



# 2001 ANNUAL TELECOMMUNICATIONS REPORT

prepared by the Commissioners and Staff of the

## Wyoming Public Service Commission

pursuant to W. S. § 37-15-407 of the

## Wyoming Telecommunications Act of 1995

January 10, 2001

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### **Foreword**

This Report is prepared annually by the Wyoming Public Service Commission in response to the mandate of W.S. § 37-15-407 in the Wyoming Telecommunications Act of 1995, which states:

"(a) The commission shall with the input and participation of the telecommunications industry and other relevant state departments, boards and agencies prepare and issue an annual report on the status of the telecommunications industry and Wyoming regulation thereof on January 10 of each year beginning in 1996. Such report shall include:

"(i) A review of regulatory decisions and actions from the preceding year and a description of pending cases involving significant telecommunications companies or issues;

"(ii) A description of the telecommunications industry or trends therein, including the number, type and size of companies offering telecommunications services, telecommunications technologies in place and under development, variations in the geographic availability of services and in process for services, and penetration levels of subscriber access to local exchange service in each exchange and trends related thereto;

"(iii) The status of compliance by carriers and the commission with the requirements of this chapter;

"(iv) The effects, and likely effects of Wyoming regulatory policies and practices, including those described in this title, on telecommunications companies, services and customers;

"(v) Any recommendations for legislative change which are adopted by the commission and which the commission believes are in the interest of Wyoming telecommunications customers; and

"(vi) Any other information or analysis which the commission is required to provide by this title or deems necessary to provide.

"(b) The commission's report shall be filed with the legislature, the governor and the state telecommunications council."

Further information about telecommunications regulation in Wyoming is also available, and regularly updated, at the Commission's web site at:

<http://psc.state.wy.us>

Our web site provides you with the complete texts of orders, notices, official minutes and other information by and about the Commission. It is a searchable resource. We invite you to use it and to share your suggestions for improvement with our webmaster at [dcrock@state.wy.us](mailto:dcrock@state.wy.us)/ You can also find on line information about the Wyoming Universal Service Fund at:

<http://www.wyousf.org>

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## SECTION 1:

### REGULATORY MATTERS

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#### **a. Chronology of Telecommunications Issues and Events: 2000**

**January 1, 2000** The work of Wyoming's utilities and the Commission produced an uneventful New Year not affected by Y2K computer problems.

**January 4, 2000** The Commission allowed the Wyoming Universal Service Fund to resume disbursements to U S WEST which had been halted because of customer billing and related problems with the implementation of its 1999 price plan.

**January 4, 2000** The Commission granted a concurrent certificate of public convenience and necessity to Concert Communications Sales, LLC., to provide local exchange telecommunications services competitively in U S WEST's Wyoming exchanges.

**January 4, 2000** Sprint/United Telephone Company of the West's interconnection agreement with Choctaw Communications, Inc., was approved.

**January 4, 2000** U S WEST's interconnection agreement with INTTEC, Inc., was approved.

**January 11, 2000** Commission ordered Luxor Communications to show cause why it properly imposed certain charges on its telecommunications customers at Mountainside Apartments and ordered Luxor

not to disconnect residents for failure to pay those charges, pending a hearing.

**January 12-14, 2000** Members of the Commissions staff met with members of the staffs of Senators Thomas and Enzi and Representative Cubin and representatives of the Federal Communications Commission and the Rural Task Force to discuss and emphasize the continuing needs of Wyoming for adequate federal universal service funds to support the local basic service provided in the state by smaller independent telephone companies.

**January 13, 2000** U S WEST's interconnection agreement with JATO Communications, Corp., was approved.

**January 20, 2000** The Commission granted concurrent certificates of public convenience and necessity to Adelphia Business Solutions Operations, Inc., and to Now Communications, Inc., to provide local exchange telecommunications services competitively in U S WEST's Wyoming exchanges.

**January 20, 2000** U S WEST's interconnection agreement with Pathnet, Inc., was approved.

**January 20, 2000** Sprint/United Telephone Company of the West's interconnection agreement with Comm South Companies was approved.

**February 3, 2000** The Commission granted concurrent certificates of public convenience and necessity to CI<sup>2</sup>, Inc., and to Comm South Companies, Inc., to provide local exchange services competitively in those Wyoming exchanges served by U S WEST.

**February 3, 2000** U S WEST was granted a one-year waiver of the all-single-party service requirement otherwise needed for its designation as an Eligible Telecommunications Carrier to receive federal universal service funds. The waiver was conditioned on the filing within six months of a plan for meeting the single-party service requirement.

**February 3, 2000** The Commission formally adopted its proposed telecommunications quality of service rules applicable to landline companies.

**February 3, 2000** U S WEST's interconnection agreement with New Edge Network, Inc., d/b/a New Edge Networks was approved.

**February 15, 2000** The Commission held public hearings to address legal interpretations of its pricing authority over facilities-based local exchange companies competing against incumbent providers under the Wyoming Telecommunications Act of 1995. The hearing addressed the question of whether such competitors must meet the total service long run incremental cost (TSLRIC) pricing provisions of the Act. On February 24, 2000, the Commission made an initial determination that it should not require facilities-based competitors to demonstrate that their prices for competitive services meet or exceed the applicable TSLRIC level.

**February 18 and 25, 2000** The Commission held a hearing addressing discovery disputes between U S WEST, Qwest and a number of intervening parties in the proposed merger of Qwest and U S WEST, including resolution of differing views of what materials should be considered confidential and what issues are relevant to the case.

**February 24, 2000** The Commission deemed the telecommunications services of All West/Wyoming, Inc., which it offers in U S WEST's Wyoming exchanges to be competitive pursuant to W.S. § 37-15-202.

**February 24, 2000** Commission authorized the establishment by U S WEST of extended area service

(EAS, a toll-free local calling area) between Glendo and Wheatland, effective March 1, 2000.

**February 29, 2000** The Commission deemed the telecommunications services of Tri Tel, Inc., which it offers in U S WEST's Wyoming exchanges, including toll services, to be competitive pursuant to W.S. § 37-15-202.

**March 9, 2000** Project Telephone Company received an extension of its waiver from the TSLRIC pricing requirements of W.S. § 37-15-402(a); and the Commission directed Project to comply with its transition plan, as outlined in its waiver application.

**March 9, 2000** The Commission formally reconfirmed U S WEST's authority to provide local exchange telephone service to Mountainside Apartments in Cheyenne, Wyoming, in competition with Luxor Communications, Inc., and directed Luxor to cooperate with U S WEST in the establishment of U S WEST's services.

**March 15, 2000** Commission deliberated the evidence in its investigation of the telecommunications services provided by Luxor Communications to Mountainside Apartments in Cheyenne, imposing limitations on certain charges, disallowing other charges altogether, finding Luxor in violation of prior orders requiring it to provide reliable E-911 service to all of its customers, and directing Luxor to warn its customers of the problem.

**March 16, 2000** The Commission dismissed as non-jurisdictional an application by Pathnet, Inc., for a certificate of public convenience and necessity to provide local exchange telecommunications services in Wyoming in the role of a "carrier's carrier."

**March 27, 2000** In the Qwest/U S WEST merger case, the Commission accepted a Stipulation between the Wyoming Chapter of the Association of U S WEST Retirees CO/WY (AUSWR CO/WY) and U S WEST Communications, Inc., and granted the Retirees' Motion to Withdraw from the case.

**April 2-4, 2000** Representatives of the Commission participated in a meeting of the U S WEST Regional Oversight Committee (ROC) at Omaha, Nebraska, to discuss items of common interest to the various states in which U S WEST operates. Of great interest was the test of U S WEST's Operational Support Systems through which competitors would interface with U S WEST to provide service to their customers. This system is one of the key elements of the federal Section 271 "checklist" which must work properly before U S WEST can begin to offer originating interLATA (generally interstate) long distance service in its service territories in the western United States. Other topics included unbundled network element price deaveraging; the ongoing work of the Rural Task Force on universal service issues; and the then pending U S WEST/Qwest merger case.

**April 3, 2000** The Commission filed formal comments with the Federal Communications Commission concerning the CALLS (Coalition for Affordable Local and Long Distance Service) proposal which as "access charge reform" would remove the obligation of interexchange carriers to support universal service and would further reduce the already inadequate level of federal universal service support.

**April 11-18, 2000** The Commission conducted hearings on the proposed merger of U S WEST Communications, Inc., and Qwest Corporation. The Commission heard testimony from representatives of U S WEST, Qwest, AT&T, McLeodUSA, the Commission's Consumer Advocate Staff and members of the public.

**April 13, 2000** The Commission granted to Universal Access, Inc., a certificate of public convenience and necessity to provide resold and facilities-based local exchange telecommunications services competitively in Wyoming.

**April 13, 2000** The Commission granted a certificate of public convenience and necessity to WYOCOM, a division of wyoming.com, to provide competitive local exchange telecommunications services in exchanges of incumbent local exchange providers having less than 30,000 access lines in Wyoming.

**April 18, 2000** U S WEST's interconnection agreement with essential.com was approved.

**April 18, 2000** The Commission granted a certificate of public convenience and necessity to Arrival Communications, Inc., to provide resold and facilities-based local exchange telecommunications services competitively in Wyoming.

**April 25, 2000** The Commission authorized a Wyoming Universal Service Fund assessment rate of 2%, effective July 1, 2000.

**April 25, 2000** The Commission granted a certificate of public convenience and necessity to HJN Telecom, Inc., to provide resold local exchange telecommunications services competitively in those Wyoming exchanges served by U S WEST.

**May 3, 2000** The Commission began its deliberation of the U S WEST/Qwest merger case under the general parameters established by Wyoming law for utility reorganizations. A majority indicated that they were not satisfied that the record was adequate to meet the statutory requirement that the merger must not "adversely affect the utility's ability to serve the public." Among the concerns were that service standards and a means of measuring the ability of the merged company to serve the public had not been established. The Commission also allowed McLeodUSA and AT&T to withdraw from the merger case. (Shortly thereafter, U S WEST filed additional material and provided additional sworn testimony, including evidence on service quality standards and data to track the performance of the merged company against those standards in the future.)

**May 8 12, 2000.** The Commission heard cases presented by five independent telephone companies providing local exchange service (Chugwater Telephone, Dubois Telephone, RT Communications, Range Telephone and All-West Communications) on their requests to postpone having to meet the TSLRIC pricing requirements of the Wyoming Telecommunications Act of 1995, found at W.S. § 37-15-402. The Consumer Advocate Staff intervened, questioned the delay and offered alternatives. Deliberation was pending.

**May 9, 2000** The Commission granted a concurrent certificate of public convenience and necessity to Advanced TelCom Group, Inc., to provide local exchange telecommunications services in those Wyoming exchanges served by U S WEST.

**May 11, 2000** The Commission granted concurrent certificates of public convenience and necessity to Maxcess, Inc., and to United Communications HUB, Inc., to provide local exchange telecommunications services in Wyoming in the exchanges served by U S WEST.

**May 12, 2000** The Commissioners reopened the deliberations in the U S WEST/Qwest merger case and unanimously approved it on the strength of additional evidence.

**May 18, 2000** As part of the merger of Qwest Corporation and U S WEST, the Commission authorized Qwest Communications, Inc., to transfer TeleDistance Holdings to Touch America, Inc.

**May 18, 2000** The second amendment to the interconnection agreement of U S WEST Communications, Inc., and DSLnet Communications, LLC., was approved.

**May 25, 2000** The Commission approved a concurrent certificate of public convenience and necessity

for CCCWY, Inc., d/b/a Connect! to provide local exchange services in competition with U S WEST (Qwest Corporation) in Wyoming.

**May 25, 2000** U S WEST's interconnection agreement with Healthcare Liability Management Corporation was approved.

**June 7, 2000** Commission denied the requests of All West Communications, Chugwater Telephone Company, Dubois Telephone Exchange, Range Telephone Cooperative and RT Communications' for additional extensions of time within which to comply with the TSLRIC pricing mandate of the Wyoming Telecommunications Act of 1995.

**June 8, 2000** U S WEST's amendment of its interconnection agreement with Advanced Communications Group, Inc., was approved.

**June 12, 2000** The Commission received an independent audit report on the Wyoming Universal Service Fund from Warinner & Gesinger, who were retained to review the activities of the Fund Manager over the past two years and examine the sixteen telecommunications service providers making the largest contributions to the Fund. The report identified procedural inconsistencies pertaining to several service providers and the Commission will further standardize the contribution process and clarify it for the contributing companies.

**June 13, 2000** The Commission approved the first amendment to U S WEST's interconnection agreement with CCCWY, Inc., d/b/a Connect!.

**June 13, 2000** The Commission denied the protests of Dubois Telephone Exchange, Range Telephone Cooperative, RT Communications and Union Telephone Company, all independent telephone companies, of the Commission's decision to grant WYOCOM a concurrent certificate to provide telecommunications services on a competitive basis in independent company territories. The Commission granted the companies' motion for a hearing on WYOCOM's concurrent certification.

**June 19, 2000** The Commission approved the application of MCI WorldCom, Inc., and Sprint Corporations to transfer control of Sprint, including all subsidiaries doing business in Wyoming, to MCI.

**June 21-23, 2000.** The Commission hosted one of only six public hearings, held at various locations around the United States, on the fulfillment of the mandate of Section 706 of the federal Telecommunications Act of 1996 which requires state commissions and the Federal Communications Commission to "encourage the deployment on a reasonable and timely basis of advanced telecommunications capability to all Americans (including, in particular, elementary and secondary schools and classrooms)". The conference and hearing were held at Cheyenne and included a Montana Collaborative teleconference on June 21, 2000, a tour and site visits to advanced communications facilities in Wyoming and Colorado on June 22, 2000, and a hearing in Cheyenne on June 23, 2000. Governor Geringer delivered the keynote address, and panelists spoke on telemedicine, education, fiber optic deployment, competition and the high costs and need for adequate federal universal service support in the rural West. The conference was videocast between Cheyenne and several locations in Montana, and was webcast in real time, enabling access to the hearing over the Internet throughout the world. A Wyoming Commissioner was one of only five state government members of the Federal-State Joint Conference on Advanced Telecommunications Services which seeks to implement the mandate of Section 706.

**June 27, 2000** The Commission conducted public hearings on the proposed sale by U S WEST of five of its Wyoming telephone exchanges to Citizens Telecommunications Company, including the Old

Faithful, Mammoth, Lake, Afton and Lusk exchanges. The parties to the case, also including the Commission's Consumer Advocate Staff and Silver Star Communications, reached agreement with U S WEST and Citizens on the sale. Part of the agreement [i] requires U S WEST to install fiber optic interoffice facilities between the Riverton/Lander area and Casper within 3 years of closing of the sale and [ii] commits Citizens to invest \$4.5 million in these exchanges in the near future. The PSC approved the sale, which also must win FCC approval. The parties expected the sale to close during the first quarter of 2001.

**June 29, 2000** The Commission granted a concurrent certificate to Silver Star Communications, Inc., to provide competitive telecommunications services in the Jackson exchange.

**June 29, 2000** Arrival Communications, Inc., was allowed to amend its concurrent certificate of public convenience and necessity to exclude from its competitive service offerings the service territories now served by smaller independent telephone companies.

**June 29, 2000** CenturyTel, Inc.'s interconnection agreement with Sprint Spectrum L.P. was approved.

**June 29, 2000** U S WEST's amendment to its interconnection agreement with Firstel was approved.

**June 29, 2000** The Commission approved requests by U S WEST and Sprint/United Telephone Company of the West to reduce Telephone Assistance Program (TAP) telephone service rates and increase TAP benefits available to program participants, effective July 1, 2000.

**July 2000** The PSC held discussions with the Governor's Office, members of Wyoming's Congressional delegation and interested telecommunications industry persons about federal universal service support problems in Wyoming, including the challenges posed by the federal universal service support mechanism being developed for "non-rural" companies (only Qwest Corporation in Wyoming). The FCC cost model for "non-rural" companies will significantly decrease support for Qwest's Wyoming customers, in part because the model does not deal effectively with rural, high-cost areas of such states as Wyoming. This runs counter to the federal Telecommunications Act of 1996 which requires quality services to be available at affordable rates, that all areas of the nation have access to advanced services and that rural and high cost customers have access to services reasonably comparable to those available in urban areas at rates reasonably comparable to urban rates. This is of particular concern to Wyoming which has implemented the mandates of the Wyoming Telecommunications Act of 1995 to eliminate local service pricing subsidies, lower intrastate access charges and implement forward-looking cost based (TSLRIC) pricing.

