

**BEFORE THE WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

In the Matter of

Rulemaking to consider amending rules in WAC 480-120, Telephone Companies, WAC 480-121, Registration and Competitive Classification of Telecommunications Companies, WAC 480-122, Washington Telephone Assistance Program, WAC 480-123, Universal Service, WAC 480-140, Commission General – Budgets, and WAC 480-143, Commission General – Transfers of Property, due to competitive changes within the telecommunications to meet consumer, commission and industry requirements no longer applicable under the existing WAC rules

Docket No. UT-140680

**COMMENTS
of the
WASHINGTON INDEPENDENT TELECOMMUNICATIONS ASSOCIATION**

June 9, 2014

INTRODUCTION

The Washington Independent Telecommunications Association (WITA) welcomes the opportunity to submit comments in this rulemaking docket. WITA is very appreciative of the efforts being undertaken by the Washington Utilities and Transportation Commission (Commission) and its Staff to review its telecommunications rules. This review is timely. Many of WITA's members are struggling financially as a result of changes in the telecommunications industry and initiatives to reform federal universal service and intercarrier compensation. As a result, if overhead costs can be reduced through less reporting and regulation, there is more money available to provide service to customers and the customers benefit.

The organization of these comments will be to first address the six areas where the Commission requested comment. Those six areas are as follows:

1. Validity of distinguishing between Class A and Class B ILECs;
2. Applicability of Carrier of Last Resort responsibilities in a competitive environment;
3. Need to modify service restoral requirements for major outages;
4. Desirability of reducing service quality reporting requirements;
5. Applicability and content of line extension requirements; and
6. Increasing the minimum annual filing fee and eliminating the waiver of the minimum fee.

WITA will then address a concept that it advances in these comments to adopt a new streamlined procedure for minor increases in revenues not involving increases to the monthly recurring rate for basic residential or basic (single-line) business telephone service. The third area will be comments on specific rule language contained in the Staff Draft Redline of the existing rules.

COMMENTS

I. COMMENTS ON THE AREAS OF CONCERN

In the Notice of Opportunity to File Written Comments ("Notice"), the Commission sought comments on six specific matters:

1. Validity of distinguishing between Class A and Class B ILECs;
2. Applicability of Carrier of Last Resort responsibilities in a competitive environment;
3. Need to modify service restoral requirements for major outages;
4. Desirability of reducing service quality reporting requirements;
5. Applicability and content of line extension requirements; and
6. Increasing the minimum annual filing fee and eliminating the waiver of the minimum fee.

WITA will comment on some, but not all of these areas.

1. Validity of distinguishing between Class A and Class B ILECs. There is still validity to distinguish between companies that are small and serve limited areas and larger companies that have service areas spread throughout the state. By and large, the Class B companies are classified as rate-of-return companies by the Federal Communications Commission ("FCC"). In Washington, the distinction would be those companies that fit the legislative distinction as companies serving fewer than two percent of the state's access lines, on the one hand, and companies that serve two percent or more of the state's access lines, on the other hand. WITA believes that this distinction should be maintained given the different issues faced by the smaller companies compared to the issues faces by the larger companies.

2. Applicability of Carrier of Last Resort responsibilities in a competitive environment.

The concept of carrier of last resort ("COLR") is tied to meeting universal service goals. There may be areas of the state where competition can serve the needs of universal service. While it is true that smaller, rural ILECs are facing competition, the competitors are only interested in providing service in the denser areas of a rural ILEC's service area where it makes economic sense to do so. The competitive carriers have no interest in providing service to the outlying areas and incurring the expenses related to providing that service. This is where universal service and COLR obligations come together. It is important to continue to consider COLR obligations in the context of meeting universal service goals.

3. Need to modify service restoral requirements for major outages. WITA does not have any comments to offer on this subject at this time.

4. Desirability of reducing service quality reporting requirements. As a general matter, WITA supports the reduction of reporting requirements in all areas. With the substantial increase in reporting at the federal level (such as FCC Form 481) it may be that the federal forms can be used to satisfy state information gathering. Therefore, if there is some way of reducing service quality reporting requirements such as by incorporating the federal forms, WITA is supportive.

5. Applicability and content of line extension requirements. Other than a general observation, WITA does not have comments to offer on this subject at this time. The general observation is that the Commission's existing line extension requirements are very prescriptive. It may be better in the long run to have a simple requirement that each company must have a line extension policy contained in its tariff. This would allow companies the flexibility to make

changes to their existing line extension policies, so long as those changes are incorporated in a tariff. By requiring the policies to be in tariff, it provides the Commission the opportunity to review the proposed changes in advance of them taking effect.

