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January 17, 2019

VIA E-FILING

Mr. Mark L. Johnson, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
Olympia, WA 98504-7250

Re: Docket U-180907 – Response to Notice of Opportunity to File Written Comments

Dear Mr. Johnson:

By letter dated December 17, 2018, the Commission provided a Notice of Opportunity to File Written Comments (the "Notice"). Those comments are due by close of business on Thursday, January 17, 2019. This letter will serve to provide the comments of the Washington Independent Telecommunications Association ("WITA").

The Notice requested that utilities and stakeholders identify problem statements and the principles that are important to the entity providing the comments or its constituency. The Commission asked that commenters identify which problems are the most important to address during the process and which principles are most important to consider when developing potential solutions.

WITA recognizes that this docket is focused primarily on the energy industry. However, WITA believes that there is an opportunity to address issues related to the telecommunications industry as well. In this light, WITA provides a simple statement of the problem it believes its members are facing and identifies the principles to be applied in crafting a solution to that problem.

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PROBLEM STATEMENT

The primary regulatory problem facing WITA's members is that a rate-of-return/rate-base form of regulation is not a good fit with the increasingly competitive environment WITA members face. Further, the Commission has, to a great extent, lost the authority over access rates (FCC mandated reductions) and over basic service rates (FCC urban rate floor). This pushes intrastate rate-of-return/rate-base regulation toward obsolescence. In addition, rate-of-return/rate-base regulation does not appear to facilitate an easy transition to a broadband environment, one which must continue to recognize voice service as an important element. Thus, the question becomes what should replace rate-of-return/rate-base regulation?

PRINCIPLES

The following are the principles that WITA believes should apply in addressing a solution to the problem:

- The regulatory environment should foster the ability of rural telephone companies to meet state and federal broadband goals.
- Customers should be assured that the quality of service that they are currently receiving will not dissipate.
- The transactional cost of transitioning to new regulatory environment should be kept to a minimum.
- Reporting requirements should be minimized to the extent possible.

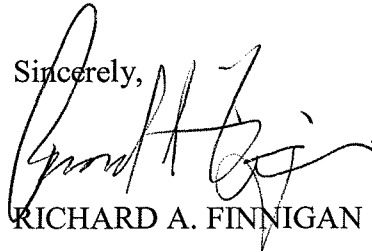
WITA notes that CenturyTel and Frontier have used the AFOR process to remove themselves from many aspects of the current regulatory environment. However, having each WITA member file and run through their own AFOR appears to be overly burdensome and does not comport with one of the main principles identified above.

WITA is aware that some states have passed legislation releasing telecommunications companies from the historic regulatory paradigm. For example, there is an election process adopted in the State of Idaho which calls for a thirty days notice of electing to be released from general regulatory oversight. There are some limitations on the increase to basic local service rates for the first three years following that election. Further, the companies remain subject to

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the Commission's customer service rules. WITA is interested in knowing whether the Commission would be receptive to a generic AFOR proceeding that would move along the lines of what other states have done in this regard through legislation or other means.

Thank you for your attention to these comments.

Sincerely,

RICHARD A. FINNIGAN

RAF/cs

cc: Client (via e-mail)