Exhibit D

December 16, 1999

(Attachments for download are located at the end of the notice)

NOTICE OF OPPORTUNITY TO FILE WRITTEN COMMENTS
(January 14, 2000)
NOTICE OF WORKSHOP
(February 15, 2000)

Re: Telecommunications Companies, Chapter 480-120 WAC

Docket UT-990146

Tariffs, Chapter 480-80 WAC
Docket U-991301

Registration, Classification and Price Lists, Chapter 480-121 WAC
Docket UT-991922

TO ALL INTERESTED PERSONS:

This notice announces the first discussion draft of the Telecommunication rules which will be discussed at the stakeholder meeting also announced above. Available for download from the Commission's Internet site, the packet includes a table of contents, rule status document, legislative draft of the rules, a copy of the rules with the legislative drafting removed, and proposed new draft rules. Commission Staff prepared the draft, based on discussions to date, for your comments.

Additionally, at the workshop we will discuss the desirability of moving some rules from Chapter 480-120 to the Tariff Chapter 480-80 and to the Registration, Classification and Price Lists, Chapter 480-121 as well as rules within those two Chapters that may be more appropriately placed in Chapter 480-120. For these rules that we are proposing to move between Chapters please submit comments on the following:

1. Should the rule be moved?
2. Proposed language for the rule to be moved.

We encourage your attendance and participation in the meeting. The meeting will be held February 15, 2000 in Room 206 at the Commission's headquarters, beginning at 9:00 a.m. Free parking is available. The

Commission’s address is:

Washington Utilities & Transportation Commission
1300 South Evergreen Park Drive Southwest
P.O. Box 47250
Olympia, Washington 98504-7250

If you cannot attend the stakeholder meeting, the draft will be posted to the Commission’s web site on the Internet at www.wutc.wa.gov. Written comments may be submitted to the Commission at the address given above. The current statutes (RCW) and rules (WAC) can be found on the Internet and at most public libraries, including Commission headquarters. To find the rules on the Internet go to www.mrsc.org/wac.htm and look at Chapter 480-120, 480-80 or 480-121 WAC’s.

Please call Sharyn Bate at (360) 664-1295 if you plan to attend the stakeholder meeting, need directions, or would like a map sent to you. If you cannot attend the meeting, you can arrange to dial into the Commission conference bridge at (360) 664-3846. There are 12 lines available on a first come first serve basis. You may reserve a line by calling Nancy Moen at (360) 664-1140. If you need additional information you may call Sondra Walsh at (306) 664-1254 or e-mail her at sondra@wutc.wa.gov.

WRITTEN COMMENTS. Written comments are due in the Commission offices no later than **January 14, 2000.** Please include a brief summary of your comments. Commenters are asked, but not required, to file an original plus ten copies of their written comments. The Commission also requests, but does not require, that comments be provided in electronic format via e-mail or on a 3-1/2-inch IBM formatted diskette, in ASCII text or WordPerfect version 5.1 or later, labeled with the docket number of this proceeding (UT-990146) and the commenter’s name and type of software used. Comments provided by mail or courier should be addressed to: Secretary, Washington Utilities and Transportation Commission, P.O. Box 7250, 1300 S. Evergreen Park Drive S.W., Olympia, WA 98467-47250. Comments also may be provided by e-mail to <**records@wutc.wa.gov>.** Commission Staff will post on the Commission’s web site all comments provided in electronic format. The web site is <http://www.wutc.wa.gov>.

NOTICE OF WORKSHOP. The Commission has scheduled a workshop to discuss Chapter 480-120, the sections of 480-80, and 480-121 that may be moved. This workshop will be held on **February 15, 2000** beginning at 9:00 a.m., in Room 206 in the Commission's headquarters office, 1300 S. Evergreen Park Drive S.W., Olympia, Washington.

The Commission welcomes your participation via written comments and/or attendance at the workshop. The Commission anticipates that there will be additional opportunity for you to participate as this process goes forward.

