

NEW SECTION

**WAC 480-120-541 Access charges.** (1) Review of tariffed access charges required. All local exchange telecommunications companies in the state of Washington shall annually review and if necessary update the traffic sensitive and nontraffic sensitive carrier common line switched access tariffs and billing and collection tariffs on file with the commission. The review shall be conducted in the manner prescribed in the Eighteenth and Nineteenth Supplemental Orders in Cause No. U-85-23 et al., including the transition to a twenty-five percent allocation factor, or as may be otherwise prescribed by commission order or rule, and each company's access charge revenue requirement shall be adjusted for changes in extended area service routes that have occurred since the previous update.

(2) Filing dates. The review shall be conducted and a report of results filed by July 1st of each year beginning October 1, 1991. Each company shall at the same time file such revised tariffs as it may deem to be required by its report. The tariffs shall be effective September 1st of the same year. The tariffs shall reflect usage and cost data of the previous year.

(3) Data filing requirement. With each annual report, each company shall also file complete workpapers and data sufficient for the staff of the commission to review the correctness of the report and related tariff filing, if any.

(4) A company with special circumstances may petition for exemption from this rule. A company with less than five thousand access lines may seek and obtain a waiver of this rule for a given year: Provided, That the rule may not be waived in two consecutive calendar years.

NEW SECTION

**WAC 480-120-542 Collective consideration of Washington intrastate rate, tariff, or service proposals.** (1) Upon approval by the commission of its rules of procedure, the Washington Exchange Carrier Association (WECA) may file with the commission petitions and publish and file with the commission tariffs and may represent before the commission those of its members that authorize it to do so. WECA's rules of procedure may provide for joint or collective consideration of proposals for changes in intrastate toll, interexchange and/or access rates, tariffs or conditions of service.

(2) All initial WECA tariffs and all changes to such tariffs shall be submitted to the commission subject to all the procedural requirements and protections associated with telecommunications company filings before the commission.

(3) Nothing contained in this rule shall prevent any member of WECA from independently submitting to, or filing with, the commission directly any tariff, revenue requirement computation, report, or proposal.

(4) The commission has the authority to supervise the activities of WECA. However, such supervision shall not compromise the independent evaluation by the commission of any filing or proposal which must be submitted to the commission for final approval.

(5) To the extent that WECA is involved in the collection and redistribution of funds pursuant to commission orders authorizing certain revenue sharing arrangements under common tariff, it shall maintain and provide to the commission monthly and annual financial reports relating to such arrangements. These reports shall include actual fund collections and distributions to each member local exchange company and the basis upon which the collection and distribution is made.

(6) Each local exchange telecommunications company serving less than one million access lines in the state of Washington has the option of utilizing the Washington Exchange Carrier Association as its filing agent/tariff bureau. Companies utilizing WECA may file collectively nontraffic sensitive, traffic sensitive, special access and/or billing and collection revenue and revenue requirement computations and/or tariffs.

(7) Nothing in this section shall be construed as amending or modifying WECA's current methods of administering the NTS/USF pools or the community calling fund under WAC 480-120-400, et seq.

#### NEW SECTION

**WAC 480-120-543 Caller identification service.** Any caller identification service provided by a telecommunications company shall include the option for calling parties to block the delivery of their numbers, names, or locations. This option shall be available on a per call or per line basis without any recurring charges. This section does not apply to the delivery of caller numbers, names, or locations to a 911 or enhanced 911 service, or other emergency service, or a customer originated trace.

#### NEW SECTION

**WAC 480-120-544 Mandatory cost changes for telecommunications companies.** (1) This section establishes streamlined procedures to be applied to rate filings by local exchange telecommunications companies which seek to reflect in rate increases jurisdictional separations changes and mandatory accounting and tax changes imposed by a governmental authority which are accepted for intrastate rate-making purposes by the commission.

