

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

In the Matter of the Petition of:	)	DOCKET UT-090911
	)	
	)	ORDER 01
	)	
KALAMA TELEPHONE COMPANY	)	
	)	
	)	GRANTING PETITION FOR
	)	MINIMAL REGULATION OF
	)	BUNDLED
	)	TELECOMMUNICATIONS
For Minimal Regulation of	)	SERVICES, SUBJECT TO
Bundled Telecommunications Services	)	CONDITIONS
.....	)	

**BACKGROUND**

- 1 On June 15, 2009, Kalama Telephone Company (the Company), filed with the Washington Utilities and Transportation Commission (Commission) a petition requesting that its current and future packaged and bundled telecommunications services be subject to minimal regulation pursuant RCW 80.36.332, which allows bundles of telecommunications services to be minimally regulated under certain conditions.
  
- 2 In its petition, the Company affirms it is not classified as a competitive telecommunications company and is thereby eligible under RCW 80.36.332 to seek minimal regulation of its packaged and bundled telecommunications services. The company states the packaged or bundled services will remain available on a stand-alone basis under tariff; the prices for such packaged or bundled services will be equal to or greater than the cost for the tariffed services plus the cost of any competitively classified services; and that the availability and price of the stand-alone noncompetitive services are displayed in the Company's tariff and on its Web site.
  
- 3 Under minimal regulation of packaged and bundled offerings the Company represents that it will at a minimum: (a) keep its accounts according to Commission rules; (b) file financial reports as required by the Commission; and (c) cooperate with Commission investigations of customer complaints.

- 4 The categories of packages and bundles that the Company proposes be subject to minimal regulation include the following types of combinations: (1) two or more tariffed services; (2) two or more services, with a minimum of one tariffed service and one competitive service; (3) three or more services, with a minimum of one tariffed service, one competitive service, and one non-regulated service; and (4) two or more services, with a minimum of one tariffed service and one non-regulated service.
- 5 Finally, the Company requests that a Commission order granting the petition be effective on the date it is entered. The Company states that it will treat any new packages and bundles introduced thereafter as being subject to minimal regulation.
- 6 The Commission has granted petitions for minimal regulation of bundles and packages under the same terms and conditions to other similarly situated companies.

#### FINDINGS AND CONCLUSIONS

- 7 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington with jurisdiction over petitions filed by telecommunications companies requesting that packages and bundles be subject to minimal regulation under RCW 80.36.332.
- 8 (2) Kalama Telephone Company is a telecommunications company registered with the Commission but not classified as a competitive telecommunications company. Kalama Telephone Company is thus a “noncompetitive telecommunications company” under RCW 80.36.332.
- 9 (3) Under RCW 80.36.332, a noncompetitive telecommunications company may petition the Commission to have its packages and bundles governed by minimal regulation.
- 10 (4) This matter was brought before the Commission at its regularly scheduled meeting on August 13, 2009.
- 11 (5) RCW 80.36.332 provides that the Commission shall grant a petition by a noncompetitive telecommunications company for its packaged and bundled telecommunications services to be governed by minimal regulation where: (a) the noncompetitively classified service components of packages and bundles

subject to minimal regulation remain available on a stand-alone basis under tariff, (b) the prices of such packages and bundles are equal to or greater than the cost of the tariffed components plus the cost of any competitively classified components and (c) the availability and prices of the stand-alone components are displayed in the company's tariff and on its website. RCW 80.36.332.

- 12 (6) The Commission retains authority to rescind any waiver or exemption granted pursuant to RCW 80.36.332 if necessary to protect the public interest.
- 13 (7) RCW 80.36.332 draws a distinction between packages and bundles subject to minimal regulation and the noncompetitive, fully regulated service components of such packages and bundles when offered on a stand-alone basis. The package or bundle is a service offering in its own right and will be offered pursuant to non-tariffed rates, terms and conditions, with consumers having the option to instead acquire the noncompetitive, regulated service components of such bundles and packages on a stand-alone basis pursuant to tariff and full regulation under the Commission's rules.
- 14 (8) For bundles that the Company will offer in the future, the Company must provide reports or evidence of compliance with the requirements above upon request of the Commission or its Staff and must annually certify in the manner required by RCW 9A.72.085 that it is in compliance with this Order and RCW 80.36.332. In addition, the Company will: (a) keep its accounts according to Commission rules; (b) file financial reports as required by the Commission; and (c) cooperate with Commission investigations of customer complaints.
- 15 (9) The Company requests waiver of certain requirements under RCW Title 80 and exemption from certain rules as detailed in Appendix A attached hereto and included within this Order.
- 16 (10) A customer who purchases a bundle and is disconnected for non-payment of charges potentially including non-regulated services should not be barred from subscribing to basic service. Specifically, where a former customer of a package or bundle subject to minimal regulation that contained a basic service component has an outstanding balance on the prior account and applies for new basic service on a stand-alone basis, the carrier shall not condition