The Commission will post and regularly update its web site to include information that pertains to these rulemakings. Information will be provided to you individually if you request it. If you wish to receive further information on these rulemakings you may either: (1) submit a written request, (2) call the Commission's records center at (360) 664-1234, or (3) e-mail the commission at <**records@wutc.wa.gov.>** When contacting the Commission, please refer to Dockets UT-990146, U-991301, and UT-991922.

NOTICE

If you do not wish to comment at this time, but would like to receive future information about these rulemakings, please notify the Commission Secretary by mail, e-mail, or telephone, as indicated above. Please request to be included on Dockets UT-990146, U-991301 and UT-991922 mailing lists.

Sincerely,

CAROLE J. WASHBURN
Secretary

NOTE: The rules in chapters 480-120, 480-80, and 480-121 WAC may be found on the Commission's web site at <www.wutc.wa.gov>. If you cannot access the Commission's Internet site, and want a copy of these rules, please contact the Commission's Records Center at 360-664-1234, and request that a copy be mailed to you.

Attachments -

Chapter 480-120 WAC

TELEPHONE COMPANIES

Legislative Draft - Telecommunications Rules

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WAC 480-120-031 Non-competitive companies - Accounting.

(~~1~~2) ~~Except as provided in this rule, t~~For accounting purposes companies must use the *Uniform System of Accounts (USOA) for **Class A** and **Class B** Telephone Companies* published by the Federal Communications Commission (FCC) and designated as Title 47, Code of Federal Regulations, Part 32, (47 CFR 32, or Part 32) effective October 1, ~~1991~~ 1998~~,~~. ~~is hereby prescribed for book and recording purposes for telecommunications companies in the state of Washington. A company wishing to use accounting methods not authorized in this rule for book and recording purposes must petition for, and receive, commission approval before implementing the change. This includes the adoption of any changes to the USOA made by the FCC after October 1, 1991, and includes the use of Generally Accepted Accounting Principles (GAAP) that are not adopted in the October 1, 1991, version of the USOA. The commission will ordinarily consider implementation of GAAP procedures on a case-by-case basis.~~ **Class B** companies may use **Class A** accounting. Companies wishing to adopt changes to the USOA made by the FCC after the October 1, 1998, must petition for and receive commission approval.

~~The accounting rules for book and recording purposes do not dictate intrastate ratemaking. Copies of Part 32 (effective October 1, 1991) are available for examination at the WUTC library.~~

(~~2~~1) Telecommunications companies ~~operating within this state shall be classed~~ are classified by the Commission ~~access lines~~ as follows:

Class	Number of Access Lines as of December 31
A	~~In Excess of 10,000~~ 2% or more of state access lines

B	~~Less than 10,000~~ Less that 2% of state access lines

For example:

Company X access lines as of 12/31/98	33,832
Divided by	
Total state access lines as of 12/31/98	3,382,320
Equals company access lines as a percentage of total access lines.	1%

Therefore, company X is a **Class B** company.

~~Upon authorization by the commission, a company presently classified by the commission as a Class B company but desiring more detailed accounting may adopt the accounts prescribed for Class A companies. Class B companies authorized to adopt the accounts prescribed for Class A companies shall be required to comply with the more detailed accounting specified for Class A companies. Any election to the contrary notwithstanding, the commission reserves the right to require any company to comply with the accounting requirements applicable to Class A companies.~~

(3) ~~Jurisdictional differences. For Account 7910--Income effect of jurisdictional ratemaking differences–Net; Account 1500--Other jurisdictional assets--Net; Account 4370--Other jurisdictional liabilities and deferred credits--Net, and in a subaccount of Account 4550--Retained earnings, the exchange telecommunications companies operating in this state shall keep subsidiary accounts and records reflecting in separate accounts, subaccounts, and subsidiary records, the Washington intrastate differences in amounts arising from the departure of this commission for booking and/or ratemaking purposes from FCC prescribed accounting. Separate subaccounts shall be kept for each difference. Examples include, but are not limited to, separate accounting for the booking of an allowance for funds used during construction (AFUDC) for short-term construction work in progress (Account 2003, formerly subdivision (1) of Account 100.2); flow-through accounting of tax timing differences to the extent permitted by tax regulations (unless specific exceptions to the flow-through requirement have been granted or required by the commission); elimination of excess profits for affiliated transactions; or such other company specific ratemaking or accounting treatment ordered by the commission in any case involving the rates of a specific company, or in other accounting directives issued by the commission.~~ The commission modifies Part 32 as follows:

