

PART I. GENERAL RULES

AMENDATORY SECTION (Amending Order R-452, Docket No. UT-970301, filed 12/29/98, effective 1/29/99)

WAC 480-120-021 ((Glossary-)) Definitions

"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 lines within the state of Washington.

NEW SECTION

WAC 480-120-112 Company performance for orders for nonbasic services.

(1) Except as provided in subsection (2) of this section, the local exchange company (LEC) must complete orders for all nonbasic 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 480-120-071 (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.**

NEW SECTION

WAC 480-120-301 Accounting requirements for competitively classified companies. Competitively classified companies must keep accounts using generally accepted accounting principles (GAAP), or any other accounting method acceptable to the commission. In addition, the accounts must allow for identification of revenues for Washington intrastate operations subject to commission jurisdiction.

NEW SECTION

WAC 480-120-302 Accounting requirements for companies not classified as competitive. (1)(a) Companies with two percent or more of state access lines and companies with less than two percent of state access lines are classified as follows:

Class	Number of Access Lines as of December 31 from prior year's annual report
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A	2% or more of state access lines
B	Less than 2% of state access lines

For example:

Company X access lines as of 12/31/98	33,823
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.

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

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

(2)(a) For accounting purposes, companies not classified as competitive 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). The effective date for Part 32 is stated in WAC 480-120-999. Companies not classified as competitive wishing to adopt changes to the USOA made by the FCC after the date specified in WAC 480-120-999, must petition for and receive commission approval. The petition must include the effect of each change for each account and subaccount on an annual basis for the most recent calendar year ending December 31. If the petition is complete and accurate the commission may choose to grant such approval through its consent agenda.

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

(3) The commission modifies Part 32 as follows:

(a) Any reference in Part 32 to "Commission," "Federal Communications Commission," or "Common Carrier Bureau" means the Washington utilities and transportation commission.

(b) Companies not classified as competitive must keep subsidiary records to reflect Washington intrastate differences when the commission imposes accounting or ratemaking treatment different from the accounting methods required in subsection (2) of this section. Companies not classified as competitive must maintain subsidiary accounting records for:

- (i) Residential basic service revenues;
- (ii) Business basic service revenues;

- (iii) Access revenues for each universal service rate element;
- (iv) Special access revenues; and
- (v) Switched access revenues.

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

(i) Companies not classified as competitive 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 not classified as competitive must keep records for:

(A) Compensated absences that are actually paid; and

(B) Compensated absences that are deductible for federal income tax purposes.

(d) Companies not classified as competitive that have 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.

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

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

(g) The commission does not require Part 32 section 32.2000(b)(4). 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. This rule does not dictate intrastate ratemaking.

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

NEW SECTION

WAC 480-120-303 Reporting requirements for competitively classified companies. The commission will distribute an annual report form including a regulatory fee form. A competitively classified company must:

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

(2) Provide total number of access lines as required on the annual report form;

(3) Provide income statement and balance sheet for total company; and

(4) Provide revenues for Washington and Washington intrastate operations subject to commission jurisdiction.

NEW SECTION

WAC 480-120-304 Reporting requirements for companies not classified as competitive. (1) Annual reports for companies not classified as competitive. The commission will distribute an annual report form as specified in (c)(i), (ii), and (iii) of this subsection, and a regulatory fee form. A company not classified as competitive must:

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

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

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

(i) **Class A** companies that the FCC classified as Tier 1 telecommunications companies in Docket No. 86-182 must file annual report forms adopted by the FCC.

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

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

(2) Quarterly reports for companies not classified as competitive:

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

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

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

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

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

NEW SECTION

WAC 480-120-305 Streamlined filing requirements for Class B telecommunications company rate increases. (1) A **Class B** company, as defined in WAC 480-120-302(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 (i) total dollars and average percentage terms, and (ii) the average monthly increases the customers in each category or subcategory of service might reasonably expect;

(b) The name and mailing address of the commission and public counsel;

(c) A statement that customers may contact the commission or public counsel with respect to the proposed rate change; and

(d) The date, time, and place of the public meeting, if known.

(7) **Public meeting(s).** The commission will ordinarily hold at least one public meeting in the area affected by the rate increase within forty-five days after the date of filing.

(8) **Final action.** The commission will ordinarily take final action on a filing under this section within ninety days after the date of filing.

(9) The commission may decline to apply the procedures outlined in this section if it has reason to believe that:

(a) The quality of the company's service is not consistent with its public service obligations; or

(b) A more extensive review is required of the company's results of operations or proposed rate design.

(10) Nothing in this rule will be construed to prevent any company, the commission, any customer, or any other party from using any other procedures that are otherwise permitted by law.

NEW SECTION

WAC 480-120-311 Access charge and universal service reporting. (1) Intrastate mechanism reporting.

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

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

(ii) Primary toll carriers (PTCs) must file, in addition to (a) of this subsection, the annual imputed demand units for the previous calendar year that the company would have had to purchase from itself if it had been an unaffiliated toll carrier using feature group D switched access service (including intraLATA and interLATA, both originating and terminating demand units). For purposes of this subsection, a PTC means a local exchange

company offering interexchange service(s) to retail customers using feature group C switched access service for the origination and termination of any such service(s).

