

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In re Telecommunications - Operations,  
Chapter 480-120 WAC

Docket No. UT - 990146

**COMMENTS OF VERIZON NORTHWEST INC.  
ON  
DRAFT RULES CONCERNING TERMINATING ACCESS CHARGES**

**April 30, 2001**

## I. INTRODUCTION

Verizon Northwest Inc. ("Verizon") submits the following comments on the Draft Rules Concerning Terminating Access Charges that the Commission distributed with its April 6, 2001 Notice of Opportunity to File Written Comments and to Propose Alternative Rule Language.

Verizon supports the use of one aspect of the proposal to clarify the Commission's existing rules with regard to the interim Universal Service terminating rate element. The Commission should not adopt the remainder of the draft access charge rules.<sup>1</sup> They are inconsistent with the original streamlining and regulatory reduction goals of this docket (UT-990146) and would unnecessarily create a tremendous new annual workload of numerous complex tasks for the Commission, for Verizon and other companies, and for interested parties.

In addition to gathering a large amount of historical data, the draft rules would require multiple cost studies for hundreds of services and rate elements, as well as projections of revenues and unit sales. Rate increase and decrease filings required by the draft rules could produce contested cases that combine the time consuming and contentious features of the Commission's generic cost and pricing dockets (UT-960369 et al. and UT-003013) with the controversial "rate spread" aspects of traditional rate cases. For all this, there is no demonstration that the draft rules would provide any benefit to consumers.

Furthermore, the cost methodology assumed by the draft rules is before the United State Supreme Court, and the decision in that case may well require significant revisions to the rules as currently proposed. In addition, the draft rules would constitute

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<sup>1</sup> Verizon submits no comments at this time on draft WAC 480-120-X12 concerning the Washington Exchange Carrier Association ("WECA").

further ratemaking-by-rulemaking, an issue that is currently the subject of state court action.

Ten years ago the Commission declined to adopt a ratemaking-by-rulemaking access charge regulation that was significantly less complex and burdensome than the current draft rule. Through alternative regulatory approaches, access charge levels and structures were significantly transformed through the 1990's. The Commission should take the same approach now.

Instead of adopting the legally infirm and massively burdensome draft rules, the Commission should utilize information it already has and targeted information available to it through its normal investigative processes. It should do this for at least two years -- as a sort of pilot project -- to gain an accurate understanding of what information is really needed to further its access charge regulation objectives, what the cost of obtaining and using it is to the Commission and the companies, and how access charge regulation can be made efficient, effective and appropriate in the new telecommunications marketplace.

Should the Commission nevertheless determine to proceed with a new regulatory regimen at this time, Verizon sets forth changes that should be made to the draft rules.

## **II. OUTLINE OF DRAFT RULES AND COMMENTS**

The Commission currently has two rules that are specific to access charges: WAC 480-120-541 Access Charges (formerly WAC 480-80-047) and 480-120-540 Terminating Access Charges. The draft access charge rules<sup>2</sup> include no change to the former, one possible change to the latter, and one or two new rules, consisting of two pages and about a dozen sections and subsections.

The draft rules would mandate:

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<sup>2</sup> Not including the draft WECA rule, WAC 480-120-X12.

- Reporting;
  - production of historical data and
  - creation of new data through cost studies and other analyses; and
- Rate changes.

The draft rules cover several topics:

- Terminating access charges of incumbent and competitive local exchange carriers ("ILECs" and "CLECs");
  - Functional terminating access rate elements;
  - Interim Universal Service terminating access rate element;
- Originating access charges;
- All other rates;
- Universal Service costs and support sources;
- Pricing rules for Primary Toll Carriers ("PTCs").

After a brief discussion of the background of access charge regulation in Washington, of legal and regulatory issues raised by the draft rules, and of the original reason for this docket, these Comments specifically discuss the draft rules and describe Verizon's proposals, as follows:

- WAC 480-120-541 should be repealed;
- WAC 480-120-540(3) should be replaced by draft WAC 480-120-AAA; draft WAC 480-120-540(7) is not needed;
- Draft WAC 480-120-X11 would be extremely burdensome - -
  - Universal Service costs and support,
  - Terminating and originating access costs and rates,
  - PTC pricing;
- Required reports are irrelevant to rate design mandates;
- There is no demonstrated consumer benefit;
- Verizon proposes reasonable, effective alternatives --

- Pilot project;
- Alternative rule provisions.

### **III. ACCESS CHARGE REGULATION BACKGROUND**

Intrastate access charges were created in the mid-1980s in Docket No. U-85-23 through a cooperative Commission-industry effort. They were designed to replace revenues received by local exchange carriers through the intercompany settlements process before the AT&T Divestiture and to put interexchange carriers on an even footing with regard to accessing the LECs' local networks. The Commission initially set access charges based on the LECs' actual costs of service as identified through jurisdictionally separated fully allocated costs.

In 1990 the Commission opened docket UT-900880 to consider a draft rule that would have mandated annual access rate revisions (through tariff filings) based on the U-85-23 methodology. Verizon (then known as GTE Northwest) and other LECs vigorously opposed the proposal on several grounds, including (a) the Commission lacked the statutory authority to mandate rate changes by rule, (b) the proposed rule would greatly increase the cost and complexity of regulation, (c) there was no assurance the proposed rule would result in any benefit to consumers, and (d) the Commission could monitor and affect access charge levels in other, less onerous ways. After rounds of written comments, vigorous debate at Commission open meetings, settlement talks among various parties, and revisions to the draft rule, on June 6, 1991 the Commission adopted WAC 480-80-047. It required local exchange companies to make an annual informational filing with the Commission and to "update" their access charges if they deemed it advisable to do so -- "a change from the initially noticed rule, which would have required tariff changes."<sup>3</sup>

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<sup>3</sup> Docket No. UT-900880, General Order No. R-344.

After adoption of WAC 480-80-047 the Commission monitored the local exchange companies' access charges in a number of ways, and companies made substantial reductions to their rates. In some cases this was the result of ratemaking proceedings (such as U S WEST rate cases) and in other cases it was the result of negotiation and other developments. Verizon (GTE Northwest), for one, has made several multi-million dollar access rate reductions since the rule was adopted.

#### **IV. LEGAL AND REGULATORY DEFICIENCIES**

Draft Rule WAC 480-120-X11(3) is plainly a rate change mandate; it is a rule that would set rates. The Commission does not have the statutory authority to set rates by rule. Verizon (GTE Northwest) briefed this legal issue in Docket No. UT-970325 (in which the Commission promulgated WAC 480-120-540) and will not repeat that discussion here. As noted above, the issue is before the Court of Appeal. Even if the draft rules were not so onerous and burdensome with regard to their reporting requirements (discussed below), this rate change mandate aspect of the draft rules would justify vigorous opposition.

Moreover, the potential for annual increases and decreases in originating and terminating access charges would needlessly create uncertainty in the marketplace for both local exchange and interexchange carriers. Therefore, even if the Commission had the statutory authority to mandate rate changes by rule, it should not exercise it as proposed in the draft rules.

#### **V. THE ORIGINAL REASON FOR THIS DOCKET**

The draft rules are inconsistent with the reason this docket, UT-990146, was opened: streamlining and reducing regulation. The draft rules would instead enormously expand the complexity, cost and scope of regulation, as discussed below.

As the Commission stated in its April 15, 1999 Preproposal Statement of Inquiry, this docket was opened in compliance with the Governor's Executive Order 97-02. In that Order the Governor addressed the "steady growth in the number and complexity of administrative rules and their impact on businesses and the general public," and the need to minimize such impacts by, among other things, exploring less onerous alternatives, with an eye to amending rules accordingly or repealing them all together. The Order required annual progress reports. Four have been submitted, and they focus on the number of rules repealed and the number of pages of regulations eliminated -- not on rules that have been added or made lengthier and more complex and burdensome.

The draft rules are plainly inconsistent with the Executive Order and they subvert the original purpose of this docket.<sup>4</sup>

## **VI. REPEAL OF WAC 480-120-541**

One aspect of the Commission's access charge regulation that is an appropriate subject for this docket under Executive Order 97-02 is WAC 480-120-541. It is plainly out of date and should be repealed. This is exactly the type of streamlining and regulatory reduction the Governor directed the Commission to pursue in this docket.

As outlined above, WAC 480-120-541 was created ten years ago based upon the Commission's original access charge policy adopted in the mid 1980's. The rule requires annual reports based on separated fully allocated costs, upon which the Commission expected the local exchange carriers to make rate design decisions. The

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<sup>4</sup> At a minimum, if the Commission thinks there might be good cause to increase its access charge regulations, the investigation should be pursued in a separate rulemaking -- not in this docket.

Commission has now clearly rejected and abandoned that approach to access charges.<sup>5</sup>

For these reasons, WAC 480-120-541 now requires useless make-work. It should be repealed.

## **VII. REPLACING WAC 480-120-540(3) WITH DRAFT WAC 480-120-AAA; MOOTNESS OF DRAFT WAC 480-120-540(7)**

In its April 6, 2001 Notice the Commission characterizes draft rules WAC 480-120-540(7) and WAC 480-120-AAA as alternative means of replacing existing waivers of WAC 480-120-540.

As currently worded, WAC 480-120-540(3) authorizes LECs to charge "an additional, explicit universal service rate element applied to terminating access service" *if* they are "authorized by the commission to recover any costs for support of universal access to basic telecommunications service through access charges." This provision is circular and incomplete. It begs the question of how a given LEC becomes authorized to recover such Universal Service costs. When it promulgated WAC 480-120-540 the Commission addressed that issue in its General Order No. R-450, but it is better practice to set forth the criteria and process in the rule itself.

Draft rule WAC 480-120-AAA would, in effect, fill this gap. It is even labeled "Universal service cost recovery authorization." It supplies the "authorization" missing from the existing rule, and its sets forth a formula for determining the amount of Universal Service cost recovery.

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<sup>5</sup> For terminating access rates, General Order No. R-450 in UT-970325 clearly replaced the prior actual cost approach with the TSLRIC approach. In its 15<sup>th</sup> Supplemental Order in U S WEST's rate case UT-950200, the Commission based switched access rates on a combination of incremental cost and residual revenue requirement factors (see pp. 108 to 114).



With regard to the waivers the draft rules would replace, Verizon assumes the Commission refers to its September 7, 1999 order in docket UT-990307. In that order the Commission waived WAC 480-120-540 as to the several petitioning CLECs, conditioned on their filing price lists for terminating access services with "rates not to exceed those charged by U S WEST . . . and GTE Northwest . . . ." The last sentence of draft WAC 480-120-AAA would make this waiver moot.

#### **VIII. DRAFT WAC 480-120-X11 IS EXTREMELY BURDENSOME AND OF NO CONSUMER BENEFIT**

Draft rule WAC 480-120-X11 would create a new unprecedented, enormous annual workload for the ILECs and the Commission (and any other interested party that cared to become involved, such as CLECs, interexchange carriers and the Public Counsel section of the Attorney General's office). It would also create the possibility of significant annual changes -- up and down -- not only of rates paid by interexchange carriers but also of rates paid directly by end users. There is no demonstration that at the end of the day consumers would see any new benefits, let alone any benefits that justify the huge expenditure of time and funds the draft rule would require.

##### **A. Draft WAC 480-120-X11 would require numerous cost studies, tariff and interconnection agreement surveys, extraction of historic network and sales data, projection of network and sales data, and multiple cost vs. revenue studies and analyses.**

Draft WAC 480-120-X11 would create the new workload displayed below. It includes a *dozen reports*, many with multiple subparts. It includes *four cost studies*, covering virtually *every interstate and intrastate telecommunications service* - - some down to the rate element level. Verizon does not conduct such studies on a routine basis; the rule would impose a new burden. In addition, even though these cost studies

would be performed using computer models, they would each require a sizable amount of work. And if they were to be reviewed in any detail by the Commission and interested parties, significant further work would be caused for them and the LECs', as well. Obviously, if the studies became the subject of a contested case, the burden would be multiplied many fold; witness the Commission's ongoing generic cost/price dockets (UT-960369 et al. and UT-003013).

1. <u>Report</u> : For 140+ switched access rates, the <u>current rate</u>	480-120-X11(1)(a)
2. <u>Report</u> : For 140+ switched access rates, the <u>prior year actual demand units</u>	480-120-X11(1)(a)
3. <u>Report</u> : For 140+ switched access rates, the <u>prior year actual revenue</u>	480-120-X11(1)(a)
4. <u>Report</u> : For 140+ switched access rates, <u>projected current year demand units</u>	480-120-X11(1)(a)
5. <u>Report</u> : For 140+ switched access rates, <u>projected current year revenue</u>	480-120-X11(1)(a)
6. <u>Report</u> : For approx. 18+ terminating rates, <u>survey of interconnection agreements</u> for the lowest <u>comparable local interconnection rates</u>	480-120-X11(1)(b)
7. <u>Report/terminating access cost study</u> : For approx. 30+ terminating rates, TSLRIC study (on commission basis)	480-120-X11(1)(b)
8. <u>Report/basic service cost study/analysis</u> : Company's calculation of the total unseparated "cost of support for universal access to basic service" - - exchange level res. and bus. local service costs compared to benchmarks times line counts	480-120-X11(1)(c)
9. <u>Report</u> : Sources of and total amount of <u>explicit federal universal service support</u>	480-120-X11(1)(d)

10. <u>Report/interstate services cost study/analysis</u> : Sources of and total amount of <u>implicit federal universal service support</u> (requires cost study of all interstate services to identify and quantify implicit support)	480-120-X11(1)(d)
11. <u>Report</u> : Level of explicit state universal service support (none at the present time)	480-120-X11(1)(e)
12. <u>Report/intrastate services cost study/analysis</u> Sources of and total amount of <u>implicit state universal service support</u> : (a) Interim terminating access revenues plus (b) other implicit support (requires cost study of all other services, i.e., services that may be providing implicit support)	480-120-X11(1)(e)

### 1. Switched access data requirements

Subsection (1)(a) of the proposed rule would require that companies provide the following information annually “for each switched access tariff rate element”:

- 1) the current rate;
- 2) the actual demand units for the previous calendar year;
- 3) the actual annual revenues for the previous calendar year;
- 4) the projected annual demand units for the current calendar year; and
- 5) the projected annual revenues for the current calendar year.

While at first glance this requirement might not appear to be extreme, in reality there are a large number of rate elements and individual rates to be taken into account.

Verizon has over 28 separate rate elements and 145 separate rates (a detailed list is included as Attachment A). Underneath these individual rate elements are multiple prices for different zones and optional payment plans. For example, Entrance Facility-DS-1, first system, has prices for 3 separate zones and 7 optional payment plans. This one rate element could potentially have 24 separate rates (7 separate optional payment rates plus month-to-month rates for each of the 3 zones). Compiling

this type of information for all 28 separate rate elements on both an actual and projected basis would be an extensive and detailed exercise.

The proposed rule goes even further in subsection 1(b) by requiring a total service long-run incremental cost ("TSLRIC") study covering each terminating switched access rate element. Again, there are multiple rate elements associated with terminating access that have different pricing options, and also a premium and non-premium structure. As an example, terminating end-office switching is offered separately on a bundled and unbundled basis. Associated with each one of these elements is a separate rate for premium and non-premium access. The result is four separate rates for end-office switching alone, for which an annual TSLRIC study would have to be developed.

Overall, there are in excess of 18 separate rates associated with terminating access service for which a TSLRIC cost study would need to be developed on an annual basis if the proposed rule were to be adopted.

## **2. Universal Service Data Requirements**

When the companies complete the task of complying with the proposed rule for access services, they are not yet done. They must also file information related to universal service support amounts received from both federal and state sources. The proposed rule's subsection 1(d) calls for "the total level of federal support (both explicit and implicit) received for universal access to basic service and the sources for such support." This would require that an annual cost study be performed for all interstate services so that reconciliation to existing revenue levels could determine where any "implicit" support amounts exist.

While the proposed rule is not specific on what is included in the definition of "sources of support," if it is intended to be at the access rate element level, the difficulties described above for intrastate services would also be applicable here. There

are rates for multiple zones and optional payment plans for interstate access services. As an example, Verizon's interstate tariff for a DS-1, Entrance Facility, has three separate zone charges and four separate optional payment arrangements. This results in 12 separate rates.

While the requirements discussed above are excessive in and of themselves, the cost study requirement that has the potential to be the most burdensome is the one proposed in subsection 1(e). This section would mandate a determination and report of "the total level of state support (both explicit and implicit) received for universal access to basic service and the sources of such support." In order to comply with this requirement, a TSLRIC cost study would need to be done for each of the intrastate services offered by Verizon to establish a baseline cost level. This baseline would then need to be compared to the revenues for each service offering to identify and quantify "implicit" support. This would include vertical services, toll, and even originating access.

### **3. Primary Toll Carrier analyses and reports**

Section 2 of the draft rule would additionally require that PTCs 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 . . . ." This would be a new requirement. Today PTCs are required to submit "imputation test" results only when they file changes to their intrastate toll rates.

#### **B. Proposed reports are irrelevant to proposed rate design mandates.**

The draft rules seek to mandate the levels of functional terminating switched access rates and the interim Universal Service terminating access rate element.

Several of the items on which the draft rules would require annual reports are irrelevant to these rate design formulas.

First, as discussed above, draft WAC 480-120-AAA sets forth the Commission's formula for the amount of Universal Service cost recovery companies can obtain through the interim Universal Service terminating access rate element. The formula is as follows:

(Per line Universal Service costs) - (benchmarks) x (number of access lines).

The access rate is then determined by dividing this total allowed recovery by the number of terminating access minutes.

In short, three types of information are needed: Universal service costs, number of access lines, and number of terminating access minutes. Yet the draft rule would require companies to also report information on originating access services, explicit and implicit federal Universal Service support, and explicit and implicit state Universal Service support. As discussed above, these extra requirements would necessitate multiple costs studies and other analyses. They are entirely unneeded and useless.

Second, WAC 480-120-540(1) and (2) require that "the rates charged by the local exchange company for terminating access shall not exceed

- "the *lowest* rate charged by the local exchange company for the *comparable local interconnection service [or]*
- "if a local exchange company does not provide local interconnection service (or does so under a bill and keep arrangement), . . . the cost of the terminating access service . . . determined based on the *total*

*service long-run incremental cost of terminating access service plus a reasonable contribution to common or overhead costs."*

If a company utilizes the former standard -- comparable local interconnection rates -- the TSLRIC plus common costs of terminating access service are irrelevant. Yet the draft rule would require the reporting of both the lowest comparable local interconnection rates and terminating access service costs.

Third, the draft rules' PTC provisions cover not only intrastate but also interstate and international switched access services. The Commission, of course, has authority over only intrastate service, so the latter two items are irrelevant.

**C. There is no demonstration that the draft rules' extraordinary new burdens would produce consumer benefits.**

On the face of it, the only possible consumer benefit of this unprecedented, extraordinarily burdensome regulatory regimen would be changes in rates paid by consumers. Yet, on the face of the draft rules there is absolutely no demonstration that any such benefit would be likely, and no proof of such benefits has been put forward in this docket's comments and workshops. Rather, the draft rule are more likely to cause increases in end user rates.

Draft rule WAC 480-120-X11(3)'s mandate could result in changes -- up and down -- to (a) functional terminating access rate elements, (b) the interim Universal Service terminating rate element, (c) originating access charges, and (d) other rates. In addition, the subsection (2) PTC reports presumably could result in some Commission action to increase toll rates. Obviously, the first three types of rate changes would not directly affect consumers, because those rates are paid by interexchange carriers and there is no requirement or assurance that the carriers would pass any overall access charge reduction through to consumers.

On the other hand, the draft rules' provision for resetting the interim Universal Service terminating access rate based on cost updates could result in increases to that rate element, which may well be passed on to consumers through higher toll rates. As noted above, the PTC portion of the draft rule could result in Commission orders that toll rates be increased. Consumers are hardly likely to consider such rate hikes caused by the draft rule to be a benefit to them.

Other rates paid directly by consumers could change where companies propose to offset mandated terminating access charge reductions with increases to rates other than originating carrier access charges. As the Commission knows from UT-970325, there are market limits on how high originating carrier access charges may be set before they are no longer viable.

The Commission's rationale for going down this path in the first place in UT-970325 was to "provide a launching pad for companies to offer customers more options and choices between and among services and providers."<sup>6</sup> Whether or not the initial access charge restructuring mandated by the Commission in that docket has resulted in the introduction of new "options and choices," there is no demonstration that the draft rules would materially improve the situation. And there certainly is no demonstration that any incremental improvement would justify the tremendous expense and resource drain that the draft rules would impose on the Commission, the companies, and interested parties.

## **IX. VERIZON'S ALTERNATIVES**

### **A. The Commission should pursue its access charge update objectives in a pilot project using existing information and processes.**

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<sup>6</sup> UT-970325, General Order No. R-450 (1998), mimeo, page 6.



Clearly the Commission needs to reassess its objectives and the real potential for tangible consumer benefits, and take a serious look at how they can be addressed at much less expense and with much less burden than the draft rules would cause. Most importantly, the Commission needs to explore alternatives to the multiple annual TSLRIC studies that the draft rules would require. It needs to ask itself whether it is really necessary or productive to examine every single access rate element and rate every year. And is there really enough year-to-year variation to justify annual forecasts, especially at the individual rate level?

As Verizon has pointed out in prior comments, information covered by the draft rules is already in the Commission's possession, such as current access rates and local interconnection rates. The Commission might judiciously use its normal investigative processes to selectively survey residence and business local service units and pertinent switched access minutes. And the Commission can use its existing Universal Service cost determinations as a starting point for analysis during the pilot project period.

In addition, during this period the Commission could investigate methodologies for determining whether its new access charge regimen is producing the consumer benefits it envisioned and whether the type of annual rate changes assumed in the draft rules would increase or decrease net benefits.

Finally, the PTC portion of the rule is entirely unnecessary. The Commission already requires PTCs to submit new imputation analyses every time they propose toll rate changes. Moreover, should the Commission ever wish to re-check a PTC's existing rates, it has the information necessary to perform such an analysis itself.

**B. If the draft rules are enacted at this time they should be modified.**

While Verizon strongly objects to draft rule WAC 480-120-X11 in its entirety, should the Commission for some reason decide to adopt the proposal at this time, it should mitigate the burden by making at least the following changes.

WAC 480-120-X11(1) and (3) should read as follows:

- (1) Until new Washington 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 the following data if it elects to file a revenue neutral tariff or price list pursuant to section (3) below. [Proposed subsections (a) through (e) remain.]
- (3) Each class A telecommunications company in the state of Washington and the WECA may file revenue neutral tariff or price list revisions that conform to WAC 480-120-540, if intrastate terminating access charges in total over or under recovers its applicable cost (or revenue targets) by more than five percent (5%), on an annual basis.

This change in the proposed rule was originally brought up by Verizon at a workshop and was apparently misunderstood by the Staff, since the current version of the draft rule makes a tariff filing mandatory should the 5% threshold be exceeded. The intent of Verizon's proposal is to put the burden on a carrier to report only if it is seeking to change rates by more than 5% from current levels on a total terminating intrastate access charge basis. This latter point recognizes that there may be changes in individual rate elements that are offset by changes in others such that the total intrastate terminating amount may not fluctuate above the 5% threshold.