6. Increasing the minimum annual filing fee and eliminating the waiver of the minimum fee.

WITA has no comments on this subject at this time.

II. PROPOSAL FOR INCREASED FLEXIBILITY IN RATE SETTING

WITA appreciates the fact that the Commission is retaining the rules contained in WAC 480-120-339 related to streamlined filing requirements for Class B telecommunication company rate increases. As currently constructed, that rule seems to have in mind general rate increases related to basic service. By basic service, WITA means the monthly recurring rate for basic residential service and the monthly recurring rate for basic (single-line) business service. WITA believes that it would be beneficial to have an even greater streamlining for minor increases to other services, such as vertical services. Further streamlining would reduce the cost of moving forward with rate filings in tariff.

To implement this concept, WITA suggests that a new subsection (6) be added to WAC 480-120-339. That subsection could read as follows:

Notwithstanding the foregoing, if a company proposes an increase to a rate that does not include an increase to the basic residential service or basic single-line business service monthly recurring rate, that tariff change will be allowed to take effect as filed upon thirty days notice to the Commission and customers if the revenue produced from the tariff filing is less than three percent of the filing company's gross revenue from regulated operations within the state of Washington in the prior calendar year.

Such a simplified filing procedure would allow relatively minor filings to be handled in an expedited manner and significantly reduce overhead expenses related to such filings.

III. COMMENTS ON SPECIFIC RULES

1. WAC 480-120-259 - Terminating Access Charges. The Staff Draft Redline that was provided along with the Notice makes changes to the terminating access rule, but retains the rule and moves it to WAC 480-120-259. Given the actions of the Federal Communications Commission, which have essentially preempted state action on terminating access charges, WITA believes that this rule is no longer necessary and can be completely eliminated.

2. WAC 480-120-352(5) – WECA. Since it now appears likely that all access pooling arrangements will be terminated, upon the actual termination of such arrangements, WAC 480-120-352(5) can be deleted. It is expected that the decision on whether to cease pooling will be known before these rules move forward for adoption or modification. Therefore, if the decision to end pooling is made, then subsection (5) of WAC 480-120-352 is no longer needed.

That also means that WAC 480-120-399 is no longer needed. In fact, WAC 480-120-399 is not needed in any case since its content is redundant to WAC 480-120-352(5)(c).

3. WAC 480-120-385 – Annual Report for Telecommunications Companies not Classified as Competitive. In subsection (c) of the rule as revised, there is a reference to filing income statement, balance sheet and rate base templates for total company and results of operations for

Washington and Washington intrastate operations. To the extent that information is provided in other formats (such as through the copy of a company's FCC Form 481), it is needless repetition to file the same information in more than one format under differing rules. Therefore, WITA suggests that language be added to the end of WAC 480-120-385(c) to the effect that "if any of the information sought by this rule is provided in another filing, a company may simply cross-reference to that filing for the applicable information."

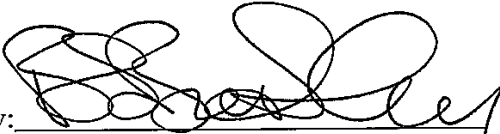
4. WAC 480-123-070 – Annual Certifications and Reports. WITA is disappointed that the Commission's Staff seem to be proposing increased reporting under the universal service rules, rather than streamlining the reporting. For example, there is proposed language to be added to WAC 480-123-070(1) that requires the reporting of gross capital expenditures and maintenance expense in the preceding calendar year (although to some extent it appears that this language is a modification of existing language). Given the reporting adopted under the Commission's new universal service rules, this language should not apply to companies filing under the new rules.

In addition, there is an increase in the requirement to categorize the complaints received, not simply report the number of complaints received, see WAC 480-123-070(4). WITA would prefer to see a decrease in reporting requirements rather than an increase. This is particularly the case because of the extensive reporting that will now be required under FCC Form 481, which will be filed with this Commission as well as with the FCC.

5. WAC 480-123-080 – Annual Plan for Universal Service Support Expenditures. This reporting requirement is proposed to be revised. Rather than being revised, WITA believes it should be eliminated. Given the extensive reporting that will be done under FCC Form 481, including the filing of a five year plan, a separate report included to address a company's budgeted gross capital expenditures and maintenance expense along with a description of its major projects is redundant given the requirements under FCC Form 481. WITA asks that this rule be eliminated.

Respectfully submitted this 9th day of June, 2014.

WASHINGTON INDEPENDENT
TELECOMMUNICATIONS ASSOCIATION

By: 
Betty S. Buckley, Executive Director