

Docket No. UT-991922

**WAC 480-120-052
Prepaid calling services**

**WAC 480-120-058
Protection of customer prepayments**

CR-102 Proposed Draft - Legislative
(For consideration at the November 5, 2001, CR-102 Open Meeting)

October 10, 2001

1 **WAC 480-120-052 Prepaid calling services.**

2 ~~(1) Prepaid calling services – Defined.~~

3 ~~(a) Prepaid calling services (PPCS) means any transaction in which a consumer~~
4 ~~pays for service prior to use and the prepaid account is depleted as a consumer uses~~
5 ~~the service. Prepaid calling services may require the use of an access number or~~
6 ~~authorization code. The transaction often includes an object the size of a credit card~~
7 ~~which displays relevant information about the service. These objects are defined as~~
8 ~~prepaid calling cards.~~

9 ~~(b) This section excludes credit cards and cash equivalent cards. Services~~
10 ~~provided at pay telephones using these cards are regulated under the provisions of~~
11 ~~WAC 480-120-138.~~

12 ~~(i) Credit cards: Cards that can be used to make consumer purchases utilizing~~
13 ~~preapproved bank credit (e.g., Visa, MasterCard). Consumers utilizing such cards to~~
14 ~~complete pay telephone calls are charged the applicable tariffed coin operator rates on~~
15 ~~file with the commission for pay phone provider service at that location.~~

16 ~~(ii) Cash equivalent cards: Are cards that may either be purchased for exclusive~~
17 ~~use at card reader pay telephones or may be used both for consumer purchases and~~
18 ~~use at card reader pay telephones. Cash equivalent cards are not purchased for the~~
19 ~~exclusive use through an individual telecommunications provider. Consumers utilizing~~
20 ~~such cards to complete pay telephone calls are charged the applicable tariffed coin~~
21 ~~operator rates on file with the commission for pay phone provider service at that~~
22 ~~location.~~

23 ~~(2) Business office requirements for providers of prepaid calling services. A~~
24 ~~company offering prepaid calling services must provide consumers a without charges~~
25 ~~telephone number staffed by live personnel during regular business hours. The~~
26 ~~personnel must be sufficient to respond to all service related inquires and must be~~
27 ~~capable of answering general account related questions. The without charge number~~
28 ~~business office number may be the same as the technical assistance number required~~
29 ~~in subsection (3) of this section.~~

30 ~~(3) Technical assistance requirements when providing prepaid calling services.~~
31 ~~A company offering prepaid calling services must provide consumers a without charge~~
32 ~~number staffed by live personnel twenty-four hours a day, seven days a week. The~~
33 ~~personnel must be sufficient to respond to all inquires and must be capable of assisting~~
34 ~~consumers with technical problems or questions related to their service. The without~~
35 ~~charge number for technical assistance may be the same as the business office number~~
36 ~~required in subsection (2) of this section as long as the number is staffed twenty-four~~
37 ~~hours a day.~~

38 ~~(4) Billing requirements for prepaid calling services.~~

39 ~~(a) Billing increments must be defined in the company's price list, or tariff and~~
40 ~~presale document. If a company uses an increment based on a time measurement, the~~
41 ~~increments must not exceed one minute. If the company bills usage in "unit"~~
42 ~~measurements, units must clearly be defined using both equivalent dollar amounts and~~
43 ~~time measurement. Unit billing increments can not exceed the equivalent one minute~~
44 ~~rate.~~

45 ~~(b) Service may be rated only for the actual time a circuit is open that allows for~~
46 ~~conversation. Conversation time of less than a full billing increment shall not be~~
47 ~~rounded up beyond that full increment.~~

48 ~~(c) Companies may not reduce the value of a PPCS account by more than the~~
49 ~~charges specified on the prepaid calling card; prepaid calling card packaging; visible~~
50 ~~display at the point of sale; rates specified in the presale document; or the rate~~
51 ~~authorized by the commission at the time of purchase. The PPCS may, however, be~~
52 ~~recharged by the consumer at a rate different from that specified in the initial presale~~
53 ~~agreement or the last recharge information so long as the rate and surcharges conform~~
54 ~~with the company's tariff or price list at the time of purchase. The consumer must be~~
55 ~~informed of the new rates at the time of recharge.~~

56 ~~(d) Companies providing prepaid calling services must be capable of providing~~
57 ~~consumers, upon request, call detail reports at no charge.~~

58 ~~(i) Companies may establish verification procedures to confirm the person~~
59 ~~requesting the call detail was the actual user of the service.~~

60 ~~(ii) Call detail reports may be provided orally to a consumer. The company will~~
61 ~~only be required to provide a written call detail report at no charge if the user requests~~
62 ~~the information in writing.~~

63 ~~(e) Companies providing prepaid calling services must maintain call data for a~~
64 ~~minimum of thirty months. The data must include the following:~~

65 ~~(i) Dialing and signaling information that identifies the inbound access number~~
66 ~~called or the access identifier;~~

67 ~~(ii) The number of the originating phone when the information is passed to the~~
68 ~~prepaid calling provider;~~

69 ~~(iii) The date and time the call was originated;~~

70 ~~(iv) The duration or termination time of the call;~~

71 ~~(v) The called number; and~~

72 ~~(vi) The personal identification number (PIN) and/or account number.~~

73 ~~(5) Written disclosure requirements for prepaid calling services – Prepaid calling~~
74 ~~cards.~~

75 ~~(a) Information required on prepaid calling cards. At a minimum the cards must~~
76 ~~contain the following information:~~

77 ~~(i) The company's name as registered with the commission. A "doing business~~
78 ~~as" name may only be used if officially filed with the commission. The language must~~
79 ~~clearly indicate that the company is providing the prepaid telecommunication services.~~

80 ~~(ii) The toll-free or without charge number to reach the company's business~~
81 ~~office;~~

82 ~~(iii) The toll-free or without charge number to reach the company's technical~~
83 ~~assistance office, if different than the business office number;~~

84 ~~(iv) The company's toll-free or without charge number used to access the~~
85 ~~company's service, if applicable;~~

86 ~~(v) Authorization code, if required to access the service or if applicable the toll-~~
87 ~~free number user is required to call to establish access capability;~~

88 ~~(vi) Expiration date, if applicable. If a card expires after a set period of time from~~
89 ~~activation, (e.g., ninety days after first use) the company must place a general~~

90 statement on the card outlining this expiration policy. If an expiration date or expiration
91 policy is not disclosed on the card it will be considered live indefinitely; and
92 (vii) Cards must be voided or otherwise physically marked if they were produced
93 as a "nonlive" card so that it is clear to the user that the card is only a sample and is not
94 active. If the card is not disclosed as a nonoperative card, the card is considered live
95 and the issuing company must honor it.

96 (b) ~~Prepaid calling card – Presale or point of sale documents.~~ The following
97 information must be legibly printed on the card, packaging, or display visible in a
98 prominent area at the point of sale of the prepaid calling card in such a manner that the
99 consumer may make an informed decision prior to purchase. If the information below is
100 to be provided on a visible display at the point of sale the company must ensure by
101 contract with its retailers or distributors that the information is provided to the consumer.

102 (i) ~~Maximum charge per billing increment for prepaid calling card service.~~ If a
103 company charges varying rates for intrastate and interstate calls all applicable rates
104 must be provided. The rates displayed must be no more than those approved in the
105 tariff or price list of the company at the time of retail purchase;

106 (ii) ~~Approved charges for all services, and surcharges, fees, and taxes, if~~
107 ~~applicable and the method of application;~~

108 (iii) ~~Expiration policy, if applicable.~~ If an expiration date is not disclosed the
109 service will be considered live until the prepaid balance is depleted;

110 (iv) ~~Recharge policy, if applicable.~~ If an expiration date is not disclosed at the
111 time service is recharged the service will be considered live indefinitely; and

112 (6) ~~Written disclosure requirement for prepaid calling service – Other than prepaid~~
113 ~~calling cards. Presale agreement.~~ The following information shall be provided in a
114 presale document to an applicant prior to consumer prepayment and initiation of
115 service:

116 (i) ~~The company's name as registered with the commission.~~ A "doing business
117 as" name may only be used if officially filed with the commission. The language must
118 clearly indicate that the company is providing the prepaid telecommunication services.

119 (ii) ~~The toll-free or without charge number to reach the company's business~~
120 ~~office;~~

121 (iii) ~~The toll-free or without charge number to reach the company's technical~~
122 ~~assistance office, if different than the business office number;~~

123 (iv) ~~The company's toll-free or without charge number used to access the~~
124 ~~company's network, if applicable;~~

125 (v) ~~Authorization code, if required to access the service;~~

126 (vi) ~~Maximum charge per billing increment for prepaid calling service.~~ If a
127 company charges varying rates for intrastate and interstate calls all applicable rates
128 must be provided. The rates displayed shall be no more than those approved in the
129 tariff or price list of the company at the time of retail purchase;

130 (vii) ~~Approved charges for all services, and surcharges, fees, and taxes if~~
131 ~~applicable, and the method of application;~~

132 (viii) ~~Expiration date, if applicable;~~

133 (ix) ~~Recharge policy, if applicable.~~

134 (7) ~~Verbal disclosure requirements for prepaid calling services.~~

135 (a) ~~Companies offering prepaid calling service must:~~

136 ~~(i) Provide an announcement at the beginning of each call indicating the time~~
137 ~~remaining on the prepaid account or prepaid calling card;~~
138 ~~(ii) Provide an announcement when the prepaid account or prepaid calling card~~
139 ~~balance is about to be depleted. This announcement must be made at least one minute~~
140 ~~prior to depletion.~~
141 ~~(iii) When requested by a Washington state consumer, the company's business~~
142 ~~office and technical assistance office must provide the consumer the number for the~~
143 ~~Washington utilities and transportation commission consumer services line; and~~
144 ~~(iv) Company supervisory personnel must provide dissatisfied applicants or~~
145 ~~subscribers the commission's toll-free number and address in conformance with WAC~~
146 ~~480-120-101.~~
147 ~~(8) Requirements for refund of unused balances.~~
148 ~~(a) When a company has failed to provide service at rates provided in presale~~
149 ~~documentation or quoted at the time an account is recharged, or that the company has~~
150 ~~failed to meet technical standards, companies offering prepaid calling services must~~
151 ~~provide refunds for any unused service or provide equivalent credit in services offered~~
152 ~~when requested by a customer. Refunds must equal the value remaining on the~~
153 ~~prepaid calling account or prepaid card. The customer is allowed to choose either the~~
154 ~~refund or equivalent service option.~~
155 ~~(b) Refund requests received from consumers for reasons other than improper~~
156 ~~rates or failure to meet technical standards may be made at the sole discretion of and in~~
157 ~~a form prescribed by the company.~~
158 ~~(9) Performance standards for prepaid calling services. Each company shall~~
159 ~~ensure that:~~
160 ~~(a) A minimum of ninety-eight percent of all call attempts are completed to the~~
161 ~~called party's number. Station busies and unanswered calls will be considered~~
162 ~~completed calls.~~
163 ~~(b) A minimum of ninety-eight percent of all call attempts are completed to a~~
164 ~~company's business office number. Station busies and unanswered calls will not be~~
165 ~~counted as completed calls.~~
166 ~~(c) A minimum of ninety-eight percent of all call attempts are completed to the~~
167 ~~company's technical assistance number. Station busies and unanswered calls will not~~
168 ~~be counted as completed calls.~~
169 ~~(10) Requirements when a company ceases operations in the state of~~
170 ~~Washington. When a company ceases operations in the state, the company must:~~
171 ~~(a) Provide the commission with thirty days advance notice in writing.~~
172 ~~(b) At least twenty-one days before termination, provide written notice to~~
173 ~~customers at the address on file with the company, if applicable, indicating that service~~
174 ~~will be ending, and explain how customers may receive a refund on any unused service.~~
175 ~~(c) Beginning at least fifteen days before termination, provide oral notice of~~
176 ~~termination at the beginning of each call originated in Washington, including the date of~~
177 ~~termination and a number to call for more information.~~
178 ~~(d) Provide information to consumers via its customer service number outlining~~
179 ~~the procedure for obtaining refunds and continue to provide this information for sixty~~
180 ~~days from the date company ceases operations.~~

