

SERVICE DATE

JUN 28 2000

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)	
TRANSPORTATION COMMISSION,)	
)	
Complainant,)	DOCKET NO. UT-971140
)	
v.)	
)	
WASHINGTON EXCHANGE)	
CARRIER ASSOCIATION, <i>et al.</i> ,)	NINTH SUPPLEMENTAL ORDER
)	APPROVING WASHINGTON
Respondents.)	CARRIER ACCESS PLAN
.....)	

BACKGROUND

On July 15 1997, the Washington Exchange Carrier Association (WECA) filed with the Commission revisions to its currently effective Tariff WN U-1, in Docket UT-971140. The Commission suspended the tariff revisions, and, after a hearing, entered the *Fifth Supplemental Order Rejecting Tariff Filing* (Fifth Order) on October 30, 1998. In the Fifth Order the Commission recognized that substantial issues had to be raised, addressed, and resolved before WECA could undertake any review.

The Commission required WECA, the individual company members, and Commission Staff, at a minimum, to begin informal discussions on a monthly basis to address these issues. U S WEST Communications, Inc. (U S WEST) and AT&T of the Pacific Northwest, Inc. (AT&T), and other interested parties, were offered the opportunity to participate in this process. These informal discussions continued for the better part of a year and resulted in a "Report and Settlement Agreement," dated September 8, 1999.

The Report and Settlement Agreement was filed by WECA on behalf of WECA, its member companies, and Commission Staff. The other participants in the informal discussions required by the Fifth Order did not object to the settlement, but were not signatories. The report summarized the discussions and addressed the issue of transition (a shift in cost recovery from Toll/Access to Local rates) in a new environment anticipating the advent of competition. The settlement agreement was crafted around the concept of capping WECA's existing rates and providing a framework for membership in the pooling process, without reaching agreement on all of the issues.

On November 30, 1999, the Commission issued its *Eighth Supplemental Order Accepting Report and Settlement Agreement* (Eighth Order). In this order the Commission recognized that changes in the environment, such as intraLATA dialing parity and the adoption of WAC 480-120-540, commonly termed the "Access Charge Reform" rule, had a substantial effect on the direction of the discussions. The Commission also noted that a number of issues remained "unresolved," and that quoting from the language of the Settlement Agreement, "[t]he parties agree that the access charge tariff filings required of the companies in compliance with the access charge reform rule, WAC 480-120-540, modify the method by which access charge rates are set and that the formula prescribed for this purpose in Cause U-85-23 is no longer valid."

In compliance with the terms of the Eighth Order, on March 1, 2000, WECA filed its proposed plan¹ to set out the procedures by which carriers may enter or exit the pools, and the mechanisms it will use to allocate revenue among its members.

DISCUSSION

On May 15, 2000, the Commission issued a Notice of Hearing and Opportunity to Submit Written Comments, to allow the parties of record and the general public to express their views and any proposed modifications to WECA's plan at its June 16, 2000 Open Meeting. Parties were encouraged to submit written comments by June 7, 2000. A summary of parties' responses and Staff's review are included below:

Comments of U S WEST Communications, Inc.

On June 7, 2000, U S WEST submitted written comments supporting the Pend Oreille Transition and opposing the continuation of the Traditional USF Pool. U S WEST opposed the approval of WECA's WCAP, because it opposes the continuation of the Traditional Universal Service Fund (USF) Pool. U S WEST stated that funding for universal service should be based on a clear set of cost guidelines, and that, until a permanent USF mechanism is available to all companies on equal terms and conditions, the WECA companies should be required to satisfy their USF needs through the interim USF element(s) allowed under the Commission's terminating access rule, WAC 480-120-540. U S WEST would not oppose a reasonable transition period, similar to the Pend Oreille transition, with a review of revenue objectives within one year. Additionally, U S WEST suggested that companies that currently tariff and

¹The initial plan was labeled the "Washington Consumer Access Plan" or "WCAP". In its letter dated June 9, 2000, WECA changed the name to "Washington Carrier Access Plan".

recover the Traditional USF element should be required to discontinue the recovery by removing the element from their respective tariffs.

Comments of Sprint Corporation

On June 7, 2000, Sprint Corporation, on behalf of United Telephone Company of the Northwest and Sprint Communications Company, L.P. (collectively, "SPRINT") submitted written comments pointing out inconsistencies between WECA's proposal and the Settlement Agreement. SPRINT recommended revisions to WECA's proposal to address and resolve these inconsistencies, as well as additional improvements.

SPRINT recommended that the Commission cap WECA's Carrier Common Line (CCL), interim USF, and traditional USF rates; but that the cap should not constrain entry by new participants as long as rate adjustments are made on a revenue-neutral basis. Sprint recommended against closing the traditional pool so that the Commission can preserve its option of collapsing the interim and traditional USF rate elements and allowing other Local Exchange Carriers (LECs) to participate in the traditional pool at their option. Sprint also recommended that the WCAP be modified so that each of the three pools is managed separately, rather than tying participation in the Interim USF pool to participation in the CCL pool. In order for the pooling mechanism to be fair, distribution ratios should be changed concurrent with the effective date of filings, and there should be more frequent options for companies to enter or exit the pool. If a pool entrant exits any of the funds, including the traditional USF, then rates should be reduced promptly. Any reduction in revenue objective for a participant that arises out of a Commission order, or an approved rate rebalancing, should likewise result in a pool rate reduction.

WECA's Response

Staff discussed these concerns with WECA, and on June 9, 2000, and June 23, 2000, WECA submitted letters and revised drafts of the plan, incorporating changes consistent with the settlement agreement, including the following substantive issues: a) separation of the originating CCL pool from the terminating Interim USF pool b) allowance of quarterly entry and exit, and c) deletion of historical cost membership requirements.

Staff's Review and Recommendations

Staff's review of WECA's proposal, as revised by the June 9, 2000, and June 23, 2000, clarification letters and attachments, supports the revised plan as consistent with the settlement agreement.

Conclusion

Upon receipt of satisfactory clarifications and revisions made by WECA, this matter was brought back before the Commission at its regularly scheduled open meeting of June 28, 2000. The Commissioners, having been fully advised in the matter, and having determined the following order to be consistent with the public interest, directed the Secretary to enter the following order and related provisions:

ORDER

THE COMMISSION ORDERS that:

1. The Washington Carrier Access Plan (or "WCAP"), as revised and attached to this Order, establishing mechanisms by which pooled revenue will be allocated among pool participants, and provisions for entry to and exit from the pool, is approved.

2. WECA shall prepare and file a tariff change, with a stated effective date not later than September 1, 2000, consistent with the plan approved in this order. The settlement agreement should also be used as a reference source for the purpose of resolving any areas of ambiguity during this filing's preparation and review.

3. WECA is also encouraged to open a new WECA docket as a forum for discussion of issues that relate to, but are beyond the scope of, the instant proceeding.

DATED at Olympia, Washington, and effective this 28th day of June, 2000.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



CAROLE J. WASHBURN
Secretary

Attachment