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Steven King
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA 98504-7250

**Re: Docket UT-131239**
**Rulemaking to consider amending and adopting rules**

Enclosed for filing are comments by AT&T Corp., New Cingular Wireless PCS, LLC, and Teleport Communications America, Inc. (collectively "AT&T") in the above mentioned docket. Please let me know should you have any questions.

Sincerely,

Cynthia Manheim by Dac with permission

Cynthia Manheim
General Attorney

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

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| Rulemaking to consider amending and adopting rules in WAC 480-120, telephone companies, and WAC 480-123, universal service, to implement legislation establishing a state universal communications service program; | ) ) ) ) ) ) ) | **Docket UT-131239** |

## COMMENTS OF AT&T

The Washington Utilities and Transportation Commission ("Commission") has the important task of implementing the state universal communications service program as set forth in Part II of House Bill (HB) 1971 ("Universal Service Program" or "USP") that was signed into law earlier this year. After several rounds of comments and two stakeholder workshops, the Commission has created a set of rules that does not fully adopt the proposals of any individual stakeholder, but nevertheless reasonably implements the USP consistent with the intent of the legislature. AT&T's[1] comments on the current draft rules are brief and address two issues. First, distribution of the USP to wireline LECs should coincide with the elimination of the Traditional Universal Service Fund ("TUSF") charge. Second, consistent with the intent of the legislatures the USP should provide temporary support to allow carriers to transition to a new world which means the USP support should reduce over time.

### 1. Traditional USF Must be Eliminated

As discussed in AT&T's previous comments, the Commission originally adopted the TUSF in Docket U-85-23. When adopted, the TUSF was "designed to be a transitional mechanism, not a permanent source of LEC support." Over 25 years later, the Traditional

[1] AT&T Corp., Teleport Communications America, Inc., and New Cingular Wireless PCS, LLC (collectively "AT&T".)

USF still has not been eliminated.  Instead, $0.00152 continues to be assessed on <u>every</u> originating and terminating intrastate switched access minute in the state.

The draft rules appear to contemplate that the TUSF Charge will be eliminated at some point, however, the exact point is not specifically set forth.[2] AT&T previously submitted extensive comments that the Commission can and should eliminate the TUSF in this docket.[3] While AT&T still believes this would be the most expedient manner to address the TUSF, AT&T does not object to the Commission eliminating the TUSF in another docket.  The important thing is that the TUSF is eliminated at the same time that eligible wireline LECs start drawing support from the USP.

**2. USP is Temporary and Transitional**

There have been numerous proposals from various parties regarding the distribution of USP support.  For example, AT&T recommended that USP could serve as an interim transitional funding source, to the extent needed, to reduce intrastate originating access to interstate levels.[4] AT&T also recommended that the USP should not be used to "make whole" any carriers that are receiving less federal universal service support as a result of the *FCC's ICC/USF Transformation Order*.[5] WITA also had numerous different suggestions for the distribution of the USP support.[6]

The draft rules instead provide for USP support to replace current TUSF support for eligible wireline LECs and allow eligible wireline LECs to receive the "annual access revenue reduced for the five percent baseline adjustment factor as required in 47 C.F.R.

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[2] III WAC 480-123_(2)(a) provides that the provider may receive support appears to contemplate that the Traditional USF Charge will
[3] See AT&T Comments, Docket UT-131239 (Oct. 10, 2013)
[4] See AT&T Comments, Docket UT-131239 (August 2, 2013)
[5] Id.
[6] See WITA Comments, Docket UT-131239 (August 2, 2013, September 4, 2013, and Oct. 10, 2013)

51.917(3) for revenue recovery from the federal Connect America Fund for each of the three annual reduction periods beginning July 1, 2012, that preceded the calendar year in which the provider is eligible for support from the program…"

AT&T understands that under the second provision (III WAC 480-123-_(2)(b)) the funding received from eligible wireline companies will decrease slightly over time. This is consistent with the legislative intent to create a "targeted and temporary universal service program" that provides support during the "transition to broadband services." Allowing the USP support to taper down slightly over the 5-year time period of the USP will allow eligible wireline companies and customers to prepare for the end of the USP temporary funding.

**Conclusion:**

The Commission should eliminate the TUSF at the same time as the first distribution from the state USP. In addition, as this is a transitional fund, it makes sense that the funding may phase down over the five year life of the fund to prepare these companies for the end of the funding period.

Submitted this 20th day of December, 2013

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