181 ~~(e) Within twenty-four hours after ceasing operations, provide the commission~~
182 ~~and the company's bonding agent a list of all account numbers with unused balances.~~
183 ~~The list must include the following:~~
184 ~~(i) The identification number used by the company on each account for~~
185 ~~billing/debit purposes;~~
186 ~~(ii) The unused portion of any prepaid monthly fee on each account;~~
187 ~~(iii) The unused time, stated in units or minutes as applicable on each account~~
188 ~~and the equivalent dollar amount.~~
189 ~~(11) Compliance requirements for prepaid calling services.~~
190 ~~(a) Printed materials including prepaid calling cards, presale documents, and~~
191 ~~point of sale documents.~~
192 ~~(i) All materials printed ninety days after the effective date of the rule must~~
193 ~~comply with provisions of this rule;~~
194 ~~(ii) All printed materials in circulation must comply with this rule within nine~~
195 ~~months of the effective date of this rule.~~
196 ~~(b) Rules requirements -- excluding printed material. Companies providing~~
197 ~~prepaid calling services within the state of Washington must be in compliance with this~~
198 ~~rule within ninety days of the effective date of this rule.~~
199 ~~(12) Other regulatory requirements. Companies providing prepaid calling~~
200 ~~services must comply with all other laws and commission rules relating to provision of~~
201 ~~telecommunications services unless the company has filed for and received waiver from~~
202 ~~the commission.~~
203 ~~(13) Penalties for provision of service by an unregistered telecommunications~~
204 ~~company. When a penalty is imposed upon finding that an unregistered company has~~
205 ~~provided prepaid calling services within the state of Washington, the commission may~~
206 ~~assess penalties of up to one hundred dollars per day per violation under RCW~~
207 ~~80.04.405 and/or up to one thousand dollars per day per violation under RCW~~
208 ~~80.04.380.~~
209

210 (1) For the purposes of this section, prepaid calling services (PPCS) means any
211 transaction in which a customer pays for service prior to use and applies only to those
212 services where the number of available minutes decreases as the customer uses the
213 service. Prepaid calling services do not include flat-rated basic local service that is
214 billed in advance of use.
215 (a) PPCS may require the use of an access number or authorization code.
216 (b) This section excludes credit cards and cash equivalent cards. Services
217 provided at pay telephones using these cards are regulated under the provisions of
218 WAC 480-120-138.
219 (2) PPCS providers must provide customers a without-charge telephone number
220 staffed by personnel capable of responding to:
221 (a) Technical problems or questions related to their service twenty-four hours a
222 day, seven days a week; and
223 (b) General account-related questions during regular business hours.
224 (3) Billing requirements for PPCS.
225 (a) A PPCS provider may charge only for the actual time a circuit is open for