**July 6, 2000** Sprint/United Telephone Company of the West's interconnection agreement with Compass Communications, Inc., was approved.

**July 6, 2000** U S WEST Communications, Inc.'s interconnection agreement with HJN Telecom, Inc., was approved.

**July 13, 2000** U S WEST's interconnection agreements with Telwest Communications, Inc., and All West/Wyoming, Inc., were approved.

**July 13, 2000** U S WEST's first amendment to its interconnection agreement with DSL Communications, Inc., was approved.

**July 13, 2000** The Commission by Notice and Order found Arrival Communications, Inc.'s, services are subject to effective competition under W.S. § 37-15-202(a).

**July 27, 2000** The Commission dismissed the merger proceedings of MCI WorldCom and Sprint on the request of parties.

**July 27, 2000** The Commission approved a name change for U S WEST Communications, Inc., to Qwest Corporation.

**August 2, 2000** Qwest Corporation filed an application with the Commission [i] for approval of its proposed Wyoming Statement of Generally Available Terms (an SGAT, which provides general terms on which Qwest would interconnect with competitive telecommunications service providers in Wyoming), and [ii] seeking to demonstrate its compliance with Section 271 of the federal Telecommunications Act of 1996 (which would allow it to offer originating interLATA long distance service in the states in which it provides local service).

**August 10, 2000** The Commission approved Qwest Corporation's request to eliminate the offering of residential multi-party telephone service ("party line" service) to new customers and to grandfather existing residential multi-party service customers.

**August 10, 2000** Qwest Corporation's interconnection agreement with ServiSense.com, Inc., was approved.

**August 10, 2000** The Commission granted the Motion of Consumer Advocate Staff to withdraw from the U S WEST proceeding to introduce ISDN service as a new competitive service in Wyoming. In 1999, the Wyoming Supreme Court had ruled that ISDN was competitive under the Wyoming Telecommunications Act of 1995.

**August 11, 2000** The Commission formally joined with the states of Idaho, Iowa, Montana, North Dakota and Utah in a multi-state process to efficiently determine issues concerning Qwest Corporation's compliance with Section 271 of the federal Telecommunications Act of 1996 under which it seeks to provide in-region interLATA services in these states. New Mexico joined the group in December 2000.

**August 14, 2000** The Commission filed formal written comments with the Federal Communications Commission regarding its proposed phasing out of "hold harmless" funds for non-rural carriers receiving federal universal service funds (only Qwest Corporation in Wyoming). The Federal Communications Commission sought comments about phasing out this support at the rate of \$1 per customer per year. In its comments, Wyoming continued to advocate that the current funding level did not meet the universal service fund mandates of the federal Telecommunications Act of 1996 and that to eradicate part of that funding would be untenable and probably illegal.

**August 18, 2000** The Commission approved certificate authority for essential.com,

Inc., to provide competitive local exchange telephone service in the Wyoming exchanges served by Qwest Corporation.

**August 18, 2000** The Commission approved certificate authority for 360networks (USA), Inc., to provide resold and facilities-based local exchange telephone services in the Wyoming exchanges served by Qwest Corporation.

**August 22, 2000** The Commission approved Qwest Corporation's Type 2 Interconnection Agreement with Newcom Wireless, LLC.

**August 24, 2000** Global Telelink Services, Inc., received approval for a Certificate of Public

Convenience and Necessity to provide local telecommunications services throughout Wyoming.

**August 24, 2000** Sprint/United Telephone Company of the West's master interconnection and resale agreement with Pathnet Telecommunications, Inc., was approved. Pathnet receives concurrent certificate authority to provide competitive local exchange services in the Wyoming exchanges served by Qwest and Sprint/United.

**September 5, 2000** The Commission made a presentation to a meeting of the Joint Corporations, Elections and Political Subdivisions Interim Committee on the Wyoming Telecommunications Act of 1995 including information about how the Act was functioning. The Commissioners also addressed a proposal which would allow wireless telecommunications carriers to draw from the Wyoming Universal Service Fund (they now contribute to it).

**September 12, 2000** The Commission orders that Qwest Corporation's SGAT be allowed to go into effect without approval subject to further review.

**September 12, 2000** The Commission approved Qwest Corporation's Type 2 Interconnection Agreement with WWC Holding, Inc.

**September 19, 2000** The Commission cancelled Luxor Communications' interexchange service registration, dismissed Luxor's local exchange service application and closed its investigatory proceedings dealing with Luxor's telecommunications service to the Mountainside Apartments at Cheyenne, Wyoming. Luxor had ceased to provide any telecommunications services in Wyoming.

**September 25, 2000** A working session was held in Casper with members of the Joint Corporations, Elections and Political Subdivisions Interim Committee, and the telecommunications industry and Commission representatives. The group adopted a general positive consensus concerning wireless carriers' ability to draw funds from the Wyoming Universal Service Fund.

**September 26, 2000** Qwest Corporation was given authority to introduce the federal portion of the Tribal Lifeline and Tribal Linkup programs, effective October 1, 2000.

**September 26, 2000** The Commission approved Qwest Corporation's interconnection agreement with Pilgrim Telephone, Inc.

**September 26, 2000** Telera Communications, Inc., was granted a Certificate of Public Convenience and Necessity to provide local exchange telecommunications services in Wyoming.

**September 28, 2000** Pac-West Telecomm, Inc. was granted a Certificate of Public Convenience and Necessity to provide local exchange telecommunications services in those Wyoming exchanges served by Qwest and Sprint/United. The Commission also determined that Pac-West Telecomm, Inc.'s proposed services are subject to "effective competition" under the Wyoming Telecommunications Act of 1995.

**September 29, 2000** By a formal letter to the FCC, the Commission officially "opted in" to taking primary enforcement jurisdiction over all interstate (as well as intrastate) telecommunications slamming complaints concerning the victimizing of Wyoming telecommunications customers. Within two months thereafter, 31 other states had done so and more would follow shortly. This allows the Commission to help Wyoming consumers locally to resolve all of their slamming complaints. The primary enforcement statute is W.S. § 37-15-412 -- the Wyoming slamming and cramming law.

**October 3-6, 2000** The Commission attended a workshop in Salt Lake City, Utah, the first in a series

of three workshops in a multi-state process to examine the request of Qwest for authority to enter the interstate long distance market under section 271 of the federal Telecommunications Act. This process is being conducted on a regional basis in collaboration with Idaho, Iowa, Montana, North Dakota and Utah and is meant to assure that competitive local service providers have an opportunity to access Qwest's network on an open and non-discriminatory basis before Qwest is allowed to enter the interstate long distance market.

**October 5, 2000** The Commission dismissed pending deregistration proceedings against CallManage, Inc., Citizens Telecommunications, Claricom Networks, ICG Telecom Group, IDT America Corp., National Accounts, US WATS, Univance Telecommunications, Total World Telecom, Williams Communications, NextLink, ATN Communications, US South/Incomm, and Western Tele-Communications because they have filed the proper reports and otherwise complied with the requirements of the Department of Revenue and the Commission.

**October 5, 2000** The Wyoming Supreme Court issued its decision in Docket No. 99-248, *Tri County Telephone Association, Inc., and TCT West, Inc., v. The Wyoming Public Service Commission, et al.*, in which it upheld the March 9, 1999, order of the Commission rejecting local exchange service prices which Tri County Telephone Association, Inc., and TCT West, Inc., unilaterally filed and sought to charge in violation of the Wyoming Telecommunications Act of 1995. The Supreme Court ordered the last legally established rates, set by Commission order on April 29, 1998, to be carried into effect. Neither the Supreme Court nor the Commission took issue with the prices themselves, but reiterated that the procedures of the Act could not be ignored (see the decision of the court on the Internet at: <http://www.courts.state.wy.us/2000opn/99-248.pdf>).

**October 9, 2000** The Commission testified at a meeting of the Joint Corporations, Elections and Political Subdivisions Interim Committee in Saratoga, Wyoming, regarding telecommunications topics including, among other things, directory assistance problems in the Saratoga and Platte Valley area, and the possible eligibility of some wireless carriers for Wyoming Universal Service Fund support for basic local service offerings.

**October 12, 2000** The Commission granted a Motion for Re-Hearing by Dubois Telephone Exchange, Inc., Range Telephone Cooperative, Inc., RT Communications, Inc., and Union Telephone Company, on its denial of the companies' request to intervene in the application of Global TeleLink for concurrent certification to provide local exchange telecommunications throughout Wyoming, and set a hearing for January 9, 2001.

**October 12, 2000** The Commission denied Chugwater Telephone Company's Motion for Re-Hearing with respect to its request for an additional TSLRIC pricing compliance waiver.

**October 12, 2000** The formal complaint of Spectracom d/b/a Pyxis against Qwest Corporation was dismissed as resolved between the parties.

**October 12, 2000** Qwest Corporation's resale agreement with Continental F.S. Communications was approved.

**October 12, 2000** The Commission dismissed pending deregistration proceedings against AS Telecommunications, Cable & Wireless Global Card Services, Telecom Resources, Teligent Services, ASC Telecom, American Nortel Communications, Resort Operator Services, and Telic, all of which have brought themselves into compliance with the requirements of the Department of Revenue and the Commission.

**October 17, 2000** The Commission approved WYOCOM L.L.C.'s first amendment to its

interconnection agreement with Qwest Corporation.

**October 17, 2000** Qwest Corporation's interconnection agreement with @Link Networks, Inc., and the first amendment to that agreement were approved.

**October 17, 2000** FairPoint Communications Solutions Corp. received a Certificate of Public Convenience and Necessity to provide local exchange services in those Wyoming exchanges served by Qwest Corporation.

**October 17, 2000** The Commission authorized Dubois Telephone Exchange, Inc., and Range Telephone Cooperative, Inc., to introduce the federal portion of the new tribal Lifeline/Linkup programs, effective October 1, 2000.

**October 17, 2000** The Commission authorized DIECA Communications, Inc., to provide local exchange services competitively in those areas of Wyoming served by Qwest Corporation.

**October 19, 2000** The Commission dismissed pending deregistration proceedings against Telscape USA, Inc., Lightyear Communications, Inc., Calling Card International, Inc., CTN Telephone Network, Inc., Discount Direct Dialing, which have brought themselves into compliance with the requirements of the Department of Revenue and the Commission.

**October 19, 2000** The Commission set a public hearing for December 11, 2000, regarding the alleged slamming of a Wheatland, Wyoming, customer by America's Telenetwork or related or affiliated companies.

**October 26, 2000** The Commission deliberated proposed changes to Section 500 of its Rules regarding the Wyoming Universal Service Fund. Major issues included [i] the appropriate way to account for federal support and whether or not the universal service fund assessment should be applied to customer bills on a net basis, (after consideration of federal support and subscriber line revenues) or a gross basis; and [ii] the possible elimination of the distinction between residential and business service for computing statewide average rates (rates for residential and business local exchange service have come together over the years to recognize that the real cost of a local loop does not depend on who places the call). The Commission decided to retain the existing practice of calculating the universal service fund assessment on a gross basis.

**October 26, 2000** The Commission granted a Certificate of Public Convenience and Necessity to ServiSense.com, Inc., to provide local exchange telecommunications services in Qwest Corporation's territory in Wyoming.

**October 26, 2000** The Commission approved Global TeleLink Services, Inc.'s request amend its competitive certificate of public convenience and necessity to exclude the service territories of Dubois Telephone Exchange, Inc., Range Telephone Cooperative, Inc., RT Communications, Inc., and Union Telephone Company. The Commission vacated the public hearing set for January 9, 2001, in this matter.

**October 31, 2000.** The Commission filed formal written comments with the Federal-State Joint Board on Universal Service supporting the Recommendation of the Rural Task Force and urging its immediate implementation consistent with federal telecommunications law. The Recommendation, although subject to further review, would help to begin the process of providing "sufficient and predictable" support to rural, high-cost telecommunications service providers in Wyoming. Under the Recommendation, Wyoming's small independent telephone companies would receive a slight increase in funding over current levels. Existing federal universal service support mechanisms must be replaced

under the mandate of the federal Telecommunications Act of 1996.

**October 31, 2000** The Commission conducted a public hearing on Qwest's annual Total Service Long Run Incremental Cost filing, with Representatives Bruce Burns and Peggy Rounds intervening and presenting expert testimony on the subject. Questions included the appropriateness of the assumptions in Qwest's 2000 TSLRIC computations and, although TSLRIC is a cost rather than a pricing concept, whether Qwest's customers may have been overpaying for local exchange service based on TSLRIC costs.

**November 2, 2000** Qwest Corporation's First Amendment to its Interconnection Agreement with Silver Star Communications was approved.

**November 2, 2000** Qwest Corporation's SGAT-based Agreement for interconnection with Premier Communications Group was allowed to go into effect subject to further Commission review.

**November 7, 2000** The Commission approved concurrent certificates of public convenience and necessity for Premiere Network Services, Inc., and for Essex Communications, Inc., d/b/a eLec Communications to provide local exchange services in competition with Qwest Corporation in Wyoming.

**November 9, 2000** The Commission issued a Notice of Intent to Repeal Existing Rules in General Order No. 76 to examine the continued viability of its rules on interconnection, compensation, network unbundling, resale of services and "1+" equal access by telecommunications companies operating in Wyoming in light of rapid and substantial development of federal rules and case law in this area (read the Notice at <http://psc.state.wy.us/htdocs/orders/90000-76-7503.htm>).

**November 10-15, 2000** At the Annual Conference of the National Association of Regulatory Utility Commissioners, Chairman Ellenbecker made a presentation to the Federal-State Joint Board on Universal Service regarding Wyoming's critical situation and need for adequate federal universal service support.

**November 14, 2000** The Commission approved Telera Communications, Inc.'s, request to have its competitive telecommunications service authority amended to exclude local exchanges not served by Qwest. (Union Telephone Company, Dubois Telephone Exchange, Inc., Range Telephone Cooperative, and RT Communications, Inc., then sought to withdraw their intervention in this matter.)

**November 17, 2000** The Commission approved the request of Qwest, Range Telephone Cooperative, RT Communications and Dubois Telephone to designate Advanced Communications Technology as the default intraLATA toll carrier for Range, RT and Dubois in place of Qwest and to reassign the affected customers.

**November 30, 2000** The Commission filed Reply Comments supporting and urging adoption of the Recommendations of the Rural Task Force for implementing fair and sufficient federal universal service fund support for rural telephone companies and their customers.

**November 30, 2000** Qwest Corporation's interconnection agreement with Flatel, Inc., was approved.

**December 5, 2000** The Wyoming Supreme Court issued its decision in Docket No. 97-146, *U S WEST Communications, Inc., v. Wyoming Public Service Commission; et. al.*, in which the Court upheld on rehearing its 1999 decision that U S WEST's Centrex Plus service was not an essential service under the Wyoming Telecommunications Act of 1995 and therefore not subject to regulation as a noncompetitive service. Thus, Centrex Plus, the U S WEST service through which McLeodUSA offered

local telephone service in competition with U S WEST, [i] may be withdrawn by U S WEST without leave of the Commission and [ii] is not subject to price regulation in Wyoming. The Supreme Court also found U S WEST's "grandfathering" provision for withdrawing the service to be discriminatory (see the decision of the court on the Internet at: <http://www.courts.state.wy.us/2000opn/97-146.pdf>).

**December 7, 2000** The Commission indefinitely continued the public hearing in the slamming complaint of J. Alan Nash against America's Tele-Network Corp. and ILD Telecommunications, Inc., on condition of no other complaints requiring a hearing.

**December 12, 2000** The Commission formally accepted the draft audit report from Arthur Andersen & Company concerning corrective measures by Qwest Corporation (then U S WEST) regarding customer billing errors in the implementation phase of its last approved telecommunications price plan.

**December 14, 2000** Qwest Corporation's 2000 TSLRIC study input and annual TSLRIC cost study filings were formally accepted by the Commission.

**December 21, 2000** The Commission filed comments with the FCC concerning a biennial review of telecommunications company accounting requirements, urging the FCC to make certain that the streamlining of accounting requirements (which the Commission supports) does not lead to the loss of information needed for regulatory purposes, which would otherwise have to be obtained expensively and inefficiently by other means, as regulation focuses more on the quality of service and universal service aspects of the industry.

**December 22, 2000** The Federal-State Joint Board on Universal Service released its Recommended Decision urging that the Federal Communications Commission use the Rural Task Force's Recommendation as the basis for reforming rural high-cost universal service support mechanisms and as a foundation for implementing a rural universal service plan (read the Recommended Decision on the Internet at [http://www.fcc.gov/ccb/universal\\_service/FCC00J-4.doc](http://www.fcc.gov/ccb/universal_service/FCC00J-4.doc)). See further discussion below in section 1d of this Report.

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## **b. Selected Telecommunications Regulatory Matters Now Pending**

- Commission examination of the continued viability of its rules on interconnection, compensation, network unbundling, resale of services and "1+" equal access by telecommunications companies operating in Wyoming in light of federal rule and case law developments.
- Revisions and additions to the Commission's Rules and Regulations.
- The institution in Wyoming of "711" access to Wyoming Relay service, offering better access to the public switched telecommunications network to communications-impaired persons without the need to dial an 800 number. "711" dialing will be implemented throughout the nation.
- A series of three separate proceedings relating to Section 271 of the federal Telecommunications Act of 1996. Compliance with this statute would, most importantly, allow Qwest to offer originating interLATA long distance service in the states where it provides local service, thus making it a powerful entrant into the competitive interexchange service market in Wyoming and the western United States. All three proceedings are scheduled for completion sometime during 2001.

These are not all of the telecommunications cases or other matters now pending before the Commission. If you want more information about any case or company described above or information on *any* telecommunications regulatory matter, please visit our data base on the Internet at <http://psc.state.wy.us>

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### **c. The Wyoming Universal Service Fund**

The Wyoming Universal Service Fund (WUSF), authorized in the Wyoming Telecommunications Act of 1995 at W.S. § 37-15-501 and further defined in Section 500 of the Commission's Rules, was established to assist in maintaining affordable prices for essential telecommunications services while the telecommunications market is transitioning from a monopolistic to a competitive environment. According to the Act, it was established to "assist only those customers of telecommunications companies located in areas of this state with relatively high rates for essential services." Support is provided to these high cost customers when their rate for local telecommunications service, after a credit for federal universal service funds, exceeds one-hundred thirty percent (130%) of the statewide weighted average rate.

The WUSF is funded through an assessment on customer bills which is applied to all intrastate telecommunications services. The assessment level has changed over time as funding requirements have changed due to [i] changes in local telecommunications service prices, [ii] the level of federal support provided, and [iii] the balance maintained in the WUSF. The universal service fund assessment percentage applied to customer bills during 2000 was 3% for the first half of the year, changing to 2% for the latter half of the year. The balance in the fund allowed a mid-year reduction in the assessment to customers. Specifically, the assessment history for the universal service fund is as follows:

Assessment Level	Docket Number	Effective Date	Order Issue Date
1%	90072-XO-97-1	7/1/97	5/21/97
2%	90072-XO-98-2	4/1/98 or next billing cycle	3/30/98
2%	90072-XO-98-3	7/1/98	5/29/98
6%	90072-XO-98-4	10/1/98	8/31/98
3%	90072-XO-99-6	3/1/99	1/26/99
2%	90072-XO-99-10	7/1/99	5/18/99
3%	90072-XO-99-11	10/1/99	8/13/99
2%	90072-XO-00-13	7/1/00	4/27/00

Pursuant to the provisions of Section 500 (l) of the Commission's Rules, the manager of the WUSF filed a report to the Commission which detailed the computation of a recommended assessment level for the 2000-2001 WUSF fiscal year. Based upon the manager's report, the anticipated fund distribution obligations for the fiscal year were as follows:

Item	Amount
Support Payments*	\$6,900,000
Auditing Expense	\$65,000
Contingency Allowance	\$350,500
Administration Fees	\$45,000
Draw on Fund Balance	\$3,000,000
Net Funding Requirement	\$4,360,500

\* Support payment projections were recomputed in September 2000, when more information about the available level of federal universal service support was provided to the Commission, specifically with respect to Union Telephone Company. Based on the most recent information, the current support levels are summarized as follows:

	Residential	Business
Statewide Weighted Average Local Service Rate	\$26.00	\$25.33
130% Support Benchmark	\$33.80	\$32.93
Total 2000-2001 Support	\$7,440,933	\$1,959,442

The WUSF received its first independent audit during the reporting year; and it was performed by Warinner, Gesinger & Associates. On June 6, 2000, Warinner, Gesinger filed an audit report giving its findings. A publicly available summary of this report indicates that the auditor did not observe any "significant reportable conditions" in the course of its audit of the cash management of the WUSF for the period of July 1, 1997, through November 15, 1999. The audit report gave further detailed findings of the specific audit of sixteen telecommunications companies which contribute to the fund, five of which were in various stages of non-compliance with the initial round of audit procedures. Additional audit work is currently pending for these companies. Once completed, the Commission will review the completed report and consider the recommendations of Warinner, Gesinger.

The Commission also addressed a number of issues regarding the applicability of the WUSF this year. Three key decisions in this regard were:

- In February 2000 (in Docket No. 90072-XO-99-5), the Commission issued its order determining that the WUSF assessment factor is appropriately applied to end use customer's gross intrastate retail billing rather than the net bill after application of WUSF credits.
- In July 2000 (in Docket No. 90072-XO-99-7), the Commission issued its order determining that one-way paging services are subject to the WUSF assessment.
- In November 2000 (in Docket No. 90072-XO-99-12), the Commission determined by order that the retail, value-added services provided by private payphone companies are subject to the WUSF assessment.

In Docket No. 90072-XR-00-15, the Commission is currently considering amendments to its Rules regarding the Wyoming Universal Service Fund. A public hearing on these proposed changes was held on October 10, 2000. The rule changes, which are the subject of some controversy, propose to [i] require the flow through to customers of federal universal service support, [ii] require the targeting of federal support to only high-cost customers, [iii] clarify that only customers deemed by the Commission to be located in higher cost areas of Wyoming should receive WUSF support, [iv] eliminate the separate computations and support levels for business and residential customers, [v] make the submission of WUSF reports and payments less burdensome for companies with relatively low revenue levels, and [vi] clean-up and clarify other provisions of the rules. The Commission anticipates finalizing the proposed rule changes during the first quarter of 2001.

Check it out on line:

Read these orders on line at the Commission's web site -- <http://psc.state.wy.us>

Find out more about the Wyoming Universal Service Fund and related telecommunications matters at the fund web site: <http://www.wyousf.org>

Finally, separate from the proposed rule changes, Tri County and TCT WEST have requested that the Commission modify the computations regarding the relationship of federal high cost support and Wyoming Universal Service Fund support. Their request does not formally ask for a change in the current rules but does ask that the computation be made differently than is currently required in those rules. The matter is pending before the Commission and the companies have requested that the Commission not act on the request at this time.

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#### **d. Federal Universal Service Issues**

In 2000, the Commission continued to focus on the adequacy of federal high cost support for local telecommunications customers in high cost areas. The Commission showed its commitment to maintaining universally available service at affordable prices through its work at meetings where recommendations regarding federal universal service policies were being shaped and discussed, through presentations to federal policy makers, and by the submission of written comments presenting Wyoming's positions at every opportunity allowed in the policy making process.

In late 1999, the Federal Communications Commission issued a decision on federal support for high cost customers of "non-rural" companies (in Wyoming, only Qwest). Both Qwest and the Commission found the level of support to be provided to Qwest's Wyoming customers inadequate and not in conformance with Section 254(b) of the federal Telecommunications Act of 1996 which specifically requires enough support so that: "Quality services should be available at just, reasonable, and affordable rates." This section of the federal Act also requires that rates and services, including access to advanced services, be reasonably comparable between urban and rural areas, and that support mechanisms should preserve and advance universal service. Since the FCC's decision for non-rural companies failed to meet these standards, Qwest filed an appeal of the FCC's decision, as did several other states with low population densities; and the Commission joined the Qwest appeal. Oral arguments were held in Denver, Colorado, on November 14, 2000, before the United States Court of Appeals for the Tenth Circuit. The matter is still pending and a decision may be expected in 2001.

The Commission's request to the FCC that it reconsider its decision on universal service support for

non-rural carriers, filed in late December 1999, is still pending. Our staff met with members of the FCC staff in January 2000 on the request, explaining the importance of federal universal service for a rural state such as Wyoming. The Commission has also remained in contact with our Congressional delegation on the status of federal universal service funding, and has worked with them on trying to obtain additional FCC reconsideration of the subject. Our request continues to lie dormant at the FCC.

The FCC's decision regarding continuing support for non-rural carriers (and their customers) contained a "hold harmless" provision. Since the FCC completely changed the method for providing support, moving from an embedded cost method to a forward-looking cost model, the level of support for a number of local service providers changed dramatically. To mitigate the impact of these changes for the companies which would ultimately lose part of their support, the FCC fashioned a "hold harmless" mechanism under which companies received the higher of [a] the support under the old method or [b] under the new cost-modeled method. However, the FCC deemed this a temporary measure that would be phased-down and ultimately eliminated. In August 2000, the Commission filed comments with the FCC urging it to reject the recommendation of the Federal-State Joint Board on Universal Service that the "hold harmless" phase-out should begin on January 1, 2001. We said that the FCC had no choice under federal law but to keep the current "hold harmless" mechanism in place. Despite our comments, in December, 2000, the FCC released an order indicating that it would begin phasing down "hold harmless" protection beginning in January 2001 at the rate of \$1 of monthly support per line each year until the "hold harmless" is eliminated and all of the support is based on the new forward-looking cost models. The Commission is working with Qwest to determine the impact of this decision on its Wyoming customers, since an important part of the support that Qwest has received to date has been based on the "hold harmless" provision.

The Commission has also submitted several compliance filings to the FCC regarding federal universal service. In one filing, the Commission requested authority from the FCC to modify the way in which federal support is targeted and directed to customers, seeking to make the method more consistent with the actual basic service pricing zones used by Qwest. The Commission staff has had further discussions with the FCC staff; and, while we have not yet received formal approval of our request, we know of no opposition to it. Additionally, we have made filings with the FCC certifying that federal funds have been properly used in Wyoming to further and advance universal service.

Pursuant to standards established for the receipt of federal universal service funds by non-rural carriers, each funding recipient must provide a certain level of basic service, as defined by the FCC. The FCC's standards include a requirement to provide single party service to every customer. The FCC allows a state commission to waive the application of this standard temporarily if a plan is in place to remedy the deficiency. Currently, Qwest still provides multi-party service to a small number of its customers; and the Commission is currently examining the possible extension of Qwest's existing waiver of this FCC requirement and reviewing Qwest's plans to remedy this deficiency.

Much of the federal universal service activities in 2000 focused on the work being done by the Rural Task Force on Universal Service (RTF) and its development of a Recommendation on the appropriate level of support for rural local service providers and the appropriate method for calculating that support. The RTF, comprised of regulators, local exchange carriers, interexchange carriers, competitive local service providers, wireless service providers, and consumer advocates, met numerous times during the reporting year, and the Commission representatives attended each of these meetings. The Commission provided informal input to the RTF, assisted in the review of draft papers and recommendations, and filed both comments and reply comments supporting the recommendations of the RTF.

In late September 2000, the RTF issued its Recommendation document regarding the method to be used to determine federal universal service support for rural telecommunications carriers and their

customers. The RTF Recommendation was a comprehensive and delicately balanced package of compromise positions on a wide range of universal service funding issues.

The RTF's Recommendation has been released for comment before the Federal-State Joint Board on Universal Service; and we have supported the Recommendation in our initial and reply comments. The Board has recommended implementation of the Recommendation; but, because there is still much nationwide controversy about the Recommendation, the debate continues. Our formal written Comments on the Recommendation, which we filed on October 31, 2000, describe some of the most important challenges facing the smaller local exchange companies in Wyoming. A copy of it is furnished for your review at Appendix E to this Report. The Commission also filed additional Reply Comments on November 30, 2000. On December 22, 2000, the Federal-State Joint Board on Universal Service issued a Recommended Decision advising the Federal Communications Commission to ". . . adopt the Rural Task Force Recommendation as a foundation for implementing a rural universal service plan."

The sale of five Qwest exchanges to Citizens Utilities Company, approved during the reporting year, may have a substantial impact on the level of federal universal service support available to Qwest's remaining Wyoming customers. Although the sale of the Afton, Lusk, Mammoth, Lake and Old Faithful exchanges has been approved by the Commission, it has not yet been closed by the parties. The sale is expected to reduce the level of support available for the remaining Qwest customers because of the way the FCC's forward-looking cost model formula (which we have repeatedly criticized for its deficiencies) works. The transfer of these relatively high-cost Wyoming exchanges out of the mix of Qwest exchanges reduces the average cost of Qwest's Wyoming service to the extent that it is possible that none of Qwest's areas may be eligible for support thereafter. While Qwest has filed with the FCC for an exception to the established method for this sale, the FCC has not yet acted on the request. Thus, the potential remains that all federal universal service support for Qwest's Wyoming operations could be lost upon the closing of the sale to Citizens.

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#### **e. The Status of Compliance with the Act**

The great majority of telecommunications companies in Wyoming have accepted and are in general compliance with the Wyoming Telecommunications Act of 1995. For example, W.S. § 37-15-402(a) requires companies providing noncompetitive services to price their services so that each service covers its own total service long run incremental costs; and W.S. § 37-15-403 requires the elimination of cross-subsidies between and among the competitive and noncompetitive services of telecommunications service providers in Wyoming. Companies now in compliance, which have priced their services in compliance with the total service long run incremental cost mandate of the Act include: Qwest Corporation f/k/a U S WEST Communications, CenturyTel of Wyoming f/k/a Telephone Utilities of Wyoming d/b/a PTI Communications, Tri County Telephone Association, Inc., TCT West, Inc., Union Telephone Company and Sprint/United Telephone Company of the West.

As of the date of this Report, the Commission has given certain local exchange companies waivers of the TSLRIC pricing mandate of W.S. § 37-15-402 through December 31, 2004, as allowed by W.S. § 37-15-402(c). These companies generally serve customers primarily in other states where they are not subject to a total service long run incremental cost pricing mandate. Each serves a relatively small number of Wyoming customers in comparison to their total customer base. They are Project Telephone Company and Golden West Telephone Cooperative.

As of the date of this Report, the Commission has given a TSLRIC waiver under W.S. § 37-15-402

through December 31, 2001, to the following local exchange companies: All West Communications, Chugwater Telephone Company, Dubois Telephone Exchange, RT Communications, Inc., and Range Telephone Cooperative.

Silver Star Communications and Columbine Telephone Company d/b/a Teton Telecom Communications have TSLRIC applications on file with the Commission; but they have yet to file a price plan associated with their TSLRIC applications. We anticipate that these price plan filings will be made during the first quarter of 2001.

Additionally, the Commission has issued the following Total Service Long-Run Incremental Cost opinions during the reporting year:

- In General Order No. 84, the Commission determined that application of the Total Service Long Run Incremental Cost pricing mandate to services provided by facilities based concurrent certificate holders must be evaluated on a case specific basis.
- In Dockets No. 70006-TT-98-33 and 70006-TT-99-36, the Commission determined that the Total Service Long Run Incremental Cost pricing mandate does not apply to competitive telecommunications services.

Read these orders on the Commission's web site at: <http://psc.state.wy.us>

The goal of pricing services to meet the Act's requirements for the elimination of cross-subsidies has been met generally by the companies which have to date come into compliance with the TSLRIC mandate of the Act. Below is a synopsis of the basic service prices of the various incumbent local exchange companies, listed separately based on whether or not their prices are TSLRIC-compliant:

<b>Local Exchange Service Prices in Wyoming</b>						
<b>Rate of Return Regulated Companies</b>						
	Price Inside Base Rate Area*			Highest Rural Zone or Mileage-Price*		
		Residence	Business		Residence	Business
1	All West Comm	\$ 14.25	\$ 20.25			
2	Chugwater Tel	10.50	15.25			
3	Dubois Tel	19.25	24.25			
4	Golden West Tel	10.95	21.95			
5	Project Tel	12.33	17.33			
6	Range Tel	11.65	18.40			
7	RT Comm			RT Comm		
	[Rate Group 1]			[Rate Group 1]		

		10.04	19.66		\$ 19.94	\$ 29.56
	[Rate Group 2]	10.78	22.03	[Rate Group 2]	20.68	31.93
	[Rate Group 3]	11.51	24.42	[Rate Group 3]	21.41	34.32
	[Rate Group 5]	12.98	29.19	[Rate Group 5]	22.88	39.09
8	Silver Star Comm	16.80	25.20			
9	Teton Telecom	29.65	40.46			

<b>Companies which have completed proceedings for transition to TSLRIC pricing requirement of W.S. § 37-15-402.</b>						
	Price Inside Base Rate Area*	Highest Rural Zone or Mileage-Price*			Highest Rural Zone or Mileage-Price*	
		Residence	Business		Residence	Business
10	Centurytel of WY	\$15.00	\$15.00	Centurytel of WY	\$ 28.00	\$ 28.00
11	Tri County Tel					
	[Burlington]	44.86	44.86			
	[all other exchanges]	45.08	45.08			
12	TCT WEST					
	[Greybull]	27.31	27.31			
	[Lovell]	30.63	30.63			
	[Basin]	31.42	31.42			
	[Frannie, Meteetse]	45.08	45.08			
13	Union Tel	40.95	40.95	Union Tel	88.47	88.47
14	Sprint/United Tel					
	[Torrington]	27.48	27.48			
	[Guernsey]	36.22	36.22			
	[Lingle]	82.23	82.23			

	[LaGrange]	91.36	91.36			
15	Qwest	23.10	23.10	Qwest	69.35	69.35

\* All rates are for monthly local, single line, touchtone service excluding any EAS additives, surcharges, assessments, federal subscriber line charges, taxes, municipal charges, optional custom calling features and state Universal Service Fund (USF) assistance. Note that the Wyoming Universal Service Fund keeps subscribers from having to pay more than 130% of the statewide average which, as of July 1, 2000, was **\$33.80** for residential and **\$32.93** for business.

