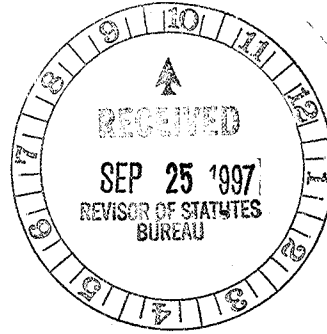


Clearinghouse Rule 95-062

CERTIFICATE

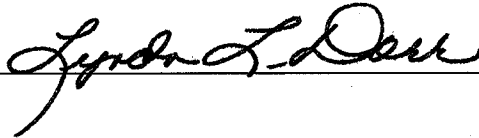
STATE OF WISCONSIN)
) SS
PUBLIC SERVICE COMMISSION)
OF WISCONSIN)



I, Lynda L. Dorr, Secretary to the Public Service Commission of Wisconsin and custodian of the official records, certify that the annexed rules, relating to telecommunications resellers and resale, were duly approved and adopted by this Commission on the 23rd day of September 1997.

I further certify that this copy has been compared by me with the original on file in this Commission and that it is a true copy of the original, and of the whole of the original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the Commission, at 610 N. Whitney Way in the city of Madison, this 25th day of September 1997.



t:\ssrules\1AC158certificate

(Affix seal below)

95-062
12-1-97

DATE MAILED
SEP 25 1997

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Rules for the Certification and Regulation of
Telecommunications Resellers and Alternative
Operator Service Providers

1-AC-158

**ORDER OF THE PUBLIC SERVICE COMMISSION
REPEALING AND ADOPTING RULES**

The Public Service Commission of Wisconsin (Commission) proposes to repeal and recreate present ch. PSC 168, Wis. Adm. Code, to establish new and revised rules for the certification and regulation of alternative telecommunications utility (ATU) resellers and providers of operator services, also known as alternative operator services (AOS). The new rules will also specify existing telecommunications services that are available for resale, formalize the procedure by which the Commission may approve additional services for resale or remove or modify terms, conditions, or restrictions that unreasonably impair resale. The right of a small telecommunications utility to claim or secure an exemption from its resale duties by use of the procedures in s. 196.219 (2), Stats., and 47 U.S.C. § 251 (f) is apart from and not addressed by these rules. Also, territorial protection rights given a small telecommunications utility in s. 196.50 (1) (b), Stats., are not abridged by these rules.

**ANALYSIS PREPARED BY THE
PUBLIC SERVICE COMMISSION OF WISCONSIN**

In 1993 Wisconsin Act 496 (Act 496), the legislature enacted a new regulatory model to manage the transition to a competitive telecommunications marketplace. Key players in the developing competition are alternative telecommunications utilities (ATUs) that resell telecommunications services and offer operator services. Act 496 created a need for greater harmonization of the regulatory treatment of resellers and alternative operator service (AOS) provisioning, the latter presently requiring separate certification. In addition, Act 496 removed the criterion that an ATU-reseller not own transmission equipment. This created the problem of distinguishing in practical terms a telecommunications carrier from an ATU-reseller.

Reselling, however, is not confined to ATU-resellers. Telecommunications carriers, certificated under s. 196.499, Stats., also engage in resale when they resell local exchange carrier services to complement their own toll services. Incumbent local exchange carriers (ILECs) may also use resale, as an inherent part of their statewide certificates created under s. 196.50 (2) (b) and (g) 1., Stats. They may resell the services of other ILECs when they compete outside of their own obliged-to-serve territories. Many alternative telecommunications utilities, such as radio common carriers and competitive local exchange carriers (CLECs), use resale to offer their customers a complete array of services. These rules standardize the minimums by which telecommunications services are made available for resale by all the principal users of resold services.

The need for major change in the rules also arises from the enactment of the Telecommunications Act of 1996, Pub. L. 104-104, 110 Stat. 56 (1996) (1996 Act). The

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1996 Act was the first major overhaul of national telecommunications regulation in 62 years, and its centerpiece is the opening of local exchange markets to competition. A major element of the "opening" is the duty of ILECs to allow resale of their services and to establish wholesale rates for services available to an interconnecting local exchange service competitor.

The rules in present ch. PSC 168, however, cannot accommodate the massive changes that have occurred in the telecommunications industry. So many changes are necessary that the Commission finds it necessary to repeal the entire chapter. The new rules created in this chapter interpret and implement the provisions in ch. 196, Stats., related to resale and providers of resold services, and harmonize state law with the federal obligations created by the 1996 Act.

The changes are numerous and comprehensive:

(1) The chapter is re-captioned to more accurately identify the subject matter of the chapter as dealing with resold services, in addition to providing rules directed to the ATUs providing resold services.

(2) In ss. PSC 168.01 (2) and 168.03, ch. PSC 168 is made applicable to all resale activities by alternative operator service providers, telecommunications utilities, and alternative telecommunications utilities that by Commission order are obliged to offer services for resale. Telecommunications carriers, and even ILECs operating outside their obliged-to-serve territories, must use s. PSC 168.03 if they want the Commission to investigate the resale of a service offered by the foregoing entities. Under s. PSC 168.03, the Commission could order that a service be made available for resale with or without conditions, or modify or remove restrictions unreasonably limiting resale.

(3) Basic definitions are clarified. "Control of transmission facilities" is limited to the traditional leasing or transfer of a bundle or ownership rights that may be associated with specified facilities. The note explains that tariff "leasing" terminology that describes the sale of a service and transfers no rights of ownership in tangible facilities, is not "control of transmission facilities."

(4) Section PSC 168.03 (1) states that, for telecommunications utilities and ATUs ordered by the Commission to allow resale, all offered telecommunications services are available for resale, except for the itemized exceptions. This subsection constitutes an order by the Commission under s. 196.01 (9), Stats., and harmonizes state law with the requirements of the 1996 Act and Federal Communications Commission action. Switched access and open network architecture services are made available for resale for the first time. Consistent with the 1996 Act, however, resale opportunities with respect to promotions, market trials, and services sold to educational, library or health care institutions are limited. Also, as permitted by the 1996 Act, lower-cost residential services may not be unfairly resold against a telecommunications utility's business services. Shared telecommunications system management or ownership is determined, in conformance with past Commission interpretation, not to be resale in nature. See s. PSC 168.03 (4).

(5) Section PSC 168.04 (1) requires that a reselling entity secure certification under ch. PSC 168, unless it is certificated in another provider category (with reseller authorization provided under that certificate), or the entity as a whole fits within one of the seven categories of exemption in subs. (2). The exemptions are basically self-explanatory.

The treatment of other alternative telecommunications utilities that receive “adjunct” authority to engage in resale is not expressly set forth in this chapter. This chapter is, however, drafted to serve as a basic regulatory framework for reselling to be incorporated by reference when other alternative telecommunications utilities, such as radio common carriers or CLECs, engage in resale. Treatment of prior certifications is specified in s. PSC 168.07 (4) and provides for modification of ATU reseller certificates to conform authorized reselling to these rules.

(6) The permissible activities of an authorized reseller are specified in s. PSC 168.05. A key specification is the maximum quantity of transport facilities, determined by cost, that a reseller may own, operate, manage, or control without effectively becoming a facilities-based provider of services. The threshold is set with flexibility to permit the commission to review the overall character of a reseller's operation without triggering automatic reclassification to another category of facilities-based provider. See s. PSC 168.05 (2). Those facilities-based operations intended to compete with the local exchange services of a small telecommunications utility, however, still must be certificated under s. 196.50 (1) (b), Stats.