If the changes proposed above to sections (1) and (3) are not accepted and annual filings are mandated at this time, the following section should be added to the proposed rule:

- (6) If a revenue neutral tariff filing made pursuant to section (3) above is suspended and not approved within 6 months following the date of filing, rule WAC 480-120-540 will sunset and no further filing of information under this rule [WAC 480-120-X11] will be required.

This new subsection would ensure that if the Staff resources needed to review the filed material are not available, no additional filings will be required. Once the backlog is cleared, the Staff could petition the Commission for reinstatement of this rule.

## **X. CONCLUSION**

This docket was opened at the Governor's direction to pursue a reduction in regulation. The Commission can accomplish that objective by repealing the outdated WAC 480-120-541. It can also improve its current WAC 480-120-540 by replacing subsection (3) of that rule with draft WAC 480-120-AAA, which would also render draft WAC 480-120-540(7) moot.

Beyond that, the Commission must reject draft WAC 480-120-X11 in its entirety. In addition to sending the Commission down the tenuous road of ratemaking by rulemaking, it would create a vast new bureaucratic burden not only for regulated companies and interested parties, but also for the Commission itself. That magnitude of the new burden cannot be overstated. And it would be imposed without a shred of proof that consumers would realize any benefit. Rather, on the face of the draft rule, it is more likely consumers would experience rate increases. In addition, the LECs and interexchange carriers would be exposed to new uncertainties about the level of access charges year-to-year.

And all that agony is entirely unnecessary. In docket UT-970325, the Commission adopted a new policy on the pricing of terminating switched access services and the recovery of Universal Service costs. Presumably the draft rules are intended to make sure that LECs' terminating access rates comply with that policy over time. The Commission can monitor that situation with information it already has and information it can obtain using its normal processes. And the necessary information is far less than what the draft rule would require companies to produce.

Ten years ago the Commission faced a similar proposal and chose instead a more common sense -- and lawful -- approach, which produced significant changes in access charges. The Commission should take such a course again.

## **Attachment A**

UT-990146

Verizon Comments on Draft WAC 480-120-X11

April 30, 2001

There are a number of non-recurring and monthly recurring charge rate elements, including the following:

- Tandem-switched transport-facility; per access minute per airline mile; terminating and originating; 3 zones
- Tandem-switched transport-termination; per access minute per airline mile; terminating and originating; 3 zones
- Tandem switching; per access minute; terminating and originating; 3 zones
- Interconnection; per access minute
- Direct-trunked transport facility -voiceband; per airline mile
- Direct-trunked transport - facility DS1; per airline mile; 3 zones
- Direct-trunked transport - termination DS1; 3 zones
- Direct-trunked transport - facility DS3; per airline mile; 3 zones
- Direct-trunked transport - termination DS3; 3 zones
- Entrance facility-2 wire
- Entrance facility-4 wire
- Entrance facility-DS1, first system; 3 zones; 7 optional payment plans
- Entrance facility-DS1, each additional; 3 zones system
- Entrance facility-DS3 electrical interface; 3 zones; 8 optional payment plans
- Entrance facility-DS3 optical interface; 3 zones; 8 optional payment plans
- Multiplexing DS1 to voice; 3 zones
- Multiplexing DS3 to DS1; 3 zones

- End office switching - bundled; per access minute; premium terminating and originating; nonpremium terminating and originating
- End office switching - unbundled; per access minute; premium terminating and originating; nonpremium terminating and originating
- Alternate routing; per trunk group; premium and nonpremium
- ANI, per attempt
- User transfer; per line/trunk arranged
- Queuing; per group equipped
- Uniform call distribution; per line equipped; premium and nonpremium
- Simplified message desk interface; per DNAL; premium and nonpremium
- Information surcharge; per access minute; premium and nonpremium; terminating and originating
- Interim terminating access charge, per end office switching terminating minute
- Caller identification parameter; per access tandem trunk group; per end office direct trunk group