Luxor Communications, Inc., which provided service to the Mountainside Apartment complex in Cheyenne was substantially out of compliance with the Act in many respects concerning service and safety matters. Luxor formally ceased to provide telecommunications services to Mountainside in 2000 and the customers obtained local exchange service from Qwest. The Commission formally terminated Luxor's registration and its certification application during the year. See the chronology above for further details. Read more about the situation on the Internet at our web site.

The Wyoming Supreme Court found that Tri County Telephone and TCT West did not comply with the pricing provisions of the Wyoming Telecommunications Act of 1995. The two companies unilaterally filed highly disaggregated local exchange service rates, announcing that they would become effective on January 1, 1999, lowering some prices in larger markets but raising some individual single line basic local service prices to very high levels including some over \$500 per month per line. TCT tried to impose 44 different new rates, and Tri County tried for 29. The actions of these companies were not supported by or provided for in an approved price plan under the Act, and the services in question were not subject to competition. In a March 9, 1999, order, the Commission rejected these improperly filed rates, commenting that "The Wyoming Telecommunications Act of 1995 has no hidden back door to be 'discovered' that would fulfill the understandable wish of a monopoly to indulge in unrestricted pricing flexibility for its most vital monopoly service." On appeal by the companies, the Wyoming Supreme Court upheld the Commission's actions in its October 5, 2000, decision in Docket No. 99-248, *Tri County Telephone Association, Inc., and TCT West, Inc., v. The Wyoming Public Service Commission, et al.*, The Supreme Court ordered the last legally established rates, set by Commission order on April 29, 1998, to be carried into effect. Neither the Supreme Court nor the Commission took issue with the prices themselves, but reiterated that the procedures of the Act could not be ignored.

Check it out on line:

- Read the Wyoming Supreme Court decision on the Internet at: <http://www.courts.state.wy.us/2000opn/99-248.pdf>
- Read the Commission's order upheld by the Court at: <http://psc.state.wy.us/htdocs/orders/70014-13-5322.htm>

During 2000, the Commission conducted show cause hearings relating to issues of noncompliance with Wyoming law by certain interexchange carriers authorized to provide long distance service in Wyoming. As a result of these proceedings, the Commission revoked the registrations and canceled the authority of the following interexchange carriers to provide interexchange service in Wyoming. (Most commonly, these smaller companies failed to comply with uniform assessment and annual reporting

requirements.)

Atcall, Inc.	Advanced Telecommunications Network, Inc.
Colorado River Communications, Corp.	Cybertel Communications Corp.
Discount Network Services, Inc.	Inacom Communications, Inc.
International Plus	Maxxis Communications, Inc.
Meridian Telecom Corp.	Quantumlink Communications, Inc.
Interexchange Telecommunications Companies, d/b/a ACS Systems, Inc.	Advantage Plus
New Millennium Conquest Service Corporation	Teltrust Communications Services, Inc.
Worldtel Services, Inc.	Accutel Communications, Inc.
American Freeway 100, (Elias Ventures, Inc.)	Atlantic Telephone Company, Inc.
Corporate Services Telcom, Inc.	Axessa (Columbia Telecommunications, Inc.)
Cyberlight International, Inc.	Eagle Telecom, Inc.
Flat Rate Long Distance, Inc.	Freedom Communications Corp.
Home Owners Long Distance, Inc.	Independent Network Services
Intelicom International Corp.	LD Network Services, Inc.
Local Long Distance	National Telecom, Inc.
American Technologies, Inc.	Ozark Telecom, Inc.
Atlas Equity, Inc.	Telecommunications Service Center, Inc.
USBG, Inc.	Vista Group International, Inc.
Members Long Distance Advantage	Telenational Communications
Advantage Communications Group	Call Plus
Hi-Rim Communications	Long Distance America, Inc.
MTC Telemanagement	Minumum Rate Pricing
Nova Telecom, Inc.	NTI Telecom, Inc.
New Media Telecommunications, Inc.	New Millennium Communications Corp.
Pro Plus Communications, Corp.)	U.S. Network Services

On rehearing before the Wyoming Supreme Court, the Court determined in Docket No. 97-146, *U S WEST Communications, Inc., v. Wyoming Public Service Commission*, (December 5, 2000), that the Commission's decision to treat Qwest's Centrex Plus service as noncompetitive was in error. See the December 5, 2000, chronology entry above for further details. See the decision on line at: <http://www.courts.state.wy.us/2000opn/97-146.pdf>

On June 9, 2000, the Commission approved the Qwest/U S WEST merger under the statutory standard at W.S. § 37-1 104(a) that "The commission shall not approve any proposed reorganization if the commission finds, after public notice and opportunity for public hearing, that the reorganization will adversely affect the utility's ability to serve the public." This relatively low legal standard nevertheless allowed the Commission to order into effect a specific set of proposed service measurements, periodic service reports, and to obtain baseline data by which to measure the existing quality of service and to judge how well the standard is maintained in the future, allowing the Commission to measure the service and ascertain whether or not the merger in fact is having an adverse effect on the merged company's service to the public.

The merger case developed a large number of issues and resulted in some important gains for Wyoming's telecommunications infrastructure , its people and its economy. Among them was a directly merger-dependent commitment to build a fiber optic connection between Kemmerer and Jackson/Bondurant, thus helping to complete a fiber optic loop serving the southern and central parts of Wyoming. Additionally, fiber optic cable projects for the enhancement of the WEN network will be expedited, although not caused, by the merger. This includes construction of new fiber optic plant in the northern part of Wyoming to the Gillette, Wright, Buffalo, Sheridan, Cody and Powell exchanges, and the addition of new capacity for the Lander, Riverton, Jackson and Moran exchanges. Fiber connections will also be constructed between Lander and Riverton and between Cody and Powell. When these projects are completed, 91% of the exchanges in Wyoming will be served by interoffice fiber within 36 months after the merger closed. Read the order, the stipulation and other attachments on the Internet at: <http://psc.state.wy.us/htdocs/orders/70000-503-6809.htm>

On September 7, 2000, the Commission approved the joint application of Qwest and Citizens Telecommunications Company of Wyoming to allow Qwest to sell the Afton, Lusk, Mammoth, Lake and Old Faithful exchanges to Citizens. Concerns about the proposed sale brought to the Commission by the Consumer Advocate Staff included [i] the effect of the sale on Qwest's Federal Universal Service Fund receipts, and [ii] the ability of Citizens to upgrade the purchased exchanges in light of the uncertain availability of Federal Universal Service Funds. To address those concerns, the stipulation of the parties to the case included important provisions for maintaining and upgrading service in Wyoming. Qwest committed to provide new fiber optic connectivity between the Casper and Lander/Riverton areas within three years of the closing of the sale (thus helping to complete the fiber optic loop serving southern and central Wyoming). Citizens agreed to spend no less than \$4.5 million on infrastructure upgrades in the purchased exchanges and that it would not seek to change existing prices in those exchanges until it filed a TSLRIC cost study supporting any such changes. It will also file a plan to deal with multi-party ("party line") service problems in the purchased exchanges within 180 days of the closing of the sale. We now anticipate that the closing will occur during the second quarter of 2001.

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## **f. Competitive Provision of Local Exchange Service**

The Wyoming Telecommunications Act of 1995 and the federal Telecommunications Act of 1996 encourage the development of competition in local exchange service markets. Both Acts, for example, require the incumbent local exchange carriers to open their networks to competitors, to interconnect fairly with their networks and to offer retail services at wholesale prices suitable for resale.

By the end of the reporting period, the Commission had approved a total of 50 applications for concurrent certificates of public convenience and necessity to provide competitive local exchange service

in Wyoming. These companies are authorized to provide competitive local exchange service in those Wyoming exchanges served by U S WEST under W.S. § 37-1-201(b). Several companies have also been authorized to provide service in the Wyoming exchanges served by Sprint/United Telephone Company of the West.

Among these companies, McLeodUSA is active in the Buffalo, Cheyenne, Casper, Gillette, Green River, Lander, Laramie, Riverton, Rock Springs, and Sheridan local exchange service markets. Silver Star offers direct facilities-based competitive local service in Afton and is far advanced in preparing to provide the full range of local services in the Jackson exchange. All-West is on the threshold of offering competitive local exchange service in the Evanston area and plans to begin offering service in the first quarter of 2001. AT&T, under an approved partial interconnection agreement with Qwest, offers competitive Outbound ADL business services. Other companies are in various stages of advertising and otherwise preparing to serve. They are:

Name	Certificate Date
AT&T Communications of the Mountain States, Inc.	August 16, 1996
Sprint Communications Company	August 28, 1996
Excel Telecommunications	November 25, 1996
FirsTel	March 17, 1997
McLeodUSA Telecommunications Services	April 14, 1997
WyoCom (wyoming.com d/b/a)	April 24, 1997
MCIMETRO Access Transmission Services/MCIMETRO	April 29, 1997
Tel-Save d/b/a The Phone Company	July 1, 1997
Preferred Carrier Services	August 20, 1997
Atlas Communications	September 2, 1997
LCI International Telecom	November 13, 1997
Group Long Distance	February 20, 1998
Sterling International Funding d/b/a Reconex a/k/a Amertel	March 17, 1998
Silver Star Communications (Afton)	March 17, 1998
LDM Systems	March 19, 1998
Dial and Save of Wyoming	April 16, 1998
WorldCom Technologies	May 7, 1998
Eclipse Communications	January 21, 1999
Level 3 Communications	March 16, 1999
NET-tel	April 7, 1999
InTTec	August 17, 1999
DSLnet Communications	August 17, 1999
JATO Operating Two Corp.	August 23, 1999
Tri-Tel	September 30, 1999

New Edge Networks	November 30, 1999
All-West/Wyoming	December 20, 1999
MVX.com Communications	December 22, 1999
Concert Communications Sales	January 4, 2000
Adelphia Business Solutions Operations	January 20, 2000
Now Communications	January 20, 2000
Comm South Companies	February 3, 2000
CI <sup>2</sup>	February 3, 2000
Universal Access	April 13, 2000
Arrival Communications	April 18, 2000
HJN Telecom	April 25, 2000
Advanced Telecom Group	May 9, 2000
Maxcess	May 11, 2000
United Communications Hub	May 11, 2000
CCCWY d/b/a Connect!	May 25, 2000
Essential.com	August 18, 2000
360Networks (USA)	August 18, 2000
Global Telelink Services	August 24, 2000
Pathnet Telecommunications Services	September 7, 2000
Telera Communications	September 26, 2000
Pac-West Telecomm	September 28, 2000
Dieca Communications d/b/a Covad Communications	October 17, 2000
Fairpoint Communications Solutions	October 17, 2000
ServiSense.com	October 28, 2000
Essex Communications d/b/a eLEC Communications	November 7, 2000
Premiere Network Services	November 7, 2000

You may obtain more information about these competitive local exchange service providers by contacting them at the addresses listed in Appendix B to this Report.

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## **g. Interconnection and Resale of Local Exchange Service**

In the Wyoming Telecommunications Act of 1995, W.S. § 37-15-404(d) requires telecommunications companies to "disclose in a timely and uniform manner information necessary for the design of equipment and services that will meet the specifications of interconnection; . . . ." Subsection (e) of this

statute gives the Commission the power to make rules on, among other subjects, interconnection of networks at nondiscriminatory and reasonable rates, terms and conditions; for the unbundling of services into reasonable basic network features; and for the resale and sharing of services and functions at reasonable and nondiscriminatory rates. These provisions are mirrored by the federal Telecommunications Act of 1996 which, at § 251(a)(1), imposes a duty on telecommunications providers to interconnect with the facilities and equipment of other telecommunications carriers; and which, at § 251(c)(1), imposes a duty on incumbent local exchange carriers to negotiate interconnection agreements with a competitive carrier requesting one. If they cannot reach agreement, § 252 of the federal Act provides for the arbitration by state commissions of disputes regarding interconnection negotiations. During the reporting year, the Commission began a proceeding to investigate the status of Wyoming's interconnection and related rules in light of rapid developments at the federal level through FCC rulemaking and federal court appeals.

By December 31, 2000, the Commission had approved 56 negotiated interconnection agreements for use in providing service in Wyoming under Section 252 of the federal Telecommunications Act of 1996, including 23 agreements approved during the reporting period. Negotiated Interconnection Agreements with Qwest Corporation and Sprint/United Telephone Company of the West filed for approval pursuant to Section 252 of the federal Telecommunications Act of 1996 as of December 31, 2000, are listed below:

	<b>with U S WEST Communications, Inc.:</b>
1	MetaComm Cellular
2	CommNet Cellular
3	AirTouch Cellular
4	FirsTel
5	Western Wireless
6	Nextel West
7	Sprint Communications
8	Knight Communications
9	Comm South Companies
10	Dakota Services
11	Silver Star Communications
12	3 Rivers PCS
13	RT Communications
14	Sterling International Funding d/b/a Reconex a/k/a Ameritel
15	Preferred Carrier Services
16	NET-tel Corporation
17	Advanced Communications Group
18	Tel West Communications

19	WYOCOM (wyoming.com)
20	Topp Comm
21	Covad Communications
22	CCCWY d/b/a Connect!
23	Computer Business Sciences
24	AT&T Communications (partial)
25	NOW Communications
26	U S WEST Wireless
27	DSLnet Communications
28	New Edge Networks
29	INTTEC
30	JATO Communications
31	Pathnet Telecommunications
32	Essential.com
33	Healthcare Liability Management
34	HJN Telecom
35	All West/Wyoming
36	Telwest Communications
	<b>with Qwest Corporation (f/k/a U S WEST Communications, Inc):</b>
37	ServiSense.com
38	Newcom Wireless
39	Choctaw Communications d/b/a Smoke Signals Communications
40	Arch Paging and Mobile Communications
41	dPI-Teleconnect
42	WWC Holding
43	Pilgrim Telephone
44	Continental F.S. Communications
45	@Link Networks
46	Flatel
47	Premiere Communications

	<b>with Sprint/United Telephone Company of the West:</b>
48	Dakota Services
49	U.S. Telco
50	Tin Can Communications
51	EZ Talk Communications
52	dPI-Teleconnect
53	Choctaw Communications d/b/a Smoke Signals Communications
54	Comm South Companies
55	Compass Communications
56	Pathnet Telecommunications

In addition to these agreements themselves, Qwest has also begun the process of submitting first and second generation amendments of previously approved interconnection agreements for Commission approval.

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#### **h. "1+" IntraLATA Equal Access and Telephone Number Portability**

Under W.S. § 37-15-410, local exchange companies were required to provide intraLATA "1+" equal access by January 1, 1998, "where technically and economically feasible." This dialing parity promotes competition in the in-state long distance market by allowing a customer to preselect a carrier for in-state long distance calls which can be reached by dialing "1" plus the telephone number without the need to use "dial around" or other multi-digit alternatives to reach the chosen carrier. "1+" equal access also applies to pay telephone providers.

During 2000, Qwest implemented local number portability in all of its Wyoming Exchanges, as shown in Appendix D to this *Report*. Local number portability gives subscribers the ability to keep their own telephone numbers regardless of what company provides the local exchange service. Being able to take your telephone number with you when you switch carriers lowers another barrier to local exchange service competition. The procedures for the transfer of the number, billing and responsibilities have been coordinated, and largely implemented, through national workgroups in which the Commission and Wyoming service providers have had a role.