(7) Existing information requests given to prospective reseller petitioners are now formalized in s. PSC 168.06. A reseller desiring to provide operator services need only notify the Commission in its original petition or at a later time by a notice of commencement of such services under s. PSC 168.10 (1) (a). An application fee is instituted, as authorized by s. 196.203 (5), Stats., to recover a portion of the Commission's processing costs. The rule also clarifies that certification may occur with conditions, and that, when warranted by the public interest under state or federal law, or both, the Commission may deny an application.

Subsection PSC 168.06 (1) provides that if a reseller conducts intrastate operations in Wisconsin, without certification, all of its arrangements, contracts, and billings for resold intrastate services are void. This provision will assist enforcement of the Commission's certification regulations, while at the same time protecting consumers against liability for any charges billed by unlicensed or "fly-by-night" operators.

Subsection PSC 168.06 (6), added at the suggestion of the Senate Committee on Utility Regulation, responds to a desire of small telecommunications utilities for a state-based proceeding in which to raise questions about the continued need for any term or condition in a certificate of an affiliated reseller certified under ch. PSC 168.

(8) Section PSC 168.07 requires an annual report accompanied by a fee for a small reseller (less than \$200,000 annual revenues from Wisconsin intrastate operations) to maintain certification past June 1 of the year following the report year. The June 1 date, while subject to extension upon special request, is necessary to allow the Commission to fix the identity of those providers liable for the Commission's billing for remainder assessment in September. The Commission's billing to telecommunications providers will also recover the costs of the Department of Justice telecommunications advocate under s. 196.85, Stats., and the costs of the telephone relay assessment for the hearing impaired under s. 196.858, Stats. The fee accompanying the annual report is allowed under s. 196.203 (5), Stats., to permit an equitable recoupment of part of the Commission's regulatory costs without triggering application of the more costly direct and remainder billing processes.

Subsection (4) provides a treatment for existing authorities for resale, in par. (a) for alternative telecommunications utility resellers, and in par. (b) for all other types of ATUs.

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Interim authorities related to fitness questions remain interim, but otherwise all interim certificates, usually given for operator services, become permanent. All reselling by ATU resellers becomes uniformly governed by ch. PSC 168, except that conditions imposed upon a reseller affiliated with a telecommunications utility remain in effect in order to protect competition. Radio common carriers and competitive local exchange carriers with interim certifications retain their resale authorizations as granted by their respective certificates, and are also subject to reselling in compliance with ch. PSC 168, except as the Commission may expressly provide otherwise. Reselling authorizations of radio common carriers will remain subject to ch. PSC 168, as provided by the current rules. CLECs, however, will be subject to different Commission treatment. CLECs will have the scope of their reselling authority modified by the provisions of orders in docket 05-TI-138 establishing the level of regulation in the local exchange service market.

(9) Section PSC 168.08 reflects Act 496's removal of advance public notice of ATU applications. This change is expected to considerably speed Commission processing such that a specific time deadline for processing should be unnecessary. If undue delays occur, however, this matter will be revisited.

(10) The identification of statutes with which an ATU reseller must comply is updated in s. PSC 168.09 (1) to reflect statutory requirements created in Act 496 and other specific legislation enacted since the original promulgation of ch. PSC 168 in 1987. ATU resellers must comply with specific privacy rules, "pay-per-call" rules, universal service provisions, relevant end-user consumer protection provisions in s. 196.219, Stats., and updated penalty provisions. The Commission has also applied s. 196.203, Stats., which in sub. (4), permits the Commission

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to impose on ATUs other provisions of ch. 196, Stats. Section 196.37, Stats., is also imposed to allow the Commission to remedy unreasonable rates or practices if necessary. The Commission finds that ss. 196.203 and 196.37, Stats., while not having immediate affect on resellers, are important reservations of jurisdiction that allow the Commission to immediately investigate and respond to the rapidly changing conditions of the telecommunications industry. Section 196.12, Stats., is retained to permit the Commission when necessary to direct the type of needed data that must be collected.