(a) ~~All local exchange telecommunications companies shall account as of January 1, 1988, for any embedded jurisdictional ratemaking differences by incorporating any previous jurisdictional differences side-records accounts, and any other accounting~~

~~directives made by the commission, into the appropriate jurisdictional differences account.~~ Any reference in Part 32 to "Commission," "Federal Communications Commission," or "Common Carrier Bureau" means the Washington Utilities and Transportation Commission.

(b) ~~All companies shall keep subsidiary records as may be necessary to report readily the source of Washington intrastate local exchange network services revenues by residential and business class of service.~~ Companies must keep subsidiary records to reflect Washington intrastate differences when the commission imposes accounting or ratemaking treatment different from the accounting methods required in 480-80-031(2). Companies must maintain subsidiary accounting records for:

(i) Residential basic local service revenues.

(ii) Business basic local service revenues.

(iii) Access revenues for each universal service rate element.

(iv) Special access revenues.

(v) IntraLATA switched access revenues for each rate element.

(vi) InterLATA switched access revenues for each rate element.

(vii) Inter-company settlements.

(c) ~~All telecommunication companies subject to this rule shall keep subsidiary accounts in Account 5084--State access revenue, showing separately the following: Intrastate revenues from end users (subscriber line charges); special access revenues; interLATA and intraLATA switched access revenues, identified as revenue derived from the carrier common line and Universal Service Fund rate elements, and revenue derived from all other switched access rate elements; intercompany settlements; and other access revenues.~~ Part 32 section 24, compensated absences, is supplemented as follows:

(i) Companies must record a liability and charge the appropriate expense accounts for sick leave in the year in which the sick leave is used by employees.

(ii) Companies must keep records for:

(A) compensated absences that are actually paid

(B) (B) compensated absences that are deductible for federal income

(d) ~~Any company filing with the FCC reports in compliance with the requirements of Part 32, Paragraph 32.25 of Subpart B, Unusual Items and Contingent Liabilities, relating to extraordinary items, prior period adjustments, or contingent liabilities shall file a copy of such report concurrently with this commission.~~ Accounting for Federal Income Taxes. In addition to Part 32 section 22, companies must keep records using the flow-through tax accounting method to the extent permitted by federal tax regulations.

(i) Flow-through tax accounting and normalization tax accounting are terms used in utility regulation to explain how taxes are recorded by utility companies.

(A) Flow-through tax accounting passes the tax benefits to the utility's customer.

(B) Normalization tax accounting passes the tax benefits to the utility.

(e) ~~As to a leased asset which is or has been used in the provision of utility service, unless an alternate accounting treatment has been specifically approved by the commission, any company which capitalizes leases in accordance with FASB-13 shall~~

~~capitalize such leases at the lower of their original cost or the present value of the minimum lease payments. For purposes of this section "original cost" is defined as the net book value of the leased property to the lessor at the inception of the lease. If all efforts by a company to obtain original cost information fail, and the original cost can not be reasonably estimated, then the companies will file a request with the commission seeking approval to record the asset at the lower of the fair market value of the asset or the present value of the minimum lease payments.~~

~~When the asset in question has never been used in the provision of utility service, any company which capitalizes leases in accordance with FASB-13 shall capitalize such leases at the lower of their fair market value or the present value of the minimum lease payments.~~ Companies with multistate operations must keep accounting records that provide Washington results of operations. The methods used to determine Washington results of operations must be acceptable to the commission.

