

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION**

In the matter of the Notice of)	
Proposed Rulemaking on requiring)	Docket No. UT-991573
interexchange carriers to serve all)	
areas of the state in a competitively)	
neutral way)	

GTE'S COMMENTS

GTE Communications Corporation ("GTECC") and GTE Northwest Incorporated ("GTE Northwest") (collectively "GTE") submit these comments in response to the Commission's December 29, 1999 Notice of Opportunity to Submit Written Comments on the CR-102 statement and draft rule. GTE previously submitted comments on November 12, 1999.

INTRODUCTION

The draft rule should not be adopted. No need for such a rule has been demonstrated, and the rule is inconsistent with the move to the "pro-competitive, de-regulatory" environment contemplated by the Telecommunications Act of 1996. However, should the Commission decide to promulgate the rule it needs definitional clarifications and should contain a sunset provision.

THE RULE IS NOT NEEDED

Unnecessary rules should not be adopted. The Governor's Executive Order 97-02

set the standard for rule revision. This order listed seven criteria against which to test an existing rule or to use in proposing a new one: need, effectiveness and efficiency, clarity, intent and statutory authority, coordination, cost and fairness. The draft rule does not meet any of these criteria, especially need.

No Lack of Consumer Long Distance Choices Has Been Demonstrated

The Commission's October 25, 1999 Notice of Opportunity to File Written Comments expressed the concern that consumers in some areas of the state might not have a "reasonable choice of long-distance providers at affordable rates that are comparable to those charged in other areas." As GTE noted in its November Comments, the Commission can examine the long distance tariffs and price lists on file in its offices to determine whether this problem in fact exists. The Commission's December 29, 1999 Notice and CR 102 statement do not indicate that any such investigation has been undertaken or, if it has, whether the feared problem has been revealed to actually exist. So far as GTE is aware, it does not exist.

The Commission Has Not Demonstrated that the Feared Problem Is Likely to Arise in the Future Absent the Draft Rule

Neither do the Notice and Statement present any basis for concluding that if the problem does not presently exist, it will develop in the future unless the draft rule is adopted.

The draft rule would require that providers of originating toll service (i.e., long distance companies) complete all intrastate toll calls attempted by their Washington customers. There is no demonstration that long distance companies' tariffed or price listed service offerings presently exclude any intrastate destinations or that those companies would in the future institute a general practice of blocking calls to any exchanges. Indeed the competitive market would counsel against such a service restriction.

The draft rule would also require that uniform toll rates be charged. As GTE noted in its prior comments, section 254(g) of the Telecommunications Act of 1996 already contains this requirement.

A Potential Cause of the Feared Problem Should Be Resolved Through Sufficient Universal Service Support

As GTE noted in its prior comments, the Commission seems concerned that some small local exchange companies' high terminating switched access rates could deter toll carriers from transmitting calls to those companies' exchanges. The appropriate resolution of such a concern is not to issue an unnecessary administrative rule. Rather the correct solution is the timely and coordinated reform of Universal Service support and access charges.

Local Exchange Carriers in Washington charge varying switched access rates in their respective territory because of the State's and Commission's longstanding

Universal Service and rate design policies and practices. Switched access rates have provided implicit support for low, affordable basic service rates. Adoption of the rule would be wholly unnecessary, (assuming that it were needed in the first instance) if the support implicit in access rates were removed and made explicit. In fact, such implicit support must be removed to comply with the mandates of the Telecommunications Act of 1996, and made explicit in the form of a Universal Service support mechanism.

THE DRAFT RULE IS INCONSISTENT WITH A COMPETITIVE MARKET APPROACH

In the Telecommunications Act of 1996, Congress expressed its intent that the provision of telecommunications services in this country transition to a deregulatory, competitive environment. This Commission has expressed a similar policy view on numerous occasions. The draft rule would, however, go in the opposite direction.

Regulators should minimize involvement in the competitive market absent a demonstration of a serious problem, and allow service providers to determine how best to compete in the interexchange market. The draft rule would have negative potential consequences for competition. Competition often occurs at the margin of the market with the introduction of innovative calling plans that meet the needs of consumers better than existing alternatives. As plans succeed in the marketplace, they are modified and implemented in some form by competitors, and the benefits to consumers grow. The draft rule would limit the benefits that accrue to toll

consumers in Washington. Innovative companies that develop lower cost methods of transmission for particular routes would not be able to offer lower prices to consumers who utilize those routes. The Commission has recognized the consumer benefits of such approaches with regard to GTE Northwest calling plans and, in effect, extended area service offerings, which are toll substitutes.

THE DRAFT RULE LACKS NECESSARY DEFINITIONS

Even if the rule were demonstrated to be necessary and consistent with current public policy, it -- or the WAC 480-120-021 Glossary -- would need to define "originating toll service" and "local calling area." Moreover, the rule should contain a sunset provision within 2 years of the date of adoption.

CONCLUSION

GTE recommends that the draft rule not be adopted for the above reasons. If the Commission determines that the draft rule is demonstrably necessary and consistent with current public policy, then, at a minimum, it should be modified to define its terms, and it should contain a sunset provision.

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