

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Application and Petition of)	DOCKET UT-010473
)	
Enron Telecommunications, Inc.,)	
)	
For Registration as a Telecommunications)	ORDER AUTHORIZING
Company and Classification as a Competitive)	REGISTRATION AND GRANTING
Telecommunications Company.)	PETITION FOR COMPETITIVE
)	CLASSIFICATION
.....)	

BACKGROUND

By petition filed April 6, 2001, in Docket UT-010473, Enron Telecommunications, Inc., (Enron) seeks registration as a telecommunications company and classification as a competitive telecommunications company pursuant to RCW 80.36.350 and 80.36.320. Enron also filed an initial price list. Enron requested an extension of time from the Commission by letter dated April 18, 2001, to finalize its application and petition.

DISCUSSION

Enron proposes to register with the Commission as a telecommunications company to offer the services specified in Exhibit A of its application. Services specified in Exhibit A but not included in its initial price list may not be offered until applicant amends its price list to include the description of service with rates and charges. In support of its petition, Enron asserts that its services compete with other interexchange and local exchange carriers telecommunication services. Enron states that customers have readily available equivalent alternatives and that there are no captive customers of the Company's services.

Enron is a Delaware corporation, headquartered in Houston, Texas, and is a wholly owned subsidiary of Enron Broadband Services, Inc. Rates, terms, and conditions set forth in the initial price list are structured similarly to rates filed by other interexchange and local exchange carriers for calls placed in the relevant market.

Enron has provided information showing that it meets the requirements of RCW 80.36.350. Pursuant to statutes and rules governing registration applications and advance payment proposals, Enron has proposed a satisfactory bond agreement for protection of those advance payments. Initially, the bond agreement will be for \$100,000 and will increase proportionally as the outstanding amount of advance payments increases. Enron will notify the Commission at least 30 days prior to terminating its operations, and provide the insurer and the Commission notice in writing and within 24 hours of ceasing its operations with its list of all outstanding account numbers and customer balances.

Within 15 days after September 30, 2001, and each calendar quarter thereafter, Enron will be required to submit to the Commission a report containing the information specific to its state of Washington operations. Statements shall continue to be filed within 15 days after each 3-month period thereafter until the applicant is notified in writing by the Commission that such reports are no longer required. Based on this information, Enron will adjust the amount of

the bond to assure compliance with WAC 480-120-058. In addition, Commission Staff may request current Company financial information. After one year's administration of the bond agreement, the reporting requirement may be modified to a semi-annual level, upon request by Enron and authorization by the Commission.

Enron has provided information showing that it meets the requirements of RCW 80.36.350. Applicant does not propose to provide alternate operator services, or prepaid calling services.

In conjunction with classification, the Company is seeking waiver of:

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 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
RCW 80.36.100	Tariff schedules to be filed and open to public
RCW 80.36.110	Tariff changes--Statutory notice--Exception
Chapter 80.08 RCW	Securities (except RCW 80.08.140)
Chapter 80.12 RCW	Transfers of Property
Chapter 80.16 RCW	Affiliated Interests
Chapter 480-80 WAC	Tariffs
Chapter 480-140 WAC	Budgets
Chapter 480-143 WAC	Transfers of Property
Chapter 480-146 WAC	Securities and Affiliated Interests
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

Rules invoked include WAC 480-120-022, WAC 480-120-023, WAC 480-120-024, and WAC 480-120-025. Statutes invoked include RCW 80.36.320 and RCW 80.36.350. The ultimate issues are whether Enron should be registered as a telecommunications company, whether it 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.

This matter was brought before the Commission at its regularly scheduled open meeting on May 9, 2001. The Commissioners, having been fully advised in the matter, and having determined the following order to be consistent with the public interest, directed the Secretary to enter the following order and related provisions.

FINDINGS OF FACT

1. Enron filed an application for registration as a telecommunications company and a petition for classification as a competitive telecommunications company pursuant to the provisions of RCW 80.36.350 and 80.36.320, to provide the services specified in Exhibit A of its application.

2. As to form, the application and petition meet the requirements of RCW 80.36.350 and 80.36.320, and comply with the Commission's rules and regulations.

3. The registration of Enron as a telecommunications company is not inconsistent with the public interest.

4. In this proceeding, the Commission in no way endorses the financial viability of applicant nor the investment quality of any securities it may issue.

