

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

In the Matter of the Petition of	)	DOCKET UT-042045
	)	
VCI COMPANY,	)	ORDER NO. 01
	)	
Petitioner,	)	
	)	
Seeking Exemption from the	)	
Provisions of WAC 480-120-162(2),	)	ORDER GRANTING TEMPORARY
Cash and Urgent Payments	)	EXEMPTION FROM RULES
.....	)	

**BACKGROUND**

- 1     On November 18, 2004, VCI Company (VCI or Company) filed a petition requesting exemption from WAC 480-120-162(2) limiting the transaction fee charged by payment agencies for processing telecommunications company customer payments.
  
- 2     VCI is a regulated telecommunications company that serves approximately 18,000 customers. The majority of VCI customers are enrolled in the Washington Telephone Assistance Program (WTAP). WTAP provides financial subsidies for low-income customers' telephone bills.
  
- 3     The Commission's Business Practices Investigation section recently completed an audit of VCI's business practices, which began as a result of the high number of customer complaints received at the Commission between July 2003 and March 2004. Within that audit, VCI was found to be in violation of WAC 480-120-162(2). This rule requires that VCI establish at least one payment agency where customers can make cash and urgent payments free of charge. In addition, the rule allows VCI to establish additional payment agencies that may charge not more than \$1.00 for receiving payments. VCI's payment agencies were charging between \$5.00 and \$5.95 per transaction.

- 4 On June 21, 2004, VCI was provided a copy of the audit report. Commission staff and VCI met a number of times over the next several months to discuss areas where VCI needed to make changes to comply with Commission rules. Commission Staff and the Company could not reach agreement on how VCI would comply with WAC 480-120-162(2) regarding payment agencies. VCI's petition for an exemption is the result of that inability to reach agreement.
- 5 On November 18, 2004, VCI filed a petition for an exemption of the portion of WAC 480-120-162(2) that limits payment agency transaction fees to \$1.00.
- 6 At the January 26, 2005, Open Meeting, the Commission asked Staff and the Company to meet to explore alternative options that cost less, and offer convenient locations. Further, the Commission asked VCI to consider a cost sharing option where the Company would be willing to share a portion of the payment transaction fee cost.
- 7 VCI uses retail facilities that offer a service called Moneygram to process cash and urgent payments. This service costs customers between \$5.00 and \$5.95 per transaction. Over 2,000 VCI customers use the Moneygram payment locations each month. VCI estimates that it would cost the Company approximately \$14,000 monthly to absorb the cost of the Moneygram transaction fees.
- 8 In determining whether to grant the petition, the Commission considered the convenience to the customer, the costs to the customer, the costs to the Company, and the fair and equal treatment of all telecommunications companies and customers.
- 9 Payment agencies are very important to customers and especially to low-income customers. Low-income customers are the least likely to have checking accounts, often paying bills in cash just in time to prevent disconnection. These customers

need a place where they can make cash payments and urgent payments that must be made by a certain date. Requiring an additional \$5.00 - \$5.95 per month for the Moneygram transaction fee causes hardships for low-income customers.

- 10 VCI is willing to add approximately 65 new payment agencies located predominately in the Seattle, Tacoma, Lakewood, Olympia, Vancouver, and Spokane areas. The Company agreed to absorb the portion of the transaction fee amount over \$1.00 at the ACE and Seven-Eleven payment locations.

### FINDINGS AND CONCLUSIONS

- 11 (1) VCI, a Washington corporation, is a public service company subject to the jurisdiction of the Commission under the provisions of chapter 80.36 RCW.
- 12 (2) The temporary exemption from WAC 480-120-162(2) is reasonable and consistent with the public interest and the Commission should approve VCI's request with conditions.
- 13 (3) This matter was brought before the Commission at its regularly scheduled open meeting on February 23, 2005. The Commissioners, having been fully advised in the matter, and having determined this Order to be consistent with the public interest, enter this Order.

### ORDER

- 14 (1) THE COMMISSION GRANTS VCI a temporary ten-month exemption from WAC 480-120-162(2) limiting the transaction fee charged by payment agencies for processing telecommunications company customer payments to \$1.00 with the following conditions:

- a. VCI will provide a one-time notification, to its customers about the new payment locations, cost to the consumer, and a list of all the new payment locations. The language in the notice will be developed jointly and approved by Commission staff.
- b. VCI will provide notification on each ongoing bill regarding the new payment agency locations showing the transaction fee for each category of payment agency (e.g. ACE Check Cashing, Seven-Eleven, or Moneygram). The language will be developed jointly and approved by Commission staff.
- c. VCI will provide information on each of its bills about the preferred payment date option to match the customers' source of income to the due date. The language will be developed jointly and approved by Commission staff.
- d. VCI will absorb the portion of the transaction fee amount over \$1.00 at the ACE, and Seven-Eleven payment locations, and any subsequent locations added.
- e. VCI will be allowed to use Moneygram payment locations that charge transaction fees of \$5.00 - \$5.95 for ten months.
- f. VCI and Commission staff will jointly develop a consumer survey to determine VCI's customer preference for payment agency locations and preferred payment date. The Company will mail out the consumer surveys by October 10, 2005. The results of the survey will be provided to the Commission no later than November 15, 2005.

- g. VCI will collect and report the following information for the period April 1, 2005 – September 30, 2005. The report will be due at the Commission no later than October 30, 2005.
- Number of customers using ACE Checking, Seven-Eleven, and Moneygram locations by month.
  - Number of late payments by month.
  - Number of consumers paying late that used a payment agency by type (i.e., ACE, Seven Eleven, or Moneygram) by month.
  - Number of customers using preferred payment dates by month.
  - Total customer base by month
- 15 (2) The Commission retains jurisdiction over the subject matter and VCI Company to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective this 23rd day of February, 2005.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

RICHARD HEMSTAD, Commissioner

PATRICK J. OSHIE, Commissioner