-021 (Definitions), may use the streamlined treatment described in this section for seeking a general rate increase, as an alternative to the requirements in WAC 480-07-510 (General rate proceedings—Electric, natural gas, pipeline, and telecommunications companies).

(2) **General information required.** A Class B company seeking streamlined treatment for a proposed general rate increase must submit the following information at the time of filing or prior to its first notice to customers, whichever occurs first:

(a) A copy of its customer notice as specified in subsection (6) of this section.

(b) A results-of-operations statement, on a commission basis, demonstrating that the company is not presently exceeding a reasonable level of earnings. If the company is exceeding a reasonable level of earnings, the proposed increase must be reduced accordingly.

(c) All supporting documentation used to develop the results-of-operations statement, including supporting documentation for all adjustments.

(d) The results-of-operations statement filed under this subsection must include Washington intrastate results of operations and total Washington results of operations. If a company cannot provide Washington intrastate results of operations with reasonable accuracy, the commission may consider the total Washington results of operations including the interstate jurisdiction.

(3) **Adjustments provided for in the results of operations.**

(a) The results-of-operations statement must provide restating actual adjustments and pro forma adjustments in accordance with (b) of this subsection.

(b) Before the achieved return is calculated, a company must adjust the booked results of operations for restating actual and pro forma adjustments, including the following:

(i) Nonoperating items;

(ii) Extraordinary items;

(iii) Nonregulated operating items; and

(iv) All other items that materially distort the test period.

(4) **Rate design.** A Class B company filing pursuant to this section must clearly describe the basis for allocating any revenue requirement change proposed by customer class (e.g., residential, business, and interexchange).

(5) **Customer notice.** The company must notify customers consistent with the manner outlined in WAC 480-120-194 (Publication of proposed tariff changes to increase charges or restrict access to services), and must include the following information:

(a) The proposed increase expressed in:

(i) Total dollars and average percentage terms; and

(ii) The average monthly increases the customers in each category or subcategory of service might reasonably expect;

(b) The name and mailing address of the commission and public counsel;

(c) A statement that customers may contact the commission or public counsel with respect to the proposed rate change; and

(d) The date, time, and place of the public meeting, if known.

(6) **Final action.** The commission will ordinarily take final action on a filing under this section within ninety days after the date of filing.

(7) The commission may decline to apply the procedures outlined in this section if it has reason to believe that:

(a) The quality of the company's service is not consistent with its public service obligations; or

(b) A more extensive review is required of the company's results of operations or proposed rate design.

(8) Nothing in this rule will be construed to prevent any company, the commission, any customer, or any other party from using any other procedures that are otherwise permitted by law.

[Statutory Authority: RCW 80.01.040, 80.04.160, 81.04.160 and 34.05.353. WSR 05-06-051 (Docket No. A-021178 and TO-030288, General Order No. R-518), § 480-120-339, filed 2/28/05, effective 3/31/05.]

**WAC 480-120-349 Retaining and preserving records and reports.** (1) Companies must keep all records and reports required by these rules or commission order for three years unless otherwise specified in subsection (2) of this section. No records may be destroyed before the expiration of three years or the time specified in subsection (2) of this section, whichever is applicable.

(2) Companies must adhere to the retention requirements published by the Federal Communications Commission in Title 47, Code of Federal Regulations Part 42, Preservation of Records of Communication Common Carriers and Part 54, Universal Service. The effective date is stated in WAC 480-120-999, Adoption by reference.

[Statutory Authority: RCW 80.01.040 and 80.04.160. WSR 05-03-031 (Docket No. UT 040015, General Order No. R-516), § 480-120-349, filed 1/10/05, effective 2/10/05.]

**WAC 480-120-352 Washington Exchange Carrier Association (WECA).** (1) The Washington Exchange Carrier Association (WECA) may:

(a) File petitions with the commission;

(b) Publish and file tariffs with the commission; and

(c) Represent before the commission those members that so authorize. WECA's rules of procedure are on file with the commission under Docket No. UT-920373, and may be obtained by contacting the commission's records center.

(2) Subject to all the procedural requirements and protections associated with company filings before the commission, WECA must submit to the commission:

(a) All initial WECA tariffs; and

(b) All changes to the tariffs.

(3) A member of WECA may file directly with the commission:

(a) Tariffs and contracts;

(b) Revenue requirement computations;

(c) Revenue objectives or petitions for distribution from the "Temporary Universal Communications Services Program"

referred to in WAC 480-123- ;

(d) Universal service support cost calculations;

(e) Total service long run incremental cost studies;

(f) Competitive classification petition;

(g) Other reports; or

(h) Any other item it or the commission deems necessary.

