

YEAR 2000
Washington Carrier Access Plan
(WCAP)

Part I: Introduction:

1. The 2000 Washington Carrier Access Plan ("WCAP" or the "Plan") is a result of nearly a year of work involving many of the major interexchange carriers (IXCs), the Washington Exchange Carrier Association (WECA) and its member companies, and Commission Staff. This work resulted in a Report and Settlement Agreement being submitted in Docket No. UT-971140 on September 3, 1999. That Report and Settlement Agreement represented a settlement reached between WECA and Commission Staff. None of the IXCs participating in the discussions objected to the Report and Settlement Agreement. After review, the Washington Utilities and Transportation Commission ("WUTC" or "Commission") accepted the Report and Settlement Agreement. See Eighth Supplemental Order in Docket No. UT-971140 issued with a service date of November 30, 1999. Under the terms of the Eighth Supplemental Order, WECA is to submit a revised access plan by March 1, 2000. The Plan submitted in this document is in fulfillment of the direction contained in the Eighth Supplemental Order.

Part II: Scope:

2. The scope of this Plan is to cover the operations of WECA in administering three voluntary access pools. The first of these three pools is the universal service support pool created under Docket No. U-85-23, which is referred to in this Plan as the "Traditional USF." The second of these pools involves the interim universal service fund element created by company filings made to comply with the Commission's terminating access rule, WAC 480-120-540. This pool is referred to in this Plan as the "Interim USF." The third pool deals with revenues produced by the carrier common line ("CCL") access rates assessed by participating companies. This pool is referred to in this Plan as the "CCL Pool."

3. The Plan becomes effective July 1, 2000, or as ordered by the WUTC.

4. At such time as the legislature adopts legislation authorizing a new universal service program that applies to WECA's members and such new universal service plan has been

implemented, the Plan shall be reviewed to determine if modifications are appropriate.

5. Nothing in the Plan shall require, sanction or constitute agreement by any local exchange company (LEC) participating in any portion of the Plan to take any action with respect to rates or services not subject to the Plan.

Part III: Definitions:

6. For purposes of this Plan, in addition to the definitions in RCW 80.04.010, the following definitions apply¹:

a. "Interexchange Carrier" (IXC) means an interexchange carrier that has been registered with the Washington Utilities and Transportation Commission and is providing intrastate, interexchange services within the State of Washington.

b. "Local Exchange Carrier" (LEC) means a telecommunications company offering local exchange and carrier access services within the State of Washington.

c. "Primary Toll Carrier" (PTC) means a telecommunications company offering interexchange service within the State of Washington using Feature Group C access service for the origination and termination of intraLATA toll calls within the State of Washington.

d. "WCAP Revenue Objective" for a new participating carrier in the WECA pooling process means for the first year of participation the revenue objective, as approved by the WUTC, to be derived from the Traditional USF rate element (if applicable), the Interim USF rate element (if applicable), and CCL rates. For each other LEC participating in the WECA pooling process, the WCAP Revenue Objective shall be the total pool revenues received by that LEC from pools in which the LEC participated in the previous calendar year.²

e. "Pend Oreille Telephone Company surcharge or surcharges" shall be the tariffed charge developed for the benefit of Pend Oreille Telephone Company and contained in the

¹ If there is an inconsistency between a definition in RCW 80.04.010 and those set forth in this Plan, the Plan definitions shall control for purposes of this Plan.

² For Pend Oreille Telephone Company, its WCAP Revenue Objective for the first year of the Plan shall use the revenues it received from its own CCL rates plus all Pend Oreille Telephone Company surcharges in 1999.

tariffs of US WEST Communications, Inc., United Telephone Company of the Northwest, Inc., GTE Northwest Incorporated, Pend Oreille Telephone Company and WECA.