226 conversation. The price list or tariff and presale document must define billing
227 increments. The provider must not round up the length of conversation time for less
228 than a full billing increment beyond that full increment.
229 (i) If a PPCS provider uses an increment based on a time measurement,
230 the increment must not exceed one minute.
231 (ii) If a PPCS provider bills usage in "unit" measurements, it must clearly
232 define units using both equivalent dollar amounts and time measurement. Unit billing
233 increments cannot exceed the equivalent one minute rate.
234 (b) At the customer's request, a PPCS provider may add additional time to an
235 existing account in exchange for an additional payment at a rate not to exceed those on
236 file with the commission. The PPCS provider must inform the customer of the new rates
237 at the time of the recharge request.
238 (4) PPCS providers must maintain the following call-data for a minimum of
239 twenty-four months:
240 (a) Dialing and signaling information that identifies the inbound access number
241 called or the access identifier;
242 (b) The number of the originating phone when the information is passed to the
243 PPCS provider;
244 (c) The date and time the call was originated;
245 (d) The duration or termination time of the call;
246 (e) The called number; and
247 (f) The personal identification number (PIN), or account number.
248 (5) Disclosure requirements – Prepaid calling services.
249 (a) A PPCS provider must disclose, prior to the sale, the following information:
250 (i) The PPCS provider's name as registered with the commission;
251 (ii) The "doing business as" name as registered with the commission, if
252 applicable;
253 (iii) The maximum charge per billing increment. A PPCS provider
254 charging varying rates for intrastate and interstate calls must provide all applicable
255 rates. The rates disclosed must be no more than those in its price list or tariff on file
256 with the commission at the time of purchase;
257 (iv) Charges for all services, including any applicable surcharges, fees, or
258 taxes, and the method of application;
259 (v) Expiration date, if applicable. If a card expires after a set period of time
260 from activation, the PPCS provider must specify the expiration date on the card. If an
261 expiration date is not disclosed on the card it will be considered unexpired indefinitely;
262 and
263 (vi) Recharge policy, if applicable. If a PPCS provider does not disclose
264 the expiration date at the time service is recharged, the service will be considered
265 unexpired indefinitely.
266 (b) A PPCS provider must disclose, at the time of purchase, the following
267 information:
268 (i) The without-charge telephone number(s) a customer may use to
269 resolve technical problems, service-related questions, and general account-related
270 questions; and
271 (ii) Authorization code, if required, to access the service or, if applicable,

- 272 the without-charge telephone number used to establish access capability.
- 273 (c) If the PPCS provider is not the entity that packages the services for sale to
- 274 the public, it must require the company that does so, through a written agreement, to
- 275 comply with the disclosure requirements of this section.
- 276 (6) Time of use disclosure requirements.
- 277 (a) The PPCS provider must:
- 278 (i) Announce at the beginning of each call the time remaining on the
- 279 prepaid account or prepaid calling card;
- 280 (ii) Announce the time remaining at least one minute before the prepaid
- 281 account balance is depleted; and
- 282 (iii) Provide the commission's toll-free number and address to dissatisfied
- 283 customers as required by WAC 480-120-101.
- 284 (7) When a PPCS provider has failed to provide service at rates disclosed prior to
- 285 the sale or quoted at the time an account is recharged, or the PPCS provider has failed
- 286 to meet performance standards, it must provide refunds for any unused service or
- 287 provide equivalent service credit when requested by a customer. Refunds or credits
- 288 must equal the value remaining on the prepaid calling account. The customer may
- 289 choose either the refund or equivalent service credit option.
- 290 (8) Performance standards for prepaid calling services. Each PPCS provider
- 291 must ensure that:
- 292 (a) Customers can complete a minimum of ninety-eight percent of all call
- 293 attempts to the called party's number. The PPCS provider will consider any busy
- 294 signals or unanswered calls as completed calls.
- 295 (b) Customers can complete a minimum of ninety-eight percent of all call
- 296 attempts to the PPCS provider. The PPCS provider will not consider any busy signals
- 297 or unanswered calls as completed calls.

