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Qwest Corporation
1600 7th Avenue, Room 3206
Seattle, Washington 98191
(206) 345-1568
Facsimile (206) 343-4040

STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

Mark S. Reynolds
Senior Director - Regulatory
Public Policy

December 9, 2004

Ms. Carole Washburn
Executive Secretary
Washington Utilities and
Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

Re: Docket No. UT-041629, Rulemaking to consider Amendment of WAC 480-120-450,
Enhanced 9-1-1 (E911), Obligations of Local Exchange Companies

Dear Ms. Washburn:

Qwest Corporation ("Qwest") provides these comments in response to the Commission's November 16, 2004 Notice of Opportunity to File Written Comments in Docket No. UT-041629 pertaining to whether the Commission should amend WAC 480-120-450 to establish a uniform demarcation point in the E911 network for carrier cost recovery.

Currently, WAC 480-120-450(3) provides that "LECs choosing to provide E911 service including selective routing, data base management and transmission of the call to a PSAP must file with the Commission tariffs and supporting cost studies or price lists, whichever applies, that specify the charges and terms of E911 services." Section 9.2.1 of Qwest's Washington Exchange and Network Services Tariff (WN U-40) contains the charges and terms associated with Qwest's E911 service offering whereby one or more Public Service Answering Points (PSAPs) designated by the E911 customer may receive telephone calls dialed to the telephone number 911. The E911 customer in most cases is the county. Each county orders and pays for the services it desires in accordance with the terms in Qwest's tariff. Qwest's E911 service is described more fully in its tariff, but includes the provision of network facilities necessary for the answering, transferring, and forced disconnect of emergency 911 calls originated by persons within the serving area.

911 service was first offered in the late 1970's. The existing compensation structure dates back to that time. In accordance with the Bell System policy of the time, the central office

programming necessary to implement 911 was considered a cost of central office modifications and was included as part of the general rate base. Other costs of implementing and providing 911 service, however, such as network trunks and feature functionality, were the responsibility of the 911 customers. Accordingly, these service elements were filed in ILECs' tariffs and were subject to the oversight of the Commission. The 911 customers were also responsible for purchasing the PSAP answering equipment from the vendor of their choice.

In order to fund E911 throughout the state, the legislature found that the state and counties needed to be provided with an additional revenue source. RCW 82.14B.010. The legislature determined that the most efficient funding mechanism was to impose an excise tax on the use of switched access lines in an amount not to exceed twenty cents a month. The legislature also authorized each county to impose a county E911 excise tax on each switched access line in an amount not to exceed fifty cents a month. RCW 82.14B.030(1) and (3). The proceeds from the tax must be used by the county for the emergency services communication system, including the E911 network. In order to determine the amount of the surcharge, the state E911 coordinator is required to perform a systematic cost and revenue analysis, and to recommend the level of the E911 excise tax for the next year to the Commission by August 31 of each year. The Commission, by the following October 31st, determines the level of the state enhanced 911 excise tax for the following year. RCW 82.14B.030(5).

The existing funding and compensation system has developed over time and in accordance with legislative intent and regulatory oversight. The current level of the surcharge reflects an amount sufficient for the E911 customers to pay Qwest's tariffed charges and to cover other authorized expenses. Qwest's tariffed charges are designed to afford Qwest cost recovery for the capital costs and expenses it incurs in making E911 service available, including the cost of facilities between and ILEC end office and the selective router.

Any change in cost recovery responsibility needs to be carefully examined, weighing the costs of disrupting the status quo with the professed benefits. Qwest understands that the proposal to modify the existing structure is based partially on the desire to make the overall system more consistent from the perspective of all carriers, and partially on the purported desire to reduce the costs of the 911 subscribers. However, Qwest believes that any claimed cost reduction benefits are illusory -- any reduction in subscriber costs would have to carry a corresponding reduction in subscriber funding. Thus, if changes are made so that the counties will pay less for E911 services, the annual systematic cost and revenue analysis will simply produce a correspondingly lower level for the E911 excise tax.

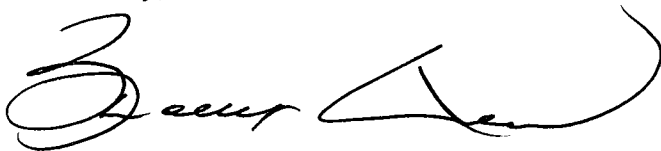
Further, the desire to force the carriers to recover from their end user customers the costs that the counties do not want to pay is likewise flawed. The current E911 excise tax is already recovered from end user customers, and the system appears to be operating equitably and in the way the legislature intended. The current statutes and rules allow all carriers to recover their costs from the E911 subscribers, with Commission oversight, and for corresponding funding to be set based on the overall system costs.

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Qwest is not opposed to participating in an investigation regarding how the current system of E911 funding and compensation can be improved, but it doesn't agree that a rulemaking should be commenced to amend the current rule. Qwest is concerned about proposals that seek to change the existing funding and compensation relationship without considering the complex issues associated with a shift in cost recovery responsibility.

Qwest appreciates the opportunity to comment and looks forward to being involved in further communications regarding this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Reynolds", written in a cursive style.

for Mark Reynolds