Because there has been a national solution to implement number portability, it is unlikely that Wyoming could institute supplemental technical requirements or changes to the national Local Routing Number (LRN) solution; and we would be more likely to encounter only programming or process issues. In the future, there may be a need for complaint hearings sorting out problems among carriers where internal company processes have been improperly implemented or intentionally slowed to avert competitive pressures.

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## **i. The Effects of Wyoming Regulatory Policies and Practices on Telecommunications Companies, Services and Customers**

The Wyoming Telecommunications Act of 1995 and the federal Telecommunications Act of 1996 continue to have a profound impact on the telecommunications industry in Wyoming. Competition for Wyoming business customers has sharpened in the reporting year in interstate, intrastate and local service markets (including the provision of Internet access service), with increasing emphasis on the competitive entry into the local exchange service markets, led by companies such as Silver Star Communications, All-West Communications, McLeodUSA and AT&T.

Section 2 of this Report contains a discussion of the increasing number of local and long distance telecommunications service suppliers and the increasing number of interconnection agreements allowing for (but not always guaranteeing the provision of) competitive local exchange service. Most telecommunications subscribers in Wyoming have available to them a choice among multiple in-state long distance service providers. In 1999, the Commission found Qwest Corporation's long distance service in Wyoming to be subject to effective competition under W.S. § 37-15-202 of the Wyoming Telecommunications Act of 1995, which both recognizes this competitive development and encourages its development.

The total service long run incremental cost pricing requirements of the Wyoming Telecommunications Act of 1995 encourage entry by facilities-based competitors into Wyoming's local exchange service markets and clearly identifies the fact that the cost to serve the relatively small and diffused Wyoming markets is relatively expensive. As more companies come into compliance with the TSLRIC provisions of the Act, more competition has developed; and the rise in prices for local exchange service has caused some migration of customers from traditional land line to cellular telephones as their main source of local telecommunications service. We expect the trend to continue. During the reporting year, we have seen a consensus develop among cellular and land line service providers that companies offering a cellular version of local basic service should be allowed, where appropriate, to obtain support from the Wyoming Universal Service Fund for their customers. Legislation to this effect has been prepared for the 2001 Legislative session and has received favorable interim committee action.

The Commission has made concerted efforts to streamline the approval process for certification of local exchange competitors, for interconnection agreements and for the disposition of other applications. In addition, we are actively engaged in an electronic filing initiative and in making forms available on-line to all types of utilities. This promises a more efficient, quicker and less costly process than in the past. The development of information packages for potential competitors have helped them through the registration and certification processes more quickly and at a lower cost.

We do not regulate the service offerings of cellular providers, except for quality of service and the arbitration of certain controversies; and, therefore, detailed statistics are not routinely available to us. However, we have seen that Wyoming cellular markets continue to expand vigorously and that more cellular service offerings are now routinely and widely available to the public. Cellular competition remains vigorous and the penetration of PCS digital wireless service in Wyoming markets is on the increase.

More information related to this topic can be found above in subsection e on the status of compliance with the Wyoming Telecommunications Act of 1995.

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## **j. Telecommunications Slamming, Complaints, and Related Matters**

i. Slamming. The practice of changing a telephone customer's long distance carrier without knowledge or authorization is called slamming. Slamming accounts for approximately 5% of the complaints received by the Commission (down from 11% last year); and it is a consumer problem generated by the competitive telecommunications environment. Since most slamming occurs with respect to interstate long distance service, jurisdiction, in most cases, lay with the FCC. On September 29, 2000, the Commission officially informed the FCC that it would take over primary responsibility for resolving both intrastate and interstate slamming complaints by Wyoming consumers. The process, known as "Opting-In," allows Wyoming to act as the primary forum for all slamming complaints arising in Wyoming. By November 28, 2000, 31 other states had also "opted in." By that time, two other states indicated that they were likely to "opt in," and more states were expected to follow.

Wyoming's slamming and cramming law, W.S. § 37-15-412, gives the Commission jurisdiction over intrastate offenses and has acted, as the percentage statistics above tend to show, as a deterrent to the growth of in-state slamming. Our emphasis has been on the rapid correction of consumer problems and in discussing emerging slamming problems with companies which experience more than isolated slamming complaints. We have also set hearings and documented incidents to determine whether a "business practice" slamming pattern is emerging. Our slamming law will be the primary jurisdictional tool for dealing with slamming of all kinds after the "opt in" described above.

The Commission and its complaint section will help Wyoming customers experiencing either state or federal level problems to obtain information and to resolve slamming problems effectively and rapidly. The Commission's brochure on the subject, *Telephone Slamming: You don't have to be a victim!*, is available free of charge. This and other steps taken by the Commission and its complaint section to educate the public in dealing with slamming and cramming problems has continued to reduce the volume of filed complaints. A further reduction in filed slamming complaints can also be attributed in part to the FCC's tougher slamming rules issued in the prior reporting year.

ii. Telecommunications complaints. The overall number of utility complaints received by the Commission increased from 1,886 in 1999 to 2,048 in 2000. The following table, containing a breakdown of the complaints received by the Commission during the 2000 reporting year, places the volume of telecommunications complaints into perspective:

Year	Water	Gas	Electric	Local Telecommunications	Long Distance Telecommunications
2000	1%	8%	8%	56%	27%
1999	1%	6%	10%	63%	20%

As the Wyoming Telecommunications Act of 1995 approaches its sixth anniversary, the nature of telecommunications complaints, mirroring the pace of change in telecommunications markets, has continued to change, even though many complaints still concern more "traditional" subjects such as the quality of support for advanced services, availability (or not) of service enhancements, and billing errors and disagreements.

iii. Some persistent problem areas. Again during this reporting year, there was a significant increase in

the number of Wyoming consumers being solicited by telemarketers for long distance companies who offer long distance plans providing both intraLATA and interLATA service and offering special per-minute rates. However, when the bills arrive, the billed rates are often much higher than those the plan originally seemed to offer. Some long distance companies have stated that they never offered such plans and that the rate on the bill was accurate.

When consumers change from one long distance provider to another, the first company may not send the proper request to the local exchange carrier to release the line to the newly chosen long distance service provider. This problem can be so persistent that sometimes the only way to free a telephone subscriber is to ask the local exchange company for a new telephone number, which also makes current telephone directory listings inaccurate. Now that number portability is available in Wyoming, such an outcome should not persist.

iv. New types of complaints. During the reporting year, we have seen an increase in concern over long distance companies which do not notify customers of increases in per minute rates. W.S. § 37-15-301 in the Wyoming Telecommunications Act of 1995 requires that new rates be on file for competitive interexchange carriers in Wyoming, but it does not require companies to notify customers. We find that, in 95% of the cases coming to our attention, the correct (filed) rate is being charged.

Customers sometimes experience high per minute charges for long distance calls when they use calling cards; and these high charges occur when the wrong calling card is used for intraLATA or interLATA calls.

v. Information requests. In addition to the complaints received during the reporting year, we have also received 189 information requests from customers which are not formal complaints. These questions are driven by the more complex nature of the industry, the need for additional and higher speed service, the many choices of services and service providers available to the public in Wyoming, and a desire for additional information about various price increases.

vi. Speeding up the process. Because of the increase in the number of complaints, and sometimes because of the difficulty of locating some complained-of interexchange telecommunications service providers, the number of unresolved complaints carried over each month averages 203.

vii. Toll free assistance. Since 1998, the Commission has maintained an 888 toll-free number for the use of Wyoming consumers in bringing complaints to the attention of the Commission.

viii. Confidentiality. As always, customers bringing complaints to the Commission can be assured that the facts of their individual situations will be treated confidentially.

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## **k. Recommendations for Legislative Change**

We believe that there are a number of legislative changes which should be made to improve the service of the telecommunications industry to the people of Wyoming. We present these ideas conceptually, understanding that there are varying opinions as to how the changes should be carried out.

i. The Wyoming Universal Service Fund should be able to provide support to wireless technologies that provide local basic service. Wireless companies provide a substantial contribution to the universal service fund; and they should, where Wyomingites have wireless local basic service in high cost areas,

be able to draw, for basic service customers, universal service support where the price warrants such support. The land-line and wireless industries have reached a consensus on legislative language which will be presented to the Legislature in 2001.

ii. Disagreements between service providers led to an incomplete directory assistance listing of subscribers in the Saratoga and Platte Valley areas during the year. This prevented callers from obtaining residential and business telephone numbers, causing lost business and otherwise significantly diminishing service to the public. We believe that the Wyoming Telecommunications Act of 1995 should make specific (and therefore narrowly drawn) provision that the Commission may remedy problems with this aspect of "directory services" which are otherwise deregulated by the Act. Favorable interim committee action has been taken during the reporting year.

iii. The Federal Communications Commission and the United States Court of Appeals for the Tenth Circuit preempted W.S. § 37-15-201(c) relating to certification of competitors in the territories of smaller independent telephone companies as a barrier to competition prohibited under the federal Telecommunications Act of 1996. This essentially leaves Wyoming with no specific provision addressing the provision of competitive local exchange service in the territories of smaller companies. Provision should be made for an appropriate statutory change to provide for certification without violating federal law.

iv. W.S. § 37-15-402(a) provides that the prices of all of the services of companies which provide any noncompetitive services in Wyoming must cover the individual services' TSLRIC costs. This must be proved by a TSLRIC study or an appropriate surrogate for such a study. This may place an additional burden on companies seeking to engage in facilities-based competition in Wyoming which might be required to file a TSLRIC study addressing the prices in a single exchange where competition may be developing. We believe that the public should continue to be protected from monopoly "squeeze" pricing and unfair subsidies of competitive service prices by non-competitive services; but we also believe that the Commission should have the authority to determine that other, simpler means of achieving this goal may be used.

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## **Section 2**

### **The Telecommunications Industry in Wyoming**

#### **a. Introduction**

This section of the Report provides a general description of the telecommunications industry in Wyoming, the technology employed, and the availability of various services. This section should be read in conjunction with Appendix D, which contains detailed exchange-by-exchange information on the telecommunications technology deployed, the nature of the interoffice plant in service and the specific services which are generally available in the various exchanges (with new services or technology highlighted in boldface type). Because of the continued improvement of Wyoming's telecommunications infrastructure, the number of newly available features and functions is less marked than in the past. Questions about the availability of particular services in particular places within exchanges and the existing unused capacity of local telecommunications plant should be directed to the telecommunications service providers themselves. Information on unused capacity and its location is generally considered to be highly confidential and very commercially sensitive by service providers.

## **b. Number, Type and Size of Companies**

There are 14 facilities-based local telephone companies (also called Incumbent Local Exchange Carriers or ILECs) providing local exchange service in Wyoming. There are approximately 310,073 access lines in service in the state at this time, an increase of 6,996 or about 2.3% over 1999. Qwest Corporation, Wyoming's predominant ILEC, provides service to approximately 259,330 of the state's access lines. The remaining access lines are served by the 13 independent local telephone companies. Appendix A to this Report contains a brief summary of the basic facts about Wyoming ILECs, and Appendix F provides a map of the certificated territories of Wyoming's incumbent local exchange companies, produced by the Commission's Geographical Information System.

When the Wyoming Telecommunications Act of 1995 went into effect on March 1, 1995, there were 24 interexchange (long distance or toll service) resellers and nine facilities-based interexchange carriers providing long distance service in Wyoming. Before the Wyoming Telecommunications Act of 1995, there were no Competitive Local Exchange Carriers (CLECs) in Wyoming; but now there are 50, as shown in Appendix B to this Report. Because the interexchange resale market is so dynamic and characterized by numerous new entrants, acquisitions, mergers and other business reorganizations, you may find current information about such companies participating in the Wyoming market at the Commission's web site.

"Facilities-based" telecommunications companies own physical telecommunications facilities which may be used to transport traffic on their own systems, while "resellers" purchase or lease plant from facilities-based providers to transport traffic. Facilities-based carriers do not necessarily carry all of their traffic over their own facilities and may purchase or lease facilities of others to help furnish the needed services.

By December 31, 2000, the combined number of resellers, interexchange resellers and facilities-based carriers serving Wyoming had increased to 352, a net increase of about 967% since 1995, including the registration of 57 new interexchange carriers during the reporting year. By the end of the reporting year, 50 CLECs had been certified to provide local telephone service in those Wyoming exchanges served by Qwest Corporation, although widespread local service competition has yet to develop throughout all of the relevant exchanges. The restrictions imposed by W.S. § 37-15-201(c), which limited immediate competitive entry into the local exchange markets of incumbent companies with fewer than 30,000 access lines in Wyoming, have been preempted by the Federal Communications Commission, with that action being affirmed by the United States Court of Appeals for the Tenth Circuit.

With respect to long distance telecommunications services, customers now generally have a wide selection of carriers and choices of many differing terms, conditions and prices which have been brought about by the functioning of the competitive market. Resale of services is an easy and rapid way to enter into local market competition, but it does not always provide an attractive return to the competitor. Facilities-based competition, seen by many as the more stable and long term competitive option (and the one offering the most possibilities for technological advancement), requires substantial expenditures for the facilities needed to provide competitive local service. Although many smaller competitors do not have the financial capabilities for this type of market entrance, examples such as the successful entry of Silver Star Communications into direct facilities-based local service competition in the Afton exchange show that it is possible to be technologically advanced and successful in such an endeavor in Wyoming -- even in a relatively small market.

### **c. Technologies in Use and Under Development**

During 2000, the need to provide more capacity to the backbone of the telecommunications network was the most important technological priority for Wyoming. With great need for additional bandwidth linking exchanges, primarily for data transfer and particularly for internet access, the interoffice plant structure needed immediate attention. The Wyoming Equality Network (WEN) ATM-CRS-based network served as anchor tenant helping the development of fiber optic feeds to the Qwest exchanges in the Gillette/Wright, Sheridan/Buffalo and Cody/Powell areas in the near future to replace the digital radio systems which presently serve those communities. Additional capacity was negotiated for a future fiber optic feed linking Kemmerer and Jackson. When these projects are complete, they will create needed additional high speed transmission capacity for the southern and central Wyoming infrastructure. In addition and because it creates a transmission loop, it will also provide needed additional reliability and massive additional capacity for data throughput -- both important economic development considerations. Later in the reporting year, a future fiber optic cable project was negotiated to upgrade the Casper to Riverton/Lander interoffice link now served by microwave. As discussed below in more detail, the WEN deployment of ATM-CRS technology will provide the means by which voice, data and video can be transported much faster and more efficiently.

The need remains for higher speed data transmission serving residences and small business in each Wyoming community. As we noted in last year's Report, residential and small business customers require data technology that is both relatively fast and relatively inexpensive; and Digital Subscriber Line (DSL) service appears now to be a leading technology addressing this need. With DSL, the subscriber's existing line can still be used for voice communications in the traditional manner; but that same line, with DSL, will also support a second signal, carrying digital data at the same time. The resulting high speed data service is known as xDSL, which is provided together with regular voice-grade service. A strength of the xDSL concept is that both services can be used simultaneously. The x in xDSL reminds us that there are several forms of DSL service available. For example, ADSL, Asymmetrical Digital Subscriber Line service appears to be the most widely deployed. Since most digital data users normally need to download larger amounts of data than they need to upload to others, ADSL recognizes this and more efficiently allocates DSL bandwidth to provide faster service for most users.

Several companies have taken the lead in making DSL available to their subscribers. For example, TCT West and Tri County Telephone are now installing a system which can carry data to subscribers at a rate of 26 megabits per second while also carrying about 100 television channels. Silver Star Communications will shortly have DSL capability available to more than 70% of its subscribers, with the goal of reaching all of them in short order. Dubois Telephone and Range Telephone/RT Communications have undertaken DSL technology trials which appear to yield good reliability and cost effective results. During the reporting year, Qwest continued its limited deployment of DSL in several Wyoming markets. As with all technologies, the cost to benefit factor must be determined so that subscribership will support the service in a competitive environment.

Several telecommunications service providers have been investigating wireless solutions, usually to address the replacement of the outmoded Basic Exchange Telephone Radio Service (BETRS) and to provide alternatives to very long local loops. New wireless telecommunications technologies are described impressively in the literature and have shown good capabilities in field trials, although actual commercial applications have been somewhat slow to evolve. The pressure on this technology to evolve is compounded by the need for higher speed modem services for data on the same channels in a

manner similar to DSL. Breakthroughs in wireless technology are thus needed to make wireless solutions truly viable alternatives.

