

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION

In the Matter of the Supplemental)	
Application and Petition of)	DOCKET UT-960950
)	
Locus Telecommunications, Inc.,)	FIRST SUPPLEMENTAL ORDER
f/k/a Locus Corporation,)	AMENDING REGISTRATION,
)	COMPETITIVE
For an Amendment to its Registration as)	CLASSIFICATION, AND
a Telecommunications Company and)	APPROVING PRICE LIST TO
Classification as a Competitive)	INCLUDE PREPAID CALLING
Telecommunications Company.)	SERVICES
.....)	

BACKGROUND

1 By supplemental petition filed May 2, 2001, in Docket UT-960950, Locus Telecommunications, Inc., (Locus) seeks to amend its registration authority as a telecommunications company and classification as a competitive telecommunications company pursuant to RCW 80.36.350 and 80.36.320. Locus requested an extension of time from the Commission by letter dated May 11, 2001, to finalize its petition. Locus also filed revisions to its price list.

DISCUSSION

2 Locus proposes to amend its competitive classification and registration authority with the Commission as a telecommunications company to offer prepaid calling services. Services specified in Exhibit A but not included in its initial price list may not be offered until applicant amends its price list to include the description of service with rates and charges. In support of its petition, Locus asserts that its services compete with other interexchange carriers telecommunication services. Locus states that customers have readily available equivalent alternatives and that there are no captive customers of the Company's services.

3 Locus is a Delaware corporation, headquartered in Englewood Cliffs, New Jersey, and is owned by Jason Chon. Rates, terms, and conditions set forth in the revisions to its price list are structured similarly to rates filed by other interexchange carriers for calls placed in the relevant market.

4 Locus has provided information showing that it meets the requirements of RCW 80.36.350. Pursuant to statutes and rules governing registration applications and prepaid calling service proposals, Locus has proposed a satisfactory bond agreement for protection of those prepayments. Initially, the bond agreement will be for \$20,000 and will increase proportionally as the outstanding amount of prepayments increases. Locus will notify the Commission at least 30 days prior to

terminating its operations, and provide the insurer and the Commission notice in writing and within 24 hours of ceasing its operations with its list of all outstanding account numbers and customer balances.

5 Within 15 days after September 30, 2001, and each calendar quarter thereafter, Locus will be required to submit to the Commission a report containing the information specific to its state of Washington operations. Statements shall continue to be filed within 15 days after each 3-month period thereafter until the applicant is notified in writing by the Commission that such reports are no longer required. Based on this information, Locus will adjust the amount of the bond to ensure compliance with WAC 480-120-058. In addition, Commission Staff may request current Company financial information. After one year’s administration of the bond agreement, the reporting requirement may be modified to a semi-annual level, upon request by Locus and authorization by the Commission.

6 Locus shall state an unconditional, money-back guarantee on the prepaid calling card or in supplemental materials provided at the time the prepaid calling card is purchased, and include a statement warning customers to safeguard their cards. If Locus ceases its operations, it must provide refund information to its customers through the company’s toll-free phone number for a minimum of six months after ceasing operations. Locus will provide a free call-detail report to customers upon request.

7 Locus has provided information showing that it meets the requirements of RCW 80.36.350. Applicant does not propose to collect deposits from customers, or provide alternate operator services, or local exchange services.

8 In conjunction with classification, the Company is seeking waiver of:

RCW 80.04.300	Budgets to be filed by companies-- Supplementary budgets
RCW 80.04.310	Commission’s control over expenditures
RCW 80.04.320	Budget rules
RCW 80.04.330	Effect of unauthorized expenditure-- Emergencies
RCW 80.04.360	Earnings in excess of reasonable rate-- Consideration in fixing rates
RCW 80.04.460	Investigation of accidents
RCW 80.04.520	Lease of utility facilities
RCW 80.36.100	Tariff schedules to be filed and open to public
RCW 80.36.110	Tariff changes--Statutory notice--Exception
Chapter 80.08 RCW	Securities (except RCW 80.08.140)
Chapter 80.12 RCW	Transfers of Property
Chapter 80.16 RCW	Affiliated Interests
Chapter 480-80 WAC	Tariffs
Chapter 480-140 WAC	Budgets

