

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of Rules Relating            )  
To Washington Telephone                    )  
Assistance Program:                         )  
Chapter 480-122 WAC                        )     Docket No. UT-003074

**COMMENTS OF SBC TELECOM, INC.**

On January 9, 2001, the Washington Utilities and Transportation Commission (“Commission”) issued a Notice of Opportunity to File Written Comments (“Notice”) in the Washington Telephone Assistance Program (“WTAP”) Rulemaking, Docket No. UT-003074. SBC Telecom, Inc. (“SBCT”) submits its comments in support of maintaining the current rule.

**WTAP PARTICIPATION**

The proposed language in WAC 480-122-020 states “every local exchange company must offer telephone assistance rates and discounts when ten percent or more of its access lines are subscribed to for residential service.”<sup>1</sup> The proposed change could hinder competition in the residence market because companies might keep their percentage of residential lines below ten percent, to avoid the WTAP participation requirement. To ensure a competitive local exchange market, only Eligible Telecommunications Carriers (“ETCs”) should be required to offer the WTAP assistance price and associated program discounts.

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<sup>1</sup> This proposal is unclear. Does the obligation start when the ten percent threshold is reached, or must the ten percent level be maintained over a number of months, or is there another measurement?

All local exchange companies in Washington collect a state telephone assistance excise tax from their customers and remit it to the WTAP. This practice should continue. However, SBCT recommends mandatory participation in WTAP be limited to companies designated as ETCs. Other companies' participation would be voluntary.

Under the Federal Communications Commission's ("FCC") rules (Report and Order 97-157, Released May 8, 1997, CC Docket No. 96-45), only ETCs are permitted to receive federal support. SBCT and most competitive local exchange carriers ("CLECs") are not designated as ETCs. Thus, most CLECs will not be able to recover their associated costs, causing the state fund to bear a larger portion of the total costs, possibly increasing the contribution from all customers, creating a fund deficit and/or surpassing the statutory cap.

Mandating every CLEC offer WTAP would increase the administrative workload and costs. Each CLEC would have the added responsibility of tracking and separating specific expenses along with additional reporting requirements. Some CLECs may not be equipped or staffed to assume these extra duties, while incumbent local exchange carriers ("ILECs") already have the necessary processes in place. Also, this rule could discourage CLECs from offering residential service to avoid being forced into the program.

The WTAP program enables low-income customers to obtain basic telephone service at a reduced price. Discounts apply to the lowest available flat rate local residential offering. However, some CLECs provide one residential offering. Their "basic" service offering may be a package that consists of an access line bundled with features at a higher price than pure dial tone. This price discrepancy will place increased pressure on the fund because there will be more revenues for those companies to recover.

In addition, the rule could increase the burden on the Department of Social and Health Services (“DSHS”). The DSHS would have more administrative responsibilities, because all companies would be participating in the program. Claims against the fund would increase, record keeping would grow, and the demands on the staff could grow.

### **SUBSCRIBERSHIP**

Currently, a customer can obtain WTAP service from an ILEC or a participating CLEC at a stated price. People purchase services for a variety of reasons, including price. A WTAP customer has no price incentive to change providers because all companies charge the same price. Consequently, there is no assurance more customers will subscribe if more companies offer WTAP.

### **CONCLUSION**

The Commission should only require ETCs to participate in the WTAP program and continue to permit CLECs to voluntarily participate. The inclusion of all companies in the WTAP program places unneeded and additional burdens on them and may have the unintended consequence of discouraging competition in the residential market.

SBCT appreciates the opportunity to comment on these issues and looks forward to further participation in this proceeding.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2001.

**SBC TELECOM, INC.**

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