

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of Commission Review of Toll  
Carrier Obligations

Docket No. UT-991573

COMMENTS OF  
MCI WORLDCOM, INC.

MCI WORLDCOM, Inc. ("MCI WorldCom") submits these comments in response to the Notice of Opportunity to Submit Written Comments ("*Notice*") in the above captioned docket. MCI provides interLATA and intraLATA toll service in Washington.

MCI WorldCom opposes the proposed rules in the belief that (1) they would limit the ability of toll carriers to design products to meet the unique needs of different customer groups, and (2) the rules are unnecessary because competition will provide choices for consumers at competitive rates.

**I. REQUIREMENT FOR TOLL SERVICE TO ALL EXCHANGES**

**A. The Proposed Rule Will Not Have the Desired Effect.**

According to the *Notice*, the Commission seeks to preserve toll carrier choices for customers in areas where U S WEST has withdrawn as an intraLATA carrier. The proposed rule, however, requires carriers to terminate traffic at all points in the state. Consumers who live in communities where U S WEST no longer offers originating intraLATA service *will not have any additional choice of intraLATA toll providers as a result of this rule.*

**B. Competition Currently Provides Consumers With A Sufficient Choice Of Carriers and Calling Plans.**

The first part of the proposed rule requires toll carriers to transmit calls to all

exchanges within the state. The *Notice* argues that this is necessary because U S WEST is no longer required to originate intraLATA service statewide and competition may not provide adequate toll service in the future. *Notice* at 3. Such a conclusion is speculative and is not justified in the opinion of MCI WorldCom. Competition in the toll markets provides Washington consumers with a sufficient choice of carriers and calling plans, and constrains prices. There is no evidence that rules are necessary to ensure continued access to toll service.

For example, MCI WorldCom, as a competitively classified carrier, offers consumers in all areas of Washington numerous choices and competitive rates without being obligated by the Commission to do so. MCI WorldCom's rates for interLATA and intraLATA toll service are each geographically averaged even though access charges vary by ILEC. As a result, MCI WorldCom does not discriminate against callers based on their location.

Washington consumers have a wide choice of toll carriers in addition to MCI WorldCom. According to the Commission's "Registered Telecommunications Companies" list dated January 3, 2000, there are 502 companies registered to provide long distance service in Washington. There are also major new carriers entering the Washington state market. For example, Bell Atlantic/GTE and SBC/Ameritech have both stated publicly that they will enter the Washington local toll and long distance markets within a short time frame.<sup>1</sup> The options for consumers in Washington are increasing, not decreasing.

The Commission has also recognized that consumers have a wide choice of intraLATA providers. In an Order classifying U S WEST's intraLATA service as competitive, the Commission recently stated that it was "satisfied with the number and size of alternative providers and the availability of alternative services to that of U S WEST" for intraLATA service. Order, *In the Matter of Petition of U S WEST for Competitive Classification* at p. 2 (1999). The Commission also noted that "with ease of entry into the market and functionally

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<sup>1</sup> "SBC's National Expansion," [http://www/sbc.com/merger\\_info/sbctelecom.html](http://www/sbc.com/merger_info/sbctelecom.html); Motion for Summary Determination and Brief in Support Thereof, UT-981367 at p. 5 (May 24, 1999) (Brief of Bell Atlantic and GTE Corporation).

equivalent or substitute services readily available in the marketplace, U S WEST's intraLATA toll service is subject to effective competition." *Id.* The Commission concluded that "there are no regulatory barriers to enter into the relevant market, and entry is occurring." *Id.* at p. 4.

There is no evidence that companies are abandoning the intraLATA market. Competition coupled with ease of entry and exit has created a competitive toll market in Washington state.

## **II. REQUIREMENT FOR UNIFORM TOLL RATES**

### **A. The Statewide Average Rate Requirement Set Forth in WAC 480-120-990(2) Would Limit Consumer Choice and Raise Rates.**

The second part of the proposed rule requires that "[a] company may not charge different per-minute or per-unit prices for toll calls based on where the call originates . . . ." *Proposed WAC 480-120-990(2)*. Essentially, this would require interLATA and intraLATA rates to be the same. The *Notice* reasons that this would prevent companies from charging "excessive rates" in areas where they do not wish to provide toll service. *Notice* at 3. Even assuming that this statement is correct, which MCI WorldCom does not concede, it is respectfully submitted that competition, not rate regulation through rulemaking, will protect consumers from "excessive" rates. Moreover, rather than solving the problem, the effect of this rule could be to encourage toll carriers to limit their origination of toll service to those areas with lower access charges. This would have the effect of reducing service in rural areas. The end result of the rule, therefore, could have the opposite effect from the apparent goal intended by the rule.

Indeed, the proposed rule would impair the ability of carriers to design calling plans and therefore limit customer choice. Calling plan options and rate plans are now available in greater variety and number than ever before. A customer can now choose the best carrier based on his or her particular needs. For example, if the customer places mostly intraLATA toll calls, then MCI WorldCom is probably the best choice because it has among the lowest intraLATA rates. On the other hand, if a customer places few intraLATA calls and many interLATA or out-of-state calls, the customer may determine that another carrier is preferable.

Carriers will be unable to design products that fit their customers' needs if the Commission requires interLATA and intraLATA rate uniformity. Carriers would only provide "one size fits all" calling plans, leaving customers with fewer options. The Commission should not limit toll carriers' ability to design products that fit a variety of customers' needs.

Also, the proposed rule could actually raise rates for many customers. For example, MCI WorldCom's interLATA rate in Washington is 11 cents per minute and its intraLATA rate is 8 cents per minute. These rates are based in significant part on MCI WorldCom's costs. If the Commission requires rate uniformity for interLATA and intraLATA service, MCI WorldCom will be forced to raise its intraLATA rates to cover its costs.

**B. By Requiring Uniform Rates Under the Proposed Rule, the Commission Is Improperly Introducing Rate Regulation for Companies That Are Subject to Effective Competition.**

The Washington Legislature has directed the Commission to classify companies and services as competitive where effective competition exists. *RCW 80.36.320(1)*.

Competitively classified companies are subject to "minimal regulation." *RCW 80.36.320(2)*.

Competitively classified companies need only file price lists instead of tariffs. *Id.* IntraLATA toll service is currently competitively classified and is subject to minimal regulation.

The proposed rule would in effect control rates in the competitive intraLATA toll market. This would be inconsistent with Ch 80.36 RCW.

**Conclusion**

MCI WorldCom respectfully requests that this Commission not adopt the proposed rules.

DATED this \_\_\_\_\_ day of January, 2000.

Respectfully submitted,  
MCI WORLDCOM, INC.

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Clyde MacIver, Esq.  
David Rice, Esq.  
Miller Nash LLP  
4400 Two Union Square  
601 Union Street  
Seattle, WA 98101  
(206) 622-8484 (Tel)  
(206) 622-7485 (Fax)

Ann Hopfenbeck, Esq.  
MCI WorldCom, Inc.  
707 17th Street, Suite 3600  
Denver, Colorado 80202  
(303) 390-6106 (Tel)  
(303) 390-6333 (Fax)