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

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

(2) **Annual state certification requirements for interstate (federal) mechanism.** Each eligible telecommunications carrier (ETC) in Washington receiving federal high-cost universal service support funds must provide the following to the commission not later than August 31 of each year:

(a) A certification that, during the calendar year preceding the year in which certification is made, the ETC provided the supported services required by 47 U.S.C. § 214(e) and described in the commission order granting it ETC status;

(b) A certification that, during the calendar year preceding the year in which certification is made, the ETC advertised the availability of supported services and the charges for them as required by 47 U.S.C. § 214(e) and as described in the commission order granting it ETC status;

(c) A certification that funds received by it from the federal high-cost universal service support fund will be used only for the provision, maintenance, and upgrading of the facilities and services for which the support is intended;

(d) The amount of all federal high-cost universal service fund support received for the calendar year preceding the year in which the filing must be made (this includes, but is not limited to, High Cost Loop Support or "HCL", Local Switching Support or "LSS", Long Term Support or "LTS", Interstate Access Support or "IAS", and Interstate Common Line Support or "ICLS");

(e) The loop counts on which federal high-cost universal service support was based for support received during the calendar year preceding the year in which the filing must be made;

(f) The certifications required in (a) through (e) of this subsection must be made in the same manner as required by RCW 9A.72.085.

NEW SECTION

WAC 480-120-439 Service quality performance reports. (1) **Class A companies must report monthly the information required in subsections (3), (4), and (6) through (10) of this section.** Companies must report within thirty days after the end of the month in which the activity reported on takes place (e.g., a report concerning missed appointments in December must be reported by January 30).

(2) **Class B companies need not report to the commission as required by subsection (1) of this section.** However, these companies must retain, for at least three years from the date they are created, all records that would be relevant, in the event of a complaint or investigation, to a determination of the company's compliance with the service quality standards established by WAC 480-120-105, 480-120-107, 480-120-112, 480-120-132, 480-120-401, 480-120-411, and 480-120-440.

(3) **Missed appointment report.** The report must include the number of appointments missed for which missed appointment credits were required by WAC 480-120-107.

(4) **Held orders for installation or activation of basic service report.** The report must state the total number of orders taken, by central office, in each month for all orders of up to the initial five access lines as required by WAC 480-120-105. The report must include orders with due dates later than five days as requested by a customer. The held order report must state, by central office, of the total orders taken for the month, the number of orders that the company was unable to complete within five business days after the

order date or by a later date as requested by the customer.

(a) A separate report must be filed each calendar quarter that states the total number of orders taken, by central office, in that quarter for all orders of up to the initial five access lines as required by WAC 480-120-105. The held order ninety-day report must state, of the total orders taken for the quarter, the number of orders that the company was unable to complete within ninety days after the order date.

(b) A separate report must be filed each six months that states the total number of orders taken, by central office, in the last six months for all orders of up to the initial five access lines as required by WAC 480-120-105. The held order one hundred eighty day report must state, of the total orders taken for six months, the number of orders that the company was unable to complete within one hundred eighty days.

Orders for which customer-provided special equipment is necessary; when a later installation or activation is permitted under WAC 480-120-071; or when the commission has granted an exemption under WAC 480-120-015 from the requirement for installation or activation of a particular order may be excluded from the total number of orders taken and from the total number of uncompleted orders for the month.

(5) **Major outages report.** Notwithstanding subsections (1) and (2) of this section, any company experiencing a major outage that lasts more than forty-eight hours must provide a major outage report to the commission within ten business days of the major outage. The major outages report must include a description of each major outage and a statement that includes the time, the cause, the location and number of affected access lines, and the duration of the interruption or impairment. When applicable, the report must include a description of preventive actions to be taken to avoid future outages. This reporting requirement does not include company-initiated major outages that are in accordance with the contract provisions between the company and its customers or other planned interruptions that are part of the normal operational and maintenance requirements of the company.

The commission staff may request oral reports from companies concerning major outages at any time and companies must provide the requested information.

(6) **Summary trouble reports.** Each month companies must submit a report reflecting the standard established in WAC 480-120-438. The report must include the number of reports by central office and the number of lines served by the central office. In addition, the report must include an explanation of causes for each central office that exceeds the service quality standard established in WAC 480-120-438. The reports, including repeated reports, must be presented as a ratio per one hundred lines in service. The reports caused by customer-provided equipment, inside wiring, force majeure, or outages of service caused by persons or entities other than the local exchange company should not be included in this report.

(7) **Switching report.** Any company experiencing switching problems in excess of the standard established in WAC 480-120-401 (2)(a), must report the problems to the commission. The report must identify the location of every switch that is performing below the standard.

(8) **Interoffice, intercompany and interexchange trunk blocking report.** Companies that experience trunk blocking in excess of the standard in WAC 480-120-401(3) must report each trunk group that does not meet the performance standards. For each trunk group not meeting the performance standards, the report must include the peak percent blocking level experienced during the preceding month, the number of trunks in the trunk group, and the busy hour when peak blockage occurs. The report must include an explanation of steps being taken to relieve blockage on any trunk groups that do not meet the standard for two consecutive months.

(9) **Repair report.** (a) For service-interruption repairs subject to the requirements of WAC 480-120-440, companies must report the number of service

interruptions reported each month, the number repaired within forty-eight hours, and the number repaired more than forty-eight hours after the initial report. In addition, a company must indicate the number of construction orders requiring permits as provided for in WAC 480-120-440.

(b) For service-impairment repairs subject to the requirements of WAC 480-120-440, companies must report the number of service impairments reported each month, the number repaired within seventy-two hours, and the number repaired more than seventy-two hours after the initial report. In addition, a company must state the number of construction orders requiring permits as provided for in WAC 480-120-440.

(10) **Business office and repair answering system reports.** When requested, companies must report compliance with the standard required in WAC 480-120-133. If requested, companies must provide the same reports to the commission that company managers receive concerning average speed of answer, transfers to live representatives, station busies, and unanswered calls.

(11) The commission may choose to investigate matters to protect the public interest, and may request further information from companies that details geographic area and type of service, and such other information as the commission requests.