provision of that new service on payment of an amount exceeding the unpaid stand-alone, flat local rate service charges (including taxes, fees and surcharges).<sup>1</sup> The Company must cooperate with any Commission investigation arising from customers moving from minimally-regulated to tariffed services.

- 17 (11) In addition, it is important that customers considering the purchase of a minimally regulated bundle and customers disconnected for non-payment understand the protections available to them under Commission rules. To help customers understand their rights and responsibilities, the Company must at a minimum provide the following notice to its customers:
- (a) Direct written notice consistent with WAC 480-120-104 to all customers describing their rights and responsibilities when purchasing a bundle. Customers subscribing to new bundle offerings must also be notified when beginning service consistent with WAC 480-120-104. (The Company does not currently provide any bundle or package offerings in its tariff).
  - (b) Direct and timely notice to customers disconnected for non-payment that they may be reconnected to basic service and the conditions related to that reconnection. The Company must work with Commission staff in developing this customer information.
- 18 (12) For purposes of RCW 19.86.170, actions or transactions associated with the Company's packaged and bundled offerings that are not governed by statutes and rules administered by the Commission shall not be deemed otherwise permitted, prohibited, or regulated by the Commission.

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<sup>1</sup> In dockets UT-071571 through UT071575 the petitioning companies were prohibited from conditioning provision of new service upon payment of an amount exceeding "the stand-alone, flat rate service charges (including taxes, fees and surcharges) multiplied by the time period covered by the former customer's nonpayment of package or bundle price and adjusted for partial payments." The simpler prohibition here is similar in effect, and is premised upon Kalama's commitment to allocate partial payments on bundle accounts upon receipt to basic service first and thereafter to regulated features and other bundled features, in full compliance with WAC 480-120-161(6) and 480-120-161(10).

**ORDER**

THE COMMISSION ORDERS:

- 19 (1) Kalama Telephone Company's petition for minimal regulation of its packaged and bundled offerings under RCW 80.36.332 is granted subject to the conditions set forth both in RCW 80.36.332 and in this Order.
- 20 (2) The Commission waives and exempts the statutes and rules identified in Appendix A with respect to packages or bundles Kalama Telephone Company may offer consistent with this Order. Appendix A is incorporated by reference as set forth in full in the body of this Order.
- 21 (3) Any new package or bundle Kalama Telephone Company introduces after the effective date of this Order shall be subject to minimal regulation. (The Company does not currently provide any bundle or package offerings in its tariff).
- 22 (4) Kalama Telephone Company must ensure that: (a) the non-competitively classified service components of packages and bundles subject to minimal regulation remain available on a stand-alone basis under tariff; (b) the price of such packages and bundles is equal to or greater than the cost of the tariffed components plus the cost of any competitively classified components; and (c) the availability and prices of the stand-alone components are displayed in the company's tariff and on its web site. Kalama Telephone Company must provide reports or evidence of compliance with the requirements above upon request of the Commission or its Staff and must annually certify in the manner required by RCW 9A.72.085 that it is in compliance with this Order and RCW 80.36.332.
- 23 (5) Kalama Telephone Company must: (a) keep its accounts according to Commission rules; (b) file financial reports as required by the Commission; and (c) cooperate with Commission investigations of customer complaints.
- 24 (6) The Commission retains jurisdiction over the subject matter and Kalama Telephone Company to effectuate the terms of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, direct the Executive Director and Secretary to enter this Order.

DATED at Olympia, Washington, and effective August 13, 2009.

WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Executive Director and Secretary