

## **WAC 480-120-540 "Terminating access charges."**

(1) Except for any universal service rate allowed pursuant to subsection (3) of this section, the rates charged by a local exchange company for terminating access shall not exceed the lowest rate charged by the local exchange company for the comparable local interconnection service (in each exchange), such as end office switching or tandem switching. If a local exchange company does not provide local interconnection service (or does so under a bill and keep arrangement), the rates charged for terminating access shall not exceed the cost of the terminating access service being provided.

(2) The cost of the terminating access shall be determined based on the total service long-run incremental cost of terminating access service plus a reasonable contribution to common or overhead costs. Local loop costs are considered "shared" or "joint" costs and shall not be included in the cost of terminating access. However, nothing in this rule prohibits recovery of local loop costs through originating access charges (including switched, special, and dedicated as defined in subsection (4)(a) of this section).

(3) If a local exchange company is authorized by the commission to recover any costs for support of universal access to basic telecommunications service through access charges, it shall recover such costs as an additional, explicit universal service rate element applied to terminating access service.

(4) Definitions.

(a) "Access charge" means a rate charged by a local exchange carrier to an interexchange carrier for the origination, transport, or termination of a call to or from a customer of the local exchange carrier. Such origination, transport, and termination may be accomplished either through switched access service or through special or dedicated access service.

(b) "Terminating access service" includes transport only to the extent that the transport service is bundled to the end office or tandem switching service. Dedicated transport unbundled from switching services is not subject to subsection (1) of this section.

(c) "Bill and keep" (also known as "mutual traffic exchange" or "payment in kind") is a compensation mechanism where traffic is exchanged among companies on a reciprocal basis. Each company terminates the traffic originating from other companies in exchange for the right to terminate its traffic on that company's network.

(5) The requirement of subsection (1) of this section that any terminating rate be based on cost shall not apply to any local exchange company that is a small business, or to any local exchange company that is competitively classified, if it concurs in the terminating rate of any local exchange company that has filed a

terminating rate that complies with the requirements of subsection (1) of this section. For the purposes of this subsection, "small business" has the same meaning as it does in RCW 19.85.020.

(6) Any local exchange company that is required to lower its terminating access rates to comply with this rule may file tariffs or price lists (as appropriate) to increase or restructure its originating access charges. The commission will approve the revision as long as it is consistent with this rule, in the public interest and the net effect is not an increase in revenues.

**NEW:** (7) Competitively classified local exchange companies may charge up to, but no more than, the sum of the incumbent local exchange carrier's subsection (1) and subsection (3) rate elements, in each respective exchange, without prior commission authorization. \*

**-OR-**

**WAC 480-120-AAA "Universal service cost recovery authorization."**

Local exchange companies are authorized to recover costs for support of universal service for any exchange in which the cost of providing basic telecommunications service exceeds a benchmark amount of \$31 for residential or \$51 for business. The amount to be recovered will be calculated by taking the difference between cost and benchmark and multiplying by the respective number of access lines served by a LEC in that exchange. For a non-ILEC, the per-line amount will be based on the ILEC's cost in that exchange.

**\* NOTE TO STAKEHOLDERS:**

*The question staff has here is whether to incorporate the current waiver provision into 540(7); or to revoke the waivers and adopt the language in AAA rather than amend 480-120-540. Staff requests comments on the language in both options and comments on the relative merits of each, as well as a statement of preference.*

**WAC 480-120-X11 "Access charge and universal service reporting."**  
**(replaces WAC 480-80-047 aka 480-120-541)**

(1) Until new universal service fund legislation is adopted and effective, each class A telecommunications company in the state of Washington and the Washington Exchange Carrier Association (WECA), must provide annually:

(a) For each switched access tariff rate element, the current rate; the actual annual demand units for the previous calendar year; the actual annual revenues for the previous calendar year; the projected annual demand units for the current calendar year; and the projected annual revenues for the current calendar year.