Chapter 480-143 WAC	Transfers of Property
Chapter 480-146 WAC	Securities and Affiliated Interests
WAC 480-120-026	Tariffs
WAC 480-120-031	Accounting
WAC 480-120-032	Accounting-Political information and political education activities
WAC 480-120-036	Finance--Securities, affiliated interests, transfer of property
WAC 480-120-046	Services offered
WAC 480-120-131	Reports of accidents

9 Rules invoked include WAC 480-121-061, WAC 480-121-062, WAC 480-121-063, and WAC 480-121-064. Statutes invoked include RCW 80.36.320 and 80.36.350. The ultimate issues are whether the proposed amendments to Locus' registration and competitive classification should be approved.

10 This matter was brought before the Commission at its regularly scheduled open meeting on July 11, 2001. The Commissioners, having been fully advised in the matter, and having determined the following order to be consistent with the public interest, directed the Secretary to enter the following order and related provisions.

FINDINGS OF FACT

11 (1) Locus filed a supplemental application on May 2, 2001, to amend its registration authority as a telecommunications company and classification as a competitive telecommunications company pursuant to the provisions of RCW 80.36.350 and 80.36.320, to provide prepaid calling services.

12 (2) As to form, the supplemental application and petition meet the requirements of RCW 80.36.350 and 80.36.320, and comply with the Commission's rules and regulations.

13 (3) The amendment of the registration of Locus to include prepaid calling services as a telecommunications company is not inconsistent with the public interest.

14 (4) In this proceeding, the Commission in no way endorses the financial viability of applicant nor the investment quality of any securities it may issue.

15 (5) Alternative providers of service to that of Locus include, but are not limited to, Ameritech Communications International, Inc., Transcommunications, Inc., Verizon Northwest, Inc., MCI WorldCom Communications, Inc., and Sprint Communications Company L.P. All services are fully available from alternative providers in the relevant market.

16 (6) The relevant market is the state of Washington.

17 (7) Locus has no captive customer base.

- 18 (8) Locus should be permitted to provide services under its proposed price list.
- 19 (9) Locus requested waivers of certain laws and rules relating to telecommunications services. The laws and rules for which waivers should be granted are listed in Appendix A, incorporated by this reference and made a part of this Order.

CONCLUSIONS OF LAW

- 20 (1) The Washington Utilities and Transportation Commission has jurisdiction over the subject matter of this registration application and classification petition and Locus.
- 21 (2) The services offered are subject to effective competition.
- 22 (3) Locus should be authorized to provide prepaid calling services as a telecommunications company pursuant to RCW 80.36.350 and classified as a competitive telecommunications company pursuant to RCW 80.36.320(1).
- 23 (4) Locus should be permitted to provide services under price lists promulgated under RCW 80.36.320 (2). These services will not include collecting deposits from customers, or providing alternate operator services, or local exchange services.
- 24 (5) Locus should be granted waivers of the laws and rules listed in Appendix A.

ORDER

THE COMMISSION ORDERS:

- 25 (1) Effective on the date of this Order and subject to any conditions imposed, the Commission approves the supplemental application of Locus Telecommunications, Inc., requesting an order amending registration authorization as a telecommunications company to provide prepaid calling services to the public in this state.
- 26 (2) The Commission approves the petition of Locus Telecommunications, Inc., for classification as a competitive telecommunications company; and grants a waiver of the laws and rules listed in the attached Appendix A.
- 27 (3) Locus Telecommunications, Inc., shall be permitted to provide services under price list.
- 28 (4) Registration of Locus Telecommunications, Inc., as a telecommunications company shall not be construed as an endorsement of financial viability or of the investment quality of any securities it may issue.

- 29 (5) As a telecommunications company providing service to the public in this state, Locus Telecommunications, Inc., is subject to the jurisdiction of this Commission under the provisions of Title 80 RCW and all rules and regulations adopted by the Commission.
- 30 (6) Locus Telecommunications, Inc., is authorized to offer rates and services pursuant to the price list in the format prescribed by the Commission. Services specified in Exhibit A but not included in its initial price list may not be offered until applicant amends its price list to include the description of service with rates and charges. Any price list filed by Locus Telecommunications, Inc., and subsequent changes to these price lists shall become effective only after ten days' notice to the Commission and to customers. In the event of a price list reduction or of a change in terms and conditions that do not have rate impact, personal notice to customers is not required. To comply with the statutory notice requirement, Locus Telecommunications, Inc., may publish notice of price reductions or changes in terms and conditions of service that do not have rate impact by a display advertisement in such newspaper(s) as are geographically situated to be circulated over the Company's service area.
- 31 (7) The bond agreement filed by Locus Telecommunications, Inc., in the amount of \$20,000 is sufficient to initiate operations. Locus Telecommunications, Inc., shall adjust the amount of the bond to ensure compliance with WAC 480-120-058. As part of the bond agreement and in the event the Company ceases operations, Locus Telecommunications, Inc., shall provide notice, in writing and within 24 hours, to the insurer and the Commission to include a list of outstanding account numbers and balances.
- 32 (8) Within 15 days after, September 30, 2001, and each calendar quarter thereafter, Locus Telecommunications, Inc., shall submit to the Commission a report containing the following information specific to its state of Washington operations: (a) total outstanding prepaid calling card balance at the beginning of the reporting period; (b) dollar amount of prepaid calling cards sold during the reporting period; (c) depleted usage of prepaid calling cards during the reporting period; and (d) total outstanding prepaid calling card balance at the end of the reporting period. Applicant shall continue to file statements within 15 days after each 3-month period thereafter until notified in writing by the Commission that such reports are no longer required. Based on this information, Locus Telecommunications, Inc., shall adjust the amount of the bond to ensure compliance with WAC 480-120-058. In addition, Commission Staff may request, and applicant shall supply, current company financial information. After one year's administration of the bond agreement, the reporting requirement may be modified to a semi-annual level, upon request by Locus Telecommunications, Inc., and authorization by the Commission.

- 33 (9) Locus Telecommunications, Inc., shall state an unconditional money-back
guarantee on the face of the prepaid calling card or on supplemental materials
that must be provided at the time the prepaid calling card is purchased with a
statement warning customers to safeguard their cards.
- 34 (10) In the event the Company ceases operations, Locus Telecommunications, Inc.,
must provide refund information to its customers on the company's toll-free
phone number for a minimum of six months.
- 35 (11) Locus Telecommunications, Inc., shall provide a free call-detail report to
customers upon request.
- 36 (12) Locus Telecommunications, Inc., is not authorized to collect deposits from
customers, or provide alternate operator services, or local exchange services.
- 37 (13) The Commission retains jurisdiction over the subject matter and the Company
to effectuate the terms of this Order.

DATED at Olympia, Washington, and effective this 11th day of July, 2001.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Secretary

DOCKET UT-960950

APPENDIX A

RCW 80.04.300	Budgets to be filed by companies--Supplementary budgets
RCW 80.04.310	Commission's control over expenditures
RCW 80.04.320	Budget rules
RCW 80.04.330	Effect of unauthorized expenditure--Emergencies
RCW 80.04.360	Earnings in excess of reasonable rate--Consideration in fixing rates
RCW 80.04.460	Investigation of accidents
RCW 80.04.520	Lease of utility facilities
RCW 80.36.100	Tariff schedules to be filed and open to public
RCW 80.36.110	Tariff changes--Statutory notice--Exception
Chapter 80.08 RCW	Securities (except RCW 80.08.140, State not obligated)
Chapter 80.12 RCW	Transfers of Property
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Chapter 480-80 WAC	Tariffs
Chapter 480-140 WAC	Budgets
Chapter 480-143 WAC	Transfers of Property
Chapter 480-146 WAC	Securities and Affiliated Interests
WAC 480-120-026	Tariffs
WAC 480-120-031	Accounting
WAC 480-120-032	Accounting-Political information and political education activities
WAC 480-120-036	Finance--Securities, affiliated interests, transfer of property
WAC 480-120-043	Notice to Public of Tariff Changes
WAC 480-120-046	Services offered
WAC 480-120-131	Reports of accidents
WAC 480-120-541	Access charges
WAC 480-120-542	Collective consideration of Washington intrastate rate, tariff, or service proposals
WAC 480-120-543	Caller identification service
WAC 480-120-544	Mandatory cost changes for telecommunications companies