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February 14, 2002

**NOTICE OF PROPOSED RULEMAKING (CR-102)  
AND ORAL COMMENT OPPORTUNITY**  
(March 27, 2002, at 1:30 p.m.)

**FINAL REQUEST FOR SBEIS INFORMATION**  
(Now through March 7, 2002)

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17 RE: Telecommunications - Operations, Chapter 480-120 WAC  
18 Docket No. UT-990146

19  
20 TO ALL INTERESTED PERSONS:

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22 The Commission Staff has completed a draft of the proposed rules for chapter  
23 480-120 WAC, Telecommunications – Operations. Please note that the rules  
24 include rules on the use of private information. Commission Staff plans to  
25 present the CR-102 Proposed Rulemaking to the Commission at a special open  
26 meeting, **March 27, 2002, at 1:30 p.m.** Interested persons may comment on the  
27 proposed rules at the special open meeting. The proposed draft rules are  
28 available for inspection on the Commission’s web site at  
29 [www.wutc.wa.gov/990146](http://www.wutc.wa.gov/990146). If you are unable to access the Commission’s web  
30 page and would like a copy of the proposed draft rules, please contact the  
31 records center at (360) 664-1234.

32  
33 The special open meeting will be held in Room 206 at the Commission’s  
34 headquarters in Olympia, Washington. The Commission’s address is:

35  
36 Washington Utilities & Transportation Commission  
37 1300 South Evergreen Park Drive SW  
38 P.O. Box 47250  
39 Olympia Washington 98504-7250

**SBEIS Survey**

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43 The Commission offers a final opportunity to respond to a survey that will assist  
44 the Commission in its preparation of a small business economic impact  
45 statement (SBEIS) based on the most recent set of draft rules. In order to allow

46 Commission Staff sufficient time to produce the SBEIS, we request that you  
47 submit SBEIS survey responses **no later than Thursday, March 7, 2002.**

48 Because of the time needed to prepare an analysis of the information received,  
49 responses to the questionnaire received after March 7, 2002, will not be reflected  
50 in the SBEIS.

51  
52 The Commission has prepared an interactive survey concerning the economic  
53 effects these draft proposed rules may have on small businesses. The survey  
54 may be viewed and responded to on the internet at  
55 <http://www.wutc.wa.gov/990146/SBEIS>. Assumptions should be based on the  
56 complete set of proposed draft rules posted concurrently with this Notice at  
57 <http://www.wutc.wa.gov/990146>. If you do not wish to respond electronically, you  
58 may contact the Commission and ask for a paper copy of the survey and one will  
59 be provided to you. Please call Records Center at (360) 664-1234 if you need a  
60 paper copy.

61  
62 All interested persons are requested to respond to the survey, including  
63 businesses that do not meet the statutory definition of a small business (fifty or  
64 fewer employees). The Commission considers the potential cost of its rules for  
65 all affected businesses in its analysis of rules. Interested persons who are not  
66 businesses may also comment on the potential economic impact a section may  
67 have on customers.

68  
69 Responses to the SBEIS survey will be received on a section-by-section basis.  
70 Please respond to all rules that you believe will have an economic impact upon  
71 your business or upon customers.

72  
73 You may respond to the SBEIS survey **beginning now through March 7, 2002.**  
74 After March 7, 2002, the internet link to the questionnaire will be closed. Paper  
75 responses, if any, should also be filed with the Commission **no later than March**  
76 **7, 2002.**

77  
78 If you need additional information regarding the draft proposed rules, please call  
79 Bob Shirley at (360) 664-1292 or e-mail him at [bshirley@wutc.wa.gov](mailto:bshirley@wutc.wa.gov). If you  
80 need additional information regarding the SBEIS survey, please call Tim  
81 Zawislak at (360) 664-1294 or e-mail him at [tim@wutc.wa.gov](mailto:tim@wutc.wa.gov).

82  
83 Sincerely,

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87 CAROLE J. WASHBURN  
88 Secretary

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**UT-990146**

**Chapter 480-120**

**Telecommunications Operations**

**Pre-Proposal Draft**

**February 14, 2002**

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*This document is provided to stakeholders so that they may respond to the Small Business Economic Impact Statement (SBEIS) questionnaire at <<http://www.wutc.wa.gov/990146/SBEIS>> and so that stakeholders may prepare oral comments on draft rules that will be taken at the Open Meeting of the Commission on March 27, 2002 (See notice for details).*

*This document contains rules concerning customer private account information (WAC 480-120-202 through 480-120-217). These rules were prepared after two public meetings, an opportunity to file written comments, and an Open Meeting discussion dedicated to this topic.*

**Amend**  
**480-120-021 Definitions.**

The definitions in this section apply throughout the chapter except where there is an alternative definition in a specific section, or where the context clearly requires otherwise.

