

WASHINGTON INDEPENDENT TELECOMMUNICATIONS ASSOCIATION

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September 17th, 2010

David Danner, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 Evergreen Park Drive SW
Olympia, Washington 98504-7250

RE: Docket No. UT-100562 – Reply Comments

Dear Mr. Danner:

Universal Service has been the social policy of our state and nation for over seventy years. Washington State reaffirmed its policy when the legislature adopted the Regulatory Flexibility Act in 1985 and again in 1998 with passage of ESSB 6622 (see RCW 80.36.300). The Telecommunications Act of 1996 reaffirmed this policy at the federal level. The policy basically defines Universal Service as the practice of providing reasonably comparable services at reasonably comparable rates to all areas of nation and state. Today, the desired outcome of these policies is often referred to in our state as “One Washington.”

The need to revisit Universal Service at the state level, by moving from an implicit to an explicit funding mechanism, has been on the books for several years. The need to stabilize universal service has become much more acute as our members are challenged to obtain the capital to build and operate the public switched network and fulfill their carrier of last resort (COLR) responsibilities in high cost areas in the face of decreasing access lines, declining access revenues and the potential loss of federal funding under the National Broadband Plan.

There have been significant changes in the telecommunications industry which also must be taken into consideration when drafting a state USF proposal. First of all, the introduction of nearly ubiquitous wireless services means that rural carriers are no longer monopolies but continue to carry the legacy carrier of last resort obligations. Secondly, access to broadband is now considered as important to our quality of life and commerce as telephones and electricity have been to previous generations.

It should not be lost in the discussion that it is the public switched network that delivers today and will continue to be the highway in the future for most broadband services in rural areas. In addition, wireless services in rural Washington would not be as robust as they are today without the network. According to a recent report from the US Government Accountability Office, “the majority of wireless traffic actually flows over the wireline telephone system.”

At the July 27th, 2010 WUTC workshop the Washington Independent Telecommunications Association (WITA) offered our concept paper as a starting point for discussions around the policies and funding mechanisms needed to ensure the continuation of our state's policy of universal service. It was WITA's intent to provide a document that would facilitate discussions by carriers, the Commission and other interested parties around high-level concepts. WITA chose this approach because while the devil may be in the details, WITA believes that the road to consensus can only be paved with answers to questions such as:

1. Are there areas that, due to low population density, will always require some level of support to maintain basic telecommunications services?
2. Given the new reality that high-speed Internet is an essential element of our quality of life and commerce, should a state universal service fund be used to fund broadband services along with traditional telephone services?
3. Should a reduction in the composite per minute intrastate switched access charge rate level to the per minute composite interstate switched access rate level be part of the equation for determining the amount of support required to ensure the continuation of our public switched network?

Given our volatile telecommunications landscape WITA has been attempting, through our concept paper, to present a set of principles which we believe would create the policies and funding mechanisms that both acknowledge the changes in our industry while maintaining the longstanding state and federal social policies that codify the important two-way equitable relationship between the rural and urban parts of our country. The principles outlined in our concept paper include:

1. Providers who have access to and use the public switched network should support the network.
2. Service to high cost areas should be supported through an explicit state funding mechanism, which replaces the existing access charge mechanism in whole or in part.
3. Carriers which apply for state USF support should be subject to a threshold simplified earnings review or some similar type of Commission approved review.
4. To limit the size of the fund, a provider that draws from the fund must move its local service rate to or impute to a statewide benchmark local service rate, if its local service rates are below the benchmark.
5. Only one carrier should receive state USF high cost support in each high cost area.
6. Carriers who receive state USF high cost support funds should be subject to COLR responsibilities.
7. Companies with COLR responsibilities for high cost areas that are required to transition intrastate minute-of-use switched access rate level to interstate switched access rate level but

do not receive intrastate universal service support for an area can have the same retail regulatory treatment as other non-supported providers (i.e. cable, wireless) for that area.

8. The explicit support mechanism should be able to be transitioned to support broadband under terms and conditions established by the Commission.

In conclusion, WITA believes that the State of Washington cannot be allowed to degenerate into a state where citizens are "haves" or "have nots" in the telecommunications world. Through our efforts WITA has tried to demonstrate that the citizens and economies of our state are too important to let that happen. To secure our state's commitment to "One Washington" WITA respectfully asks that the Commission take the lead in developing and recommending the policies and funding mechanisms necessary to retain universal service as a viable policy in a digital age.

Respectfully submitted,

Betty S Buckley, Executive Vice-President