

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION

MCI TELECOMMUNICATIONS	)	
CORPORATION AND AT&T	)	DOCKET NO. UT-970658
COMMUNICATIONS OF THE	)	
PACIFIC NORTHWEST,	)	
	)	SEVENTH SUPPLEMENTAL
Complainants,	)	ORDER APPROVING US WEST
	)	COMMUNICATIONS, INC.,
v.	)	COMPLIANCE TARIFF FILINGS
	)	AND DIRECTING REFUNDS
US WEST COMMUNICATIONS, INC.,	)	
GTE NORTHWEST, INC., AND	)	
UNITED TELEPHONE COMPANY OF	)	
THE NORTHWEST,	)	
	)	
Respondents.	)	
	)	
.....	)	

**BACKGROUND**

- 1      On March 23, 1999, the Commission entered its Fifth Supplemental Order in this proceeding resolving issues of compliance by US WEST Communications, Inc. (now Qwest) with requirements of the Telecommunications Act of 1996 relating to charges for payphone operations. That order requires Qwest to submit certain compliance filings to the Commission to remove subsidies from the company's regulated operations and to reduce certain rates retroactively to April 15, 1997. The Fifth Supplemental Order was appealed to the Superior Court, and subsequently, to the Court of Appeals, Division I. At each level, the Commission's decision was affirmed.
- 2      On February 6, 2002, Qwest made a filing to comply with the Fifth Supplemental Order (with a March 8, 2002, effective date). That filing was rejected in the Sixth Supplemental Order because the filing did not make clear that it met all terms of the Fifth Supplemental Order. Subsequently, on April 2, 2002, the parties convened for a conference with the Administrative Law Judge on the issues raised in connection with compliance with the Fifth Supplemental Order. The regulatory staff of the Commission (Staff) and complainants are now satisfied that Qwest's tariff filing (Advice No. 3285T) complies with the Fifth Supplemental Order. Qwest has refiled that tariff with an effective date of May 20, 2002, and has requested that the tariff be approved to be effective on May 1, 2002.

3 The Commission finds that the tariff revisions filed with the Commission by Qwest  
on April 19, 2002, under Advice No. 3309T, are consistent with the Commission's  
Fifth Supplemental Order, and concludes that the tariff revisions should be approved  
as filed to be effective on May 1, 2002.

4 The Fifth Supplemental Order required that the tariff filings be made retroactive to  
April 15, 1997, the date that the Act required all subsidies for payphone service to be  
removed from tariffs. The parties agreed to stay the effectiveness of the Fifth  
Supplemental Order in both the superior court and Court of Appeals, until decisions  
were received from those courts. Therefore, in order to carry out the terms of the  
Fifth Supplemental Order, Qwest must provide refunds to customers<sup>1</sup> who paid the  
exchange access charges in excess of those included in the April 19, 2002, tariff  
filing.

5 Qwest has proposed a methodology for refunds to be paid to customers as set out  
below.

6 Refunds would be based on the local switching (LS) minutes of use (MOU) billed by  
Qwest. A specific customer would receive a percentage of the total refund  
proportional to the percentage of that customer's billed LS MOU to total LS MOU  
billed to all customers for the period of the refund (April 15, 1997, through April 30,  
2002).

7 A customer's refund due from April 15, 1997, through May 31, 1999 (Court-ordered  
stay April 30, 1999) would be refunded at no interest. Approximately 23% of the  
total refund would be due to customers who paid rates above those approved in the  
Fifth Supplemental Order during this time period.

8 A customer's refund due from June 1, 1999, through April 30, 2002 (proposed  
effective date of rate reduction), or approximately 77% of the total refund, would be  
refunded at simple interest (12%) calculated on a monthly basis on the average  
monthly amount of the refund principal.

9 Refunds would be in the form of bill credits for those customers currently in service  
unless the customers seek, and Qwest agrees to, another refund method. Refunds for  
customers who are no longer receiving service from Qwest would be handled as  
follows: 1) if a customer has been acquired by another customer, the refund would  
flow to the new carrier; 2) if a customer is disconnected, and Qwest records do not  
show that it is operating under a new carrier, then a check would be mailed to the  
carrier. If the check is returned, and Qwest is not able to locate the customer, then the  
check will be sent to the State of Washington unclaimed properties fund.

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<sup>1</sup> "Customer" as used in this order includes carriers.

10 The Fifth Supplemental Order requires an annual reduction for Qwest of approximately \$874,000. Therefore, the total refund currently due to the customers is in the range of approximately \$5.3 million, due to the lag created by the court case, the stay, and the resulting interest calculation. Qwest has discussed its proposed methodology for calculating refunds required by the Fifth Supplemental Order with Staff and the complainants, AT&T and MCI. Staff and complainants agree that refunds made in accordance with the procedures outlined in paragraphs five through nine of this Order are appropriate to effectuate the Fifth Supplemental Order.

11 Based on the record provided and discussed above, we find that the proposed methodology and filed tariff comply with our Fifth Supplemental Order.

### **ORDER**

THE COMMISSION ORDERS That:

12 The tariff revisions filed by Qwest on April 19, 2002, in accordance with the Fifth Supplemental Order in this proceeding, shall become effective as filed on May 1, 2002.

13 Qwest shall make refunds using the methodology set out in paragraphs five through nine of this Order, no later than May 31, 2002, for the named parties and no later than the second full billing cycle after the date of this order for other customers, by the methodology described in paragraph nine of this order.

14 THE COMMISSION ORDERS FURTHER That it retains jurisdiction over the subject matter and the parties to effectuate the provisions of this and prior orders in these proceedings.

DATED at Olympia, Washington, and effective this 1<sup>st</sup> day of May, 2002.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

RICHARD HEMSTAD, Commissioner

PATRICK J. OSHIE, Commissioner