**“Class A company”** means a local exchange company with two percent or more of the access lines within the state of Washington.

**“Class B company”** means a local exchange company with less than two percent of the access line within the state of Washington.

**New Section 480-120-XXY**  
**480-120-112 Company performance for orders for non-basic services.**

(1) Except as provided in subsection (2) of this section, the local exchange company (LEC) must complete orders for all non-basic services within one hundred eighty days of the order date or by a later date requested by a customer.

(2) The timeline set forth in subsection (1) of this section does not apply when a later installation or activation is permitted under WAC 480-120-~~074~~145 (Extending service), or when the commission has granted an exemption from the requirement for installation or activation of a particular order under WAC 480-120-015.

**(3) Unless the commission orders otherwise, this section does not apply to LECs that are competitively classified under RCW 80.36.320 and do not offer local exchange service by tariff.**

160 (No change to 480-120-029)  
161 **480-120-301 Accounting requirements for competitively classified**  
162 **companies.**

163  
164  
165 **Amend 480-120-031**  
166 **480-120-302 Accounting requirements for companies not competitively**  
167 **classified as competitive.**

168 (1)(a) Companies with two percent or more of state access lines and companies  
169 with less than two percent of state access lines are classified as follows:

170	171	172	173	174	175
	<b>Class</b>	<b>Number of Access</b>	<b>Lines as of December</b>	<b>31 from prior year's</b>	<b>annual report</b>
176	A	2% or more of state			
177	access	lines			
178	B	Less than 2% of state			
179	access	lines			

180  
181 For example:

182	Company X access lines as of 12/31/98	33,823	
183	Divided by	_____	
184			
185	Total state access lines as of 12/31/98	3,382,320	
186			
187	Equals company access lines as a percentage		
188	of total access lines.		1%

189  
190 Therefore, company X is a **Class B** company.

191  
192 (b) As long as a company can show it serves less than two percent of the  
193 total access lines listed in (a) of this subsection, it may compare future years to  
194 the year listed in the example above, as a safe harbor option.

195 (c) If a company has more than two percent of the total access lines listed  
196 in (a) of this subsection, but believes that it has less than two percent of a  
197 subsequent year to that listed in the example above, it may use the more recent  
198 "total state access lines" as of that subsequent year in order to calculate a  
199 different threshold, as long as it provides all relevant information in a letter of  
200 certification to the commission concurrent with its election. For purposes of this  
201 rule the raw data may be requested from the commission's record center in order  
202 for the company seeking the data to generate its own calculation subsequent,  
203 and pursuant, to this rule.

204 (2)(a) For accounting purposes, companies not competitively classified as  
205 competitive must use the *Uniform System of Accounts (USOA)* for **Class A** and

206 **Class B Telephone Companies** published by the Federal Communications  
207 Commission (FCC) and designated as Title 47, Code of Federal Regulations,  
208 Part 32, (47 CFR 32, or Part 32). The effective date for Part 32 is stated in WAC  
209 480-120-999. Companies not ~~competitively~~ classified as competitive wishing to  
210 adopt changes to the USOA made by the FCC ~~that have an annual revenue~~  
211 ~~effect of more than one percent~~, after the date specified in WAC 480-120-999,  
212 must petition for and receive commission approval. The petition must include the  
213 effect of each change for each account and subaccount on an annual basis for  
214 the most recent calendar year ending December 31. If the petition is complete  
215 and accurate the commission may choose to grant such approval through its  
216 consent agenda.

217 (b) **Class B** companies may use **Class A** accounting, but **Class A**  
218 companies shall not be permitted to use **Class B** accounting.

219 (3) The commission modifies Part 32 as follows:

220 (a) Any reference in Part 32 to “Commission,” “Federal Communications  
221 Commission,” or “Common Carrier Bureau” means the Washington Utilities and  
222 Transportation Commission.

223 (b) Companies not ~~competitively~~ classified as competitive must keep  
224 subsidiary records to reflect Washington intrastate differences when the  
225 commission imposes accounting or ratemaking treatment different from the  
226 accounting methods required in ~~WAC 480-80-031 subsection (2)~~ of this section.  
227 Companies not ~~competitively~~ classified as competitive must maintain subsidiary  
228 accounting records for:

- 229 (i) Residential basic service revenues;
- 230 (ii) Business basic service revenues;
- 231 (iii) Access revenues for each universal service rate element;
- 232 (iv) Special access revenues; and
- 233 (v) Switched access revenues.