(b) For each terminating switched access tariff rate element, the lowest current rate offered for comparable local interconnection service, such as end office switching and tandem switching; and the most recent total service long-run incremental cost study available (if different from the prior year), as calculated on a commission basis (e.g. commission authorized rate of return, depreciation lives, and reasonable contribution to common and overhead costs).

(c) For each WAC 480-120-540(3) rate element, the company's own calculation of the total (unseparated) cost of support for universal access to basic service, if different from the total target revenue amount used in the prior year.

(d) The total level of federal support (both explicit and implicit) received for universal access to basic service, and the sources of such support.

(e) The total level of state support (both explicit and implicit) received for universal access to basic service, and the sources of such support.

(2) (a) Primary toll carriers (PTCs) must file current imputed rates, annual imputed units, and annual imputed revenues for each switched access tariff (or price list) rate element (including intrastate, interstate, and international) that the company would have had to purchase from itself if it had been an unaffiliated toll carrier using feature group D switched access service (including intraLATA and interLATA). The analysis contained in this subsection must be consistent with the method used to calculate the information provided pursuant to subsection (1)(a).

(b) For purposes of this subsection, a "primary toll carrier" means a local exchange company offering interexchange service(s) using feature group C switched access service for the origination and termination of any such service(s).

(3) Each class A telecommunications company in the state of Washington and the WECA must file revenue neutral tariff or price list revisions that conform with WAC 480-120-540 if any terminating access charge exceeds, or under-recovers, its applicable cost (or revenue target) by more, or less, than five percent (5%), on an annual basis.

(4) The reporting of the information outlined above and all necessary associated tariff or price list revisions must be filed by July 1 of each year. The revised tariff sheets or price lists (if necessary) must bear a stated effective date of September 1 of the same year.

(5) Each company providing information required by this rule must include complete workpapers and sufficient data for the commission to review the accuracy of the report and any related tariff or price list filing.

**WAC 480-120-X12 "Washington Exchange Carrier Association."**  
**(replaces WAC 480-80-048 aka 480-120-542)**

(1) The Washington Exchange Carrier Association (WECA) may:

- (a) File petitions with the commission;
  - (b) Publish and file tariffs with the commission; and
  - (c) Represent before the commission those members that so authorize.
- WECA's rules of procedure are on file with the commission under Docket No. UT-920373, and may be obtained by contacting the commission's records center.

(2) Subject to all the procedural requirements and protections associated with company filings before the commission, WECA must submit to the commission:

- (a) All initial WECA tariffs; and
- (b) All changes to the tariffs.

(3) A member of WECA may file directly with the commission:

- (a) Tariffs;
- (b) Revenue requirement computations;
- (c) Revenue objectives;
- (d) Universal service support cost calculations;
- (e) Total service long run incremental cost studies;
- (f) Competitive classification petition;
- (g) Other reports; or
- (h) Any other item it or the commission deems necessary.

(4) The commission has the authority to supervise the activities of WECA. However, such supervision will not compromise the independent evaluation by the commission of any filing or proposal that must be submitted to the commission for approval.

(5) To the extent that WECA is involved in the collection and redistribution of funds under commission orders authorizing certain revenue sharing arrangements under common tariff, it must maintain, provide, and report to the commission annual financial reports, by July 1 of each year, relating to the arrangements. Annual financial reports must include:

- (a) Actual fund collections and distributions to each member company;
- (b) The basis upon which the collection and distribution is made;
- (c) Board membership;
- (d) Special committee membership; and
- (e) The status and description of any open WECA docket proceedings.

(6) Each local exchange company in the state of Washington has the option of using WECA as its filing agent, tariff bureau, or both. Companies using WECA collectively may file intrastate rates, tariffs, or service proposals.

(7) Nothing in this section will be construed as amending or modifying WECA's current methods of administration. WECA's "WCAP" access charge pooling administration plan is on file with the commission and may be obtained by contacting the commission's records center and requesting the "Ninth Supplemental Order in Docket UT-971140 with Attachment."

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