

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of Cost Allocation)
of the Consumer Education Plan)
for 564 Area Code Overlay) Docket No. UT-991535

COMMENTS OF SBC TELECOM, INC.

1. Method of Allocating Advertising Cost

On February 1, 2001, the Washington Utilities and Transportation Commission (“Commission”) issued a Notice of Opportunity to File Written Comments (“Notice”) regarding Cost Allocation of the Consumer Education Plan for 564 Area Code Overlay, Docket No. UT-991535. The Commission staff recommends using the number of NXX codes assigned to each service provider as method for allocating the \$1.2 million Consumer Education Plan’s (“Plan”) advertising cost. SBCT recommends an alternate method for cost assignment.

The Commission should use the number of access lines as the basis for cost allocation. This method results in a more equitable cost assignment by not penalizing new providers who have a low utilization rate of their NXX codes. It will also prevent those companies with high utilization levels of NXX codes from being assessed a lower portion of the cost, although they have more customers and lines in service. These companies have the most customers to educate and should bear the bulk of the cost, since the customer is the intended target of the Plan.

Staff asserts the 564 overlay is caused by the need for additional NXXs. NXXs are issued in number blocks of ten thousand rather than in a smaller quantity and are issued for several reasons, including providing numbers to new companies entering the market. However, new entrants, trying to establish themselves in the market, should not be penalized for not having full utilization of those NXXs ... it is a requirement to operate. Regardless of the reasons for the overlay, the fact remains the new code is needed and customers need to be educated.

The access line method of cost allocation would be a fair method for all providers. Staff may question the validity [each company counting lines in an inconsistent manner] of using the access line method. This can be addressed. If the Commission has any doubts as to each company’s reported line count or definition of access line,

they should define and publish what should be counted and reported. SBCT suggests the use of the same definition for an access line, as used to assess state E911 excise taxes.

The Commission should use proprietary or confidential information to determine a provider's cost allocation. For example, the Commission may use companies' reported access line counts to calculate cost allocation factors, while maintaining the proprietary nature of the data. It appears to be common practice to use companies' access line quantities as inputs. For example, to figure E911 excise taxes due, universal service fund computations and other assessments based upon access lines.

SBCT agrees with staff's recommendation to include all service providers in the allocation method. There should be no distinction among types of companies, nor a difference among the technologies used by those companies. All companies who use NXX codes and telephone numbers should be subject to bear their proportionate share of the Plan.

2. *Method of Collection and Disbursement*

SBCT is agreeable to the Washington Independent Telephone Association's ("WITA") offer to administer the receipts and disbursements for the public education program. SBCT appreciates the WITA's willingness to act in this capacity.

3. *Conclusion*

SBCT recommends the Commission use the access line method rather than the NXX method recommended by staff for allocating cost of the public education program. The objective of this project is to educate customers. The number of access lines assigned to each provider more clearly defines customers than the number of NXXs held by the provider. Relative access line counts are a direct correlation between the cost each company will incur and the number of customers each company must take responsibility to educate.

SBCT appreciates the opportunity to comment on these issues and looks forward to further participation in this proceeding.

DATED this _____ day of _____, 2001.

SBC TELECOM, INC.

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