234 (c) Part 32 section 24, compensated absences, is supplemented as  
235 follows:

236 (i) Companies not ~~competitively~~ classified as competitive must  
237 record a liability and charge the appropriate expense accounts for sick leave in  
238 the year in which the sick leave is used by employees.

239 (ii) Companies not ~~competitively~~ classified as competitive must  
240 keep records for:  
241 (A) Compensated absences that are actually paid; and  
242 (B) Compensated absences that are deductible for federal  
243 income tax purposes.

244 (d) Companies not ~~competitively~~ classified as competitive that have  
245 multistate operations must keep accounting records that provide Washington  
246 results of operations. The methods used to determine Washington results of  
247 operations must be acceptable to the commission.

248 (e) Part 32 section 32.11(a) is replaced by subsection (1) of this section.

249 (f) Part 32 section 32.11(d) and (e) are replaced by subsection (1) of this  
250 section.

251 (g) The commission does not require Part 32 section 32.2000(b)(4).

252 This rule does not supersede any accounting requirements specified in a  
253 commission order, nor will it be construed to limit the commission's ability to  
254 request additional information on a company specific basis. This rule does not  
255 dictate intrastate ratemaking.

256 (h) Any reference in Part 32 to "Class A" or "Class B" means the  
257 classification as set out in subsection (1) of this section.

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260 (No change to 480-120-033)

261 **480-120-303 Reporting requirements for competitively classified**  
262 **companies.**

263

264

265 **New Section 480-120-X02**

266 **480-120-304 Reporting requirements for companies not competitively**  
267 **classified as competitive.**

268 (1) Annual reports for companies not ~~competitively~~ classified as competitive. The  
269 commission will distribute an annual report form as specified in ~~subsection (c)(i),~~  
270 ~~(ii), and (iii)~~ of this subsection, and a regulatory fee form. A company not  
271 ~~competitively~~ classified as competitive must:

272 (a) Complete both forms, file them with the commission, and pay its  
273 regulatory fee, no later than May 1 of each year;

274 (b) Provide total number of access lines as required on the annual report  
275 form; and

276 (c) Provide income statement and balance sheet for total company and  
277 results of operations for Washington and Washington intrastate.

278 (i) **Class A** companies that the FCC classified as Tier 1

279 telecommunications companies in Docket No. 86-182 must file annual report  
280 forms adopted by the FCC.

281 (ii) All other **Class A** companies must file annual reports on the  
282 form prescribed by the commission.

283 (iii) **Class B** companies must file annual reports as prescribed by  
284 RCW 80.04.530(2).

285 (2) Quarterly reports for companies not ~~competitively~~ classified as  
286 competitive:

287 (a) All **Class A** companies must file results of operations quarterly.

288 (b) Each report will show monthly and twelve-months-ended data for each  
289 month of the quarter reported.

290 (c) The reports are due ninety days after the close of the period being  
291 reported, except for the fourth-quarter report which is due no later than May 1 of  
292 the following year.

293 (3) Methods used to determine Washington intrastate results of operations  
294 must be acceptable to the commission.

295 (4) This rule does not supersede any reporting requirements specified in a  
296 commission rule or order, or limit the commission's authority to request additional  
297 information.

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**Amend 480-120-544**  
**480-120-305 Streamlined filing requirements for Class B telecommunications company rate increases.**

(1) A Class B company, as defined in WAC 480-120-034302(1), may use the streamlined treatment described in this section for seeking a general rate increase, as an alternative to the requirements in WAC 480-09-330.

(2) **General information required.** A Class B company seeking streamlined treatment for a proposed general rate increase must submit the following information at the time of filing or prior to its first notice to customers, whichever occurs first:

(a) A copy of its customer notice as specified in subsection (6) of this section.

(b) A results-of-operations statement, on a commission basis, demonstrating that the company is not presently exceeding a reasonable level of earnings. If the company is exceeding a reasonable level of earnings, the proposed increase must be reduced accordingly.

(c) All supporting documentation used to develop the results-of-operations statement, including supporting documentation for all adjustments.

(d) The results-of-operations statement filed under this subsection must include Washington intrastate results of operations. If a company cannot provide Washington intrastate results of operations with reasonable accuracy, the commission may consider the total Washington results of operations including the interstate jurisdiction.

(3) **Adjustments provided for in the results of operations.**

(a) The results-of-operations statement must provide restating actual adjustments and proforma adjustments in accordance with (b) of this subsection.