Part IV: Pool Entry and Exit:

7. Pend Oreille Telephone Company shall be added to the Interim USF and CCL pool(s) and the existing Pend Oreille Telephone Company surcharges shall terminate. WECA shall file changes to its existing Interim USF and CCL tariff schedules to reflect the addition of Pend Oreille Telephone Company. WECA, US WEST Communication, Inc., United Telephone Company of the Northwest, Inc., GTE Northwest Incorporated and Pend Oreille Telephone Company shall each file to remove the existing Pend Oreille Telephone Company surcharge from their tariffs. The filings shall be revenue neutral; that is, the WECA filing to add Pend Oreille Telephone Company shall be calculated to produce the same revenues currently produced by the sum of the existing Pend Oreille CCL rates and all Pend Oreille surcharges (taking into account Interim USF calculations). The filings contemplated by this paragraph shall be coordinated to have the same effective date and shall each take effect on the same day.

8. LECs may enter or exit the WECA pools on a quarterly basis. Any LEC which desires to enter or exit a WECA pool must notify WECA and the WUTC of its desire to do so on the first day of a calendar quarter (January 1, April 1, July 1 or October 1). The LEC desiring to enter or exit one or more WECA pools shall provide to WECA at the time of delivery of such notice the following information:

a. Complete and accurate information on the LEC's annual WCAP Revenue Objective (as approved by the WUTC for entry and as it existed for the prior calendar year for exit).

b. Projected minutes of use for the twelve calendar months following the LEC's expected entry into or exit from the WECA pool(s).

c. Any other information necessary for WECA to make a rate filing with the WUTC.

WECA shall endeavor to file a tariff change to allow entry or exit of the LEC on the first day of the next calendar quarter, taking into account the accuracy and timeliness of information submitted by the LEC.

9. Any LEC shall be eligible to participate in the Interim USF and CCL revenue pool(s). The Traditional USF pool will not be open to new participants. The Traditional USF rate will be frozen at \$.00152.
10. Along with the Notice under Paragraph 8, each new participating LEC shall provide to WECA the WUTC approved annual WCAP Revenue Objective of that LEC for the prior calendar year. The new participating LEC and WECA should jointly develop intrastate access minutes of use for the new participating LEC. WECA Interim USF rates, if appropriate, and CCL rates will be adjusted to the extent that the new LEC's revenues at existing WECA rates based on its own access minutes of use do not equal the approved WCAP Revenue Objective of the new entrant.
11. Each of the existing pool members will have its annual intrastate WCAP Revenue Objective restated to reflect actual pooled revenues received by it in the previous calendar year. For purposes of calculating the revenues received in the prior calendar year, pool adjustments reported after the close of the calendar year and prior to the date the revenues received are calculated by WECA shall be included in the calculation. This restatement will be made separately for each of the pools, as appropriate for the pool members participating in each pool. Distribution ratios will be adjusted to reflect the restated WCAP Revenue Objectives of existing pool members as well as the approved WCAP Revenue Objective of the new participating LEC.
12. The WCAP Revenue Objective shall be restated for any participating LEC that adds additional territory which is not previously included in the pool(s). The additional WCAP Revenue Objective for this paragraph (i.e. the incremental WCAP Revenue Requirements for the LEC for the additional territory) shall be established in substantially the same manner as set forth in this Plan for a new participating LEC's WCAP Revenue Requirement.
13. Upon receipt of notice of intent to exit provided by a participating LEC, WECA shall compute the amount of lost pool revenues for the appropriate pool or pools, and the reduction in pool distributions for the previous calendar year. WECA Interim USF and CCL pool rates shall be adjusted on a revenue neutral basis for the difference between lost revenues and reduced pool distributions.
14. The remaining pool members will have their annual WCAP Revenue Objective restated to reflect actual pooled revenues

received in the previous calendar year. This restatement will be made separately for each of the pools, as appropriate. Distribution ratios will be adjusted to reflect the restated WCAP Revenue Objectives of the remaining pool members.

15. An exiting LEC may establish its own access charges at a level that will produce revenues equal to those it was receiving from the WECA pool(s) from which it is exiting, so long as the total revenue collected by such pool(s) and the exiting company in access charges is not increased as a result of the LEC's exit, as reflected in the charges established at the time that the exiting LEC establishes its own access charges. Alternatively, an exiting LEC may file rates with the WUTC that would change its revenue contemporaneous with its withdrawal from the WECA pool(s).

16. Unless an exiting LEC that continues to qualify to receive funds from the Traditional USF chooses to forego such funds, its withdrawal from any other WECA pool shall not affect its right to receive funds from the Traditional USF, so long as it continues to qualify to receive such funds.