Subsection PSC 168.09 (2) initiates assessment of large resellers for purposes of ss. 196.85 and 196.858, Stats. Simple, annual reports will be required of all ATU-resellers to allow the Commission to assess the development of competition. Subsection (7) requires all ATUs, resellers or otherwise, to comply with all Commission and federal requirements governing resale.

(11) Section PSC 168.10 (1) sets forth for ATU resellers new minimums for identification in solicitations and for adequate staffing and procedures to handle complaints. Consumers will be entitled to a non-charge number to reach a reseller.

In addition, a provider of operator services must comply with sub. (2) regarding identification, rate information, and handling of emergency services calls. The rules regarding call handling are carried over from existing Commission orders in generic docket 05-TI-9. Any reseller that commences operator services after obtaining certification must pursuant to s. PSC 168.10 (1) (a) file a letter notifying the Commission of its commencement of operator services, which are otherwise already permitted to an ATU-reseller under s. PSC 168.05 (1) (c).

In light of current complaint levels, the Commission still finds it in the public interest to retain the rate caps for operator-assisted and calling card type calls, with modifications as

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described in s. PSC 168.11. The caps are stated for five categories of service, and are calculated as the sum of the initial minute rate and any surcharge, rounded up to the next \$.25, plus the subsequent minute charge, rounded up to the next \$.05, times the number of call minutes. The rates used for calculating the cap are the higher of either the largest interLATA or the largest intraLATA provider. The Commission finds that this cap formula makes it easier for consumers and staff to determine whether a charge exceeds the cap. Other changes relate to connections to emergency services.

(12) Reports and information required under s. PSC 168.12, for the first time, will allow the Commission better tracking of reseller entities and gather useful market information as described in s. PSC 168.12 (1) (c) to (f).

(13) Sections PSC 168.13 and 168.14 prescribe the Commission's procedures and substantive grounds respecting revocation and voluntary surrender of certification, respectively. Non-compliance with statutes and reporting requirements imposed by the Commission or the FCC can lead to revocation proceedings. Also, if a reseller's operations are such that they would have resulted in a denial of an initial application, then operations of such low quality after certification can lead to certificate revocation. Sub. PSC 168.13 (1) (c). The procedures are designed to secure correction as a first resort, proceeding to revocation only if compliance is unavailing. The procedures also provide legal protection for a telecommunications utility to terminate service to a de-certified reseller and authorizes the commission to allocate customers to other providers. Voluntary surrender procedures are permitted, provided customers are treated appropriately, and any pending information or report duties are fully satisfied.

REGULATORY FLEXIBILITY ANALYSIS

These rules may have an incidental effect on small telecommunications utilities, which are small businesses under s. 196.216, Stats., for the purposes of s. 227.114, Stats. A small number of ATU resellers may also qualify as small businesses. The Commission has considered the methods in s. 227.114 (2), Stats., and, specifically, the comments of the Telecommunications Reseller Association (TRA) and the Wisconsin State Telecommunications Association (WSTA) for reducing the impact of the rules on resellers and small telecommunications utilities. The Commission finds that any less stringent rules would be contrary to the statutory objectives which are the basis for the rules. For resellers specifically, the Commission has removed automatic termination of certification for failure to file a Notice of Intent to Renew. The rules adopt a process that seeks compliance with a minimum of cost and procedural steps. The Commission is unable to honor a request of the WSTA for a level playing field that includes telecommunications carriers. By reason of s. 196.499, Stats., such carriers are not subject to most of the provisions of ch. 196, Stats., that the WSTA would have the Commission use to regulate carrier reselling.

RULE AND STATUTORY AUTHORITY

Pursuant to authority vested in the Public Service Commission by ss. 196.02 (1) and (3) and 227.11, Stats., and interpreting ss. 196.01 (1d) (c), 196.01 (9), and 196.203 (3), Stats., the Public Service Commission repeals and recreates ch. PSC 168 to read as shown in Attachment A.

