

SERVICE DATE  
SEP - 5 1996

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of	)	
	)	
LEAST COST ROUTING, INC.	)	DOCKET NO. UT-951209
	)	
for Classification as a Competitive	)	ORDER GRANTING PETITION
Telecommunications Company.	)	
.....	)	

By petition filed October 17, 1995, Least Cost Routing, Inc., seeks classification in Docket No. UT-951209 as a competitive telecommunications company pursuant to RCW 80.36.320 and WAC 480-120-023. In support of its petition, and chapters 480-80, 480-140, 480-143, and 480-146 WAC. Least Cost Routing, Inc., alleges inter alia that its services are designed to compete with other interexchange carriers' intra-/inter-LATA switched long distance services. It is stated in the petition that customers have readily available alternatives, and there are no captive customers of the company's services. The company filed written testimony in support of competitive classification, which accompanied its petition.

Least Cost Routing, Inc., stipulates in the petition to various pricing limitations related to its provision of alternate operator services (AOS). At this time, the company does not provide AOS services, but will agree to the following conditions, when and if these services are ever added.

- no location surcharge for operator services;
- rates charged shall not exceed the "prevailing operator service charges" in the relevant market as that term is defined WAC 480-120-141 (10) (b);
- rates may not vary at the option of the customer; and,
- consequences for failing to abide by the agreed conditions.

The proposed conditions will provide sufficient protection for the public. The company's agreements regarding rates will prevent price gouging. The existence of consequences for failure to abide by the agreement should ensure that the Commission can monitor compliance.

The Commission accepts and adopts the conditions stipulated in the petition. The petition for classification as a competitive telecommunications company and requested waivers should be granted, subject to the conditions set forth in the petition and adopted by this Order.

In conjunction with classification, the company is seeking waiver of the requirements of various provisions of chapter 80.36 RCW (Telecommunications) and chapter 480-120 WAC. The company is also seeking waiver of chapter 80.08 RCW (Securities); chapter 80.12 RCW (Transfers of property); chapter 80.16 RCW (Affiliated interests); RCW 80.04.300 (Budgets to be filed by companies--supplementary budgets); RCW 80.04.320 (Budget rules); and chapters 480-80, 480-140, 480-143, 480-146 WAC. In addition to these waiver requests, the Commission on its own motion will consider waiver of RCW 80.04.310 (Commission's control over expenditures); 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); WAC 480-120-131 (Accounting).

On its own motion, the Commission determined that on the face of the petition no substantial issues of controversy were presented, and invoked the provisions of WAC 480-09-520, Formal investigation and fact-finding. A Notice of Formal Investigation and Fact-Finding was entered June 5, 1996. In that notice the Commission directed interested persons seeking to intervene to file a written petition to intervene not later than June 28, 1996. All interested persons were advised that, pursuant to WAC 480-09-520, no hearing was contemplated other than possible hearings for public testimony. No petitions for intervention were filed and no public hearings were necessary to develop the facts relevant to the proceeding.

Rules invoked include those within chapter 480-09 WAC, specifically WAC 480-09-520 and WAC 480-120-022, WAC 480-120-023, WAC 480-120-024, and WAC 480-120-025. Statutes invoked include RCW 80.36.145 and 80.36.320. The ultimate issues are whether Least Cost Routing, should be classified as a competitive telecommunications company, and the extent to which it should be relieved of regulatory requirements to which it would otherwise be subject.

Based upon the entire record and the file in this matter, the Commission makes the following findings of fact and conclusions of law.

### FINDINGS OF FACT

1. Petitioner Least Cost Routing, Inc., is registered as a telecommunications company with the Commission, providing intra-/inter-LATA switched long distance service.
2. Alternative providers of service to that of Least Cost Routing, Inc., include AT&T Communications, Inc., U S WEST Communications, Inc., MCI Communications Corp., and Sprint Communications Company. All services are fully available from alternative providers in the relevant market.
3. The relevant market is the state of Washington.

4. Least Cost Routing, Inc., has no captive customer base.
5. The services offered by Least Cost Routing, Inc., are subject to effective competition so long as they are offered under the conditions contained in the petition and adopted by this Order. These conditions are necessary to ensure that the alternate operator services are subject to effected competition, when and if these services are ever added.
6. Least Cost Routing, Inc., should be permitted to provide services under a price list.
7. Least Cost Routing, Inc., requested waivers of certain laws and rules relating to telecommunications services. The laws and rules for which waivers should be granted are listed on Appendix A, attached to this order and incorporated by this reference, made a part of this order.

#### CONCLUSIONS OF LAW

1. The Washington Utilities and Transportation Commission has jurisdiction over the subject matter of this classification proceeding and the parties.
2. Least Cost Routing, Inc., should be classified as a competitive telecommunications company pursuant to RCW 80.36.320 (1).
3. Least Cost Routing, Inc., will be permitted to provide services under price list pursuant to RCW 80.36.320 (2), the format of which will be subject to prior approval by the Commission, and subject to the conditions contained in the petitions and adopted by this Order.
4. Least Cost Routing, Inc., should be granted waiver of the laws and rules listed in Appendix A. Waiver of laws and rules requested that are not included in Appendix A are denied.

#### ORDER

##### THE COMMISSION ORDERS:

1. The petition of Least Cost Routing, Inc., for classification as a competitive telecommunications company, is granted.
2. Waiver is granted of the laws and rules listed in Appendix A.

3. Least Cost Routing, Inc., is authorized to offer services under price lists, the format of which will be subject to prior approval by the Commission, with price lists effective after 10 days notice to the Commission and to customers. In the event of a price reduction or a change in terms or conditions which do not have rate impact, personal notice to customers will not be required. Although the Commission does not have authority to waive the notice requirement, Least Cost Routing, Inc., will have the option to publish notice of price reductions by a display advertisement in such newspaper or newspapers as are geographically situated so as to be circulated over the company's service area.

4. The Commission retains jurisdiction over the subject matter and the parties to effectuate the terms of this Order.

DATED at Olympia, Washington, and effective this <sup>4th</sup> day of September 1996.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



SHARON NELSON, Chairman



RICHARD HEMSTAD, Commissioner



WILLIAM R. GILLIS, Commissioner

**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 expenditures--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
Chapter 80.08 RCW	Securities (Except RCW 80.08.140, State not obligated)
Chapter 80.12 RCW	Transfer of Property
Chapter 80.16 RCW	Affiliated Interests
RCW 80.36.100	Tariff schedules to be filed and open to public
RCW 80.36.110	Tariff changes--Statutory notice--Exception
Chapter 480-80 WAC	Tariffs
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
Chapter 480-140 WAC	Budgets
Chapter 480-143 WAC	Transfer of Property
Chapter 480-146 WAC	Securities and affiliated interests