298

299

300 **WAC 480-120-058 Protection of customer prepayments.**

- 301 ~~(1) A company that intends to collect customer prepayments must first demonstrate to~~
- 302 ~~the commission that it meets (a), (b), or (c) of this subsection.~~
- 303 ~~(a) The company has a corporate debt rating, according to Standard & Poor's of~~
- 304 ~~BBB or higher, or according to Moody's of BAA or higher, with respect to outstanding~~
- 305 ~~debt obligation; or~~
- 306 ~~(b) The company has a performance bond satisfactory to the commission~~
- 307 ~~sufficient to cover any customer prepayments; or~~
- 308 ~~(c) The company has made provision for deposit of customer prepayments in a~~
- 309 ~~federally insured interest bearing trust account maintained by applicant solely for~~
- 310 ~~customer advances. The prepayments must be deposited in a bank, savings and loan~~
- 311 ~~association, mutual savings bank, or licensed escrow agent with access to such funds~~
- 312 ~~only for the purpose of refunding prepayments to customers. The funds must be~~
- 313 ~~maintained in an account within the state of Washington. In any order granting~~
- 314 ~~certification, the commission may require either bond or trust account or escrow as a~~
- 315 ~~condition.~~
- 316 ~~(2) Reporting requirements for every bond or trust account.~~

317 ~~(a) Each company collecting customer prepayments must submit to the~~
318 ~~commission a report within fifteen days after the end of each calendar quarter. The~~
319 ~~report must contain the following information specific to state of Washington operations:~~
320 ~~(i) Total outstanding balance of customer prepayments at the beginning of the~~
321 ~~reporting period;~~
322 ~~(ii) Dollar amount of prepaid services sold during the reporting period;~~
323 ~~(iii) Depleted usage of prepaid services during the reporting period; and~~
324 ~~(iv) Total outstanding prepaid service balances at the end of the reporting period.~~
325 ~~(b) Nothing in this rule precludes commission staff from requesting current~~
326 ~~company financial or operating information at any time.~~
327 ~~(c) A company may petition the commission for a reduction in reporting~~
328 ~~requirements. The commission may grant or deny the request by letter from the~~
329 ~~commission secretary.~~
330 ~~(3) Calculation of trust or bond levels.~~
331 ~~(a) The initial level of the bond or trust must comply with the provisions of~~
332 ~~subsection (1)(b) or (c) of this section.~~
333 ~~(b) The company must adjust the subsequent level of the bond or trust based~~
334 ~~upon quarterly reports data and the company must notify the commission of that~~
335 ~~adjustment.~~
336 ~~(4) A company may petition for and the commission may grant waiver of the~~
337 ~~bond/trust requirement either at the time of registration or at such later time as the~~
338 ~~company can demonstrate to the commission's satisfaction that it meets standards for~~
339 ~~waiver of the bond/trust requirement. The petitioning company must provide~~
340 ~~documentation to the commission in support of the petition. The commission may grant~~
341 ~~or deny the request by letter from the commission secretary. The commission will~~
342 ~~evaluate the following to determine whether a waiver of the bond/trust requirement will~~
343 ~~be granted:~~
344 ~~(a) Certified financial statements establishing adequate financial resources~~
345 ~~sufficient to provide service to consumers of prepaid telecommunications service;~~
346 ~~(b) Confirmation that the company has received approval for and has been~~
347 ~~providing comparable services satisfactorily in one or more other state jurisdictions.~~
348 ~~The documentation must consist of information from the regulatory agency in the other~~
349 ~~state and must demonstrate that the company has complied with that states' rules and~~
350 ~~regulations and has provided adequate levels of service for twelve consecutive months;~~
351 ~~(c) Compliance, following registration with the commission, with Washington~~
352 ~~rules and provision of adequate levels of service for at least twelve consecutive months;~~
353 ~~(d) Documentation that the company has established a bond rating as provided~~
354 ~~for in subsection (1)(a) of this section;~~
355 ~~(e) Other evidence demonstrating that consumer interests will be adequately~~
356 ~~protected.~~
357
358 As a precondition to registration, the commission may require a telecommunications
359 company to file a performance bond sufficient to cover any prepayments it may collect
360 from its customers, or order that such prepayments be held in escrow or trust, as stated
361 in RCW 80.36.350.