

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION

In the Matter of the Petition of )  
 )  
TeleWise, LLC ) DOCKET NO. UT-042046  
 ) PETITION FOR WAIVER  
 )  
for waiver of WAC 480-120-540 )

SUPPLEMENTAL INFORMATION

The company's initial petition for waiver includes the following rationale:

*TeleWise qualifies for the FCC's Rural Exemption in connection with federal access rate caps and, consequently, charges interstate access rates normally reserved for the National Exchange Carriers Association ("NECA") companies. The FCC's Rural Exemption is further described in Attachment B. Establishing intrastate rates based on WECA would keep the interstate and intrastate access pricing approaches consistent.*

To further support the petition, the company offers the following additional support based on the FCC's findings in CC Docket No. 96-262; In the Matter of Access Charge Reform, Reform of Access Charges Imposed by Competitive Local Exchange Carriers, SEVENTH REPORT AND ORDER AND FURTHER NOTICE OF PROPOSED RULEMAKING, Adopted April 26, 2001, Released: April 27, 2001:

*Paragraph 64*

*Limiting CLECs to the higher of the benchmark rate or the access rate of its ILEC competitor could prove rather harsh for some of the small number of CLECs that operate in rural areas. The difficulty would likely arise for those CLECs that operate in a rural area served by a price-cap incumbent with state-wide operations. Our rules require such ILECs to geographically average their access rates. This regulatory requirement causes these "non-rural ILECs" effectively to use their low-cost, urban and suburban operations to subsidize their higher cost, rural operations, with the effect that their state-wide averaged access rates recover only a portion of the ILEC's regulated costs for providing access service to the rural portions of its study area. During the course of this proceeding, we became concerned that tying the access rates of rural CLECs to those of such non-rural ILECs could unfairly disadvantage CLECs that lacked urban operations with which they could similarly subsidize their service to rural areas. Accordingly, we sought comment on whether the phenomenon of the non-rural ILEC justified the creation of a "rural exemption" to our benchmark scheme and, if so, how that exemption should be structured.*

*Paragraph 65*

*We conclude that the record supports the creation of a rural exemption to permit rural CLECs competing with non-rural ILECs to charge access rates above those charged by the competing ILEC. First, we note that such a device is consistent with the Commission's obligations, under section 254(d)(3) of the Act and section 706 of the 1996 Act, to encourage the deployment to rural areas of the infrastructure necessary to support advanced telecommunications services and of the services themselves. The record indicates that CLECs often are more likely to deploy in rural areas the new facilities capable of supporting advanced calling features and advanced telecommunications services than are non-rural ILECs, which are more likely first to deploy such facilities in their more concentrated, urban markets. Given the role that CLECs appear likely to play in bringing the benefits of new technologies to rural areas, we are reluctant to limit unnecessarily their spread by restricting them to the access rates of non-rural ILECs.*

*Paragraph 68*

*Our level of comfort in creating a rural exemption is markedly increased by the fact that the record indicates it likely will apply to a small number of carriers serving a tiny portion of the nation's access lines. The Rural Independent Competitive Alliance (RICA) asserts that, fewer than 100,000 access lines are served by carriers falling in the definition that it proffers for a rural CLEC. This number is entirely overwhelmed by the approximately 192 million access lines reported by the Commission in its last report on local telephone competition. Indeed, this figure for rural CLECs' customers amounts to substantially less than one percent of the 12.7 million lines served by CLECs. We acknowledge that the definition for a rural CLEC that we adopt below is somewhat broader than that proposed by RICA. It nevertheless appears likely to encompass only a small number of the overall total of CLEC end users.*

Since the notion behind intrastate access charges is fundamentally no different than that for interstate access charges, the FCC's findings are key to understanding TeleWise's petition. And the emphasis on special treatment for rural carriers is not declining. In response to the FCC's Notice of Proposed Rulemaking on Intercarrier Compensation, the various proposals -- perhaps most notably the Intercarrier Compensation Forum proposal -- go to great lengths to protect rural carriers from reductions on support flows from inter and intrastate access charges.

As indicated in the TeleWise petition, the Company indeed qualifies for the FCC's Rural Exemption since it competes with a non-rural ILEC, where no portion of its service area falls within: (1) any incorporated place of 50,000 inhabitants or more, based on the most recently available population statistics of the Census Bureau or (2) an urbanized area, as defined by the Census Bureau.

The rate level the FCC selected for qualifying carriers is indicated below:

*Accordingly, qualifying rural CLECs may tariff rates at the level of those in the NECA access tariff, assuming the highest rate band for local switching and the transport*

*interconnection charge, minus the tariff's carrier common line (CCL) charge if the competing ILEC is subject to our CALLS Order.*

<b>NECA Rates</b>	<b>NECA Company</b>	<b>Rural CLEC (TeleWise)</b>
Carrier Common Line	\$0.002000	\$0.000000
Tandem Switched Transport -- fixed (x 2)	\$0.000816	\$0.000816
Tandem Switched Transport -- per mile	\$0.000165	\$0.000165
Tandem Switching	\$0.002956	\$0.002956
Interconnection Charge	\$0.000000	\$0.000000
Local Switching (Band 8)	\$0.019328	\$0.019328
Information Surcharge	\$0.000211	\$0.000211
<b>Total (Assumes 12 miles of transport)</b>	<b>\$0.028107</b>	<b>\$0.026107</b>

Using precisely this approach, TeleWise proposes the following rates:

<b>WECA Rates</b>	<b>WECA Company</b>	<b>Rural CLEC (TeleWise)</b>
Carrier Common Line:		
Originating	\$0.0117300	\$0.000000
Terminating	\$0.0575400	\$0.000000
Tandem Switched Transport -- fixed	\$0.0116280	\$0.0116280
Tandem Switched Transport -- per mile	\$0.0006076	\$0.0006076
Tandem Switching	\$0.0000000	\$0.0000000
Interconnection Charge	\$0.0000000	\$0.0000000
Local Switching	\$0.0193035	\$0.0193035
Information Surcharge	\$0.0007000	\$0.0000000
<b>Total (Assumes 12 miles of transport):</b>		
Originating	<b>\$0.0506527</b>	<b>\$0.0370075</b>
Terminating	<b>\$0.0964627</b>	<b>\$0.0370075</b>

By aggregating only those rate elements allowed under the FCC's rural exemption, Telewise's proposal provides for an exact intrastate equivalent of that exemption. WA's WECA rates demonstrate that policymakers recognize that rural carriers warrant substantially higher access rates than urban carriers. By reducing the aggregate rates as identified in the table above, TeleWise hopes to strike a compromise appropriate to a rural CLEC.