During 2000, Qwest fully deployed Signal System 7 (SS7) technology in all of its Wyoming exchanges and throughout its Wyoming interoffice plant. This will provide more sophisticated services to more customers (such as more comprehensive Caller-ID service); and it should allow independent telephone companies and competitors to interconnect and utilize SS7 technology statewide.

Modems on switched telephone lines continue to be the primary means by which residential and small business customers access the Internet. The ability of modems to achieve acceptably high speeds over the existing voice-grade telephone lines within the public switched network is limited to a speed of 53 kbps by FCC directive; and the further enhancement of transmission protocols for compacting data to achieve higher apparent data throughput speed on these lines appears to be limited. Further, there is no agreed-upon minimum data speed in Wyoming, partly because of industry opposition. However, because DSL deployment is thus far limited by technological and market considerations, and because other high speed alternatives appear to be more costly, renewed attention to upgrading modem access speeds should be an important agenda item for communications companies in the near future.

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#### **d. Differences in Geographical Availability in Wyoming**

During the reporting year, some important changes in availability of telecommunications services took place in the northern part of the state. With replacement and upgrading by RT Communications of its Gas Hills and Jeffrey City exchanges, all of Wyoming's public switched network is now digital. While this is an important step toward better high speed digital transmission in Wyoming, much remains to be accomplished in this area. Outside plant limitations, from the switch to the subscriber, continue to limit opportunities for better high speed data and the more universal deployment of DSL on a statewide basis. Further, Qwest has deployed Signal System 7 (SS7) in all of its Wyoming exchanges, and the offering is now statewide.

Because of increasing data traffic and to a lesser degree because of increasing voice-grade traffic, many areas of Wyoming were constrained by insufficient interoffice (long distance) plant capacity. While there did not appear to any new delays in single party residence or business service provisioning, data circuits -- particularly DS-1 circuits with T-1 facilities -- were increasingly difficult to provision. Fortunately the Wyoming Equality network, discussed in this Report, provided the anchor tenant to facilitate the upgrading of interoffice plant in many parts of the state. In addition, two other projects will, in the future, provide fiber interoffice connectivity to all of Qwest's Wyoming exchanges and to the majority of the independent telephone company service territories. Prior to these fiber projects, northern Wyoming experienced an under-capacity situation to the extent that significant delays occurred in the provision of high speed telecommunications. Constrained interoffice capabilities will likely persist until the fiber projects are completed. In southern Wyoming, a strong fiber system was operating and capacity did not appear to be constrained, even though strong and affordable connections to the Internet continue to be of concern.

In prior years, two outages on the Cheyenne to Casper fiber route effectively isolated northern Wyoming and clearly indicated a need for redundant facilities and alternative routes for traffic, particularly in view of increasing traffic volumes. Given the situation, there was clearly a difference between service in northern Wyoming and southern Wyoming based on interoffice plant capacity and quality. To minimize that difference, new fiber connections will deliver traffic to and from the

Gillette/Wright, Sheridan/Buffalo, and Cody/Powell areas to Casper, replacing the digital microwave radio which provided interoffice service. While digital microwave is reliable, today's requirements for reliable, continuous, higher speed data transfer has meant that fiber technology must be relied on more. It is now clearly the industry leader in the area. With the placement and activation of this fiber, the northern part of the state will obtain capacity and reliability enhancements.

In the southern part of Wyoming, the interruption in fiber optic cable service illustrated the great reliance we have come to place on fiber. It showed that a fiber ring in southern Wyoming was needed. The details of the fiber ring that is being completed can be found directly above in subsection c, technologies in use and under development. A fiber optic ring in the Qwest system offers each community service from either side of the ring, significantly increasing reliability. For areas served by fiber "spokes" from the fiber ring "hub," their reliability is also greatly increased because breaks in the ring no longer isolate them (even if breaks in the "spoke" would).

With Wyoming's all-digital central offices and the described fiber construction, interoffice plant and capacity concerns identified in our previous year's *Report* will be addressed. Independent telephone companies which rely on Qwest's interoffice facilities will also benefit from these reliability and capacity upgrades.

We conclude that differences in the geographical availability of services in Wyoming are becoming less marked and that the differences will lessen as the various described infrastructure projects reach completion in the next few years. Differences based on market dynamics will continue to exist as Wyoming's service providers balance the increasing ability of telecommunications technology to deliver services more economically with the cost of providing the services. Certain bright spots where technologically sophisticated upgrades are benefiting Wyoming are discussed above in subsection c. The work of TCT West, Tri County Telephone, Silver Star Communications, Dubois Telephone, Range Telephone and RT Communications promises more sophisticated services for their customers. Range and RT report successful trials of DSL technology and may be near the implementation stage. RT and Silver Star report significant wireless trials to find the most versatile replacements for the aging BETRS radio technology in more rural areas.

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### **e. Telephone Subscribership Levels in Wyoming**

The percentage of households that have telephone service is a good measure of the universality of telecommunications service; and the United States Bureau of the Census (Census Bureau) collects relevant data as part of its Current Population Survey, which monitors trends between the complete ten-year censuses, all under an ongoing arrangement with the FCC. This undertaking allows the FCC, state commissions and others to examine the possible effects of various actions on household decisions to maintain, acquire or drop telephone service. The Industry Analysis Division of the FCC's Common Carrier Bureau is the source of the Wyoming telephone subscribership information in this Report.

The two generally accepted basic measures of subscribership levels are [i] telephone service within the housing unit ("unit") and [ii] telephone service elsewhere which is available at a common location to the people in the housing unit, such as a hallway, clubhouse or other nearby shared area ("available"). The most current penetration rates for Wyoming, as of August 2000, are set forth in the table below, together with comparative data from previous reports.

Wyoming
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<b>Date</b>	<b>"Unit"</b>	<b>"Available"</b>
August 2000	94.8%	96.1%
August 1999	95.0%	95.6%
August 1998	94.8%	95.2%
August 1997	92.7%	94.5%
August 1984	89.9%	92.8%

Wyoming has experienced a statistically significant increase in penetration rates measured between 1984 and 2000, and has also shown a modest shift in the "Unit" penetration and "Available" statistics since the previous year. Note that these measurements do not cover the use of wireless services such as cellular and PCS. For comparison purposes, the summary table below sets forth the nationwide average penetration rates for the same points in time as those presented above for Wyoming.

<b>Nationwide Averages</b>		
<b>Date</b>	<b>"Unit"</b>	<b>"Available"</b>
August 2000	94.4%	95.2%
August 1999	94.4%	95.3%
August 1998	94.1%	95.2%
August 1997	93.9%	95.0%
August 1984	91.6%	93.7%

The more comprehensive table below presents comparative data on individual state penetration rates, measured on a "Unit" basis during the reporting year and for a 1983 historical baseline.

<b>Telephone Penetration by State</b>			
<b>(Percentage of Households with Telephone Service)</b>			
<b>State</b>	<b>1983</b>	<b>August 2000</b>	<b>Change</b>
Alabama	87.9%	92.3%	4.4%
Alaska	83.8	91.9	8.1
Arizona	88.8	93.8	5.1
Arkansas	88.2	89.1	1.0
California	91.7	95.8	4.1
Colorado	94.4	96.4	2.0
Connecticut	95.5	97.6	2.1
Delaware	95.0	96.2	1.2
District of Columbia	94.7	95.3	0.6
Florida	85.5	92.1	6.6

Georgia	88.9	90.6	1.7
Hawaii	94.6	93.5	-1.1
Idaho	89.5	93.3	3.8
Illinois	95.0	92.1	-2.9
Indiana	90.3	93.3	3.0
Iowa	95.4	95.3	-0.1
Kansas	94.9	96.6	1.7
Kentucky	86.9	93.7	6.8
Louisiana	88.9	92.7	3.8
Maine	90.7	97.9	7.2
Maryland	96.3	94.7	-1.6
Massachusetts	94.3	95.7	1.4
Michigan	93.8	94.8	1.0
Minnesota	96.4	96.6	0.3
Mississippi	82.4	87.7	5.3
Missouri	92.1	95.5	3.4
Montana	92.8	95.0	2.2
Nebraska	94.0	97.0	3.0
Nevada	89.4	94.0	4.6
New Hampshire	95.0	97.7	2.8
New Jersey	94.1	94.1	0.0
New Mexico	85.3	92.0	6.7
New York	90.8	94.7	3.9
North Carolina	89.3	95.1	5.8
North Dakota	95.1	96.0	0.9
Ohio	92.2	95.4	3.2
Oklahoma	91.5	92.2	0.7
Oregon	91.2	94.7	3.5
Pennsylvania	95.1	96.6	1.5
Rhode Island	93.3	95.6	2.3
South Carolina	81.8	92.1	10.3
South Dakota	92.7	93.7	1.0
Tennessee	87.6	94.8	7.2
Texas	89.0	93.3	4.3

Utah	90.3	95.4	5.1
Vermont	92.7	94.2	1.5
Virginia	93.1	96.0	2.9
Washington	92.5	95.9	3.5
West Virginia	88.1	95.1	7.0
Wisconsin	94.8	95.6	0.8
<b>Wyoming</b>	<b>89.7</b>	<b>94.8</b>	<b>5.1</b>
<b>Total United States</b>	<b>91.4%</b>	<b>94.4%</b>	<b>3.0%</b>

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## **f. The Wyoming Equality Network: Telecommunications Technology Serving Education in Wyoming**

In 1995, the Wyoming Supreme Court, in *Campbell County School District v. State*, 907 P.2d 1238 (Wyo. 1995) issued its decision on equity in education. This decision was followed by legislation in 1997 [i] requiring the development and implementation of a statewide education technology plan [W.S. § 21-2-202(a)(xx)]; and [ii] directing the Governor and the State Superintendent of Public Instruction to form a committee to draft and issue a request for proposals (RFP) to provide the opportunity for connectivity for data transfer between schools and interactive video among all high schools in the state. This has been accomplished through two phases. Each phase required an RFP.

During the first phase, Governor Geringer and Superintendent Catchpole accepted the RFP Panel's recommendation; and U S WEST was awarded a contract to provide data connectivity to all schools. During the first two years of the project, circuit installation, hardware purchases, and video equipment purchases and installation totaled \$11.2 million. It will provide for network services, frame relay services, ATM-CRS services, private line services, data equipment, satellite service maintenance and management services. The project, officially known as the Wyoming Equality Network (WEN), covers the entire state; and Wyoming's independent telephone companies, in partnership with Qwest, are responsible for substantial portions of the system. Additionally, the State has selected McLeodUSA as the interexchange carrier to carry interLATA traffic to Torrington.

The new network is basically a high-speed, broadband digital data access network which offers several unique and flexible features. It will provide equitable access and is scaleable, manageable, standards-based, and future-oriented, as well as being compatible with the existing telecommunications infrastructure of Wyoming's local exchange service providers, including Qwest and the independent telephone companies.

During the reporting year, the State's Department of Administration and Information, Information Technologies Division (Network Services, Video) has expanded compressed video locations as an enhancement of WEN to include all high schools in Wyoming, as well as the community colleges and an additional site at the University of Wyoming's College of Education. Ninety two new locations were added as a result of this expansion. Deployment of the necessary video units was completed in the fall of 2000; and the WEN video system was operational in beta mode on September 1, 2000. It will remain

operational in beta mode until August 1, 2001. By the end of the first semester of use during the reporting year, the system was delivering approximately 200 hours of video classes per week to high schools. The State is anticipating an increase in planned utilization for the spring semester of 2001.

Technologically, the network uses as its primary technological base public or private Asynchronous Transfer Mode-Cell Relay Services (ATM-CRS) to serve up to eight aggregating points with fractional DS-3 bandwidth (at speeds of between 7 and 11 Mbps used) and from these aggregating points to the State's high schools at DS-1 bandwidth (running at 1.544 Mbps) to provide video capabilities and data transfer. Frame relay is used from the aggregating points at 56 kbps for data transfer to all other schools in the state.

Bringing this flexible ATM-CRS technology into Wyoming affords possibilities for many new communications applications for the state, and ATM-CRS technology is recognized for its integration capabilities. Regardless of the type of information sought to be carried -- voice, data or video -- seamless transport is provided by prioritized delivery. The technology will allow the data network to deliver greatly enhanced performance with an attendant increase in the ability to handle the faster and more efficient transfer of data and the ability to offer data capabilities beyond those which would be possible in a combined voice/data environment. The network allows equal access by the Internet Service Providers (ISPs) designated by the school districts through special equipment housed at the Emerson Building in Cheyenne.

The aggregation of the schools to address their common communications technology needs on a statewide basis gives service providers "anchor tenant" support which makes the deployment of ATM-CRS technology feasible for other businesses as well -- a significant benefit given the rural and sparsely populated character of the state and the investment required.

A significant part of the support for ATM-CRS deployment comes from the efforts of Wyoming's telephone companies in upgrading central offices with digital capabilities and connecting these offices with digital interoffice carrier facilities to make this innovative project possible.

Read more about the expansion of WEN during the reporting year on the Internet. See the Governor's press release on WEN at:

[http://www.state.wy.us/governor/press\\_releases/2000/february\\_2000/tech.html](http://www.state.wy.us/governor/press_releases/2000/february_2000/tech.html)

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## **g. Wireless Telecommunications in Wyoming**

Cellular services are provided state-wide within each of five Rural Service Areas (RSAs) and one Metropolitan Statistical Area (MSA). Each Area, conceptually similar to a certificated service territory, is served by two providers. In each Area, there is always a non-wireline provider (System A) and a wireline provider legally affiliated with an existing land-line telephone company (System B). Systems A and B are mutually exclusive. Further information about wireless telephone service providers, RSAs and Wyoming's MSA are found in Appendix C to this Report.

A Wyoming company, SpectraCom, Inc., d/b/a PYXIS Communications is deploying PCS digital personal wireless communications services in major Wyoming markets. A corporate relative of Range Telephone Cooperative and RT Communications, it is now bringing its state of the art digital wireless communications services to Washakie, Hot Springs, Fremont, Natrona, Campbell, Albany, Laramie,

Johnson, Converse, Platte and Carbon Counties. Competition is also developing in PCS in Wyoming. Qwest has entered the PCS market through Qwest Wireless and now serves the Cheyenne area.

Under federal law, the Federal Communications Commission, and not the states, regulates both the certification of wireless service providers for market entry and the specification of their service territories. However, under the general rule making authority of W.S. § 37-15-401(a)(iii) and its specific authority regarding cellular quality of service found in W.S. § 37-15-104(a)(vi), the Commission has taken steps toward promulgation of cellular service quality rules. Proposed draft rules are in the process of being prepared and edited.

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## **SECTION 3**

### **Other Information**

#### **a. The Commission's Geographic Information System (GIS)**

In December 2000 and under a contract with Electrical Systems Consultants, the Commission took delivery for the GIS of the hardware, software, and nearly all of the computerized data necessary to capture the certificated area boundaries of all jurisdictional utilities in Wyoming. Included in the data received in December are data relating to the certificated territories of all facilities-based incumbent local exchange carriers operating in the state. A GIS map of the local exchange areas can be found at Appendix F to this Report.

Prior to the implementation of the GIS initiative, maps of certificate boundaries were maintained primarily by hand, using traditional hand drafting methods. The new GIS maps are more accurate and much easier to maintain and update. We expect these more accurate computer maps to keep disputes among utility companies over certificated territories to an absolute minimum.

With the advent of the Commission's GIS initiative, we will now be able to maintain accurate records regarding certificates on a real time basis. Changes to utility certificated areas, which may be brought about by, among other things, utility acquisitions and mergers, when approved by the Commission, will be immediately reflected in the GIS data base.

The Commission has long recognized that irregularities in written territory descriptions and anomalies in the Public Land Survey which our orders reference, have the potential to create varying perceptions about where the precise boundaries of utility certificated areas actually lie. Therefore, the next phase of our GIS project will include a thorough review of the data captured in the initial phase of the project, and consultation with the utilities to identify and correct any persisting errors and oversights that may exist in the current certificate boundaries as recorded in our files. The architecture of the GIS system will allow us to easily identify areas where boundaries overlap, or conversely, where no utility has been certificated to provide service. Once these areas are identified and the relevant Commission orders researched, we will be able, in consultation with the affected utilities, to identify service areas accurately. We expect the review and revision process to take approximately 12 to 18 months.

In addition to refining the results of this phase of the project, as described above, the Commission is actively pursuing additional uses for its GIS platform. For example, since late last year the Commission's facilities engineers have been capturing data related to the geographic location of utility facilities throughout Wyoming using Global Positioning Satellite (GPS) technology. While this effort

has been primarily focused on electric and natural gas facilities throughout the state, as time and resources allow, we will begin to capture similar data on telecommunications facilities such as local switching locations, remote terminal locations, and inter-office cable routes. This in turn will allow us to more accurately inventory telecommunications services throughout the state and identify areas of compliance and non-compliance with the Commission's quality of service rules. Eventually, we hope to provide all of the non-proprietary GIS information gathered by the Commission to the public through our web site.

