



WF 931579
(P)

December 23, 1993
OVERNIGHT

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P.O. Drawer 200
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32790-0200

Transmittal #2
Mr. Paul Curl
Washington Utilities and
Transportation Commission
1300 S. Evergreen Park Drive, S.W.
Olympia, Washington 98504

407-740-8575
Fax: 407-740-0613

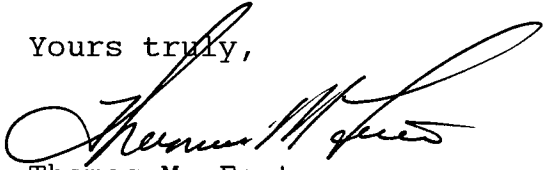
Re: Petition for Classification as a Competitive
Telecommunications Company of Value-Added
Communications, Inc.

Dear Mr. Curl:

Enclosed for filing are the original and two (2) copies of
the Competitive Telecommunications Company Petition of
Value-Added Communications, Inc. Value-Added
Communications, Inc. received Commission authorization in
Docket UT-901050 on October 17, 1990.

Please acknowledge receipt of this filing by stamping the
extra copy of this cover letter and returning it via the
enclosed stamped, self-addressed envelope.

Thank you for your attention in this matter. Questions
regarding this filing should be directed to my attention at
(407) 740-8575.

Yours truly,

Thomas M. Forte
Consultant to
Value-Added Communications, Inc.

cc: Charles Miller - VAC
to file: VAC - WA
TMX# 93002

STATE OF
WASHINGTON
UTILITY
DIVISION

DEC 27 1993

RECEIVED

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of)
Value-Added Communications, Inc.)
for Classification) DOCKET NO. _____
as a Competitive)
Telecommunications Company)
.)

PETITION OF VALUE-ADDED COMMUNICATIONS, INC.

Value-Added Communications, Inc. ("Value-Added") pursuant to RCW 80.310 and WAC 480-120-023, hereby petitions for classification as a competitive telecommunications company and for the waiver of certain regulatory requirements. As evidenced below, the intrastate offering of Value-Added is subject to effective competition and good cause exists to grant this petition.

(1) Name and address of petitioner:

Value-Added Communications, Inc.
17250 Dallas Parkway
Dallas, texas 75248

(2) Service Description:

Value-Added provides resold interLATA and intraLATA direct dialed (1+) long distance telecommunications service as well as interLATA and intraLATA operator assisted long distance. Value-Added contracts with aggregator locations (i.e. pay telephones, hotels, etc.) to provide operator assisted services to the transient public and/or patrons of the aggregator establishment. Interstate service is offered in conjunction with intrastate service.

(3) Affiliated Interests:

Value-Added is not affiliated with any other companies in Washington.

(4) Competitive Showing:

(a) Description of Services in the Relevant Market:

Value-Added's relevant market is intraLATA and interLATA switched long distance service.

(b) Names of Competing Service Providers:

Numerous companies provide long distance operator assisted telecommunications services. Carriers that may compete with Value-Added include AT&T, MCI Communications, Metromedia, Sprint, US West and others.

(c) Prices, Terms, and Conditions of Competing Services:

Terms and conditions of competing services are very similar. Many of these carriers offer a variety of long distance services. Calls are usually billed by long distance carriers based on call duration. Rates vary by time of day, day of week, mileage and the amount and type of operator assistance required. Pricing differences are used for competitive purposes to attract customers. Competing carriers' rates and terms of services are contained in tariffs and/or price lists on file with the WUTC. Value-Added's terms and conditions meet Washington

regulatory requirements and are stated in the company's approved tariff on file with the Commission.

(d) Geographic Delineation of the Relevant Market:

Value-Added offers service throughout the state of Washington.

(e) Market Share:

Value-Added currently has customers in Washington. Value-Added does not expect to gain more than 1% of telecommunications market in Washington.

(f) Ease of Market Entry:

Entry into the long distance business is accomplished with relative ease. Ease of market entry is apparent by the number of market participants and the growing number of start-up long distance companies, particularly switchless resellers.

(g) Statement of Extent of Captive Customer Base:

Subscribers to Value-Added's services are generally hotels, motels, hospitals, pay telephone providers and other entities which aggregate the traffic of transient end users. These aggregator may chose among a wide variety of long distance companies for the provision of telecommunications services. Individual end users of Value-Added's services may use carriers other than Value-Added by following the dialing instructions of the desired carrier (for example, dialing an 800 or other type of access code). Value-Added does not block access to other long distance carriers.

(h) Cost Studies:

Under the Commission's rules, this requirement is not applicable to Value-Added because it is requesting classification as a competitive telecommunications company. If this petition is granted, there will not be any regulated Value-Added services in Washington.

(i) Method of Notice of Price List Changes:

Value-Added will give the Commission and its customers at least ten (10) days notice of any price changes. Value-Added will amend its price list/tariff in compliance with Commission rules.

(5) Conditions agreed to by Value-Added.

- (a) When providing alternative operator services, Value-Added shall not impose any location surcharges on the user of such services.
- (b) The rates to be charged by Value-Added in the provision of its operator service shall not exceed the "prevailing operator service charges" in the relevant market as that term is defined in WAS 480-120-141 (10)(b).
- (c) In the provision of operator services, Value-Added will not file rates which vary at the option of the customer as that term is defined in WAC 480-120-141.
- (d) Value-Added will not circumvent the conditions set forth in paragraphs (a) through (c) above by the filing of price lists inconsistent with those conditions.
- (e) Should Value-Added intentionally file price lists or take any other action which would have the effect of imposing rates or surcharges in violation of the conditions set forth in paragraphs (a) through (c) above, and refuses to withdraw such price lists or other action upon notification by the Commission, than any order classifying Value-Added as a competitive telecommunications company shall thereafter be null and void without further action by the Commission.

(f) Value-Added retains the right, on the filing of a petition before the Commission, to seek to amend this document and the conditions set forth above, by seeking a reconsideration of its competitive classification.

(6) Request for Waivers of Regulatory Requirements:

Value-Added requests waiver of the following items:

- RCW 80.08, concerning securities, (except 80.08.140)
- RCW 80.12, concerning transfer of property
- RCW 80.16, concerning affiliated interests
- RCW 80.36.100, concerning filing of tariffs
- RCW 80.36.110, concerning tariff changes
- RCW 80.36.150, concerning contracts
- WAC 480-146, concerning securities and affiliated interests
- WAC 480-143, concerning transfers of property

- WAC 480-80-040, 480-80-060, 480-80-070, 480-80-80, 480-80-90, 480-80-100, 480-80-110, 480-80-120, 480-80-125, 480-80-240, 480-80-250, 480-80-280, 480-80-320, 480-80-330, 480-80-340, concerning tariffs.

- WAC 480-120-036, 480-120-046, 480-120-131, concerning general telephone company rules.

(6) Conclusion:

Through this petition, Value-Added has shown that it is subject to effective competition under the criteria of RCW 80.36.320. Specifically, numerous carriers provide telecommunications services that are directly competitive with, and are substitutes for, Value-Added's telecommunications services. These substitute services are readily available to Value-Added's customers at competitive rates, terms and conditions. Value-Added has no market power as evidenced by its low market share.

Regulation is beneficial when competitive market forces are absent. In this instance, effective competition will more than adequately replace regulation as the protector of consumers. For these reasons, Value-Added Communications, Inc. requests that it be classified as a competitive telecommunications company and that the waivers requested herein be granted.



Charles P. Miller
General Counsel and Corporate
Secretary

Dated: December 21, 1993