5. Alternative providers of service to that of Enron include, but are not limited to, Qwest Corporation, Verizon Northwest, Inc., MCI WorldCom Communications, Inc., and Sprint Communications Company L.P. All services are fully available from alternative providers in the relevant market.

6. The relevant market is the state of Washington.

7. Enron has no captive customer base.

8. Enron should be permitted to provide services under price list.

9. Enron requested waivers of certain laws and rules relating to telecommunications services. The laws and rules for which waivers should be granted are listed in Appendix A, incorporated by this reference and made a part of this Order.

CONCLUSIONS OF LAW

1. The Washington Utilities and Transportation Commission has jurisdiction over the subject matter of this registration application and classification petition and Enron.

2. The services offered are subject to effective competition.

3. Enron should be registered as a telecommunications company pursuant to RCW 80.36.350 and classified as a competitive telecommunications company pursuant to RCW 80.36.320(1).

4. Enron should be permitted to provide services under price lists promulgated under RCW 80.36.320 (2). These services shall not include providing alternate operator services, or prepaid calling services.

5. Enron should be granted waivers of the laws and rules listed in Appendix A.

ORDER

THE COMMISSION ORDERS:

1. Effective on the date of this Order and subject to any conditions imposed, the Commission approves the application of Enron Telecommunications, Inc., requesting an order authorizing registration as a telecommunications company to provide service to the public in this state.

2. The Commission approves the petition of Enron Telecommunications, Inc., for classification as a competitive telecommunications company; and grants a waiver of the laws and rules listed in the attached Appendix A.

3. Enron Telecommunications, Inc., shall be permitted to provide services under price list.

4. Registration of Enron Telecommunications, Inc., as a telecommunications company shall not be construed as an endorsement of financial viability or of the investment quality of any securities it may issue.

5. As a telecommunications company providing service to the public in this state, Enron Telecommunications, Inc., is subject to the jurisdiction of this Commission under the provisions of Title 80 RCW and all rules and regulations adopted by the Commission.

6. Enron Telecommunications, Inc., is authorized to offer rates and services pursuant to the price list in the format prescribed by the Commission. Services specified in Exhibit A but not included in its initial price list may not be offered until applicant amends its price list to include the description of service with rates and charges. Any price list filed by Enron Telecommunications, Inc., and subsequent changes to these price lists, shall become effective only after ten days' notice to the Commission and to customers. In the event of a price list reduction or of a change in terms and conditions that do not have rate impact, personal notice to customers is not required. To comply with the statutory notice requirement, Enron Telecommunications, Inc., may publish notice of price reductions or changes in terms and conditions of service that do not have rate impact by a display advertisement in such newspaper(s) as are geographically situated to be circulated over the Company's service area.

7. Enron Telecommunications, Inc., is not authorized to provide alternate operator services, or prepaid calling services.

8. The bond agreement in the amount of \$100,000 filed by Enron Telecommunications, Inc., is sufficient to initiate operations. Enron Telecommunications, Inc., shall adjust the amount of the bond to assure compliance with WAC 480-120-058. As part of the bond agreement and in the event the Company ceases operations, Enron Telecommunications, Inc., shall provide notice, in writing and within 24 hours, to the insurer and the Commission to include a list of outstanding account numbers and balances.

9. Within 15 days after September 30, 2001, and each calendar quarter thereafter, Enron Telecommunications, Inc., shall submit to the Commission a report containing the following information specific to its state of Washington operations: (a) total number of

Washington customers making advance payments; (b) amount of advance payment dollars collected during the reporting period; and (c) amount of advance payment dollars currently being held by the company. Applicant shall continue to file statements within 15 days after each 3-month period thereafter until notified in writing by the Commission that such reports are no longer required. Based on this information, Enron Telecommunications, Inc., shall adjust the amount of the bond to assure compliance with WAC 480-120-058. In addition, Commission Staff may request, and applicant shall supply, current Company financial information. After one year administration of the bond agreement, the reporting requirement may be modified to a semi-annual level, upon request by Enron Telecommunications, Inc., and authorization by the Commission.

10. In the event the Company ceases operations, Enron Telecommunications, Inc., must provide refund information to its customers on the company's "800" phone number for a minimum of six months.

11. 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 9th day of May, 2001.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Secretary

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