FISCAL ESTIMATE

Although these rules establish a fee to accompany annual reports to assure continuation of certification for smaller resellers, there is no increase in revenue to the agency. Instead, there will be a decrease in the remainder assessment billed to other utilities and telecommunications providers. The rules will have no fiscal impact on any other state or local units of government.

EFFECTIVE DATE

These rules shall take effect on the first day of the month following publication in the Wisconsin Administrative Register as provided in s. 227.22 (2) (intro.), Stats.

ENVIRONMENTAL ANALYSIS

This is a Type III action under s. PSC 4.10 (3), Wis. Adm. Code. No unusual circumstances suggesting the likelihood of significant environmental consequences have come to the Commission's attention. Neither an environmental impact statement under s. 1.11, Stats., nor an environmental assessment is required.

Dated at Madison, Wisconsin, September 23, 1997

By the Commission:

Lynda L. Dorr
Lynda L. Dorr
Secretary to the Commission

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Attachment

SECTION 1: PSC 168 is repealed and recreated to read:

Chapter PSC 168

TELECOMMUNICATIONS RESELLERS AND RESALE

PSC 168.01 PURPOSE. (1) The purpose of this chapter is to set forth the regulation of resellers and resale, to identify those entities that are telecommunications providers that must be certified as resellers under s. 196.01 (1d) (c), Stats., and to state the requirements for consideration of petitions from telecommunications providers requesting certification as alternative telecommunications utility resellers. Regulations regarding the provision of operator services by telecommunications resellers and providers of private pay telephone services are specified. This chapter also describes the telecommunications services of telecommunications utilities and specified alternative telecommunications utilities that are, or are not, available for resale. This chapter sets forth procedures for petitioning to add or remove a service from those available for resale, or to impose, remove, or modify any restriction or condition unreasonably impairing the ability of a reseller to resell a specific telecommunications service. This chapter addresses neither the right nor the manner by which a telecommunications utility may secure or claim an exemption, suspension, or modification of the duty to resell, as addressed in s. 196.219 (2), Stats., and 47 USC 251 (f).

(2) Except as specified in ss. PSC 168.02 (12) and 168.03, this chapter does not apply to telecommunications utilities or telecommunications carriers.

(3) Nothing in this chapter shall preclude special and individual consideration being given to exceptional or unusual situations and upon due investigation of the facts and circumstances involved, the adoption of requirements as to individual providers or services that may be lesser, greater, other or different than those provided in this chapter.

PSC 168.02 DEFINITIONS. In this chapter:

(1) "Alternative telecommunications utility" has the meaning given in s. 196.01 (1d), Stats.

(2) "Alternative telecommunications utility reseller" means that category of telecommunications provider referred to in s. 196.01 (1d) (c), Stats.

(3) "Collect call" means a call paid for by the party receiving the call where the receiving party does not have a standing arrangement for reversed charge calling.

(4) "Control of transmission facilities" includes leasing transmission facilities, but does not include the use of transmission facilities obtained pursuant to tariff filed under any provision of ch. 196, Stats., or an agreement under 47 USC 252 approved by the commission.

Note: "Dark fiber" leases or rental agreements that identify specific facilities constitute control of transmission facilities. In contrast, however, a long-term subscription to, or putative "lease" of, a transmission service, e.g., a "lease" of DS-3 transmission capacity, does not constitute control of transmission facilities, even though the nature of the service is largely defined by reference to the principal facility involved.

(5) "Customer dialed calling card call" means a call which is dialed by the customer, and for which the customer enters a calling card number directly, without operator intervention.

(6) "Holding company" has the meaning given in s. 196.795 (1) (h), Stats., and includes for purposes of this chapter only any company which owns, operates, manages or controls a telecommunications utility.

(7) "Holding company system" has the meaning given in s. 196.795 (1) (i), Stats., and includes for purposes of this chapter only a telecommunications utility as a public utility.

(8) "Operator assisted calling card call" means a call which is dialed by the customer and paid for with a calling card, but which requires operator intervention.

