

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of the)	DOCKET UT-120853
)	
WASHINGTON EXCHANGE)	ORDER 01
CARRIER ASSOCIATION,)	
)	
Petitioner,)	
)	
For Tariff Revisions on Less Than)	ORDER GRANTING LESS THAN
Statutory Notice and Confirmation of)	STATUTORY NOTICE AND
the Continuation of the Traditional)	CONFIRMATION OF THE
Universal Service Fund Rate Element.)	TRADITIONAL USF RATE ELEMENT
.....)	

BACKGROUND

1 On June 8, 2012, the Washington Exchange Carrier Association (WECA) filed with the Washington Utilities Transportation Commission (Commission) revisions (and later replaced certain tariff pages on June 12, 13, 14, and 15, 2012) to its currently effective Tariff WN U-1, designated as:

- Tenth Revision of Sheet No. 1;
- Fourth Revision of Sheet No. 2 (replaced June 15, 2012);
- Tenth Revision of Sheet No. 3;
- Seventeenth Revision of Sheet No. 9;
- Ninth Revision of Sheet No. 9.1;
- Second Revision of Sheet No. 10;
- Original Sheet No. 11;
- Original Sheet No. 12 (replaced June 12, 2012);
- Original Sheet No. 13;
- Original Sheet No. 14;
- Original Sheet No. 15 (replaced June 14, 2012);
- Original Sheet No. 16;
- Original Sheet No. 17;
- Original Sheet No. 18;
- Original Sheet No. 19;
- Original Sheet No. 20;
- Original Sheet No. 21;

Original Sheet No. 22;
Original Sheet No. 23;
Original Sheet No. 24;
Original Sheet No. 25;
Original Sheet No. 26;
Original Sheet No. 27;
Original Sheet No. 28 (replaced June 13, 2012).

- 2 The purpose of the filing is for WECA's member companies to reduce their year one terminating intrastate access charge revenues by revising WECA's Tariff WN U-1. This overall net reduction is in response to the Federal Communications Commission's (FCC) new rules governing the reform of intercarrier compensation mechanisms (including intrastate access charges) that were initially adopted in Order No. FCC 11-161. This reduction will be accomplished through a combination of rate changes that will reduce each member company's intrastate access revenues to halfway between current intrastate access rates and current interstate access rates in order to conform to FCC requirements.
- 3 WECA has also filed an increase to its pooled originating intrastate Carrier Common Line Charge (CCLC). The increase is based upon WECA's need to continue to administer the distribution of funds to its members until the intrastate access transition to interstate rates is complete. The increased rate seeks to recover the administrative costs that are no longer included in and recovered through the terminating Non-Traffic Sensitive Interim Terminating Access Charge (NTS ITAC) as a result of this filing. This increases the originating rate from \$0.01662 to \$0.01788.
- 4 RCW 80.36.110 and WAC 480-80-121 require a thirty-day notice prior to the effective date of these tariff sheets. These tariff sheets bear an effective date of July 9, 2012. WECA requests that these tariff revisions become effective on less than statutory notice (LSN) as permitted in WAC 480-80-122, and that these revisions become effective on July 3, 2012. WECA stated the reason for less than statutory notice is due to the complexities in collecting the data necessary to make this comprehensive filing.
- 5 WECA also requests the Commission confirm that the Traditional Universal Service Fund (TUSF) rate element charged by WECA member companies and other local exchange carriers is a universal service support element adopted by the Commission in Docket U-85-23 and not a rate that is subject to the FCC's Order No. FCC 11-161.

- 6 The FCC's Order No. 11-161, which was released on November 18, 2011, requires incumbent local exchange carriers (ILECs) whose terminating intrastate access rates are above terminating interstate access rates to reduce those terminating access rates to interstate access rates over a two year period. This year one reduction would decrease terminating intrastate access revenues halfway to interstate levels effective July 3, 2012, if approved. The year two reduction would reduce the intrastate terminating access rates to interstate terminating access rates on July 1, 2013. The ILECs are required to file both of these tariff reductions with the appropriate state regulatory authority.
- 7 WECA proposes to eliminate the pooled NTS ITAC to assist its members in reducing their intrastate annual access revenues by 50 percent of the difference between current intrastate access rates and current interstate access rates or \$1.9 million in year one. For some WECA members the elimination of the NTS ITAC reduces the company's revenue more than the required 50 percent reduction. WECA has filed a company-specific transitional NTS ITAC rates for those members to ensure intrastate access charge reductions meet the FCC requirement. These transitional NTS ITAC rates will be eliminated in the next access reduction effective July 1, 2013
- 8 WECA also requests that the Commission confirm that the TUSF administered by WECA is a "universal service access rate element" that is not subject to the FCC's intrastate access reduction.
- 9 Staff has analyzed WECA's filing and concluded the intrastate access charges for year one are reasonable and comply with the FCC's transition rules. Staff further finds that the increase in the originating CCLC is reasonable and that both of these filings should be approved on less than statutory notice.

FINDINGS AND CONCLUSIONS

- 10 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, regulations, practices, accounts, securities, and transfers of public service companies, including telecommunications companies. RCW 80.01.040; Chapter 80.04 RCW; and Chapter 80.36 RCW.

- 11 (2) WECA is an entity subject to the jurisdiction of the Commission, pursuant to RCW 80.04, RCW 80.36, and WAC 480-120-352.
- 12 (3) WECA is subject to the provisions of RCW 80.36.110 and WAC 480-80-121 requiring telecommunications companies to file increases in any rate or charge with thirty days' notice. For good cause shown, however, the commission may allow changes without requiring thirty days' notice by order specifying the changes to be made and the time when they shall take effect. WAC 480-80-122.
- 13 (4) WAC 480-120-015 provides that the Commission may grant an exemption from the provisions of any rule in Chapter 480-120 WAC, if consistent with the public interest, the purposes underlying regulation and applicable statutes.
- 14 (5) Staff has reviewed WECA's modified request in Docket UT-120853 and recommends the less than statutory notice request of WECA be granted.
- 15 (6) Staff has also reviewed WECA's request that Commission confirm that the traditional universal service access rate element which is currently \$.00152 per minute is a universal service element previously adopted by the Commission in Docket U-85-23, and should continue to be assessed and remitted to WECA and is not an access element that will be terminated or otherwise modified at this time under the FCC's order No. 11-161. However, the Commission retains the right to examine the appropriateness of the TUSF element in light of future changes in the telecommunications industry.
- 16 (7) This matter was brought before the Commission at its regularly scheduled open meeting on June 28, 2012.
- 17 (8) After an examination of the proposed tariff revisions and request for confirmation filed by WECA on June 8, 2012, as modified, and giving consideration to all relevant matters and for good cause shown, the Commission finds that the proposed tariff revisions should become effective July 3, 2012, on an LSN basis; and that the TUSF element charged by WECA member companies and other local exchange carriers, is currently in effect as a universal service element.

ORDER

THE COMMISSION ORDERS:

- 18 (1) The intrastate access rates proposed by the Washington Exchange Carrier Association in Docket UT-120853 are hereby granted on less than statutory notice effective July 3, 2012.
- 19 (2) The Traditional Universal Service Fund (TUSF) which is currently \$.00152 per minute is a universal service support element previously adopted by the Commission in Docket U-85-23, and should continue to be assessed and remitted to Washington Exchange Carrier Association and is not an access element that will be terminated or otherwise modified under the FCC's order No. 11-161. However, the Commission retains the right to examine the appropriateness of the TUSF element in light of future changes the telecommunications industry.

DATED at Olympia, Washington, and effective July 2, 2012.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

JEFFREY D. GOLTZ, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner