

Decision 97-11-028 November 5, 1997

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
GTE Card Services Incorporated)
(U-5494-C) to Expand Its Certificate)
of Public Convenience and Necessity)
to Include Facilities-Based Local)
Exchange Service Within the State)
of California)

Application 96-12-047
(Filed December 23, 1996)

ORIGINAL

I N T E R I M O P I N I O N

I. Introduction

GTE Card Services Incorporated (GTE Card Services or Applicant), seeks authority under the Public Utilities (PU) Code to permit it to provide facilities-based local exchange telecommunications service as a competitive local carrier (CLC).¹ By this decision, we grant the authority requested only in the service territory of Pacific Bell (Pacific), subject to the terms and conditions set forth below. We will remand the application to the assigned Administrative Law Judge (ALJ) in order to receive comments on the effects that the entry of GTE Card Services on a facilities-based basis into GTE-California Incorporated's (GTEC) territory would have on GTEC, and subsequently determine if any factual dispute related thereto requires hearings.

II. Background

By Decision (D.) 95-07-054 (Rulemaking (R.) 95-04-043/ Investigation (I.) 95-04-044), we established initial procedures for the filing for certificates of public convenience and necessity

¹ A competitive local carrier is a common carrier that is issued a CPCN to provide local exchange telecommunications service for a geographic area specified by such carrier.

(CPCN) authority to offer competitive local exchange service within the service territories of Pacific and GTEC. Prospective CLCs that filed petitions by September 1, 1995 for CPCN authority to enter the local exchange market and otherwise met eligibility requirements were authorized to offer local exchange service under the following schedule. Competitive local exchange service for facilities-based carriers was authorized effective January 1, 1996. Competitive resale of the bundled local exchange service of Pacific and GTEC was authorized effective March 31, 1996. Any filings for CLC CPCN authority made after September 1, 1995, were to be treated as applications and processed in the normal course of the Commission's business.

Applicant's request for authority to provide facilities-based local exchange service was made on December 23, 1996. Accordingly, the request was docketed as an application.

III. Overview of Application

Applicant, a Delaware corporation, is qualified to do business as a foreign corporation in the State of California. A copy of the applicant's Articles of Incorporation under the laws of the State of Delaware and its qualification to transact business in California are incorporated by reference from Exhibit A to Application (A.) 95-04-006. Applicant already provides interLATA and intraLATA telecommunications services throughout California as a switchless reseller pursuant to a CPCN granted in D.95-08-028. Applicant also provides resale-based local exchange service pursuant to a CPCN granted in D.96-02-072 as a competitive local exchange carrier throughout the service areas of Pacific and GTEC. Applicant provides some of its services under the tradename "GTE Long Distance." Applicant now seeks to expand its authority to include the authority to provide facilities-based local exchange service throughout the service areas of Pacific and GTEC.

In compliance with Rule 18(b), the names and addresses of the entities with which applicant may compete with respect to these services are listed in Exhibit (Exh.) A to this application. A

copy of the application and a Notice of Availability of exhibits were mailed to each likely competitor named, as well as to each party on the service list in R.95-04-043/I.95-04-044.

Applicant requests a waiver of Rule 18(b) of the Commission's Rules of Practice and Procedure (Rules) to the extent that the Rule requires it to serve a copy of the application on the cities and counties in its proposed service area. Applicant contends it is not certain where installation of facilities might occur and states it does not intend to engage in any substantial construction in connection with the authority sought in this application. Therefore, applicant asserts that services on all cities and counties in the service area would be burdensome. It requests that we grant it an exemption from this requirement as we have done to other similarly situated facilities-based CLCs. (See, D.95-12-057; D.96-09-072.)

Applicant plans to provide facilities-based local exchange service throughout the service areas of Pacific and GTEC as set forth in its Exh. B service territory map. Applicant may use a combination of leased and tariffed services of other certificated carriers and, where necessary, construction or installation of new transmission facilities within or along existing conduit, pole lines, streets, highways and rights-of-way. Applicant may use the switches and facilities of other certificated carriers. Any required installation of applicant's own switching capacity would occur within existing buildings.

Applicant proposes to provide services at rates competitive with those of existing carriers. Applicants must submit proposed tariffs which conform to the consumer protection rules set forth in Appendix B of D.95-07-054. Applicant's proposed tariff, containing its proposed rates and terms and conditions of service, is attached as Exh. E to the application. Appended to this decision as Attachment B is a list of tariff deficiencies which must be corrected before the final tariff is filed.

We conclude that applicant's tariffs properly conform to Commission rules, except for the list of deficiencies set forth in Attachment B. Applicant's compliance tariff must include a

satisfactory correction of each remaining deficiency and must permit service only in Pacific's territory in order to be approved.

We have reviewed the applicant's CPCN filing and conclude that it qualifies as a facilities-based CLC and meets the financial requirements set forth in our adopted rules for facilities-based CLCs. A facilities-based CLC must demonstrate that it has a minimum of \$100,000 of cash or cash equivalent, reasonably liquid and readily available to meet the firm's start-up expenses as prescribed in Rule 4.B(1) of D.95-07-054. CLCs must also conform to the following financial requirement adopted in D.95-12-056: customer deposits collected by a CLC must be deposited in a protected, segregated interest-bearing escrow account subject to Commission oversight.

We conclude that applicant is financially qualified. Applicant is a wholly-owned subsidiary of GTE Information Services Incorporated (GTEISI). GTEISI has issued a guarantee to applicant in the amount of \$100,000, which is irrevocable for at least 12 months after certification by this Commission. Applicant also states that any new facilities in connection with the services proposed in this application will be financed through internally generated funds or short-term borrowings from GTEISI. Applicant has provided both its financial statements and the consolidated financial statements of GTEISI. We find that applicant has the financial resources to provide the services described in its application. Applicant states that it is not currently aware of any deposits that will be required by LECs or interexchange carriers, but states that it has additional resources to cover any such deposits, if necessary.

In addition, an applicant is required to make a reasonable showing of technical expertise in telecommunications or a related business. Applicant's management personnel possess extensive experience in the telecommunications industry, and the company has the technical ability to provide the proposed service. Applicant's management has previously been found to have the requisite technical expertise when applicant has been granted its CPCNs for resale local exchange and interLATA and intraLATA

services. A summary of the experience of applicant's management personnel is attached to the application as Exh. D. Thus, based upon this showing, we conclude applicant has the technical expertise and qualifications to conduct its business.

IV. California Environmental Quality Act (CEQA) Review

We have reviewed the application for compliance with CEQA. CEQA requires the Commission, as the designated lead agency, to assess the potential environmental impact of a project in order that adverse effects are avoided, alternatives are investigated, and environmental quality is restored or enhanced to the fullest extent possible. To achieve this objective, Rule 17.1 of the Commission's Rules requires the proponent of any project subject to Commission approval to submit with the petition for approval of such project an environmental assessment which is referred to as a Proponent's Environmental Assessment (PEA). The PEA is used by the Commission to focus on any impacts of the project which may be of concern and to prepare the Commission's Initial Study to determine whether the project would need a Negative Declaration or an Environmental Impact Report (EIR).

We previously performed a CEQA review for the initial group of 40 facilities-based CLCs which were certified pursuant to D.95-12-057. We consolidated these 40 CLC petitioners into a single comprehensive CEQA review. Based on its assessment of those 40 facilities-based petitioners' filed PEAs, the predecessor to our Energy Division (ED) prepared a draft Negative Declaration and Initial Study generally describing the facilities-based petitioners' project and their potential environmental effects. This Negative Declaration was considered a mitigated Negative Declaration. This means that although the initial study identified potentially significant impacts, revisions which mitigate the impacts to a less than significant level were agreed to by the petitioners. (Pub. Res. Code § 21080(c)(2).)

Based upon our Initial Study and the public comments received, we determined that with the inclusion of mitigation

measures incorporated in the projects, the proposed projects would not have potentially significant environmental effects.

Accordingly, we approved the staff's Negative Declaration, including its proposed Mitigation Monitoring Plan in D.95-12-057.

Pursuant to Rule 17.1 and Initial Rule 4.C(2), applicant provided a PEA as Exh. H to its application, describing its proposed measures to mitigate environmental impacts of its proposed facilities. Applicant contends there will be no significant impact on the environment because it proposes to provide substantially all of its facilities-based services through construction of its own facilities within or along existing conduit, pole lines, streets, highways and rights-of-way, or through use of the switches and facilities of other certificated carriers. Any of applicant's own switching capacity would occur within existing buildings and facilities. Applicant requests that the Commission issue a proposed Mitigated Negative Declaration for its application for public review.

In order to assure compliance with CEQA for facilities-based CLC applications which were not included in the Negative Declaration adopted in D.95-12-057, we initiated subsequent CEQA reviews on a consolidated, quarterly basis for pending CLC applications. Applicant was included among those CLCs covered by the first quarter 1997 consolidated CEQA review, which resulted in Negative Declaration IV (NegDec IV).

Following a procedure similar to that used for the Negative Declaration approved in D.95-12-057, ED prepared and circulated a draft NegDec IV and Initial Study based on an assessment of the PEAs of this applicant as well as eight other CLC applicants. Public comments were received by March 26, 1997.

All public comments were reviewed and answered. ED then finalized the Negative Declaration covering nine facilities-based CLC applications, including this applicant, along with the Mitigation Monitoring Plan (MMP), which is Appendix C to NegDec IV. Comments and responses are attached as Appendix D to NegDec IV.

Based upon our Initial Study and the public comments, it has been determined that with the inclusion of mitigation measures

incorporated in the projects, the proposed projects will not have potentially significant environmental effects. Accordingly, we shall approve NegDec IV as prepared by ED including ED's proposed MMP which will ensure that the listed Mitigation Measures will be followed and implemented.

Although we remand this application to consider whether applicant may provide facilities-based competitive local exchange services in GTEC's territory, our approval of NegDec IV and the MMP will extend to those services should we approve them after the remand.

V. Comparison to the Application of Pacific Bell Communications

On March 5, 1996, Pacific Bell Communications (PB Com), a wholly owned subsidiary of Pacific Telesis and an affiliate of Pacific, filed Application (A.) 96-03-007 to offer facilities-based interLATA and intraLATA services, including local exchange services, within California. The application was vigorously protested by the California Telecommunications Coalition and the Office of Ratepayer Advocates (ORA).² We hereby take official notice under our Rules 72 and 73 of the evidentiary record developed in the PB Com case, including the objections parties raised to PB Com obtaining facilities-based authority in the territory of its more regulated affiliate, Pacific.³

We are surprised that the parties that opposed the authority sought by PB Com were not active participants in the instant proceeding, given the concerns they raised about PB Com having its own facilities in Pacific's service territory. For

² The Coalition includes AT&T Communications of California, Inc.; the California Association of Long Distance Telephone Companies; the California Cable Television Association; MCI Telecommunications Corp.; Sprint Communications Co., L.P.; Teleport Communications Group; and The Utility Reform Network (TURN).

³ In accordance with an Assigned Commissioner's Ruling issued October 15, 1997, the decision in the PB Com application is still pending.

example, TURN argued in the PB Com case that PB Com should be regulated in the same fashion as Pacific, i.e., as a dominant incumbent local exchange company, if it were allowed to install its own facilities in Pacific's territory. ORA expressed concerns about how the granting of facilities-based authority to an affiliate with revenues below the line would provide the corporate parent an incentive to divert resources from Pacific. ORA also stated that PB Com would effectively evade the Commission's resale policies.

We have previously noted that a copy of the instant application and a notice of availability of the exhibits were mailed to entities with which this applicant intended to compete. TURN and ORA are also shown on the service list as having received these materials. Moreover, notice of the application was also posted on our Daily Calendar on December 30, 1996. Thus, it is unfortunate and inexplicable that parties failed to fully engage in this application since the concerns raised about PB Com's facilities-based entry into Pacific's territory might equally apply to GTE Card Services' facilities-based entry into GTEC's territory. After all, both Pacific and GTEC are regulated, dominant local exchange companies that operate under slightly different versions of the New Regulatory Framework (NRF).

Obviously, the Commission cannot rely on overworked or overextended advocates to ensure consistent policy development for similarly situated companies. However, the record here is bare of any evidence that would permit the Commission to determine with certainty if the concerns raised as to PB Com also apply to GTE Card Services. In addition, we note that the remedies introduced by the parties to resolve the concerns with PB Com's application for facilities-based authority cannot be readily applied to GTE Card Services' instant application.

Hence, we will order the assigned ALJ to prepare a ruling in this docket, to also be served on the service list for A.96-03-007, asking the parties provide comments and reply comments on the issues of whether and how GTE Card Services should be permitted to compete with GTEC on a facilities-based basis in the local exchange

market. Parties should be encouraged to draw comparisons between circumstances of PB Com and GTE Card Services. The ALJ, in consultation with the assigned Commissioner, will then determine if there are any factual issues that might necessitate a hearing.

VI. Conclusion

Based upon our review of applicant's application, we conclude that it conforms to the adopted Commission rules for competitive local exchange certification subject to compliance to the terms and conditions set forth herein. With this order, we will permit GTE Card Services to begin offering facilities-based local exchange service in Pacific's territory immediately. However, we will withhold for future consideration similar authority in GTEC's territory after the remand to the ALJ.

Findings of Fact

1. Applicant filed its application on December 23, 1996, for authority to provide facilities-based local exchange telecommunications services.
2. Applicant served a copy of the application and a Notice of Availability of the exhibits on parties of record in R.95-04-043/I.95-04-044, indicating that copies of the exhibits would be served at the request of any party receiving the notice.
3. A notice of the filing of the application appeared in the Daily Calendar on December 30, 1996.
4. No protests have been filed.
5. No hearing is required as to the applicant's entry into Pacific's territory.
6. By prior Commission decisions, we authorized competition in providing local exchange telecommunications service within the service territories of Pacific and GTEC.
7. By D.95-07-054, D.95-12-056, D.96-02-072, and D.96-03-020, we authorized facilities-based CLC services effective January 1, 1996, and CLC resale services effective March 31, 1996, for carriers meeting specified criteria.

8. Applicant has demonstrated that it has a minimum of \$100,000 of cash or cash equivalent reasonably liquid and readily available to meet its start-up expenses.

9. Applicant's technical experience is demonstrated by the descriptions of the background qualifications of its officers and directors as contained in Exh. D of the application.

10. Applicant has submitted with its application a complete draft of applicant's initial tariff corrections, which complies with the requirements established by the Commission, except for the deficiencies noted in Attachment B.

11. By D.97-08-045 and D.97-06-107, applicants for nondominant CLC CPCN authority are exempt from Rule 18(b).

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

13. The transfer or encumbrance of property of nondominant carriers has been exempted from the requirements of PU Code § 851 whenever such transfer or encumbrance serves to secure debt. (See D.85-11-044.)

14. CEQA requires the Commission to assess the potential environmental impact of a project.

15. The Commission staff has conducted an Initial Study of the environmental impact of nine facilities-based CLC applications, including this application, and prepared a Mitigated Negative Declaration IV.

16. Commission staff has concluded that with the incorporation of all mitigation measures discussed in the Mitigated Negative Declaration IV, certification of the CLCs covered therein, including applicant, will result in no significant adverse impact on the environment.

17. In A.96-03-007, intervenors raised objections to PB Com's request for authority to compete with its affiliate, Pacific, on a facilities-based basis in the intraLATA market, which includes the local exchange market.

18. Pacific and GTEC are both regulated, dominant local exchange companies that operate under slightly different versions of the NRF.

19. PB Com and GTE Card Services have both sought to be non-dominant facilities-based carriers in competition with their regulated dominant affiliates Pacific and GTEC, respectively.

20. The record in this case is not sufficient to determine what impact, if any, the entry of GTE Card Services on a facilities-based basis into GTEC's territory would have on GTEC and its customers.

Conclusions of Law

1. Applicant has the financial ability to provide the proposed service.

2. Applicant has made a reasonable showing of technical expertise in telecommunications.

3. The Commission takes official notice under Rules 72 and 73 of the Rules of Practice and Procedure of the evidentiary record developed in the proceeding dealing with A.96-03-007 of PB Com to offer interLATA and intraLATA services in California.

4. Public convenience and necessity require the competitive local exchange services to be offered by applicant in competition with Pacific, subject to the terms and conditions set forth below.

5. Applicant is subject to:

- a. The current 3.2% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund Universal Lifeline Telephone Service Fund (PU Code § 879; Resolution T-15799, November 21, 1995);

- b. The current 0.36% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the California Relay Service and Communications Devices Fund (PU Code § 2881; Resolution T-16017, April 9, 1997);
 - c. The user fee provided in PU Code §§ 431-435, which is 0.11% of gross intrastate revenue for the 1997-1998 fiscal year (Resolution M-4786);
 - d. The current 0.27% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the California High Cost Fund (PU Code § 739.30; D 96-10-066, pp. 3-4, Appendix B, Rule 1C, set by Resolution T-15987 at 0.0% for 1997, effective February 1, 1997);
 - e. The current 2.87% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the California High cost Fund-B (D.96-10-066, p. 191, App. B, Rule 6F); and
 - f. The current 0.41% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the California Teleconnect Fund (D.96-10-066, p. 88 App. B, Rule 8.G.).
- 6. Applicant is exempt from Rule 18(b).
 - 7. Applicant should be exempted from PU Code §§ 816-830.
 - 8. Applicant should be exempted from PU Code § 851 when the transfer or encumbrance serves to secure debt.
 - 9. The application should be granted in Pacific's service territory to the extent set forth in the order below, and remanded in part as to GTEC's service territory as set forth therein.

10. Any CLC which does not comply with our rules for local exchange competition adopted in R.95-04-043 shall be subject to sanctions including, but not limited to, revocation of its CLC certificate.

11. Applicant is required to carry out any specific mitigation measures outlined in NegDec IV, which is applicable to its facilities, to be in compliance with CEQA.

12. With the incorporation of the specific mitigation measures outlined in NegDec IV, applicant's proposed project will not have potentially significant environmental impacts. This conclusion shall apply to future facilities-based local exchange services in GTEC's territory, should they be allowed after remand.

13. The Commission should remand a portion of this application to the ALJ to take comments and further evidence, if necessary, on the impact of GTE Card Services' facilities-based entry into the territory of GTEC.

14. Because of the public interest in competitive local exchange services, the following order should be effective immediately.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to GTE Card Services Incorporated (applicant) to operate as a facilities-based competitive local carrier in the service territory of Pacific Bell, subject to the terms and conditions set forth below.

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 competitive local exchange services in Pacific Bell's service territory. Applicant may not offer competitive local exchange services 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 must include a satisfactory correction of each deficiency listed in Attachment B to this decision. The tariff shall be effective not less than 1 day after tariff approval by the Commission's Telecommunications Division. Applicant shall comply with the provisions in its tariffs.

b. Applicant is a competitive local carrier (CLC). The effectiveness of its future tariffs is subject to the schedules set forth in Appendix A, Section 4.E of Decision (D.) 95-07-054:

"E. CLCs shall be subject to the following tariff and contract filing, revision and service pricing standards (Contracts shall be subject to GO 96-A rules for NDIECs, except those for interconnection):

- "(1) Uniform rate reductions for existing tariff services shall become effective on five (5) working days' notice to the Commission. Customer notification is not required for rate decreases.
- "(2) Uniform major rate increases for existing tariff services shall become effective on thirty (30) days' notice to the Commission, and shall require bill inserts, or a message on the bill itself, or first class mail notice to customers at least 30 days in advance of the pending rate increase.

- "(3) Uniform minor rate increases, as defined in D.95-07-054, shall become effective on not less than five (5) working days' notice to the Commission. Customer notification is not required for such minor rate increases.
- "(4) 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 to the Commission.
- "(5) Advice letter filings revising the text or location of text material which do not result in an increase in any rate or charge shall become effective on not less than five (5) days' notice to the Commission."

4. Applicant may deviate from the following provisions of GO 96-A: (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 Commission's Telecommunications Division. Tariff filings shall reflect all fees and surcharges to which applicant is subject, as reflected in Conclusion of Law 5. Applicant is also exempt from GO 96-A, Section III.G.(1) and (2) which requires service of advice letters on competing and adjacent utilities, unless such utilities have specifically requested such service.

5. Applicant shall file as part of its initial tariff, after the effective date of this order and consistent with Ordering Paragraph 3 and Attachment B, a service area map. Such maps must be adequate for staff to determine that the CLC is providing service to interested customers located within 300 feet of the CLC's facilities.

6. Prior to initiating facilities-based service in Pacific Bell's territory, applicant shall provide the Commission's Consumer Services Division with the applicant's designated contact person(s) for purposes of resolving consumer complaints and the corresponding telephone number. This information shall be updated if the name or telephone number changes or at least annually.

7. Applicant shall notify this Commission in writing of the date facilities-based local exchange service is first rendered to the public in Pacific Bell's territory within 5 days after such local exchange service begins.

8. Applicant shall keep its books and records in accordance with the Uniform System of Accounts specified in Title 47, Code of Federal Regulations, Part 32.