(4) The commission has the authority to supervise the activities of WECA. However, such supervision will not compromise the independent evaluation by the commission of any filing or proposal that must be submitted to the commission for approval.

(5) To the extent that WECA is involved in the collection and redistribution of funds under commission orders authorizing certain revenue sharing arrangements under common tariff, it must maintain, provide, and report to the commission annual financial reports, by July 1 of each year, relating to the arrangements. Annual financial reports must also include:

(a) Actual fund collections and distributions to each member company;

(b) The basis upon which the collection and distribution is made;

(c) The actual demand units (by company) for the previous calendar year for each switched access tariff rate element (both originating and terminating) along with complete work papers;

(d) Board membership;

(e) Special committee membership; and

(f) The status and description of any open WECA docket proceedings.

(6) Each local exchange company in the state of Washington has the option of using WECA as its filing agent, tariff bureau, or both. Companies using WECA collectively may file intrastate rates, tariffs, or service proposals.

(7) Nothing in this section will be construed as amending or modifying WECA's current methods of administration.

[Statutory Authority: RCW 80.36.010, 80.36.110, 80.36.320, 80.36.330, 80.36.333, 80.36.338, 80.01.040 and 80.04.160. WSR 07-08-027 (Docket UT-060676, General Order R-540), § 480-120-352, filed 3/27/07, effective 4/27/07. Statutory Authority: RCW 80.01.040, 80.04.160, 81.04.160 and 34.05.353. WSR 05-06-051 (Docket No. A-021178 and TO-030288, General Order No. R-518), § 480-120-352, filed 2/28/05, effective 3/31/05.]

**~~[Accounting for]~~**

**WAC 480-120-359 Accounting for telecommunications companies not classified as competitive.** (1)(a) For accounting purposes, each company not classified as competitive must use the *Uniform System of Accounts (USOA) for Class A and Class B Telephone Companies* published by the Federal Communications Commission (FCC) and designated as Title 47, Code of Federal Regulations, Part 32 (47 C.F.R. 32, or Part 32). The effective date for Part 32 is stated in WAC 480-120-999 (Adoption by reference).

(b) Class B companies may use Class A accounting, but Class A companies must not use Class B accounting.

(2) The commission modifies Part 32 as follows:

(a) Any reference in Part 32 to "Commission," "Federal Communications Commission," or "Common Carrier Bureau" means the Washington utilities and transportation commission.

(b) Each company not classified as competitive must keep subsidiary records to reflect Washington intrastate differences when the commission imposes accounting or ratemaking treatment different from the accounting methods required in subsection (1) of this section. Each company not classified as competitive must maintain subsidiary accounting records for:

(i) Residential basic service revenues;

(ii) Business basic service revenues;

(iii) Access revenues for each universal service rate element;

(iv) Special access revenues; and

(v) Switched access revenues.

(c) Each company not classified as competitive that has multistate operations must keep accounting records that provide Washington results of operations. The methods used to determine Washington results of operations must be acceptable to the commission.

(d) Part 32 section 32.11(a) is replaced by WAC 480-120-034 (Classification of local exchange companies as Class A or Class B).

(e) Part 32 section 32.11 (d) and (e) are replaced by WAC 480-120-034.

(f) Any reference in Part 32 to "Class A" or "Class B" means the classification as set out in WAC 480-120-034.

(3) This rule does not dictate intrastate ratemaking.

[Statutory Authority: RCW 80.01.040 and 80.04.160. WSR 05-03-031 (Docket No. UT 040015, General Order No. R-516), § 480-120-359, filed 1/10/05, effective 2/10/05.]

**WAC 480-120-379 Mergers, acquisitions, and sales of exchanges.**(1) In accordance with chapters 80.12 RCW (Transfers of property) and 480-143 WAC (Commission general—Transfers of property), a telecommunications company must obtain an order from the commission authorizing the following transactions (before consummating or closing any such transaction): (a) the sale of any exchanges (including access lines), (b) the acquisition of any exchanges (or access lines) from another utility, or (c) the merger or acquisition of its parent company or any affiliated operating local exchange company to an unaffiliated entity. (2) This section does not apply to a company classified as competitive pursuant to RCW 80.36.320, or to a local exchange company that serves less than two percent of the access lines in the state of Washington.

[Statutory Authority: RCW 80.01.040, 80.04.160, 81.04.160 and 34.05.353. WSR 05-06-051 (Docket No. A-021178 and TO-030288, General Order No. R-518), § 480-120-379, filed 2/28/05, effective 3/31/05.]

