

1 **Q. Does United have an obligation to serve every customer in every location within its**
2 **service area?**

3 A. No. As Mr. Felz notes, the obligation to serve is found in RCW 80.36.090. This statute
4 requires companies such as United to provide service to those customers “who may be
5 reasonably entitled” to service. The law does not place an absolute or unreasonable
6 obligation to serve on United. As a practical matter, the Commission has interpreted this
7 statute in a way that does not require service to all applicants in all locations. The
8 Commission has recognized that in some circumstances the cost of serving a location
9 would be an unreasonable use of society’s resources and that in some circumstances other
10 service providers could meet the applicant’s needs more cost-effectively. Moreover, the
11 obligation to serve that United bears is one that is shared with other companies that have
12 been designated as eligible telecommunications carriers under federal universal service
13 law.

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15 **Q. Could you provide an example of how the Commission has implemented this policy**
16 **of limiting incumbent carriers’ obligation to serve?**

17 A. Yes. The line extension rule (WAC 480-120-071) sets out the obligations and process of
18 a company such as United when an applicant requests basic residential service at a
19 location where the company has no existing distribution plant. The rule allows a company
20 13 months to complete an extension, and it allows the ~~customer~~company to charge the
21 applicant for costs beyond the first 1,000 feet of an extension. The company can even
22 charge the applicant for any extraordinary costs incurred in constructing the first 1,000
23 feet of an extension.

1 **Q. Using this approach, what is your conclusion regarding United's originating access**
2 **rates?**

3 A. United's originating rates are excessive. As the Commission concluded in 2002 with
4 respect to Verizon Northwest, it is inappropriate for a local exchange company to use
5 high originating access charges when interexchange carriers are expected to charge
6 uniform statewide rates. United is able to use its originating rates to export a portion of its
7 costs to the customers in other parts of the state who make intrastate toll calls. United
8 should be required to reduce its originating access rates to the level charged by ~~Qwest~~
9 ~~Corporation~~ Verizon Northwest, which is \$0.015817 per minute. This should be
10 accomplished by eliminating United's carrier common line charge, which is \$0.01 per
11 minute, and by lowering United's LS1 and LS2 originating premium access rate from
12 \$0.020740 per minute to \$0.015817 per minute. At this level, United's originating access
13 service will still be priced above incremental cost and therefore will provide a
14 contribution to the recovery of shared and common costs of the network.

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16 **I. UNITED'S COST ANALYSIS**
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18 **Q. United's witness, Mr. Roth, contends that the company's access charges are justified**
19 **because the cost of access service is greater than the revenues it receives from access**
20 **service. Is this contention supported by United's testimony and exhibits?**

21 A. Mr. Roth asserts that "costs exceed the revenue associated with [intrastate access]
22 services in Washington, therefore, [...] United's current intrastate switched access rates
23 are just and reasonable." (Exhibit No. ____ (HJR-1T), page 6, line 5.) Later, he states: