

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION

In the Matter of the Supplemental	)	
Application and Petition of	)	DOCKET UT-941571
	)	
VarTec Telecom, Inc., d/b/a VarTec	)	
Telecom, Clear Choice	)	
Communications, and Telephone	)	
Express, f/k/a VarTec Telecom, Inc.,	)	FIRST SUPPLEMENTAL ORDER
d/b/a VarTec Telecom and U.S.	)	AMENDING REGISTRATION
Republic Communications	)	AND GRANTING COMPETITIVE
	)	CLASSIFICATION
For an Amendment to its Registration as	)	
a Telecommunications Company and	)	
Classification as a Competitive	)	
Telecommunications Company.	)	
.....	)	

**BACKGROUND**

1 By supplemental petition filed October 1, 2001, in Docket UT-941571, VarTec Telecom, Inc., d/b/a VarTec Telecom, Clear Choice Communications, and Telephone Express, f/k/a VarTec Telecom, Inc., d/b/a VarTec Telecom and U.S. Republic Communications, (VTI) seeks to amend its registration authority as a telecommunications company and classification as a competitive telecommunications company pursuant to RCW 80.36.350 and RCW 80.36.320. VTI also filed revisions to its price list.

**DISCUSSION**

2 VTI proposes to amend its competitive classification and registration authority with the Commission as a telecommunications company to offer local exchange services. 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, VTI asserts that its services compete with other interexchange and local exchange carriers telecommunication services. VTI states that customers have readily available equivalent alternatives and that there are no captive customers of the Company's services.

3 VTI is a Texas corporation, headquartered in Dallas, Texas, and is owned by numerous individuals. Rates, terms, and conditions set forth in the revisions to its price list are structured similarly to rates filed by other interexchange and local exchange carriers for calls placed in the relevant market.

4 VTI has provided information showing that it meets the requirements of RCW 80.36.350. Applicant does not propose to collect deposits from customers, or provide alternate operator services, or prepaid calling services.

5 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

6 Rules invoked include WAC 480-121-061, WAC 480-121-062, WAC 480-121-063, and WAC 480-121-064. Statutes invoked include RCW 80.36.320 and RCW 80.36.350. The ultimate issues are whether the proposed amendments to VTI's registration and competitive classification should be approved.

7 This matter was brought before the Commission at its regularly scheduled open meeting on October 31, 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**

8 (1) VTI filed a supplemental application on October 1, 2001, to amend its registration authority as a telecommunications company and classification as a competitive telecommunications company pursuant to the provisions of RCW 80.36.350 and RCW 80.36.320, to provide local exchange services.

- 9 (2) As to form, the supplemental application and petition meet the requirements of RCW 80.36.350 and RCW 80.36.320, and comply with the Commission's rules and regulations.
- 10 (3) The amendment of the registration of VTI to include local exchange services as a telecommunications company is not inconsistent with the public interest.
- 11 (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.
- 12 (5) Alternative providers of service to that of VTI 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.
- 13 (6) The relevant market is the state of Washington.
- 14 (7) VTI has no captive customer base.
- 15 (8) VTI should be permitted to provide services under its proposed price list.
- 16 (9) VTI 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

- 17 (1) The Washington Utilities and Transportation Commission has jurisdiction over the subject matter of this registration application and classification petition and VTI.
- 18 (2) The services offered are subject to effective competition.
- 19 (3) VTI should be authorized to provide local exchange services as a telecommunications company pursuant to RCW 80.36.350 and classified as a competitive telecommunications company pursuant to RCW 80.36.320(1).
- 20 (4) VTI should be permitted to provide services under price lists promulgated under RCW 80.36.320 (2). These services will not include collecting deposits from customers, or providing alternate operator services, or prepaid calling services.
- 21 (5) VTI should be granted waivers of the laws and rules listed in Appendix A.

**ORDER**

## THE COMMISSION ORDERS:

- 22 (1) Effective on the date of this Order and subject to any conditions imposed, the Commission approves the supplemental application of VarTec Telecom, Inc., d/b/a VarTec Telecom, Clear Choice Communications, and Telephone Express, requesting an order amending registration authorization as a telecommunications company to provide local exchange services to the public in this state.
- 23 (2) The Commission approves the petition of VarTec Telecom, Inc., d/b/a VarTec Telecom, Clear Choice Communications, and Telephone Express, for classification as a competitive telecommunications company and grants a waiver of the laws and rules listed in the attached Appendix A.
- 24 (3) VarTec Telecom, Inc., d/b/a VarTec Telecom, Clear Choice Communications, and Telephone Express, shall be permitted to provide services under price list.
- 25 (4) Registration of VarTec Telecom, Inc., d/b/a VarTec Telecom, Clear Choice Communications, and Telephone Express, 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.
- 26 (5) As a telecommunications company providing service to the public in this state, VarTec Telecom, Inc., d/b/a VarTec Telecom, Clear Choice Communications, and Telephone Express, is subject to the jurisdiction of this Commission under the provisions of Title 80 RCW and all rules and regulations adopted by the Commission.
- 27 (6) VarTec Telecom, Inc., d/b/a VarTec Telecom, Clear Choice Communications, and Telephone Express 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 VarTec Telecom, Inc., d/b/a VarTec Telecom, Clear Choice Communications, and Telephone Express, 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, VarTec Telecom, Inc., d/b/a VarTec Telecom, Clear Choice Communications, and Telephone Express, 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.

- 28 (7) VarTec Telecom, Inc., d/b/a VarTec Telecom, Clear Choice Communications, and Telephone Express, is not authorized to collect deposits from customers, or provide alternate operator services, or prepaid calling services.
- 29 (8) The Commission retains jurisdiction over the subject matter and the Company to effectuate the terms of this Order.

DATED at Olympia, Washington, and effective this 31st day of October, 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
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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 480-120-043	Notice to Public of Tariff Changes
WAC 480-120-046	Services offered
WAC 480-120-131	Reports of accidents
WAC 480-120-541	Access charges
WAC 480-120-542	Collective consideration of Washington intrastate rate, tariff, or service proposals
WAC 480-120-543	Caller identification service
WAC 480-120-544	Mandatory cost changes for telecommunications companies