

**BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of ) DOCKET UT-060760  
)  
BEAVER CREEK TELEPHONE ) ORDER 01  
COMPANY FOR THE WAIVER OF )  
NOTICE AND FILING DATES AS )  
SET FORTH IN PARAGRAPH 8 OF )  
THE WASHINGTON CARRIER )  
ACCESS PLAN AS APPROVED IN )  
DOCKET UT-971140; AND TO ) ORDER ESTABLISHING AN INITIAL  
ESTABLISH AN INITIAL WCAP ) WCAP REVENUE OBJECTIVE OF  
REVENUE OBJECTIVE ) \$319,150  
..... )

1 *Synopsis: This order grants petitioner’s request for waiver of the notice and filing requirements established in paragraph 8 of the Washington Carrier Access Plan approved in Docket No. UT-971140, and establishes an initial WCAP Revenue Objective for the company’s share of the Washington Exchange Carrier Association access pool.*

**BACKGROUND**

2 Beaver Creek Telephone Company (BCTC) was established in 1999 for the purpose of providing local telecommunications service to two unserved areas. It anticipates beginning service on June 30, 2006, to the unserved area known as Silverton. Silverton is in Snohomish County, east of the city of Granite Falls. The Silverton exchange extends approximately ten miles along the Mountain Loop Highway from the Gold Basin campground to just beyond Silverton.

3 The area BCTC will serve is sparsely populated. It anticipates serving the Gold Basin campground of the National Forest Service, one small community store, and approximately 50 of the 75 homes in the area.

- 4 When service begins in Silverton, customers will pay long-distance rates for all calls except those to their neighbors within the Silverton exchange.
- 5 Because the per-customer cost of service is very high, BCTC must either charge very high rates to customers, or operate with federal and state universal service support.
- 6 BCTC will charge local customers \$25.00 per month for residential service and \$35.00 per month for business service. End-use customer payments are expected to contribute \$18,204 of the annual revenue the company needs to operate. The remaining revenue must come from other charges, including access charges paid by interexchange (long-distance) carriers, or from federal universal service support.
- 7 State universal service support is generated through above-cost charges for access service provided by interexchange (IXC) carriers. Participation in the Washington Exchange Carrier Association (WECA) access pool is one form of state universal service support. The pool collects access charges from IXCs and distributes the money to pool members based on each company's revenue objective. Without the pool, some companies might have to charge several times the WECA terminating access charge rate.
- 8 On May 10, 2006, BCTC filed a petition with the Commission requesting the Commission set a WCAP Revenue Objective for BCTC in the amount of \$571,431. Based on this figure, BCTC estimates that it would have to impose a \$3.30 per-minute terminating access charge if it is not permitted to enter the WECA pool. In comparison to \$3.30, the WECA terminating access charge tariff rate is 5.7 cents per minute-of-use by IXC carriers. Staff estimates that the addition of BCTC to the WECA pool will likely increase this WECA rate by less than 0.2 cents per minute.
- 9 Entry into the WECA pool is guided by the Washington Carrier Access Plan (Plan) approved by the Commission in Docket UT-971140. The Plan permits a local exchange carrier to enter or exit the WECA pools on a quarterly basis, with notice provided to WECA and the Commission by such a carrier not later than the first day of a calendar quarter. Under the Plan, the carrier files its WCAP Revenue Objective and related information at the time it requests entry or exit. The WCAP Revenue Objective is approved by the Commission. WECA then files a new tariff to be effective on the first day of the next calendar quarter.

- 10 The Commission has reviewed BCTC's investment and expense to date, as well as its anticipated expenses for the first year of operation. After substantial analysis, staff has recommended an initial WECA Revenue Cap Objective of \$319,150. BCTC has concurred in that amount. The Commission approves a WECA Revenue Cap Objective in the amount of \$319,150.
- 11 Because BCTC filed its petition after the first day of the quarter beginning April 1, 2006, BCTC asks the Commission to waive the Plan's time of filing requirements to enable WECA to prepare and file a revised tariff to be effective July 1, 2006. The result of the waiver and the new WECA tariff will be that BCTC could begin receiving funds from WECA in August 2006 from pool revenue collected in July 2006.
- 12 BCTC has yet to begin service in Silverton and therefore it has no actual investment and expenses related to providing service, only actual investment and expenses incurred in preparation for serving. BCTC has not received any federal universal service support because it is not yet providing service. BCTC expects to receive federal support after it begins service, including a substantial amount of federal high-cost loop (HCL) support. However, such support will not be received by BCTC until eighteen months after BCTC begins service.
- 13 Staff recommends an expiration of December 31, 2007, for the initial WCAP Revenue Objective. An expiration date will require BCTC to petition the Commission to establish a new WECA revenue objective after the company has incurred actual expense for a period of at least one year, and after the substantial federal HCL amount can be calculated more accurately than can be done at this time. Staff's recommendation is reasonable and will be adopted by the Commission.
- 14 BCTC must inform the Commission and WECA of the day dial tone begins in the Silverton exchange. Beginning July 1, BCTC will be required to work with WECA to reduce its payment from the fund on a pro-rata basis based on the number of days after July 1 in which dial tone is not provided.
- 15 Staff also recommends the Commission preclude BCTC from requesting or accepting payment from the WECA fund until BCTC provides dial tone to customers in the Silverton exchange. If BCTC is unable to provide dial tone in the Silverton exchange

prior to August 1, 2006, it must give notice by August 15, 2006, to WECA of its intent to exit the pool on October 1, 2006. Staff's recommendation is reasonable and will be adopted by the Commission.

### **SUMMARY FINDINGS AND CONCLUSIONS**

From the foregoing, the Commission finds and concludes:

- 16 (1) The Commission has jurisdiction over BCTC and the subject matter of this proceeding.
- 17 (2) BCTC intends to begin local exchange service in the Silverton exchange on or about June 30, 2006.
- 18 (3) BCTC will serve an area in which the revenue from end-use customers will be insufficient to meet its cost of operation.
- 19 (4) BCTC's initial annual WCAP Revenue Objective is \$319,150.

### **ORDER**

- 20 (1) The petition is granted to the extent consistent with this order. The initial WCAP Revenue Objective of \$319,150 is established.
- 21 (2) BCTC may not request or accept payment from the WECA pool until BCTC provides dial tone to customers in the Silverton exchange.
- 22 (3) BCTC must assist WECA with calculations for pro-rata reduction in the payment to BCTC in the event BCTC does not provide dial tone on dates on or after July 1. BCTC must not accept WECA payments that are not calculated based on the required pro-rata deduction.
- 23 (4) The WCAP Revenue Objective for BCTC established by this order expires on December 31, 2007.

- 24 (5) In the event BCTC is unable to provide dial tone in the Silverton exchange prior to August 1, 2006, BCTC must give notice by August 15, 2006, to WECA and the Commission of its intent to exit the pool on October 1, 2006.

DATED at Olympia, Washington, and effective June 14, 2006.

WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

MARK H. SIDRAN, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner