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Decision 95-07-029 July 19, 1995

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of I.N.S. Interactive Network System, Ltd., for a Certificate of Public Convenience and Necessity to Operate as a Reseller of InterLATA and IntralATA Telecommunications Services within the State of California.

Application 95-03-048

(Filed March 16, 1995)

ORIGINAL

OPINION

Whether a CPCN should be granted to an applicant who is a switchless reseller...

Application 95-03-048 (as described in D.03-10-011)

I.N.S. Interactive Network System, Ltd. (applicant), a California limited liability company, seeks a Certificate of

Public Convenience and Necessity (CPCN) under Public Utilities

(PU) Code § 1001 to permit it to resell interLATA and intralATA

telephone services in California.<sup>2</sup> Applicant seeks also to

provide interstate interexchange and international services.

Specifically, applicant seeks authority to offer switchless

resale long distance services to customers throughout California,

although its marketing is focused on business customers.

By Decision (D.) 84-01-037 (14 CPUC2d 317 (1984)) and

later decisions, we authorized interLATA entry generally.

Interactive Network System, Ltd. as a limited liability company.

As part of its...

Guinive Corporation as a limited partner.

<sup>1</sup> Applicant originally filed its application as a California limited partnership. Applicant has since changed its legal structure to a limited liability company and is listed as "Interactive Network System, LLC" on its Articles of Organization filed with the Secretary of State...

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See, per yltut . 850-00-22 notiaed

However, we limited the authority conferred to interLATA service and we subjected the applicants to the condition that they not hold themselves out to the public to provide intralATA service. By D.94-09-065, we authorized competitive intralATA services effective January 1, 1995, for carriers meeting specified criteria.

Applicant intends to operate as a switchless reseller. The Commission has established two major criteria for determining whether a CPCN should be granted. An applicant who is a switchless reseller must demonstrate that it has a minimum of \$25,000 of cash or cash equivalent (as described in D.91-10-041, Appendix A, paragraph 5.1), reasonably liquid and readily available to meet the firm's start-up expenses. Such applicants shall also document any deposits required by local exchange companies or interexchange carriers (IECs) and demonstrate that they have additional resources to cover all such deposits (D.93-05-010). In addition, an applicant is required to make a reasonable showing of technical expertise in telecommunications or a related business.

Applicant is a limited partnership, consisting of Varoli Corporation as general managing partner, I.N.S. Europe Interactive Network System, S.A.R.L., as general partner, and Guimauve Corporation as a limited partner. As part of its

[D] 93-05-010 defines a switchless reseller as a non-dominant interexchange carrier (NDIEC) with the following characteristics: it uses the switch of another carrier, it usually, but not always uses access circuits that the underlying carrier purchases from a local exchange carrier (LEC); it provides service in its own name, and its customers view it as their telephone company for interLATA and interstate calls; in D.92-06-069 noted that it is possible to control, operate or manage telephone lines without owning them. The decision also notes that resellers which do not own or directly operate their own telephone wires may still have plant which is owned, controlled, operated, and/or managed in order to facilitate communication by telephone originating and terminating within a

application, applicant provided financial statements including a balance sheet for the year ended December 31, 1994 demonstrating that applicant has made the necessary showing of financial fitness. This indicates that applicant has more than \$25,000 consisting of cash. It satisfies our criteria for having assets reasonably liquid and readily available to meet the applicant's needs.

Applicant is owned and managed by both corporate entities and individuals represented as having extensive experience in telecommunications. Applicant has provided information on its key managers indicating their experience can be summarized as follows:

Claude Buchert, president, has been associated with the development of telecommunications companies in the United States and Europe, including "800 Free Call USA" and I.N.S. Europe.

Jeff Weinstein, customer service manager, has several years of experience from a similar position at Centex Telemanagement, Inc.

We will authorize the interLATA and intraLATA services that applicant seeks to provide.

**Findings of Fact**

1. Applicant served a copy of the application upon the NDIEC telephone corporations with which it is likely to compete.

2. A notice of the filing of the application appeared in the Daily Calendar on April 10, 1995.

3. No protests have been filed.

4. A hearing is not required.

5. By prior Commission decisions we authorized competition in providing interLATA telecommunications service but generally barred those offering such service from holding out to the public the provision of intraLATA service.

( 88-15-036 )

By D.94-09:065, we authorized competitive intralATA long distance services effective January 1, 1995, for carriers meeting the specified criteria. Applicant has demonstrated that it meets the criteria.

7. Applicant has demonstrated that it has a minimum of \$25,000 of cash and cash equivalent, demonstrated by its audited consolidated financial statements, reasonably liquid and readily available to meet its start-up expenses.

8. Applicant has also represented that the LECs and IECs with which applicant will connect do not require any deposits.

9. Applicant's technical experience consists of managers and partners with several years experience in the communications field.

10. Applicant has submitted with its application a complete draft of applicant's initial tariff which complies with the requirements established by the Commission including prohibitions on unreasonable deposit requirements.

11. Applicant has represented that no one associated with or employed by applicant was previously associated with a NDIEC that filed for bankruptcy or went out of business.

12. Since no facilities are to be constructed, it can be seen with certainty that the proposed operation will not have a significant effect upon the environment.

13. The Commission has routinely granted NDIECs, such as applicant, an exemption from Rule 18(b) (where no construction is involved) to the extent that the rule requires applicant to serve a copy of its application on cities and counties in the proposed service area, and to the extent that it requires applicant to provide a conformed copy of all exhibits attached to applicant's filed application to potential competitors.

14. Exemption from the provisions of PU Code §§ 816-830 has been granted to other resellers. (See, e.g., D.86-10-007 and D.88-12-076.)



**ORDER**

Conclusions of Law

Applicant has the financial ability to provide the

**IT IS ORDERED that:**

Service bearing

A Certificate of Public Convenience and Necessity (CPCN) is granted to IN: S. Interactive Network System/ Ltd. (applicant) to operate as a reseller of the interLocal Access and Transport Area (LATA) and, to the extent authorized by Decision (D.) 94-09-065, intraLATA telecommunication services offered by communications common carriers in California.

2. Applicant shall file a written acceptance of the certificate granted in this proceeding.

3. a. Applicant is authorized to file with this Commission tariff schedules for the provision of interLATA and intraLATA service. Applicant may not offer interLATA and intraLATA service until tariffs are on file. Applicant's initial filing shall be made in accordance with General Order (GO) 96-A, excluding Sections IV, V, and VI and shall be effective not less than 1 day after filing.

b. Applicant is a nondominant interexchange carrier (NDIEC). The effectiveness of its future tariffs is subject to the schedules set forth in Ordering Paragraph 5 of (D.) 90-08-032, as modified by D.91-12-013 and D.92-06-034:

5.(d) All NDIECs are hereby placed on notice that their California tariff filings will be processed in accordance with the following effectiveness schedule:

6. Inclusion of FCC-approved rates for interstate services in California public utilities tariff schedules shall become effective (1) ten (10) day's notice.

b. Uniform rate reductions for existing services shall become effective on five (5) days' notice.

Uniform rate increases, (except for minor rate increases, for existing services shall become effective on thirty (30) days notice, and shall require bill inserts, a message on the bill itself, or first class mail notice to customers of the pending increased rates.

"d. Uniform minor rate increases, as defined in D.90-11-029 for existing services shall become effective on not less than 5 working days notice in accordance with Title 47, Code of Federal Regulations for such minor rate increases in the event the books and records are required for inspection by the Commission or its officers or employees.

Advice letter filings for new services and for all other types of tariff revisions, except changes in text not affecting rates or relocations of text in the tariff schedules, shall become effective on forty (40) days notice.

"f. Advice letter filings merely revising the text or location of text material which do not cause an increase in any rate or charge shall become effective on not less than five (5) days notice." the provisions of Public Utilities (PU) Code regarding

4. Applicant may deviate from the following provisions of (a) paragraph II.C. (1) (b), which requires consecutive sheet numbering and prohibits the reuse of sheet numbers, and (b) paragraph II.C. (4), which requires that "a separate sheet or series of sheets should be used for each rule." Tariff filings incorporating these deviations shall be subject to the approval of the Commission Advisory and Compliance Division's (CACD) Telecommunications Branch. Tariff filings shall reflect all fees and surcharges to which applicant is subject, as reflected in Conclusion of Law 4.

5. Applicant shall file as part of its initial tariff, after the effective date of this order and consistent with Ordering Paragraph 3, a service area map.