(f) ~~Unless specific exceptions are granted, or required, all companies shall keep records for ratemaking and/or booking purposes which flow-through tax benefits to the extent permitted by federal tax regulations. Any jurisdictional ratemaking differences, created by this rule, shall be reflected in accounts provided in Part 32 for jurisdictional differences, more specifically Accounts 1500, 4370, and 7910. See (g) and (k) of this subsection for further exceptions to this rule.~~ Part 32 section 32.11(a) is replaced by section (1) above.

(g) ~~As to compensated absences and sick pay, if payment of nonvesting accumulated sick pay benefits depends on the future illness of an employee, companies shall not accrue a liability for such an expense for purposes of portraying results of operations until such sick pay is actually paid. In addition, if a company accrues expenses for compensated absences before such expenses are actually deductible for federal income tax purposes, then an exception to the flow-through accounting requirement in (f) of this subsection is required. In such a case, a normalized tax accounting treatment will be required.~~ Part 32 section 32.11(d) and (e) are replaced by section (1) above.

(h) ~~No depreciation expense will be allowed for ratemaking purposes on amounts included in Account 2002--Property held for future telecommunications use. If a company records depreciation on amounts in this account, it shall record the jurisdictional difference in a separate subaccount of the designated jurisdictional differences accounts.~~ The commission does not require Part 32 section 32.2000(b)(4).

~~(i) Any property which has been used in the provision of utility service, when acquired from a nonaffiliate shall be recorded at its net book value at the time of the transfer. If the company wishes to record the acquisition at its acquisition cost rather than its net book value, it shall first seek approval for such accounting, providing such detail as the commission may require. If there is a jurisdictional difference in recording the cost of an acquisition, any such difference shall be recorded in a separate subaccount of the designated jurisdictional differences accounts. Any other property acquired from a nonaffiliate shall be recorded at its acquisition cost.~~

~~(j) Amounts booked to Account 2005--Telecommunications plant adjustment, shall be treated as nonoperating investment, and shall not be included in any rate base account~~

~~without the expressed permission of the commission. Unless an alternate treatment has been authorized by the commission, any amortization taken on amounts in Account 2005 will be treated as though charged to Account 7360--Other nonoperating income, or other non-op-er-at-ing accounts as required.~~

~~(k) If a company is allowed to convert to a GAAP accounting treatment of an item, or allowed other accounting changes which call for the accrual of expenses before such expenses are deductible for federal income tax purposes, an exception to the flow-through accounting requirement in (f) of this subsection is required. In such event, a normalized tax accounting treatment will be required.~~

(4) ~~The annual report form promulgated by the Federal Communications Commission is hereby adopted for purposes of annually reporting to this commission by those Class A telecommunications companies classified by the FCC in CC Docket No. 86-182 as Class A Tier I telecommunications companies. The annual report forms for all other Class A and Class B telecommunications companies shall be published by the commission. The annual report shall be filed with the commission as soon after the close of each calendar year as possible but in no event later than May 1 of the succeeding year. Those telecommunications companies having multistate operations shall report both total company and Washington results in their annual report. Companies may also be required to include certain supplemental information in the annual report, such as the status of all jurisdictional differences accounts and subaccounts for the period. This supplemental information will be described in the mailing of the annual reports, or in other sections of this rule (see subsections (7) and (9) of this section).~~ This rule does not supersede any accounting requirements specified in a commission order, nor will it be construed to limit the commission's ability to request additional information on a company specific basis. The accounting rules adopted herein do not dictate intrastate ratemaking. Copies of Part 32 (effective October 1, 1998) are available for examination at the WUTC library.

