

February 4, 2005

Ms. Carole Washburn
Executive Secretary
Washington Utilities and
Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Re: Docket No. UT-041629, Rulemaking to consider Amendment of
WAC 480-120-450.

Dear Ms. Washburn:

United Telephone Company of the Northwest dba Sprint (“Sprint”) provides these responses to a list of questions issued in the Commission’s January 14, 2005 Notice of Opportunity to Comment in Docket No. UT-041629. The purpose of this docket is to determine if a rulemaking should be opened to consider amending WAC 480-120-450 to establish a uniform demarcation point in the E911 network for carrier cost recovery.

1. What are the policy reasons for treating wireline and wireless carriers differently or alike for purposes of recovery from PSAPs of the cost of transport to the selective router (WITA page 2)?

The FCC clearly articulated the main policy reason for wireless carriers to be treated differently than wireline carriers for the purposes of cost recovery in the *King County* decision¹:

In *US Cellular* the court sanctioned the Commission’s disparate treatment of wireless and wireline carriers, stating that “an important difference in the way [wireless and wireline] service is regulated,” provides “more than sufficient reason” for eliminating the cost recovery prerequisite for wireless carriers, despite wireline carriers ability to recover their costs through PSAP tariffs.

2. How is the recovery of E 911 implementation costs and specifically transport to the selective router, presently handled with respect to customers of competitively classified telecommunications companies?

¹ Order on Reconsideration, CC Docket No. 94-102 (rel. July 24, 2002) (hereinafter *King County*), paragraphs 14-15.

Sprint does not know what kind of arrangements generally exist between CLECs and Washington PSAPs.

a. What are the policy reasons for treating ILECs and CLECs differently or alike for purposes of recovery of the cost of transporting E 911 calls to the selective router?

According to the FCC, the PSAP generally bears the costs associated with the transmission of an E911 call from the ILEC's end office to the 911 Selective Router, but the FCC noted that this is not necessarily true for CLECs (at least on a national basis).² The FCC posited that this difference may be due to the fact that CLECs "can recover their costs from customers in any reasonable manner."³

b. Do competitive considerations favor treating CLECs and ILECs alike with respect to recovery of E 911 service costs?

See Sprint's comments in 2(a). Both type of carriers have an obligation to terminate 911 calls. ILECs do not have the pricing flexibility to recover costs in any reasonable manner. That is why we have a defined compensation arrangement in place today for ILECs.

c. Should CLECs be entitled to charge PSAPs for the cost of transport to the Selective Router? If so, would those charges be subject to tariff or price list regulation; what kind of regulation should they be subject to?

See Sprint's comments in 2(a). If CLECs are charging PSAPs, those charges would be price listed since CLECs are certified as competitive providers.

3. Please comment on EMD's statement at page 3 that:

Technology has changed and new providers have entered the telecommunications market, each making decisions on market service territory and call transport technology. These new providers may have switches in other states and ILECs have consolidated SRs to the point that only ten SRs serve Washington State. Therefore, the PSAPs should not have to pay for any connections on the telecommunications company side of the SR.

There may be a need to establish compensation agreements between E911 entities and CLECs or providers using new technologies rather than rely on the compensation mechanism that has applied to ILECs, but there is no compelling reason to upset the longstanding compensation mechanism that has been in place

² *Id.*, at ¶ 15.

³ *Id.*

between ILECs and EMD since the creation of the 911 system. While Sprint is sympathetic to the limited control over placement of SRs and switch location that the PSAPs have, ILECs also incur risk with respect to router and PSAP locations. Changes in where Qwest places routers or where EMD or counties locate PSAPs may increase the cost of transport borne by carriers. Fortunately, there is a mechanism in place to reflect these cost changes. Under RCW 82.14B.010 the State E911 Coordinator is directed to make a systematic cost and revenue analysis and provide it to the utilities and transportation commission along with a recommendation for the excise rate level.

4. In reference to the statement in EMD's comments on page 2 that:

The WUTC has established access to emergency services (E911) as a basic service to be supplied for voice grade telecommunications customers.

a. Could ILECs recover the cost of transport to the selective router (SR) as part of basic service costs in the general rate base?

Theoretically, ILEC's could recover the cost of transport to the selective router through the general rate base. However, the rate payers of Washington State are currently covering the cost of the implementation of E911 through an excise tax. If the recovery for the cost of transport is now shifted from the PSAP to the general rate payer and there is no offsetting reduction in the excise tax, the rate payer is effectively paying for the service twice; once in the basic rate for local service and again in the excise tax.

Also in the event that it was determined that ILECs should recover this cost in basic local service rates, rural customers would bear a disproportionate cost relative to urban customers because the selective routers serving rural customers are most often located further from the PSAP, and the rural providers have a smaller customer base to spread the cost over.

b. Assuming that the cost of transport to the selective router was no longer recoverable through PSAP tariffs, could rural carriers obtain reimbursement from Universal Service Funds for transport to the selective router as part of the Basic Services requirement? (State Universal Service Fund)

No. Interexchange transport costs are not included in loop costs that are the basis for high cost funding. Even if such costs were included, some carriers that would incur this transport cost receive no universal service funding. Those that do receive universal service funding do not get full cost recovery since the mechanism is designed to provide only partial subsidies based on relative cost comparisons. Sprint does not support expanding the State USF to include any additional components. Such subsidy mechanisms are increasingly vulnerable to arbitrage as customers move to competing technologies (such as VOIP) that do not support USF.

5. In reference to the statement in EMD's comments on page 2:

The Federal Communications Commission has also established E911 as the standard for access to emergency services (Attachments A&C). These standards apply to carriers offering local services regardless of the nature of the technology utilized or the regulatory classification of the company.

What cost reimbursement is there for access to emergency 911 services as part of the FCC's basic service requirements as part of the high cost support under the federal Universal Service Fund?

None. See response to 4.

6. For your company (or companies), how much of the cost of E 911 service is attributable to transport from the end office to the selective router (either in terms of total dollars in Washington, or as a percentage of costs that you currently recovery through rates and charges paid by PSAPs?)

Sprint does not have an exact number at this time, however due to the nature of the transport distance between Sprint's tandems and Qwest's selective routers, Sprint anticipates the cost attributable to transport is presently relatively insignificant compared to other rural carriers. However, if there is consolidation of PSAPs or changes in router locations, Sprint could see significant increases in transport costs.

7. Please address the comments filed by others in the docket.

Sprint generally supports the position taken by Qwest, Verizon, and WITA in their initial comments that it is inappropriate to pursue changing the current mechanism of transport cost recovery without considering the total impact such a change might have on the existing system of E911 funding and compensation.

Sprint appreciates the opportunity to comment on these thoughtful questions that the Commission has put forth and looks forward to continued participation on this issue.

Sincerely,

Nancy L. Judy
Sprint Corporation
State Executive OR & WA