**WAC 480-120-382 Annual report for competitively classified telecommunications companies.** The commission will distribute an annual report form including a regulatory fee form. A competitively classified company must:

(1) Complete both forms, file them with the commission, and pay its regulatory fee, no later than May 1 of each year;

(2) Provide total number of access lines as required on the annual report form;

(3) Provide income statement and balance sheet for total company;

(4) Provide revenues for Washington and Washington intrastate operations subject to commission jurisdiction;

(5) Keep accounts using generally accepted accounting principles (GAAP), or any other accounting method acceptable to the commission. In addition, the accounts must allow for the identification of revenues supporting subsection (4) above; and

(6) **Regulatory fees.** The telecommunications annual regulatory fee is set by statute at one-tenth of one percent of the first fifty thousand dollars of gross intrastate operating revenue plus two-tenths of one percent of any gross intrastate operating revenue in excess of fifty thousand dollars.

(a) The maximum regulatory fee is assessed each year, unless the commission issues an order establishing the regulatory fee at an amount less than the statutory maximum.

(b) The minimum regulatory fee that a company must pay is one hundred and fifty dollars.

(c) (d) The commission does not grant extensions for payment of regulatory fees.

(e) If a company does not pay its regulatory fee by May 1, the commission will assess an automatic late fee of two percent of the amount due, plus one percent interest for each month the fee remains unpaid.

(f) The commission may take action to revoke a company's registration certificate if it fails to pay its regulatory fee.

[Statutory Authority: RCW 80.01.040(4), 81.04.160, and 34.05.353. WSR 06-08-057 (Docket A-060085, General Order No. R-531), § 480-120-382, filed 3/31/06, effective 5/1/06. Statutory Authority: RCW 80.01.040, 80.04.160, 81.04.160 and 34.05.353. WSR 05-06-051 (Docket No. A-021178 and TO-030288, General Order No. R-518), § 480-120-382, filed 2/28/05, effective 3/31/05.]

**WAC 480-120-385 Annual report for telecommunications companies not classified as competitive.** (1) Annual reports for companies not classified as competitive. The commission will distribute an annual report form as specified in (c) (i), (c) (ii) and (c)(iii) of this subsection and a regulatory fee form. A telecommunications company not classified as competitive must:

(a) The company must pay its regulatory fee, no later than May 1 of each year;

(b) Provide total number of access lines as required on the annual report form; and

(c) (i) The commission will provide income statement, balance sheet, and rate base templates for total company and results of operations for Washington and Washington intrastate, no later than March 1 of each year and the company must submit the completed forms no later than July 1 of each year.

(ii)Class B companies are not exempt from these filing requirements.

(2) Methods used to determine Washington intrastate results of operations must be acceptable to the commission.

(3) This rule does not supersede any reporting requirements specified in a commission rule or order, or limit the commission's authority to request additional information.

(4) **Regulatory fees.** The telecommunications annual regulatory fee is set by statute at one-tenth of one percent of the first fifty thousand dollars of gross intrastate operating revenue plus two-tenths of one percent of any gross intrastate operating revenue in excess of fifty thousand dollars.

(a) The maximum regulatory fee is assessed each year, unless the commission issues an order establishing the regulatory fee at an amount less than the statutory maximum.

(b) The minimum regulatory fee that a company must pay is one hundred and fifty dollars.

(d) The commission does not grant extensions for payment of regulatory fees.

(e) If a company does not pay its regulatory fee by May 1, the commission will assess an automatic late fee of two percent of the amount due, plus one percent interest for each month the fee remains unpaid.

[Statutory Authority: RCW 80.01.040(4), 81.04.160, and 34.05.353. WSR 06-08-057 (Docket A-060085, General Order No. R-531), § 480-120-385, filed 3/31/06, effective 5/1/06. Statutory Authority: RCW 80.01.040, 80.04.160, 81.04.160 and 34.05.353. WSR 05-06-051 (Docket No. A-021178 and TO-030288, General Order No. R-518), § 480-120-385, filed 2/28/05, effective 3/31/05.]

**WAC 480-120-399 Intrastate access charge mechanism reporting.**

[T]he Washington Exchange Carrier Association must provide annually information according to WAC 480-120-352(5)(c) above.

[Statutory Authority: RCW 80.01.040, 80.04.160, 80.36.600, and 80.36.610. WSR 06-14-051 (Docket No. UT-053021, General Order No. R-534), § 480-120-399, filed 6/28/06, effective 7/29/06. Statutory Authority: RCW 80.01.040, 80.04.160, 81.04.160 and 34.05.353. WSR 05-06-051 (Docket No. A-021178 and TO-030288, General Order No. R-518), § 480-120-399, filed 2/28/05, effective 3/31/05.]