(9) "Pay telephone service provider" means a person who owns or leases a pay telephone located on property owned or leased by that person and telecommunications providers furnishing customer-owned, coin-operated telephones, also commonly known as "COCOTs" or COCOT providers, but does not include telecommunications utilities or telecommunications carriers.

(10) "Person to person call" means a call in which the calling party requests to speak to a particular person, and the call is put through only if that person comes to the telephone.

(11) "Telecommunications provider" has the meaning given in s. 196.01 (8p), Stats.

(12) "Telecommunications reseller" or "reseller" means a telecommunications provider that resells message or wide-area telecommunications services or other telecommunications services approved for resale pursuant to this chapter or commission order, and includes the following:

(a) Alternative telecommunications utility resellers.

(b) Alternative telecommunications utilities authorized to engage in resale.

(c) Pay telephone service providers, as defined in sub. (9), that provide operator services, resale of telecommunications services, or both.

(d) For purposes of s. PSC 168.03 only, telecommunications carriers and telecommunications utilities certificated pursuant to s. 196.50 (2), Stats., when engaged in reselling services of another telecommunications provider.

(13) "Telecommunications service," for purposes of this chapter, means a telecommunications service, as defined in s. 196.01 (9m), Stats., that must be offered in a tariff pursuant to state or federal statute, or a rule or order of the commission or the federal communications commission.

Note: The Wisconsin statutes requiring tariffs are ss. 196.19 and 196.194(1), Stats. The latter permits the execution of individual customer contracts, provided an authorizing tariff complying with the requirements of s. 196.194(1), Stats., is filed with the commission.

(14) "0" or "0-" or "0 minus" call means a call for which the caller only dials "0," and does not dial additional digits.

(15) "0+" or "0 plus" call means a call for which the caller dials "0" and additional digits such as on a calling card call when the caller dials "0" and then the telephone number.

PSC 168.03 SERVICES AVAILABLE FOR RESALE. (1) Whether offered at wholesale, retail, or both, all telecommunications services of telecommunications utilities and of alternative telecommunications utilities that are required to allow resale by commission rule or order are approved for resale by resellers, except the following:

(a) Trunks for 911 and E911 service.

(b) Telephone relay services.

(c) Multi-party services.

(d) Telecommunications services offered in a market trial. "Market trial" means an offering of a new service for technical or market feasibility testing for a period not exceeding one year, and is offered only to a small subgroup of all intended customers.

(e) Telecommunications services offered at promotional rates that are restricted against resale by the offering utility. "Promotional rate" means a temporary price discount or other incentive offered to customers that will be effective for not more than 90 days for the purpose of encouraging the purchase of new or additional telecommunications services.

(f) Telecommunications services offered at a discount to institutions providing educational, library and health care services, as defined in 47 USC 254 and any rules of the commission or federal communications commission implementing that statute.

(g) Telecommunications services that have been grandfathered, unless the services are resold to customers that are eligible for the grandfathered services. In such cases, the reseller shall be charged no more than the grandfathered price, less any applicable wholesale discount and any other discounts, such as for volume or term, for which the reseller qualifies.

Note: Consistent with the last sentence of s. PSC 168.01 (1), this subsection does not compel the creation of a wholesale rate, when, for example, a small telecommunications utility is claiming that it is a rural telephone company exempt from such duty under the provisions of 47 USC 153 (37) and 251 (f) (1).

(2) Where prices for residential services are set below those for similar business services, telecommunications services bought at residential rates may not be resold to business customers.

(3) Upon its own motion, or upon petition by a reseller telecommunications provider, or other interested person, the commission may investigate the resale or potential resale of a service

that is offered by a telecommunications utility or an alternative telecommunications utility and is not identified in sub. (1). The commission may determine whether the service should be ordered available for resale, what terms, restrictions and conditions, if any, are necessary or appropriate for resale, and whether under 47 USC 251 any present or proposed term, restriction, or condition unreasonably impairs the resale of the service. The commission may issue an order to protect or promote the public interest. An order may approve, restrict, condition, or remove a restriction on, the resale of a service.

Note: This paragraph authorizes the commission to broadly deal with tariff terms and conditions that in operation unreasonably impair the ability of a reseller to resell a tariffed telecommunications service, as defined in s. PSC 168.02 (13). To be subject to this paragraph, a tariff need not contain an explicit restriction against resale, which is prohibited by s. PSC 168.03 (1).

(4) The ownership or management of a private shared telecommunications system, as defined in s. 196.201 (1), Stats., by itself does not constitute resale of telecommunications services for purposes of this chapter, provided the resold services are furnished only to retail end-user customers at a discrete premises, such as a building complex or multi-tenant office building, served by the private shared telecommunications system.

PSC 168.04 PROVIDERS SUBJECT TO RESELLER CERTIFICATION. (1) Any entity offering resold telecommunications services is a reseller requiring certification under this chapter, unless it is an exempt entity under sub. (2) or it is certificated as an alternative telecommunications utility, other than a reseller pursuant to s. 196.01 (1d) (c), Stats., and its certification includes authorization to resell intrastate telecommunications services.

Note: New and existing telecommunications utilities certified pursuant to s. 196.50 (2), Stats., and telecommunications carriers certified pursuant to s. 196.499, Stats., are, under statutory or certificate specification of statewide authority to engage in telecommunications, necessarily authorized to engage in resale without need of express certification. Such authority narrowed the application of this chapter as specified in s. PSC 168.01 (2). Section PSC 168.07 (4) governs the treatment of certificates containing resale authority issued to alternative telecommunications utilities, reseller or otherwise, prior to the effective date of this section. . . [revisor inserts date].

(2) An entity that otherwise must be certified under sub. (1) need not obtain certification under this chapter if the entity, as a whole, is one or more of the following:

(a) A marketing agent or employee that has no discretion with respect to the prices, discounts, terms or conditions of the resale of any telecommunications service.

(b) A broker, acting as an intermediary, that assists end-user customers to obtain services directly from underlying providers at rates, terms and conditions that the customers could normally obtain on their own.

(c) A wholly owned subsidiary that is doing business in Wisconsin and is owned by a reseller previously certificated under this chapter, if the owning reseller notifies the commission in writing that it desires to extend its authorization to the subsidiary and will consolidate all requested or reportable revenue and service information of the subsidiary in its own responses or reports when complying with the information filing requirements of this chapter and ch. PSC 160, governing the Wisconsin Universal Service Fund. Upon the commission's receipt

of a notice under this paragraph, the owning and subsidiary entities shall be considered a single certificated entity for all purposes under this chapter.

(d) A vendor of prepaid calling cards, provided that another telecommunications provider certificated by this commission supplies the underlying telecommunications services for the prepaid cards and that the viability of the prepaid cards does not depend on actions of the vendor.

(e) A member of a definable class or type of reseller that the commission by order under this subsection has excluded from those resellers requiring certification under this chapter.

(f) A provider or a reseller of service that is exempt from commission regulation under s. 196.202, Stats.

Note: Under this paragraph, cellular mobile radio telecommunications utilities that are exempt from commission regulation under s. 196.202, Stats., are not required to obtain certification to resell telecommunications services obtained from other providers. This rule also exempts from certification those entities engaged solely in the resale of cellular services. If a cellular service reseller, however, seeks to resell services from other providers other than cellular mobile radio telecommunications utilities, it would no longer be able to characterize its operations as wholly cellular resale and would be obliged under s. PSC 168.04 (1) to secure certification under this chapter.

(g) A reseller whose telecommunications reselling activities are exempt from commission regulation by federal statute or a rule or order of the federal communications commission.

