

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of
Registration, Competitive Classification,
and Price Lists of Telecommunications
Companies, Chapter 480-121 WAC

Docket No. UT-991922

Docket No. U-991301

In the Matter of Utility General – Tariffs,
Chapter 480-80 WAC

Docket No. UT-990146

In the Matter of Telecommunications
Companies, Chapter 480-120 WAC

COMMENTS OF METRONET
SERVICES CORPORATION, INC.

I.INTRODUCTION

MetroNet Services Corporation, Inc. ("MetroNet") is currently a rebiller of U S West's Centrex service and expects to become a reseller of local exchange services in the future. MetroNet applauds the efforts of the Commission to update its rules to reflect the changed environment for telecommunications and to give additional guidance to carriers on what needs to be done to meet statutory requirements. MetroNet also appreciates the efforts of the Commission to work with the companies in this process to develop rules that will advance competitive telecommunications in Washington.

MetroNet has identified three specific areas of concern in the proposed Chapter 480-121 rules and the Chapter 480-120 technical rules. These include (i) the customer notice provision proposed in WAC 480-121-X05(3), (ii) the new accounting requirements for competitive telecommunications proposed in WAC 480-120-X01, and (iii) the service quality guarantees proposed in WAC 480-120-X08.

MetroNet is concerned that the customer notice provision in

WAC 480-121-X05(3) and the accounting requirements do not adequately take into account the more limited resources of new market entrants and the disparate impact of regulations on smaller companies. Depending on how the Commission decides to apply them, the proposed rules could thwart the intent of RCW 80.36.300, which provides that it is the policy of the state to permit flexible regulation of competitive telecommunications companies and services. For smaller companies such as MetroNet, regulatory flexibility is needed to ensure that their limited resources can be focused on the provision of services. Consumers will benefit more from allowing competitive local exchange carriers ("CLEC's") to have the flexibility to respond to competitive pressures than regulatory requirements that are unnecessary in a competitive environment.

II.DISCUSSION

A. Customer Notice

WAC 480-121-X05(3) provides that the Commission may require notification to customers when the effect of a company's proposal is such that there is a significant impact on customer rates, access to services or when customer education is needed. It is not clear from the rule itself whether the Commission may require such special customer notice only for petitions for competitive classification of services or for all other proposals filed with the Commission. The Commission should clarify this rule and narrow its scope to exceptional circumstances so that companies are faced with costly notification requirements only when it can be demonstrated that benefits to the public significantly outweigh costs to the companies.

B. Accounting Rule

WAC 480-120-X01 provides that companies must keep accounts using generally accepted accounting principles (GAAP), or any other accounting method acceptable to the Commission. MetroNet is a small, privately held company, which is not subject to the accounting requirements of public companies. Substantial changes in MetroNet's current practices could impose significant costs on MetroNet that would make it difficult to compete. MetroNet is uncertain what impact this rule might have on its accounting practices and asks that the Commission specify the criteria it would use to determine whether an accounting method is acceptable and explain the significance of the criteria.

MetroNet is concerned that the Commission could apply this rule in a manner that may place a disproportionate burden on small entry-level CLEC's whose accounting methods may differ from those methods that are required of larger companies because they are publicly held. The Commission should not require of such smaller companies in the competitive environment accounting methods that are cumbersome and unnecessarily expensive. The Commission runs the risk of discouraging entry of new, small companies if it imposes requirements that are costly and necessitate significant changes in company operations. In specifying any criteria for accounting methods, the Commission should be mindful of the needs of small companies for greater flexibility.

C. Service Quality Guarantees

The service quality guarantees proposed by WAC 480-120-X08 should be imposed on the underlying carrier providing the service and should not apply to competitive providers such as resellers and rebillers. In fact, the rules should clarify that a retail rebiller will be treated as the customer of record for purposes of applying the service guarantees. As a retail rebiller, MetroNet purchases services from retail tariffs as the customer of record and depends on U S West for prompt processing of orders in order for it to fulfill its own business obligations. When U S West does not fulfill orders by the due date, loses and fails to acknowledge orders, or fails to show up for an appointment during normal business hours,¹ MetroNet is held responsible by its own subscribers and its business is often harmed. Given the monopoly position of U S West, it is appropriate that MetroNet have the same recourse to the service guarantees as any other retail customer in order to reduce the adverse financial impacts from the failure of U S West to deliver service as promised. This will in turn reduce the cost of service for MetroNet subscribers.

The service quality guarantees should not apply to resellers of local exchange services or, in fact, any CLEC dependent on incumbent local exchange carriers (“ILECs”) for delivery of facilities and services. It is more appropriate to impose the service guarantees on the underlying carrier responsible for providing the facilities and services, which currently are almost exclusively the ILECs. Resellers have little leverage in obtaining from the ILECs the local facilities and services needed to serve reseller

¹ All of which have been ongoing problems for MetroNet

customers when the ILECs are essentially monopoly providers of the local services and facilities. Resellers are entirely dependent on the ILECs to ensure service for their customers. Therefore, the rules should impose service guarantees on the underlying carrier and permit resellers to obtain service guarantees on behalf of their customers when the underlying carrier does not fill orders by the due date or misses appointments and commitments.

Alternatively, if the Commission does impose service guarantees on resellers, it should delineate the respective responsibilities of the reseller and the underlying carriers with respect to the service guarantees that reflect the realities of how those services are currently provided and the control that ILECs have over this process.

III.CONCLUSION

First, the Commission should clarify the customer notice provision in WAC 480-121-X05(3) and promulgate rules on customer notice that do not impose substantial costs on small companies. Second, the Commission should clarify its rule on accounting methods with respect to what is an acceptable accounting method and consider the potential impact of this rule on small, entry-level carriers. Third, service guarantees should not be imposed on resellers, but on the carrier who provides the underlying service and facilities. The service guarantees should also clarify that retail rebillers shall have recourse to the service guarantees as the customer of record.

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Respectfully submitted,

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