17. Filings by an exiting LEC and WECA shall be coordinated to have the same effective date.

Part V: Distribution Ratios:

18. Pool distribution ratios will be calculated separately for each of the pools. In calculating distribution ratios for the Interim USF and CCL pools, Traditional USF distributions will be taken into consideration, so that the percent coverage of the WCAP Revenue Objective will be equal for all companies participating in the Interim USF and CCL pool(s).

19. It is not contemplated at this time that WECA rates or pool distribution ratios will be adjusted for exogenous regulatory accounting changes.

Part VI: Individual Company Rate Additives:

20. Any LEC that believes that the revenue it receives from WECA is insufficient may remain in the pool(s) and make a tariff filing for a company specific rate additive.

21. In lieu of an individual company rate additive, a pool participant may petition the WUTC to allow an adjustment to its WCAP Revenue Objective to be included in the WECA Interim USF

and CCL pool(s). Such an adjustment would have to be approved by the WUTC, and WECA's rates then would be adjusted on a revenue neutral basis and distribution ratios would be adjusted accordingly.

22. When filing for a company specific rate additive under Paragraph 20 or an adjustment to its WCAP Revenue Objective under Paragraph 21, the LEC shall file such supporting work papers as is requested by the WUTC for determining an initial WCAP Revenue Objective for a new participating carrier.

Part VII: Amendment of Existing Arrangements:

23. The existing methodology for calculating the Traditional USF set forth in the Seventeenth, Eighteenth and Nineteenth Supplemental Orders in Cause No. U-85-23 is replaced by this Plan. Under this Plan, the Traditional USF rate shall remain frozen, except as it may be modified by the withdrawal of a participating LEC. The distributions from the Traditional USF shall be based upon distribution ratios calculated using the actual distributions received by participating LECs in the 1999 pool year, including adjustments to those revenues received after the close of the 1999 calendar year. Those distribution ratios shall be adjusted to reflect the exit of any participating LEC who leaves the Traditional USF pool.

24. The existing USF Fund Administration Agreement, as approved by the WUTC, is amended by the terms and conditions of the Plan.

25. All LECs operating within the State of Washington shall assess the Traditional USF rate at \$.00152 per access minute on all originating and terminating access minutes and shall remit the resulting revenues to WECA on a monthly basis.

Part VIII: Amendments to the Plan:

26. Any LEC or interested party may at any time seek amendments to the Plan through the WECA docket process. Nothing in this plan restricts the ability of any party or person from pursuing a Commission complaint under RCW 80.04.110 or other appropriate statute or regulation. Nothing in the Plan shall impede the right of the WUTC at any time to initiate or conduct an investigation into any aspect of the Plan or its operations.

Part IX: Pool Administrator:

27. WECA is designated as Administrator of this Plan.

28. WECA, as Administrator, is responsible for the supervision of the Traditional USF, Interim USF and CCL pools, and for the filing and administration of WECA access tariffs consistent with this Plan.

29. The Administrator is authorized to engage and determine the compensation of such professional and technical assistance as may, in its judgment, be necessary for proper administration of the Plan. The cost of administration may be paid from revenues collected for the pools.

Part X: Reserved Rights of Parties:

30. Except as expressly set forth in this Plan, nothing in this Plan is intended to limit the rights of any individual LEC, including but not limited to:

a. Seeking separate WUTC approval of changes in the LECs authorized earning level;

b. Seeking separate WUTC approval of or otherwise making revisions in the LECs rates or charges for services not subject to the Plan;

c. Price-listing services in accordance with applicable statutes and WUTC rules;

d. Seeking WUTC approval of alternative forms of regulation under applicable Washington statutes; and

e. Entering into the Washington intrastate toll market as a PTC or otherwise.

Part XI: Savings Clause:

31. The Commission's terminating access rule, WAC 480-120-540, is subject to a court challenge. Nothing in this Plan shall be construed in any way to affect any position taken by any party in that challenge. If the Commission's terminating access rule is overturned or modified as a result of said legal challenge, then this Plan shall be modified to take into account the decision of the court when that decision becomes final.