

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

UT-990146)
Telecommunications Companies,) COMMENTS OF SPRINT CORPORATION
Chapter 480-120 WAC)

Sprint Communications Company on behalf of Sprint Communications Company L.P., and United Telephone Company of the Northwest (collectively hereafter "Sprint") submits these comments in response to the April 6, 2001, "Notice of Opportunity to File Written Comments and to Propose Alternative Rule Language on Draft Rules Concerning Terminating Access Charges."

WAC 480-120-540 "Terminating Access Charges"

The April 6 proposal puts forth two alternatives for an additional provision to the existing rules concerning terminating access charges. However, it is unclear to Sprint how these new proposed provisions can be considered alternative proposals since they involve different topics. The first alternative, new paragraph (7), caps the rates that competitive exchange carriers could charge for terminating access and interim universal service. The second alternative, WAC 480-120-AAA, merely addresses recovery of universal service cost and would apply to both ILECs and CLECs.

Sprint supports the adoption of the proposed language for Section 480-120-540(7). The proposed provision is consistent with the current waiver provision.

Sprint does not support the provisions proposed in the new section 480-120-AAA.

When WAC 480-120-540 was adopted in 1998, ILECs were allowed to restructure access rates on a revenue neutral basis pursuant to (6). When negotiating the compliance filings in 1998 with the companies, Staff took the position that the amount

of interim universal service revenue that ILECs receive should not exceed the amounts. UT- that would be calculated using the costs that were approved in the Tenth Supplemental Order in UT-980311(a). The universal service charge cap would be based on the sum of cost in excess of a benchmark, by exchange. For the purpose of negotiation, Staff set the benchmark at \$31 for residential and \$51 for business. Sprint agreed with those terms and set its interim USF to recover an amount well below the cap, partly because of the uncertainty surrounding the legislature's adoption of a universal service fund. The proposed new rule, in contrast, states that the "amount to be recovered *will be* calculated by taking the difference between cost and benchmark and multiplying it by the respective number of access lines served by a LEC in that exchange" (emphasis provided). Nothing has happened since Sprint's filing was approved to warrant a new approach and another filing at this time, nor is there any more certainty surrounding the legislatures' adoption of a universal service fund.

The provisions of the proposed section 480-120-AAA is also problematic because it provides no indication that the proposed universal service cost recovery mechanism would result in the same revenue neutrality afforded under the current rules.

Sprint would support WAC 480-120-AAA if it were amended as follows:

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

Competitive 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 of \$51 for business. The amount to be recovered *shall not exceed the amount that would be* calculated by taking the difference between costs 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 *may* be based on the ILEC's cost in that exchange.

This wording would accomplish the Staff's objective of ensuring that CLECs do not assess universal service charges if they serve only low-cost exchanges. It would be competitively neutral because it would set a cap on universal service charges for CLECs

in the same manner it did with ILECs and would calculate the cap consistently..UT-990146

In summary, Sprint supports the adoption of the proposed section 480120-540(7) allowing competitive local exchange carriers to adopt the access rates of ILECs.

Alternatively, Sprint would support the adoption of WAC 480-120-AAA as amended in the previous section. Without the amendment, Sprint opposes the proposed 480-120-AAA because it ignores the work the industry and staff expended to reach a workable compromise a few years ago without justifying the need for a new approach.

WAC 480-120-X11 "Access Charge and Universal Service Reporting"

The proposed provisions of this new rule are onerous, unnecessary, and inconsistent with the underlying reasons for the review of these rules. The Governor directed the Commission to re-examine the rules in light of need, effectiveness and efficiency, clarity, intent and statutory authority and coordination with other agencies. The provisions of this proposed rule impose significant additional reporting requirements on ILECs with no demonstrated benefit. Until the legislature adopts or rejects a universal service fund in Washington and absent any evidence of problems with the existing rates, there is no compelling reason to tinker with the existing interim rates.

The proposed rule would require an annual filing of cost studies, actual and forecasted demand and revenue information, and identification of universal service support amounts and a toll imputation analysis. Clearly these provisions would impose a significant additional reporting requirements on ILECs and on the Commission Staff to review and police these requirements. However, there has not been any indication that such annual reporting requirements are necessary or would result in any substantive changes to current access rates. For these reasons, Sprint encourages the Commission to reconsider the provisions of 480-120-X11 and reject the proposed rule.

Respectfully submitted this 30th day of April 2001.

Nancy L. Judy
State Executive WA and OR
SPRINT COMMUNICATIONS