(2) In order to qualify for jurisdictional separations or mandatory accounting and tax change treatment, a filing seeking to increase rates shall meet the following requirements at a minimum:

(a) It shall be accompanied by a recital that the company has or will within forty-five days of the filing complete distribution in the manner specified in WAC 480-80-125 of a notice to customers containing information as to the rate increase consistent with that required in that portion of the rule denominated "summary of requested rate increases," and further containing the name and mailing address of the commission and public counsel, and advising the customers that they may contact the same with respect to the proposed rate change. Proof of compliance with the foregoing shall be on file with the commission at least thirty days before any rates sought under this procedure shall be made effective.

(b) The filing shall be accompanied by supporting documentation demonstrating the calculation of the proposed increase and the authority for

the change.

(c)(i) A company seeking this treatment for a proposed increase shall submit a rate of return statement, on a commission basis, which demonstrates that the company is not presently exceeding a reasonable level of earnings. If the company is exceeding a reasonable level of earnings, the proposed increase shall be reduced accordingly. All supporting documentation used to develop the rate of return statement shall be provided with the filing. For the purposes of this rule, "reasonable level of earnings" is the company's authorized overall rate of return or the rate of return developed pursuant to (e) of this subsection, whichever is more current. Companies with revenues exceeding five hundred million dollars annually may use their authorized rate of return if established within the prior two years. If no return has been established within two years, such companies may not be accorded the procedures designated by this rule, unless in the judgment of the commission, such authorized return is not unreasonable for purposes of a filing under this rule. If a company cannot depict Washington intrastate results of operations with reasonable accuracy, the total Washington realized return may be used for this test.

(ii) The rate of return statement shall not be a fully pro forma results of operations statement, but must depict the results of operations on a commission basis. For purposes of this rule, "commission basis" means that the rate base includes those standard rate base components that have been historically accepted by the commission for ratemaking, and further includes restating actual adjustments which restate a company's booked results of operations to a rate-making basis and also includes an appropriate pro forma debt adjustment. These restating adjustments should be made to account for jurisdictional differences where they depart from FCC Part 32. Accounting rules set forth in WAC 480-120-031 may be used as a guide to satisfy most adjustments required to restate per books results of operations. Nonoperating, nonrecurring, or extraordinary items, and unregulated operating items, or any other item that materially distorts test period earnings or expenses shall be removed from booked results of operations before the achieved return is calculated. For purposes of this rule, "commission basis" does not include new theories or approaches which have not been previously addressed to and resolved by the commission.

(d) The supporting documentation specified in (b) and (c) of this subsection shall be submitted at the time of the tariff filing or the first notice to customers, whichever occurs first.

(e) The qualifying overall rate of return will be either not greater than 9.73 percent or based upon a 10.45 percent return on equity. The 9.73 percent overall rate of return will be adjusted according to the following table:

90% DEBT COMPANIES USE	40.00% OF TARGET RATE OF RETURN
80% DEBT COMPANIES USE	48.00% OF TARGET RATE OF RETURN
70% DEBT COMPANIES USE	57.60% OF TARGET RATE OF RETURN
60% DEBT COMPANIES USE	69.12% OF TARGET RATE OF RETURN

Using the 10.45 percent return on equity, the overall fair rate of return will be determined on an individual company basis giving consideration to the company's cost of debt and preferred equity, each adjusted for any known and measurable effects, and utilizing an appropriate capital structure.

For the purposes of this rule only, "appropriate capital structure" shall be defined as a minimum of forty percent equity and a maximum of sixty percent equity. Capital structures outside these parameters will be adjusted to the minimum or maximum, whichever is closer.

The rates shall be reviewed during the third quarter of each calendar year, and such action taken as may be necessary and appropriate to reflect the current capital market conditions: Provided, That nothing herein shall

foreclose more frequent review and adjustment of the overall rate of return or return on equity as circumstances may indicate. Nothing in this rule shall foreclose a utility from seeking a different return on equity, nor shall the returns or the methodologies stated in this section be considered as precedent for any other commission proceedings.

(3) Except for costs identified with a particular customer class, any revenue requirement change sought to be reflected by this treatment shall be spread on a uniform revenue percentage basis by customer class, defined as residential, business, and interexchange, whether or not classified as competitive.