9. Applicant shall file an annual report, in compliance with GO 104-A, on a calendar-year basis using the information request form 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's facilities-based local exchange service will be U-5494-C, the same as is already assigned to applicant, 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 Director of the Telecommunications Division in writing of its compliance.

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

15. Applicant is exempted from PU Code § 851 for the transfer or encumbrance of property, whenever such transfer or encumbrance serves to secure debt.

16. If applicant is 90 days or more late in filing an annual report or in remitting the fees listed in Conclusion of Law 5, the Telecommunications Division shall prepare for Commission consideration a resolution that revokes the applicant's certificate of public convenience and necessity, unless the applicant has received the written permission of the Telecommunications Division to file or remit late.

17. Applicant shall comply with the customer notification and education rules adopted in D.96-04-049 regarding passage of calling party number.

18. The Final Negative Declaration including the Mitigation Monitoring Plan prepared by ED (see Attachment C) is hereby approved and adopted, and shall apply to future facilities-based services in GTE-California Incorporated's service territory, should such services be granted after remand.

19. The applicant shall comply with the conditions and carry out the mitigation measures outlined in the Negative Declaration.

20. The applicant shall provide the Director of the Commission's Energy Division with reports on compliance with the conditions and implementation of mitigation measures under the schedule as outlined in the Negative Declaration.

21. Within 60 days of the effective date of this order, the assigned Administrative Law Judge shall prepare a ruling requesting comments and reply comments on whether and how applicant should be permitted to compete as a facilities-based local exchange service provider with its affiliated company, GTE-California Incorporated, a dominant, incumbent local exchange company regulated under the New Regulatory Framework. This ruling shall also be served on all persons on the service list for Application 96-03-007. After receipt of comments and reply comments, the assigned Administrative Law Judge, in consultation with the Assigned Commissioner, will determine if hearings are necessary to resolve any factual dispute.

22. The application is granted in part and remanded in part, as set forth above.

23. Application 96-12-047 remains open for the purpose of the remand, as described in Ordering Paragraph 21.

This order is effective today.

Dated November 5, 1997, at San Francisco, California.

P. GREGORY CONLON
President
JESSIE J. KNIGHT, JR.
RICHARD A. BILAS
Commissioners

I dissent.

/s/ HENRY M. DUQUE
Commissioner

I dissent.

/s/ JOSIAH L. NEEPER
Commissioner

ATTACHMENT A
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INFORMATION REQUESTED OF COMPETITIVE LOCAL CARRIERS

TO: ALL COMPETITIVE LOCAL CARRIERS

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 Competitive Local Carriers in California. 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
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INFORMATION REQUESTED OF COMPETITIVE LOCAL CARRIERS

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.

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.
 - b. Publicly held corporation.
10. Balance sheet as of December 31st of the year for which information is submitted.
11. Income statement for California operations for the calendar year for which information is submitted.

(END OF ATTACHMENT A)

ATTACHMENT B

A.96-12-047

Following is a list of deficiencies in GTE Card Services draft tariff filing:

1. The company address must be included under the company name in the upper left corner of each tariff sheet.
2. Sheet 5: amend the Preliminary Statement to indicate that the company will provide only business service.
3. The company's compliance filing must show specific rates for each service element listed. Any services which will not be part of the company's initial service offering must be deleted from the tariff.
4. Sheet 65: There is no blanket authority for promotions. Each promotion must be filed with the Commission via Advice Letter and will be effective in 5 days.
5. Sheet 66: Update list of Commission-mandated surcharges as follows:

CHCF-A	0.0%
CHCF-B	2.87%
Teleconnect Fund	.41%
6. Sheet 69, Rule 2: This rule describes the company's resale and facilities-based service offerings. The company already has resale authority and an approved tariff on file. Tariff 3, which was filed as part of this application, should refer only to facilities-based service offerings.
7. Sheets 71, 72 and 93: The company needs to clarify the due date for bills. Is it 15 or 22 days?
8. Sheet 72, Rule 7.1: delete sentence which says that deposit will be refunded at any time prior to termination at the option of the carrier. This is inconsistent with the rule to return deposits after 12 months or service.
9. Sheet 72, Rule 9.3: The company must include all of the information on discontinuance of service found in Rule 6 of Appendix B, D.95-07-054.
10. Sheet 73: The company cannot limit customers to 30 days to dispute bills. The minimum is 2 years.
11. Sample bills must be for GTE Card Services, not GTE.

(END OF ATTACHMENT B)