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(P)

163 E. Morse Blvd. February 4, 1994
Suite 300

P.O. Drawer 200 Mr. Steve McLellan
Winter Park, FL Commission Secretary
32790-0200 Washington Utilities and
Transportation Commission
1300 S. Evergreen Park Drive., S.W.
Olympia, Washington 98504

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

RE: Teltrust Communications Services, Inc.
Petition for Competitive Classification

Dear Mr. McLellan:

Enclosed for filing are the original and two (2) copies of the Petition of Teltrust Communications Services, Inc. for Competitive Classification. Included with this pre-filed testimony of Sue Williams, Director of Regulatory Affairs.

Please acknowledge receipt of this filing by date stamping the duplicate copy of this cover letter and returning it to me in the self-addressed envelope provided for this purpose.

Any questions regarding this filing should be directed to me at (407) 740-8575.

Sincerely,

Nanci Adler

Nanci Adler
Consultant to Teltrust

cc: S. Williams, Teltrust
file: Teltrust - WA

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BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of)
Teltrust Communications Services,)
Inc. for Classification)
as a Competitive)
Telecommunications Company)
)

DOCKET NO. _____

PETITION OF TELTRUST COMMUNICATIONS SERVICES, INC.

Teltrust Communication Services, Inc. ("Teltrust") pursuant to RCW 80.36.310 and WAC 480-120-023, hereby petitions for classification as a competitive telecommunications company and for waiver of certain regulatory requirements. As evidenced below, the intrastate offering of Teltrust is subject to effective competition and good cause exists to grant this petition. (1)

(1) Name and address of petitioner:

Teltrust Communications Services, Inc.
221 N. Charles Lindbergh Drive
Salt Lake City, Utah 84116
Telephone (801) 535-2000
Facsimile (801) 535-2080

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(2) Service Description:

Teltrust currently offers operator services within the state of Washington. The primary customers of Teltrust operator assisted services are companies who in their normal course of business are responsible for providing access and directing telephone calls for large numbers of end users. Teltrust's services are available 24 hours per day, seven days a week.

Interstate telecommunications services are offered in conjunction with intrastate service. Upon granting of this petition, Teltrust plans to offer direct dial "1+" toll and 800 number services on an intrastate basis as well.

(3) Affiliated Interests:

Teltrust is not affiliated with any other companies in the State of Washington.

(4) Competitive Showing:

(a) Description of Services in the Relevant Market:

Teltrust'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 Teltrust 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. Teltrust'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:

Teltrust offers service throughout the State of Washington.

(e) Market Share:

Teltrust currently has customers in Washington. Teltrust 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 Teltrust's operator assisted services are generally hotels, motels, hospitals, pay telephone providers and other entities which aggregate the traffic of transient end users. These aggregators may chose among

a wide variety of long distance companies for the provision of telecommunications services. Individual end users of Teltrust's services may use carriers other than Teltrust by following the dialing instructions of the desired carrier (for example, dialing an 800 or other type of access code). Teltrust does not block access to other long distance carriers.

(h) Cost Studies:

Under the Commission's rules, this requirement is not applicable to Teltrust as it is requesting classification as a competitive telecommunications company. If this petition is granted, there will not be any regulated services provided by Teltrust within the State of Washington.

(i) Method of Notice of Price List Changes:

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

(5) Conditions agreed to by Teltrust:

- (a) When providing alternative operator services, Teltrust shall not impose any location surcharges on the user of such services.

- (b) The rates to be charged by Teltrust 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 WAC 480-120-141 (10)(b).
- (c) In the provision of operator services, Teltrust will not file rates which vary at the option of the customer as that term is defined in WAC 480-120-141.
- (d) Teltrust 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 Teltrust 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 Teltrust as a competitive telecommunications company shall thereafter be null and void without further action by the Commission.
- (f) Teltrust 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:

Teltrust requests waiver of the following items:

RCW 80.04.300	Budgets to be filed by Companies
RCW 80.04.320	Budget Rules
RCW 80.08	Securities (except 80.08.140)
RCW 80.12	Transfers of Property
RCW 80.16	Affiliated Interests
RCW 80.36.100	Filing of Tariffs
RCW 80.36.110	Tariff Changes
RCW 80.36.150	Contracts
WAC 480-140	Budgets
WAC 480-143	Transfer of Property.
WAC 480-146	Securities and Affiliated Interests
WAC 480-80	Tariff Rules
WAC 480-120-026)	
WAC 480-120-032)	Rules Related to Tariffs, Accounting
WAC 480-120-036)	Requirements, Classes of Service,
WAC 480-120-046)	Contracts, and Accidents
WAC 480-120-131)	

(6) Conclusion:

Through this petition, Teltrust 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, Teltrust's telecommunications services. These substitute services are readily available to Teltrust's customers at competitive rates, terms and conditions. Teltrust 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, Teltrust Communication Services, Inc. requests that it be classified as a competitive telecommunications company and that the waivers requested herein be granted.