(b) Before the achieved return is calculated a company must adjust the booked results of operations for restating actual and proforma adjustments, including the following:

(i) Nonoperating items;

(ii) Extraordinary items;

(iii) Nonregulated operating items; and

(iv) All other items that materially distort the test period.

(4) **Rate of return.** The authorized overall rate-of-return (for purposes of this section only) is eleven and twenty-five one-hundredths percent.

(5) **Rate design.** A Class B company filing pursuant to this section must clearly describe the basis for allocating any revenue requirement change proposed by customer class (e.g., residential, business, and interexchange).

(6) **Customer notice.** The company must notify customers consistent with the manner outlined in WAC 480-120-194, and must include the following information:

(a) The proposed increase expressed in (a) total dollars and average percentage terms, and (b) the average monthly increases the customers in each category or subcategory of service might reasonably expect;



- 344 (b) The name and mailing address of the commission and public counsel;  
345 (c) A statement that customers may contact the commission or public  
346 counsel with respect to the proposed rate change; and  
347 (d) The date, time, and place of the public meeting, if known.  
348 (7) **Public meeting(s).** The commission will ordinarily hold at least one  
349 public meeting in the area affected by the rate increase within forty-five days after  
350 the date of filing.  
351 (8) **Final action.** The commission will ordinarily take final action on a filing  
352 under this section within ninety days after the date of filing.  
353 (9) The commission may decline to apply the procedures outlined in this  
354 section if it has reason to believe that:  
355 (a) The quality of the company's service is not consistent with its public  
356 service obligations; or  
357 (b) A more extensive review is required of the company's results of  
358 operations or proposed rate design.  
359 (10) Nothing in this rule will be construed to prevent any company, the  
360 commission, any customer, or any other party from using any other procedures  
361 that are otherwise permitted by law.  
362  
363

364 **Amend 480-120-541**

365 **480-120-311 Access charge and universal service reporting.**

366 **(1) Intrastate mechanism reporting.**

367 (a) Until legislation creating a new universal service fund is adopted and  
368 effective and commission rules to implement the legislation are adopted and  
369 effective, each **Class A telecommunications** company in the state of Washington  
370 and the Washington Exchange Carrier Association, must provide annually:

371 (i) The actual demand units for the previous calendar year for each  
372 switched access tariff rate element (or category of switched access **tariff** rate  
373 elements, both originating and terminating) it has on file with the commission.

374 (ii) Primary toll carriers (PTCs) must file, in addition to (a) of this  
375 subsection, the annual imputed demand units for the previous calendar year that  
376 the company would have had to purchase from itself if it had been an unaffiliated  
377 toll carrier using feature group D switched access service (including intraLATA  
378 and interLATA, both originating and terminating demand units). For purposes of  
379 this subsection, a PTC means a local exchange company offering interexchange  
380 service(s) to retail customers using feature group C switched access service for  
381 the origination and termination of any such service(s).

382 (b) The report containing the information required in (a) of this subsection  
383 must be filed by July 1 of each year.

384 (c) Each company providing information required by this section must  
385 include complete workpapers and sufficient data for the commission to review the  
386 accuracy of the report.

387 **(2) Annual state certification requirements for interstate (federal)**  
388 **mechanism.** Each eligible telecommunications carrier (ETC) in Washington  
389 receiving federal high-cost universal service support funds must provide the

390 following to the commission not later than August 31 of each year:  
391 (a) A certification that, during the calendar year preceding the year in  
392 which certification is made, the ETC provided the supported services required by  
393 47 U.S.C. § 214(e) and described in the commission order granting it ETC status;  
394 (b) A certification that, during the calendar year preceding the year in  
395 which certification is made, the ETC advertised the availability of supported  
396 services and the charges for them as required by 47 U.S.C. § 214(e) and as  
397 described in the commission order granting it ETC status;  
398 (c) A certification that funds received by it from the federal high-cost  
399 universal service support fund will be used only for the provision, maintenance,  
400 and upgrading of the facilities and services for which the support is intended;  
401 (d) The amount of all federal high-cost universal service fund support  
402 received for the calendar year preceding the year in which the filing must be  
403 made (this includes, but is not limited to, High Cost Loop Support or "HCL", Local  
404 Switching Support or "LSS", Long Term Support or "LTS", Interstate Access  
405 Support or "IAS", and Interstate Common Line Support or "ICLS");  
406 (e) The ~~quarterly~~ loop counts on which federal high-cost universal service  
407 support was based for support received during the calendar year preceding the  
408 year in which the filing must be made.  
409 (f) The certifications required in (a) through (e) of this subsection must be  
410 made in the same manner as required by RCW 9A.72.085.  
411  
412