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**b. Your Reactions to this Report**

Tell us what you liked about this Report and what you would like to see added, changed or covered differently in the future. Please share your thoughts and ideas with Steve Oxley, the Commission's Chief Counsel:

by telephone: 307-777-7427 (voice) or 307-777-5700 (fax)

by e-mail: [soxley@state.wy.us](mailto:soxley@state.wy.us)

in writing: Steve Oxley, Chief Counsel  
Wyoming Public Service Commission  
2515 Warren Avenue, Suite 300  
Cheyenne, Wyoming 82002

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APPENDIX A - Wyoming Incumbent Local Exchange Carriers (ILECs)

As of December 31, 2000

<b>1.</b>	<b><u>All West Communications</u></b>	<b>Access Lines</b>	<b>363</b>
	P.O. Box 588	Revenues	\$ 584,931
	Kamas, UT 84036-0588	Gross Plant	\$2,479,136
	(801) 783-4361	Net Plant	\$1,155,319
	<b>County Served:</b> Lincoln		
	<b>Exchange:</b> Cokeville		
<b>2.</b>	<b><u>Chugwater Telephone Company</u></b>	<b>Access Lines</b>	<b>302</b>

P.O. Box 223	Revenues	\$ 439,513
Chugwater, WY 82210-0223	Gross Plant	\$1,080,126
(307) 422-3535	Net Plant	\$ 400,655

**Counties Served:** Laramie, Platte

**Exchange:** Chugwater

**3. Dubois Telephone Exchange**

P.O. Box 246	<b>Access Lines</b>	<b>2,306</b>
Dubois, WY 82513-0246	Revenues	\$ 3,803,715
(307) 455-2341	Gross Plant	\$13,431,902
	Net Plant	\$ 7,202,088

**Counties Served:** Fremont, Sweetwater and Carbon

**Exchanges:** Baggs, Crowheart and Dubois

**4. Golden West Telephone Cooperative**

P.O. Box 411	<b>Access Lines</b>	<b>31</b>
Wall, SD 57790-0411	Revenues	\$55,449
(605) 279-2161	Gross Plant	\$79,418
	Net Plant	\$ 0

**Counties Served:** Niobrara and Weston

**Exchange:** Edgemont, SD

**5. Project Telephone Company**

P.O. Box 600	<b>Access Lines</b>	<b>219</b>
Scobey, MT 59263-0600	Revenues	\$ 104,455
(406) 783-5659	Gross Plant	\$1,006,504
	Net Plant	\$ 674,655

**County Served:** Park

**Exchange:** Clark

**6. Range Telephone Cooperative**

P.O. Box 127	<b>Access Lines</b>	<b>1,985</b>
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Forsyth, MT 59327-0127	Revenues	\$ 2,344,697
(406) 347-2226	Gross Plant	\$10,888,114
<b>Counties Served:</b> Crook, Weston, Campbell, Sheridan and Johnson	Net Plant	\$ 5,777,058

**Exchanges:** Alzada, MT, Decker, MT, Arvada, Clearmont, Southeast Sheridan, and Sundance

<b>7. <u>RT Communications</u></b>	<b>Access Lines</b>	<b>16,398</b>
P.O. Box 506	Revenues	\$18,922,868
Worland, WY 82401	Gross Plant	\$86,904,980
(307) 347-8251	Net Plant	\$35,988,616

**Counties Served:** Fremont, Natrona, Laramie, Weston, Crook, Washakie, Johnson, and Hot Springs

**Exchanges:** Albin, Burns, Carpenter, Pine Bluffs, Gas Hills, Hulett, Jeffrey City, Kaycee, Midwest, Moorcroft, Newcastle, Shoshoni, Thermopolis, Upton/Osage and Worland

<b>8. <u>Silver Star Communications</u></b>	<b>Access Lines</b>	<b>3,365</b>
104101 Highway 89	Revenues	\$ 3,643,885
Freedom, WY 83120	Gross Plant	\$10,805,361
(307) 883-2411	Net Plant	\$ 3,938,865

**County Served:** Lincoln

**Exchanges:** Afton, Alpine and Freedom

<b>8a. <u>Silver Star Communications</u></b>	<b>Access Lines</b>	<b>244</b>
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**at Alta, d/b/a Teton Telecom**

**County Served:** Teton

**Exchange:** Driggs, ID

Revenues \$192,875

Gross Plant \$729,392

Net Plant \$405,510

**9. CenturyTel of Wyoming**

**formerly PTI Communications**

110 South Franklin

Pinedale, WY 82941

(307) 367-4321

**Counties Served:** Sublette, Sweetwater, Carbon, and Albany

**Exchanges:** Big Piney, Eden-Farson, Medicine Bow and Pinedale

**Access Lines 4,841**

Revenues \$ 3,465,785

Gross Plant \$15,735,655

Net Plant \$ 4,370,643

**10. TCT West**

P.O. Box 671

Basin, WY 82410

(307) 568-3357

**Counties Served:** Big Horn, Park and Hot Springs

**Exchanges:** Lovell, Meeteetse, Greybull, Frannie/Deaver and Basin

**Access Lines 5,808**

Revenues \$ 7,659,365

Gross Plant \$25,534,843

Net Plant \$14,561,058

**11. Tri County Telephone Association**

P.O. Box 310

Basin, WY 82410-0310

(307) 568-2427

**Counties Served:** Washakie, Big Horn, Park, and Hot Springs

**Exchanges:** Burlington, Hamilton Dome, Hyattville and Ten Sleep

**Access Lines 1,080**

Revenues \$ 2,044,268

Gross Plant \$10,727,107

Net Plant \$ 7,089,080

<b>12. <u>Union Telephone Company</u></b>	<b>Access Lines</b>	<b>6,289</b>
P.O. Box 160	Revenues	\$15,563,711
Mountain View, WY 82939-0160	Gross Plant	\$47,922,592
(307) 782-6131	Net Plant	\$22,050,732
<b>Counties Served:</b> Uinta, Sweetwater, Carbon, Albany, Lincoln, and Sublette		
<b>Exchanges:</b> Mountain View, Lyman, Hanna/Elk Mountain, Rock River, LaBarge, Shirley Basin, Saratoga and Encampment		
<b>13. <u>Sprint Communications d/b/a United Telephone Company of the West</u></b>	<b>Access Lines</b>	<b>7,512</b>
P.O. Box 2128	Revenues	\$ 7,190,988
Scottsbluff, NE 69363	Gross Plant	\$14,517,928
(308) 635-8200	Net Plant	\$ 6,850,593
<b>Counties Served:</b> Goshen and Platte		
<b>Exchanges:</b> Guernsey, LaGrange, Lingle, Torrington and Lyman, NE		
<b>14. <u>Qwest Corporation</u></b>	<b>Access Lines</b>	<b>259,330</b>
6101 Yellowstone Road	Revenues	\$125,061,896
P.O. Box 428	Gross Plant	\$521,335,592
Cheyenne, WY 82003-0428	Net Plant	\$224,832,603
(307) 771-6298		
<b>Counties Served:</b> All Wyoming Counties (Albany, Big Horn, Campbell, Carbon, Converse, Crook, Fremont, Goshen, Hot Springs, Johnson, Laramie, Lincoln, Natrona, Niobrara, Park, Platte, Sheridan, Sublette, Sweetwater, Teton, Uinta, Washakie and Weston) and Yellowstone National Park.		
<b>Exchanges:</b> <u>Afton</u> , Buffalo, Casper, Cheyenne, Cody, Dayton/Ranchester, Douglas, Evanston, Gillette, Glendo, Glenrock, Green River, Jackson, Kemmerer, Lander, Laramie, <u>Lusk</u> , Powell, Rawlins, Riverton, Rock Springs, Sheridan, Story, Wheatland, Wright, Yellowstone Park ( <u>Lake, Mammoth, Old Faithful</u> )		

**Note:** The sale of the underlined exchanges to Citizens Telecommunications was approved during 2000, but the sales have not yet closed.

**Sources:** Telecommunications company reports filed with the Commission during the reporting year.

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## APPENDIX B - Wyoming Competitive Local Exchange Carriers

As of December 31, 2000

Certain mergers and acquisitions are described at the end of the relevant company entries.

**1. AT&T Communications of the Mountain States**

1875 Lawrence Street

Denver, Colorado 80202

Certificate authority: Qwest exchanges only

**2. Sprint Communications Company**

8140 Ward Parkway

P.O. Box 8417

Kansas City, Missouri 64114

Certificate authority: Qwest and Sprint/United exchanges only

**3. Excel Telecommunications**

8750 North Central Expressway

Suite 1700

Dallas, Texas 75231

Certificate authority: Qwest exchanges only

(Acquired by Teleglobe Communications, 1998.)

**4. McLeodUSA Telecommunications Services**

McLeodUSA Technology Park

6400 C Street SW

P.O. Box 3177

Cedar Rapids, Iowa 52406-3177

Certificate authority: Qwest exchanges only

**5. Ionex Communications North**

**formerly FirsTel**

5710 LBJ Freeway - Suite 215

Dallas, Texas 75240

Certificate authority: Qwest exchanges only

(Acquired by Advanced Communications Group, 1998.)

(Acquired by Ionex Telecommunications during the reporting year.)

**6. MCIMETRO Access Transmission Services**

**MCIMETRO**

707 17<sup>th</sup> Street, Suite 3600

Denver, Colorado 80202

Certificate authority: Qwest exchanges only

**7. WYOCOM**

**wyoming.com**

**d/b/a Contact Communications**

**213 West Main Street, Suite A**

**Riverton, Wyoming 82501**

Certificate authority: Qwest exchanges only

**8. Atlas Communications**

482 Norristown Road

Blue Bell, Pennsylvania 19422

Certificate authority: Qwest exchanges only

**9. Preferred Carrier Services**

500 Grapevine Highway Suite 300

Hurst, Texas 76054

Certificate authority: Qwest exchanges only

(Acquired by Phones For All, 1998.)

**10. Tel-Save d/b/a The Phone Company**

6805 Route 202

New Hope, Pennsylvania 18938

Certificate authority: Qwest exchanges only

**11. LCI International Telecom**

8180 Greensboro Drive

McLean, Virginia 22102

Certificate authority: Qwest exchanges only

(Acquired by Qwest Communications, 1998.)

**12. LDM Systems**

254 South Main Street

New City, New York 10956

Certificate authority: Qwest exchanges only

(Acquired by RSL COM U.S.A. during 1998.)

**13. Teleglobe Business Solutions**

**formerly Dial and Save of Wyoming**

11480 Commerce Park Drive

Reston, Virginia 20191

Certificate authority: Qwest exchanges only

**14. Silver Star Communications**

104101 Highway 89

Freedom, Wyoming 83120

Certificate authorities: Afton exchange of Qwest

as d/b/a Teton Telecom, Jackson exchange of Qwest

**15. WorldCom Technologies**

515 East Amite

Jackson, Mississippi 39201

Certificate authority: Qwest exchanges only

**16. Nova Communications**

**formerly Sterling International Funding**

**d/b/a 1-800-Reconex a/k/a Ameritel**

9620 S.W. Barbur Blvd. - Suite 330

Portland, Oregon 97219

Certificate authority: Qwest exchanges only

**17. Group Long Distance**

1451 West Cypress Creek Road - Suite 200

Fort Lauderdale, Florida 33309

Certificate authority: Qwest exchanges only

**18. Eclipse Communications**

3650 131<sup>st</sup> Avenue SE - Suite 400

Bellevue, Washington 98006

Certificate authority: Qwest exchanges only

**19. Level 3 Communications**

1025 Eldorado Blvd.

Broomfield, Colorado 80021

Certificate authority: Qwest exchanges only

**20. NET-tel**

11921 Freedom Drive - Suite 550

Reston, Virginia 20190

Certificate authority: Qwest exchanges only

**21. InTTec**

**subsidiary of Visionary Communications**

301 South Douglas Highway

Gillette, Wyoming 82716

Certificate authority: Qwest exchanges only

**22. DSLnet Communications**

545 Long Wharf Drive - Fifth Floor

New Haven, CT 06511

Certificate authority: Qwest exchanges only

**23. JATO Operating Two Corp**

**1099 18<sup>th</sup> Street - Suite 700**

**Denver, Colorado 80202**

Certificate authority: Qwest exchanges only

**24. TRI TEL**

**405 South Fourth Street**

**P. O. Box 350**

**Basin, Wyoming 82410**

Certificate authority: Qwest exchanges only

**25. New Edge Networks**

**3000 Columbia House Blvd. - Suite 106**

**Vancouver, Washington 98661**

Certificate authority: Qwest exchanges only

**26. All West/Wyoming**

**50 West 100 North**

**Kamas, Utah 84036**

Certificate authority: Qwest exchanges only

**27. MVX.COM Communications**

100 Rowland Way - Suite 145

Novato, California 94945

Certificate authority: Qwest exchanges only

**28. Comm South Companies**

**6830 Walling Lane**

**Dallas, Texas 75231**

**Certificate authority: Qwest exchanges only**

**29. CI<sup>2</sup>**

200 Galleria Parkway - Suite 1550

Atlanta, Georgia 30339

Certificate authority: Qwest exchanges only

**30. Adelphia Business Solutions Operations**

DDI Plaza Two

500 Thomas Street - Suite 400

Bridgeville, Pennsylvania 15017

Certificate authority: Qwest exchanges only

**31. NOW Communications**

711 South Tejon Street - Suite 201

Colorado Springs, Colorado 80903

Certificate authority: Qwest exchanges only

**32. Universal Access**

100 North Riverside Plaza - Suite 2200

Chicago, Illinois 60606

Certificate authority: Qwest exchanges only

**33. Arrival Communications**

88 Kearny Street - Suite 1610

San Francisco, California 94108

Certificate authority: Qwest exchanges only

**34. HJN Telecom**

3235 Satellite Blvd.

Building 400 - Suite 300

Duluth, Georgia 30096

Certificate authority: Qwest exchanges only

**35. CCCWY**

**d/b/a Connect!**

124 West Capitol Avenue - Suite 250

Little Rock, Arkansas 72201

Certificate authority: Qwest exchanges only

**36. Advanced Telecom Group**

110 Stony Point Road - Second Floor

Santa Rosa, California 95401

Certificate authority: Qwest exchanges only

**37. Maxcess**

100 West Lucerne Plaza - Suite 500

Orlando, Florida 32801

Certificate authority: Qwest exchanges only

**38. United Communications Hub**

225 Lake Avenue - Suite 705

Pasadena, California 91106

Certificate authority: Qwest exchanges only

**39. Essential.com**

3 Burlington Woods Drive - 4<sup>th</sup> Floor

Burlington, Massachusetts 01803

Certificate authority: Qwest exchanges only

**40. 360Networks (USA)**

143 Union Blvd. - Suite 300

Lakewood, Colorado 80228

Certificate authority: Qwest exchanges only

**41. Pathnet Telecommunications Services**

11720 Sunrise Valley Drive

Reston, Virginia 20191

Certificate authority: Qwest and Sprint/United exchanges only

**42. Telera Communications**

910 East Hamilton Avenue - Suite 200

Campbell, California 95008

Certificate authority: Qwest and Sprint/United exchanges only

**43. Pac-West Telecomm**

1776 March Lane - Suite 250

Stockton, California 95207

Certificate authority: Qwest and Sprint/United exchanges only

**44. Dieca Communications**

**d/b/a Covad Communications**

2330 Central Expressway

Santa Clara, California 95050

Certificate authority: Qwest and Sprint/United exchanges only

**45. Fairpoint Communications Solutions**

6324 Fairview Road - Suite 400

Charlotte, North Carolina 28210

Certificate authority: Qwest exchanges only

**46. Global Telelink Services**

6600 Peachtree Dunwoody Road - Bldg. 600 - Suite 480

Atlanta, Georgia 30328

Certificate authority: Qwest and Sprint/United exchanges only

**47. Servisense.com**

180 Wells Avenue - Suite 450

Newton, Massachusetts 02459

Certificate authority: Qwest exchanges only

**48. Essex Communications**

**d/b/a eLEC Communications**

48 South Service Road - 3rd Floor

Melville, New York 11747

Certificate authority: Qwest exchanges only

**49. Premiere Network Services**

1510 North Hampton Road - Suite 120

DeSoto, Texas 75115

Certificate authority: Qwest exchanges only

**50. Concert Communications Sales**

11921 Freedom Drive

Reston, Virginia 20190

Certificate authority: Qwest exchanges only

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**APPENDIX C**

**Wyoming Wholesale Cellular Service Providers and Personal Communication Service (PCS) Providers Licensed  
by the Federal Communications Commission**