Sue Williams
Director of Regulatory Affairs

Dated: Jan 28, 1994

Docket No.
Testimony of: S. Williams
Exhibit No. 1

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of)
Teltrust Communications Services, Inc.)
for classification as a Competitive) DOCKET NO. _____
Telecommunications Company)
)

TESTIMONY OF
SUE WILLIAMS
TELTRUST COMMUNICATION SERVICES, INC.
January 28, 1994

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WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

1 Q. PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD.

2 A. My name is Sue Williams. My business address is 221 N. Charles
3 Lindbergh Drive, Salt Lake City, Utah 84116.

4
5 Q. BY WHOM ARE YOU EMPLOYED?

6 A. Teltrust Communications Services, Inc. ("Teltrust")
7

8 Q. WHAT IS YOUR POSITION WITH TELTRUST?

9 A. I currently serve as Director of Regulatory Affairs.
10

11 Q. WHAT ARE YOUR JOB RESPONSIBILITIES?

12 A. I am responsible for coordination of the Company's regulatory
13 affairs and ensuring compliance with rules and regulations in
14 the various jurisdictions wherein Teltrust conducts business.
15 This responsibility encompasses initial certification or
16 registration, compliance with annual reporting requirements
17 and representing Teltrust at workshops or proceedings held by
18 this and other state regulatory commissions.
19

20 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

21 A. The purpose of my testimony is to describe Teltrust's services
22 in the state of Washington in order to provide factual support
23 for the company's Petition for Classification as a Competitive
24 Telecommunications Company. The following testimony will
25 demonstrate that Teltrust's services are subject to effective
26 competition, and, therefore, the Petition for Competitive
27 Status should be granted.

1 **Q. PLEASE DESCRIBE THE SERVICES WHICH TELTRUST OFFERS IN**
2 **WASHINGTON STATE.**

3 Teltrust provides resold interLATA and intraLATA operator
4 assisted long distance. Teltrust contracts with aggregator
5 locations (i.e. pay telephones, hotels, etc.) to provide
6 operator assisted services to the transient public and/or
7 patrons of the aggregator establishment. Interstate service is
8 offered in conjunction with intrastate service. In the
9 future, Teltrust plans to expand its services to include
10 direct dial "1+" long distance and 800 number services.

11
12 **Q. HOW ARE THESE SERVICE PROVISIONED?**

13 A. Teltrust Operator Assisted Service is provided to customers
14 through the premises equipment of call aggregators or
15 subscribers. Operator assisted calls are directed to
16 Teltrust's Salt Lake City operator center through the local
17 exchange carrier to the underlying carrier selected by
18 Teltrust. Once the Teltrust operator has obtained all of the
19 information necessary to route and bill the call, the call is
20 completed over the services of an underlying carrier.

21
22 Teltrust resells the services of various underlying carriers
23 depending on the quality and price obtainable for any given
24 location. Teltrust's choice of an underlying carrier for its
25 Washington customers is based on a location by location
26 analysis of each carrier's quality, performance and price as
27 they relate to a given subscriber.

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Q. DOES TELTRUST PROVIDE ALTERNATE OPERATOR SERVICES AS DESCRIBED IN WAC 480-120-021?

A. Yes it does.

Q. IS TELTRUST AFFILIATED WITH ANY OTHER COMPANY?

A. No, Teltrust is not affiliated with any other company.

Q. PLEASE DEFINE THE RELEVANT MARKET WITHIN WHICH TELTRUST'S SERVICES ARE OFFERED.

A. The primary subscribers to Teltrust operator assisted services are companies who in their normal course of business are responsible for providing access and directing telephone calls for large numbers of end users. Most significant are the companies or establishments (subscribers) who place outbound calls for their guests, patients, students or other transient patrons. End users of Teltrust's services include members of the general public traveling on business or vacation as well as other members of transient public who may be guests or patrons of the subscribers business location.

Q. DO OTHER CARRIERS PROVIDE THESE SERVICES IN THESE AREAS?

A. Yes. US West, GTE, AT&T, MCI, Sprint, Metromedia and numerous other carriers provide service to this market segment.

1 Q. WHAT IS THE GEOGRAPHIC DELINEATION OF THE RELEVANT MARKET?

2 A. Service is provided to customers throughout the state of
3 Washington.

4
5 Q. WHAT IS YOUR BEST ESTIMATE OF TELTRUST'S SHARE OF THE RELEVANT
6 MARKET AND HOW IS THAT EXPECTED TO CHANGE?

7 A. Teltrust currently has customers in Washington. The company's
8 market share is insignificant and is certainly less than 1%.
9 Teltrust does not expect its market share to increase beyond
10 the 1%-2% range.

11
12 Q. PLEASE DESCRIBE THE EASE OF ENTRY INTO THE RELEVANT MARKET BY
13 COMPETITORS.

14 A. Entry into the long distance business by competitors is
15 accomplished with relative ease. Non-facility based
16 aggregator long distance services are now being offered by
17 many carriers. As a result, competitors are able to enter the
18 market with minimal capital investment. The current
19 regulatory environment is also a favorable to market entry.
20 There exists few obstacles that would impede anyone from
21 selling long distance services at competitive rates.

22
23 Q. DOES TELTRUST PROVIDE ANY OF ITS SERVICES TO A CAPTIVE
24 CUSTOMER BASE?

25 A. No, it does not. Teltrust's customers may use another
26 carrier's service at any time. Changes to the subscriber's
27 choice of his/her primary interexchange carrier may be

1 accomplished quickly and easily through the local exchange
2 telephone company. In addition, end users may access other
3 carriers by use of carrier access codes other dialing
4 patterns.

5
6 **Q. DO ALL OF TELTRUST'S SERVICES IN WASHINGTON FACE COMPETITION**
7 **FROM FUNCTIONALLY EQUIVALENT OR SUBSTITUTE SERVICES? EXPLAIN.**

8 A. Yes, they do. Teltrust currently offers operator assisted
9 services and competes directly with numerous other companies
10 which market similar services. These include both national
11 carriers such as AT&T, MCI and US Sprint as well as numerous
12 regional carriers and operator services providers. These
13 carriers offer services that are direct substitutes for
14 Teltrust operator services as well as future "1+" or 800
15 service offerings.

16
17 **Q. HOW LONG HAS TELTRUST BEEN IN BUSINESS?**

18 A. Teltrust Communications Services, Inc. is a privately owned
19 corporation incorporated in the state of Utah in June, 1991.

20
21 **Q. WHAT IS THE BASIS FOR THE REGULATORY WAIVERS THAT TELTRUST**
22 **REQUESTED IN CONJUNCTION WITH ITS PETITION FOR CLASSIFICATION**
23 **AS A COMPETITIVE TELECOMMUNICATIONS COMPANY?**

24 A. The waivers are warranted due to the extent of competition in
25 Washington long distance market. The regulations we have
26 requested to be waived are intended to protect ratepayer's
27 from utility actions which result in improper rate increases

1 or other unfair treatment of customers. Since Teltrust
2 provides its services subject to effective competition, with
3 no captive customer base, it must adopt rates and service
4 practices that are fair and reasonable. Should Teltrust
5 charge excessive rates or engage in unfair treatment of its
6 customers, the customer would simply choose another carrier.
7 Teltrust has also agreed to file rates which shall not exceed
8 the prevailing operator service charges as defined in WAC 480-
9 10-141(10)(b) should it be granted classification as a
10 competitive company.

11
12 The waiver of the accounting and other financial requirements
13 are also warranted by the competitive market. If a company's
14 financial practices undermine its provision of services, the
15 customer can go elsewhere.

16
17 In short, none of the regulations Teltrust has requested to be
18 waived provide the customer with any protection which is not
19 already provided by the competitive marketplace. The net
20 result of these regulations on a competitive company is
21 increased administrative costs which must ultimately be borne
22 by the rate-paying consumer. By waiving these regulations,
23 the Commission decreases the unnecessary administrative burden
24 on the company which results in more efficient operations and
25 ultimately reduced prices to the consumer.

1 **Q. HOW WILL TELTRUST PROVIDE NOTICE OF PRICE LIST CHANGES TO**
2 **CUSTOMERS AND THE COMMISSION?**

3 A. Teltrust will give the Commission and its customers at least
4 ten (10) days notice of any price changes. Teltrust will
5 amend its price list in compliance with Commission rules.

6
7 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8 A. Yes, it does.

VERIFICATION

I, Sue Williams, upon being duly sworn, depose and state as follows:

That I have read the foregoing TESTIMONY of Sue Williams and am familiar with the facts contained therein; that the testimony of Sue Williams was prepared by me or under my supervision and review and that the information contained herein is true and correct to the best of my knowledge and belief.



Sue Williams
Director or Regulatory Affairs
Teltrust Communications Services, Inc.

Subscribed and sworn to before me this 28 day of January, 1994.



NOTARY PUBLIC in and for the state
of Utah. My Commission expires:

10-26-94

