

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

IN THE MATTER OF WASHINGTON TELEPHONE)
ASSISTANCE PROGRAM RULEMAKING) DOCKET NO. UT-003074

**COMMENTS OF VERIZON
September 22, 2000**

On August 23, 2000, the Washington Utilities and Transportation Commission ("Commission") issued a Notice of Opportunity to File Written Comments in this Washington Telephone Assistance Program ("WTAP") Rulemaking, Docket No. UT-003074. Verizon Northwest Inc., Verizon Select Services Inc. and Verizon Wireless (collectively "Verizon"¹) submit their responses and comments on the four questions posed in the Commission's Notice.

Verizon supports a reexamination of WTAP and its rules, by both the Commission and the Department of Social and Health Services ("DSHS"). As the Commission's Staff noted in its July 31, 2000 memorandum to the Commission, WTAP was enacted in 1987 and the rules have not been materially altered since 1990. Since then, significant technological advancements have occurred and more are on the way, major legislative and

¹Verizon Northwest Inc. was formerly known as GTE Northwest Incorporated and is a facilities-based provider of local and other telecommunications services. Verizon Select Services Inc. was formerly known as GTE Communications Corporation and is a reseller of local and other telecommunications services. Verizon Wireless was formerly known as AirTouch Communications in Washington and is a provider of wireless telecommunications services.

regulatory policy revisions have been made, and local telecommunications competition is rapidly expanding. Due to the limits on WTAP funding, however, sweeping changes in the program should not be made at this time. Expanded carrier participation should be limited to Eligible Telecommunications Carriers ("ETCs"), and further promotional expenses should not be required of participants.

**THE COMMISSION SHOULD NOT MANDATE WTAP PARTICIPATION BY
NON-ETCs**

In its Notice, the Commission stated that its current rules do not make participation mandatory for local exchange carriers, and it asked whether the rules should be changed to require participation by incumbent local exchange carriers ("ILECs"), competitive local exchange carriers ("CLECs") and resellers.² While all local exchange companies assess a telephone assistance excise tax and remit the money collected to the WTAP, giving WTAP discounts should remain voluntary for local exchange carriers that have not been designated ETCs. Mandated participation by non-ETCs would raise WTAP costs and possibly force companies to provide WTAP benefits without reimbursement.

The WTAP pays for the discounts provided to qualified customers and for their local service providers' expenses by a combination of federal benefits and monies raised by a state WTAP excise tax that is capped by statute.³ The Federal Communications Commission's ("FCC") rules allow only

² Verizon considers resellers to be CLECs. In the context of the Commission's Notice and questions, Verizon assumes that the Commission intends "CLECs" to refer to facilities-based carriers, as opposed to pure resellers.

³ RCW 80.36.430; -.460.

ETCs to be compensated under its lifeline program.⁴ While most ILECs have obtained ETC designation for their service areas, most CLECs have not. In addition, since the Federal requirements for ETC designation require either facilities-based or a combination of facilities-based and resale provision of basic local service⁵, pure resellers can not qualify for federal reimbursement. Therefore, if the Commission were to require non-ETCs to participate in the WTAP program, state funds would have to cover all of the related costs. This could call for an increase in the WTAP fund size beyond the statutory limit, in which case the non-ETCs would have to absorb the shortfall. Obviously, the Commission should not impose such a burden. If such expansion is desired, the legislature should first raise the funding cap.

Even if the WTAP cap were not exceeded, it may not be advisable to incur the increased cost of multiple providers' administrative expenses. Presently, the ILEC-ETCs have established staff resources and processes for WTAP that benefit from scale efficiencies. Adding other companies to the process may increase the per-customer administrative costs borne by the WTAP fund.

WTAP costs could also be increased by inflated prices for local service. Since the Commission does not regulate the prices charged by CLECs and resellers, they could charge a higher rate than the ILEC-ETC and request a higher support amount from the fund. This could result in a niche market where support of over-priced services diverts limited WTAP funding.

⁴ FCC Docket 96-45 Report and Order (FCC 97-157), paragraph 327.

⁵Id at paragraph 131.

WIRELESS PARTICIPATION SHOULD BE VOLUNTARY

The Commission asked whether wireless carriers should be allowed to participate in WTAP (*i.e.*, be reimbursed for discounts and expenses) in certain circumstances. Wireless carriers cannot be required by the Commission to provide service or to provide WTAP discounts, and their services are not taxed to provide funding for the WTAP.⁶ However, Verizon is not opposed to allowing wireless carriers to participate in the program on a voluntary basis if the carrier obtains ETC status.

III. WTAP TARIFFS AND PRICE LISTS COULD BE STANDARDIZED

The Commission also asked for views on the standardization of WTAP participants' tariffs and price lists on the explanation of WTAP, the rate eligible subscribers would pay, and how to determine eligibility. Verizon does not oppose such standardization. This can be discussed at the October 10, 2000, workshop. A specific discount amount for the federal subscriber line charge (end-user common line charge) should not be stated, unless done on only an illustrative basis, due to the possible annual changes in this rate by the FCC.

⁶ RCW 80.36.420, -.430, -.460.

IV.ANY ADDITIONAL PUBLIC OUTREACH EFFORTS SHOULD BE CARRIED OUT BY THE COMMISSION AND DSHS

The Commission also asked whether ILECs, CLECs and resellers should be mandated to implement public outreach efforts, such as "advertising and promoting WTAP." For carriers participating in the federal lifeline program, the FCC already has prescribed outreach requirements.⁷

The expense of any additional efforts mandated for WTAP would have to be reimbursed by the WTAP fund. If the Commission and DSHS conclude that further outreach efforts are needed and cost-justified, the Commission and/or DSHS should perform them. This would ensure consistency of the outreach information and avoid duplicative costs.

V.CONCLUSION

The Commission should not mandate participation in WTAP for CLECs and resellers. They should be allowed to participate if they receive ETC designation. Wireless providers should also be allowed, but not required, to participate where they have been designated an ETC. Although Verizon does not oppose some standardization of tariffs and price lists on WTAP features, a specific federal discount amount should not be listed due to possible annual revisions of the SLC/EUCL by the FCC. Finally, the Commission should

⁷ Id at paragraph 131.

not mandate providers to provide additional WTAP advertisements and promotions. The federal lifeline program already provides for outreach requirements. The Commission and/or DSHS should handle any additional Washington outreach efforts.