**1. Verizon Communications**

**d/b/a Verizon Wireless**

(formerly CommNet Cellular)

8350 East Crescent Parkway - Suite 400

Greenwood Village, Colorado 80111

Authorized Service Areas:

RSA #1 (System B)

RSA #2 (System B)

RSA #3 (System A)

**2. Western Wireless**

**d/b/a Cellular One**

11400 S.E. 8th Street - Suite 445

Bellevue, Washington 98004

Authorized Service Areas:

Casper MSA (System A)

RSA #2 (System A)

RSA #4 (System A)

RSA #5 (System A)

**3. Union Telephone Cellular Company**

**d/b/a Union Cellular**

P.O. Box 160

Mountain View, Wyoming 82939

Authorized Service Area:

RSA #3 (System B)

**4. Verizon Communications**

**d/b/a Verizon Wireless**

(formerly AirTouch Cellular)

3150 SE Eastgate Way

Bellevue, Washington 98009

Authorized Service Areas:

Casper MSA (System B)

RSA #4 (System B)

RSA #5 (System B)

**5. MetaComm Cellular Partners**

**d/b/a Cellular One**

190 Parish Drive

Wayne, New Jersey 07470

Authorized Service Area:

RSA #1 (System A)

**6. SpectraCom (PCS Provider)**

**d/b/a PYXIS Communications**

130 South 9th Street

Worland, Wyoming 82401

Authorized Service Areas:

Basic Trading Area #69

Basic Trading Area #77

Basic Trading Area #375

Counties Served:

Washakie, Hot Springs, Fremont, Natrona, Campbell, Albany, Laramie, Johnson, Converse, Platte and Carbon

**Guide to Cellular Service Areas**

<b>Area Name</b>	<b>Counties Served</b>
Casper MSA	Natrona
RSA #1	Park, Big Horn, Washakie, Hot Springs (and Yellowstone Park)
RSA #2	Weston, Crook, Campbell, Johnson, Sheridan
RSA #3	Teton, Lincoln, Sublette, Fremont, Carbon, Uinta, Sweetwater

RSA #4	Albany, Laramie, Platte, Goshen, Niobrara
RSA #5	Converse

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APPENDIX E - Commission Comments on Rural Task Force Recommendation

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D. C. 20554**

In the Matter of the ) CC Docket No. 96-45  
Federal-State Joint Board )  
on Universal Service )

**COMMENTS OF THE WYOMING PUBLIC SERVICE COMMISSION ON THE RURAL TASK FORCE RECOMMENDATION**

(pursuant to public notice: FCC-00J-3)

The Wyoming Public Service Commission (WPSC) hereby submits its comments on the *Rural Task Force Recommendation To The Federal-State Joint Board On Universal Service* (the Recommendation). The WPSC is the agency of the State of Wyoming which has jurisdiction to regulate, *inter alia*, the intrastate activities of telecommunications companies serving in Wyoming. As such, the WPSC is an interested party in this proceeding. Additionally, the WPSC has been a full and active participant in federal universal service issues over the past several years. In this regard, we have had an observer or participant at every meeting of the Rural Task Force meeting.

The WPSC sincerely thanks the Rural Task Force for its dedication and the seriousness with which it went about the task of making recommendations regarding universal service for rural carriers. The members of the Rural Task Force devoted a significant portion of the past two and one-half years to this project. As a result, they were able to put forth a Recommendation that is comprehensive, supportable, and most importantly, consistent with the mandate of the federal Telecommunications Act of 1996. Thus, the WPSC encourages the Joint Board on Universal Service and the FCC to adopt the Rural Task Force's Recommendation in full and without further delay.

Wyoming's Interests

1. In 1995, the Wyoming enacted legislation that adopted a pro-competitive model for the telecommunications market in Wyoming. This competitive framework included: elimination of implicit

subsidies from rates; movement of rates to total service long-run incremental cost (TSLRIC) over a defined transition period; implementation of intrastate equal access 1+ dialing; the differentiation of competitive and non-competitive services; and universal service fund support for essential services. As a result of these policy directives, Wyoming has been working during the past five years to eliminate implicit subsidies and move rates to cost, with the result being increases in local service rates and reductions in intrastate switched access and toll rates. More than ninety percent of the lines in Wyoming are now priced at or above their TSLRIC cost, including a significant portion of the lines provided by Wyoming rural carriers.

2. The consequences of the adoption and sincere implementation of the competitive model are local service rates that are as high as \$92 per line per month. This rate is net of the federal funds that are received by the rural company, and the difference between this rate and an affordable price for customers must be borne by the Wyoming universal service fund (WUSF). Although the highest approved local service price in Wyoming is about \$92 per month, this should not be viewed as an anomaly, since other local providers have approved prices as follows:

TCT West	\$27.31 - \$45.08
Tri County Telephone	\$44.86 - \$45.08
Union Telephone	\$40.95 - \$90.35
Columbine Telephone	\$29.65 - \$40.46

It should be clearly noted that the prices discussed above are prior to taxes, surcharges, and subscriber line charges, which add another \$7 to \$10 to customers' bills. These figures are also, as noted, net of federal universal service support, but prior to WUSF support. This clearly shows that federal support is a critical component of telecommunications service in Wyoming. We are a prime example of why sufficient and predictable federal support must continue to be provided to rural carriers and their customers.

#### The Universal Service Principles of the federal Telecommunications Act of 1996

3. The WPSC is fully supportive of the Rural Task Force's Recommendation because it is consistent with the federal universal service mandates as found in Section 254 of the federal Telecommunications Act of 1996 and because the Recommendation incorporates and fairly applies each of the universal service principles of the Act. Now, it is the Joint Board's and FCC's turn to fulfill those statutory mandates by adopting and enacting the Recommendation completely and in an expedited manner. Time is of the essence. Inaction or delay amounts to treating rural customers as second class citizens. The unique characteristics of rural customers have been fully documented in the white papers supporting the Rural Task Force's Recommendation. They must not be ignored or relegated to the back burner any longer.

4. The first and foremost universal service principle in the 1996 Act, at Section 254(b)(1), mandates that "*Quality services should be available at just, reasonable, and affordable rates.*" This principle guides the Rural Task Force Recommendation. First, the Recommendation rejects the use of a forward-looking cost model for support for rural carriers based on the doubts about the reasonableness of the cost estimates for rural carriers derived from the existing FCC model and based on model application results that would significantly reduce the current levels of support for rural carriers. The Recommendation is directly tied to the need for "*reasonable and affordable rates*". Clearly, reducing the current level of federal support would not allow the maintenance of affordable rates for many of the

existing rural carriers. This is specifically true in Wyoming, where rural carriers currently receive about \$12 million annually in high cost loop support alone, or an average of \$20 per line per month. Consider the negative impact of having to add another \$20 per line per month to the current \$50 rate. Consider the equally unacceptable alternative of being forced to add another 6% to 7% to all Wyoming intrastate bills to recover the lost \$12 million annually. Clearly, the Rural Task Force understood that adoption of the forward-looking cost model was not an appropriate way to maintain "*just, reasonable and affordable*" rates.

5. The second Universal Service Principle found at Section 254(b)(2) of the 1996 Act is that "*Access to advanced telecommunications and information services should be provided in all regions of the Nation.*" This too is embodied in the Recommendation and should be adopted as integral part of the comprehensive Recommendation. The Recommendation acknowledges the existing state of the network and does not make unreasonable or unrealistic proposals. It, for example, does not mandate immediate high speed data access to every home or business in order for a company to continue to qualify for support. Rather, it takes the rational approach of a "no barriers policy" as new plant is added and as technology becomes widely available and affordable. It encourages growth in investment and focuses many of its support level recommendations on investment levels. Support should be provided at a level that lets rural customers have the same access to advanced services as that offered to non-rural customers, if those customers are willing to pay the price of the advanced service offering. Rural carriers continue to replace distribution plant to accommodate the data and information needs of their customers but will not continue to make this investment to unload loops and provide more transport plant with shorter loop lengths if some recognition of the high cost of doing so is absent from the support mechanism. The "no barriers" recommendation is reasonable and should be supported. The FCC should also consider this as it makes its continuing review of the "evolving level of telecommunications services" which should receive universal service support.

6. The third universal service principle, found at Section 254(b)(3) of the 1996 Act, is that "*Consumers in all regions of the Nation . . . should have access to telecommunications and information services . . . that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.*" Comparable rates and services are critical to the continuation of ubiquitous telecommunications services throughout the Nation. While the Rural Task Force rejected a funding model that would significantly reduce the size of the fund, it also did not recommend a model that would drastically increase the size of the fund or allow it to become uncontrollable. The Recommendation begins with the current method of support which already requires rural carriers to have costs higher than the national average before any support is given. Even then, support is graduated so that the most support goes to the companies with the highest costs. Additionally, the Recommendation continues to recognize that the fund should not be uncontrolled. While The Recommendation proposes to lift the current cap on the fund, thus rebasing the fund in the first year, it then proposes a new and different cap. The fund size, while larger than today's fund, would still be subject to parameters regarding its size. It is proposed to grow by line counts and support for unusually large investment. Again, although this incents carriers to make needed investments in the telecommunications infrastructure, those investments must still be sound and supportable with economic and business studies, since only partial support would be provided for that investment. This is precisely the kind of fund that is needed -- one which supports only areas with higher than average costs while still providing incentive for carriers to invest wisely.

7. The Recommendation also contains accountability provisions, which are important to maintain the integrity and effective purpose of the support. Not only does the Recommendation describe the accountability that is present through the National Exchange Carrier Association (NECA) process and actions, it also recommends that state regulators have a role in fund accountability. The WPSC supports the inclusion of the states in this process because state regulators are closest to the specific need for the funding. In the case of Wyoming, we have been moving toward a requirement that all

federal and state funds be credited back to customers' bills directly to offset the changes in rates that have occurred with the implementation of our state mandate to eliminate implicit rate subsidies. Other states may find it useful to actually use the funds to reimburse companies for the building or improvement of telecommunications infrastructure. States and providers should not be tied to one use of the support provided by the federal fund, but should work together to best utilize that money for the benefit of customers and to carry out the universal service mandates of the 1996 Act. In this regard, it is reasonable to expect states to report and account for how the funds were used on an annual basis, as they are required to do regarding the support provided to non-rural carriers.

8. The Recommendation also contains *Principles for Preserving any Current Universal Service Support Which May be Implicit Within Interstate Access Charges* and begins a discussion of High Cost Fund III. The WPSC does not object to the concept of moving interstate access charges closer to cost or of making any implicit support contained in access charges explicit. We have been taking similar action on the intrastate level in Wyoming.

We do, however, have a concern based on recent experience with the CALLS proposal in which the level of explicit support provided did not match the amount of implicit subsidies removed from access which shifted a greater amount of cost recovery to end user charges. We are concerned that reductions in access rates for rural carriers will continue to put upward pressure on local charges and surcharges billed directly to customers, rather than being shifted from implicit universal service to explicit universal service support. An average Wyoming customer already sees surcharges and taxes added to the bill at a level ranging from about \$7.00 to \$10.00. These additional charges must be taken into account when determining whether rates are comparable and affordable. Thus, while we do not object to the concepts embodied in the High Cost III principles, we believe that it is critical to have some additional assurance that adequate explicit support will be provided; and this must not be done on a less than revenue neutral basis for each carrier. Additionally, affordability considerations must be part of the process of determining how explicit support from the High Cost III principles will be funded.

9. The fourth universal service principle, stated at Section 254(b)(4) of the 1996 Act, requires that "*All providers of telecommunications services should make an equitable and nondiscriminatory contribution to the preservation and advancement of universal service.*" The Recommendation does not change the current method of assessing telecommunications carriers (which then often, in turn, assess customers) in order to obtain the funds necessary to provide the recommended support to rural carriers. Pursuant to recent federal court decisions, that assessment is currently applied only against revenues subject to the FCC's jurisdiction; and it is not assessed against intrastate revenues. While some advocate application of the assessment against the broadest possible revenue base, we do not believe that it is necessary to address the issue in this proceeding. The court has already ruled on this issue, and there are more important issues to be addressed at this time than revisiting already-decided funding matters. It is also important to recognize that federal and state universal service funds work in concert. Many states support their state funds through intrastate-only assessments, thus providing a symmetrical complement to the federal assessment on interstate revenues only. These equitable and non-discriminatory contributions are in place, and the process should remain unchanged at this time.

10. The fifth universal service fund principle, stated at Section 254(b)(5) of the 1996 Act, is that "*There should be specific, predictable and sufficient Federal and State mechanisms to preserve and advance universal service.*" This principle is of central importance to rural states such as Wyoming. Rural carriers in Wyoming currently receive more than \$20 million annually in federal support based on the current long term support, local switching support, and high cost loop support mechanisms. This equates to an average of \$34 per month per line in the service areas of rural carriers. However, Wyoming's rural average residential rates currently exceed the nationwide urban rate, as reported by the FCC in its statistical report, and the difference will continue to grow as the remaining implicit subsidies are removed from Wyoming rural rates. Therefore, any reduction in federal support for rural

carriers would be unacceptable and in direct violation of the federal mandate for sufficient support.

11. The Rural Task Force's Recommendation is consistent with the federal principles of "specific, predictable and sufficient" funding. It bases support on the carrier's costs compared to a national average cost. As stated earlier, this means that only carriers with truly high costs could receive support. The Recommendation provides specific support in that it provides a means to support normal expenditures and investment in rural areas, as well as a way to support additional investment and disaster relief. While one may not be able to predict support levels down to the dollar for any particular future period, the formulas provided in the Recommendation provide a level of predictability which allows one to know the basis for support and generally the range of that support. The formulas used are specific and start with a base calculation that is familiar to industry and regulators alike. The Rural Task Force also recognizes that, for funding predictability to have any real meaning or positive impact in rural areas, it is imperative that rural telephone companies have the incentive to invest in facilities over a period of certainty, not less than five years in length, as the Recommendation states. The support is sufficient in that it rebases the current mechanism, provides for some modest growth in the fund over time, and provides safety valves for unusual events or circumstances. These all fall within the principles mandated by the Act. The WPSC urges the Joint Board and the FCC to adopt the funding mechanisms and formulas in the Rural Task Force Recommendation.

12. The sixth universal service fund principle, stated at Section 254(b)(6) of the 1996 Act, relates to access to advanced services for schools, health care providers, and libraries. This specific area of support was not within the scope of the work done by the Rural Task Force; and the WPSC notes that school, library and health care support mechanisms were adopted more than three years ago by the FCC.

13. The seventh principle of universal service was adopted by the FCC in its May 1997 order, and it involves *Competitive Neutrality*. This principle is addressed extensively and sincerely by the Rural Task Force in its recommendations on portability, deaveraging, targeting, and transparency. The recommendations are competitively neutral, as they should be. Support will be on a per line basis and will be transferable from the incumbent to competitive carriers. The Recommendation delineates options that encourage the deaveraging and targeting of support to those areas and customers with truly high costs. We support the competitive framework that is supported by these recommendations.

### Conclusion

14. The WPSC fully supports the comprehensive package of recommendations submitted by the Rural Task Force to the Joint Board on Universal Service. We believe that the Recommendations given to you by the Rural Task Force do an admirable job of addressing a comprehensive package of issues. We understand that the Recommendation reflects a balance of interests among competitive providers, incumbent providers, regulators, and consumer advocates. Even then, the Rural Task Force was able to provide the Recommendation on a full consensus basis and without dissenting opinions being attached by Task Force members. We believe that this broad, reasonable and workable consensus reached by disparate interests should carry a great deal of weight as you determine whether any other proposal could be offered that would be as comprehensive and contain the same balance. We think not.

The unresolved issues of rural high cost support still linger on unacceptably. Mechanisms that fairly address the real needs and affordability issues of rural America must no longer take second place. They must be addressed adequately, and they must be addressed now. The Recommendation provides an excellent and well reasoned solution. Therefore, we urge your adoption of this Recommendation and encourage its implementation without delay.

Respectfully submitted this 31st day of October, 2000.

Sincerely,

STEVE ELLENBECKER

Chairman

STEVE FURTNEY

Deputy Chair

KRISTIN H. LEE

Commissioner

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