Costs identified with interexchange services shall be spread to access charges using approved commission methodology. Costs identified with any other specific class or service shall be spread to that class or service on a uniform percentage basis. In exceptional circumstances, a company may propose an alternative rate design or rate spread.

(4) If the commission has reason to believe that the quality of the company's service is not consistent with its public service obligations, or if the commission has reason to believe that the company's results of operations, proposed rate design or proposed rate spread, or proposed alternative rate design or rate spread require a more extensive review, the commission may decline to apply the procedures contemplated by this rule.

(5) If jurisdictional separations or mandatory accounting and tax change treatment is found to be appropriate, the commission will ordinarily take final action within ninety days of the date of filing.

(6) Nothing in this section shall be construed to prevent any company, the commission, or any customer from utilizing any other procedures which are otherwise permitted by law.

#### NEW SECTION

**WAC 480-120-043 Notice to the public of tariff changes.** (1) Except as to variations between the prescribed maximum and minimum rates in banded tariffs previously authorized by the commission, every utility desiring to change, modify, cancel or annul any rate, must place on file the tariff containing such modification or change at its listed business offices in the territory affected thereby for a period of at least thirty days prior to the expiration of statutory notice in connection therewith. A notice, coincident with or immediately prior to the date of such filing, that such tariff is on file at said offices shall be posted at the cashier's windows or other places where the customers pay their bills at the aforesaid offices. Said posted notice shall give anyone viewing same a brief summary as to the content of the tariff; state that the tariff is being submitted to the Washington utilities and transportation commission at Olympia; indicate the inserted effective date thereof; and relate that a copy of the tariff is available for inspection.

(2) If there is no listed business office in the territory to be affected by a tariff proposal subject to this notification but there is a payment agency therein, posted notice with the same content and timing as set forth above shall be employed at each such agency which notice, in addition thereto, shall give the name, address and telephone number of the nearest listed business office responsible for that service area at which such tariff may be examined in person without assigning any reason therefor.

(3) In lieu of the above posted notice, insofar as payment agencies are concerned, the utility may stamp or print on each bill or envelope in which

such bill is mailed, enclose therewith or separately mail, with the same content as set forth above with respect to the posted notice in payment agencies and at the earliest practicable date subsequent to filing, a notice to each subscriber to be affected by the tariff proposal. Commencing ninety days or earlier from July 31, 1959, the latter procedure must be followed in those instances where a utility does not have a listed business office or a payment agency in the service area where notice, as set forth above, could otherwise be employed in a service area subject to a tariff proposal falling within this notification procedure.

(4) Whenever the alternative provision is chosen or must be used, the utility shall use such other adequate and appropriate means of notification, on or by the filing date, that will reasonably insure notice to the public of tariff revisions proposed and the effect on the public in the service area or areas involved. Such other notification may include personal contacts, letters or mailing pieces, newspaper articles or advertisements and radio and television announcements.

(5) The commission may require such other notification to the public as may be necessary in any particular case of tariff filing: Provided, That where a tariff or a part of a tariff is filed involving no increase in charges to its patrons; where the users to be affected by a tariff change are so few in number the utility chooses to advise each by direct mail or contact; or where there is no one to be affected by the tariff proposal, the utility may forego posting of notice relative thereto and will not be required to have a copy of the proposed tariff available for inspection.

(6) The inserted effective date, unless otherwise directed, shall be a date not less than thirty days after the date the commission receives the tariff. Also, if the commission permits the tariff to become effective without statutory notice, the period of notice to the public shall still be for at least thirty days after the date the commission receives the tariff.

#### REPEALER

The following sections of the Washington Administrative Code are repealed:

WAC 480-120-022	Classification proceedings.
WAC 480-120-023	Content of petition for classification of competitive telecommunications services and companies.
WAC 480-120-024	Waiver of regulatory requirements for competitive telecommunications companies.
WAC 480-120-025	Investigations.
WAC 480-120-027	Price lists.
WAC 480-120-066	Contract for service.