~~(5) The total company results of operations reported by each telecommunications company in its annual report shall agree with the results of operations shown on its books and records.~~

~~(6) All telecommunications companies having multistate operations shall maintain records in such detail that the costs of property located and business done in this state in accordance with state geographic boundaries can be readily ascertained.~~

~~(7) All telecommunications companies having multistate operations shall report to this commission at least once each year, as a supplement to its annual report, such allocations between states as are requested by the commission from time to time for each utility. Any allocations required in developing results of operations for the state of Washington separately shall be accomplished on a basis acceptable to the commission. In these supplemental reports, adjustments will be made to incorporate Washington intrastate amounts in the jurisdictional differences accounts.~~

~~(8)(a) If a company prepares an annual separations cost study and furnishes a copy thereof to the National Exchange Carrier Association, Inc., (NECA), that company shall, upon request by the commission, make available for commission review at a company-designated location in Thurston County a copy of the same study material as has been so~~

~~furnished to NECA. Such copy shall be made available for such commission review within ten days after the later of:~~

~~(i) The date of the company's receipt of the com-mis-sion's request therefor; or~~

~~(ii) The date on which NECA's copy of the study is furnished to NECA.~~

~~(b) If a company prepares an annual separations cost study and furnishes a copy thereof to the Federal Communications Commission (FCC), that company shall, upon request by the commission, make available for commission review at a company designated location in Thurston County a copy of the same study material as has been so furnished to the FCC. Such copy shall be made available for such commission review within ten days after the later of:~~

~~(i) The date of the company's receipt of the com-mis-sion's request therefor; or~~

~~(ii) The date on which FCC's copy of the study is furnished to the FCC.~~

~~(9) Each telecommunications company shall file with the commission periodic results of operations statements showing total Washington per books, restating adjustments to per books, total Washington per books restated, and Washington restated intrastate results of operations.~~

~~Class A companies shall file periodic results of operations statements quarterly. Each quarterly statement shall show monthly and twelve months ended data for each month of the quarter reported. Class B companies shall file periodic results of operations statements semiannually. Each semiannual statement shall show six months and twelve months ended data. For **Class A** companies, periodic results of operations statements shall be due ninety days after the close of the period being reported with the exception of the fourth quarter statement which shall be due no later than May 1 of the succeeding year. Class B companies shall file the June 30 ended and December 31 ended semiannual results of operations statements on October 1 and May 1 of each year, respectively.~~

~~The periodic results of operations statements shall be on a "commission basis" and restated for out-of-period items, nonoperating, nonrecurring, extraordinary items, or any other item that materially distorts test period earnings or expenses. By use of notes, an explanation of the restating adjustments shall accompany the results of operations statement.~~

~~"Commission basis" means that the rate base includes those standard rate base components that have been historically accepted by the commission for ratemaking. "Commission basis" does not include new theories or approaches which have not been previously addressed and resolved by the commission.~~

~~The telecommunications companies shall use the allocation factors from their most recent separations cost study to develop the Washington intrastate results of operations.~~

~~(10) This rule shall not supersede any reporting accounting requirements specified in a commission order, nor shall it be construed to limit the commission's ability to request additional information on a company specific basis as is deemed necessary.~~

~~(11) The annual budget of expenditures form for budgetary reporting for telecommunications companies will be published by this commission in accordance with chapter 480-140 WAC.~~

~~(12) The requirements of this section shall not apply to telecommunications~~

~~companies classified by the commission as competitive, and subject to WAC 480-120-033.~~

~~(13) There shall be no departure from the foregoing except as specifically authorized by the commission.~~

WAC 480-120-033 ~~Accounting and reporting~~ Reporting requirements for competitive telecommunications companies.

~~Competitive telecommunications companies shall, at a minimum, keep accounts according to generally accepted accounting principles and file annually, on a form prescribed by the commission, a certified consolidated financial statement which specifies revenues from intrastate operations. This annual report is due by May 1st of the succeeding year. Competitive telecommunications companies shall also make available, at the time and place the commission may designate, such accounting records as the commission may request. Such companies shall also keep on file at the commission current price lists and services standards.~~ The commission will distribute an annual report form including a regulatory fee form. The company must complete both forms, file them at the commission, and pay its regulatory fee, no later than May 1 of each year. Companies must:

(a) provide total number of access lines as required on the annual report form;

(b) (b) provide, per the annual report form, balance sheet and income statement for total company;

(c) provide the results of operations for Washington and Washington intrastate; and

(d) report all information delivery service and blocking service revenues as separate revenue items.