6. Applicant shall notify this Commission in writing of the date interLATA service is first rendered to the public within 5 days after service begins and again within 5 days of when intraLATA service begins.

7. Applicant shall keep its books and records in accordance with the uniform system of Accounts specified in Title 47, Code of Federal Regulations, Part 12.

8. In the event the books and records of the applicant are required for inspection by the Commission or its staff, applicant shall either produce such records at the Commission's offices or reimburse the Commission for the reasonable costs incurred in having Commission staff travel to applicant's office.

9. Applicant shall file an annual report in compliance with GO 104-A, on a calendar-year basis using the information request form developed by the CACD Auditing and Compliance Branch and contained in Attachment A.

10. Applicant shall ensure that its employees comply with the provisions of Public Utilities (PU) Code § 2889.5 regarding solicitation of customers.

11. The certificate granted and the authority to render service under the rates, charges, and rules authorized will expire if not exercised within 12 months after the effective date of this order.

12. The corporate identification number assigned to applicant is U-5492-C which shall be included in the caption of all original filings with this Commission, and in the titles of other pleadings filed in existing cases.

13. Within 60 days of the effective date of this order applicant shall comply with PU Code § 708, Employee



Identification Cards, and notify the Chief of CACD's Telecommunications Branch in writing of its compliance.

14. Applicant is exempted from the provisions of PU Code §§ 816-830.

15. In response to the applicant's request for waiver, applicant is exempted from Rule 18(b) of the Commission's Rules of Practice and Procedure to the extent that the rule requires applicant to serve a copy of its application on the cities and counties it proposes to operate in and to the extent that the rule requires applicant to serve a copy of all exhibits attached to its application on potential competitors.

16. If applicant is 90 days or more late in filing an annual report or in remitting the fees listed in Conclusion of Law 4, CACD shall prepare for Commission consideration a resolution that revokes the applicant's CPCN, unless the applicants have received the written permission of CACD to file or remit late.

17. The application is granted, as set forth above.  
This order is effective today.

Dated July 19, 1995, at San Francisco, California.

DANIEL Wm. FESSLER  
President  
P. GREGORY CONLON  
JESSIE J. KNIGHT, JR.  
HENRY M. DUQUE  
Commissioners

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

*Wesley Franklin*  
Acting Executive Director.

**TO: ALL INTEREXCHANGE TELEPHONE UTILITIES**

Article 5 of the Public Utilities Code grants authority to the California Public Utilities Commission to require all public utilities doing business in California to file reports as specified by the Commission on the utilities' California operations.

A specific annual report form has not yet been prescribed for the California interexchange telephone utilities. However, you are hereby directed to submit an original and two copies of the information requested in Attachment A no later than March 31st of the year following the calendar year for which the annual report is submitted.

Address your report to:

California Public Utilities Commission  
Auditing and Compliance Branch, Room 3251  
505 Van Ness Avenue  
San Francisco, CA 94102-3298

Failure to file this information on time may result in a penalty as provided for in §§ 2107 and 2108 of the Public Utilities Code.

If you have any question concerning this matter, please call (415) 703-1961.

**ATTACHMENT A**

Balance sheet as of December 31st of the year for which information is submitted. Information Requested of California Interexchange Telephone Utilities. Include statement for California operations for the calendar year for which information

To be filed with the California Public Utilities Commission, 505 Van Ness Avenue, Room 3251, San Francisco, CA 94102-3298, no later than March 31st of the year following the calendar year for which the annual report is submitted.

(A TERMINATION TO ONE)

1. Exact legal name and U # of reporting utility.
2. Address.
3. Name, title, address, and telephone number of the person to be contacted concerning the reported information.
4. Name and title of the officer having custody of the general books of account and the address of the office where such books are kept.
5. Type of organization (e.g., corporation, partnership, sole proprietorship, etc.).  
If incorporated, specify:
  - a. Date of filing articles of incorporation with the Secretary of State.
  - b. State in which incorporated.
6. Commission decision number granting operating authority and the date of that decision.
7. Date operations were begun.
8. Description of other business activities in which the utility is engaged.
9. A list of all affiliated companies and their relationship to the utility. State if affiliate is a:
  - a. Regulated public utility.