PSC 168.05 QUALIFYING PROVIDERS. (1) A telecommunications provider that is certified as a telecommunications reseller under s. PSC 168.06 may do all of the following:

(a) Resell services approved for resale by the commission, as set forth in s. PSC 168.03, and purchase and use access services from telecommunications providers.

(b) Own, operate, manage or control switches, processors, routers, and other equipment customarily found in a telecommunications utility switching office or wire center.

(c) Provide operator services, subject to s. PSC 168.11.

(d) Own, operate, manage or control, in Wisconsin, transmission facilities, including wire, cable, fiber optics or radio, and associated electronics, whose cost basis, including capital leases as defined by generally accepted accounting principles, does not exceed \$400,000. The requirements of this paragraph shall be determined for the reseller as of the date of its application for certification and as of December 31 of each calendar year, based upon annual reports filed pursuant to s. PSC 168.12.

(2) Upon a petition from a reseller, or the commission's own motion, the commission may, after investigation, notice and opportunity for hearing, exempt the reseller from sub. (1) (d), or reclassify the reseller as another type of telecommunications provider. When considering exempting or reclassifying a reseller, the commission may grant an exemption or order reclassification, with or without conditions to protect the public interest, based on the facts of the situation and any other information supplied by the provider.

(3) Nothing in this section authorizes a telecommunications reseller to provide facilities-based local exchange services, as defined in s. 196.50 (1) (b) 1., Stats., in municipalities served by small telecommunications utilities having 150,000 or fewer access lines in service in this state and for which certification in compliance with s. 196.50 (1) (b), Stats., is required.

PSC 168.06 PETITION: CERTIFICATION. (1) A telecommunications provider that must be certified as a telecommunications reseller under this chapter, may not resell intrastate telecommunications services in Wisconsin without receiving and maintaining certification as provided in this chapter. If a telecommunications provider fails to obtain or maintain certification as a telecommunications reseller as required under this chapter, the provider's arrangements, contracts, and billings for resold intrastate telecommunications services rendered in Wisconsin without proper certification, are void.

(2) A telecommunications reseller seeking certification as an alternative telecommunications utility reseller shall file a petition with the commission containing the following information:

(a) The legal name, address and telephone number of the telecommunications reseller.

(b) A list of marketing, trade or other names under which the reseller intends to conduct business.

(c) The name, title, telephone number and facsimile numbers of a responsible contact person for the company.

(d) An affidavit, signed by a corporate officer authorized to bind petitioner, that demonstrates that petitioner does not own, operate, manage or control, directly or indirectly, transmission facilities that are technologically capable of providing telecommunications service within Wisconsin and whose cost basis exceeds the limits specified in s. PSC 168.05 (1) (d).

(e) If the petitioner is part of a holding company system, the names of all system affiliates and a description of the nature of their affiliations with the petitioner in the holding company system.

(f) As appropriate, a copy of a Wisconsin certificate of incorporation or a certificate from the department of financial institutions authorizing the petitioner to transact business in Wisconsin, and petitioner's state tax number.

(g) Identification of the services and activities under s. PSC 168.05 (1) for which certification is requested. A petition may include a request for exemption under s. PSC 168.05 (2).

(h) An affidavit, signed by a corporate officer authorized to bind petitioner, that verifies that all information provided in the petition is true and correct to the best of the officer's knowledge or belief, and that the officer understands the commission's requirement that each

year, in order to continue certification in Wisconsin, an annual report must be timely filed and any required fee must be paid.

(i) Any other information as required by the commission.

(3) An original of the petition, and such number of copies as the commission may order, shall be filed with the secretary of the commission.

Note: The mailing address of the commission is P.O. Box 7854, Madison, WI 53707-7854.

(4) A fee for processing shall accompany a petition. A petition without the accompanying fee will not be accepted for filing and will be returned. The commission may determine by order the amount of the fee and the permissible form or forms of fee payment, which may include use of certified check, cashier's check or money order and shall be made payable to the Public Service Commission of Wisconsin. The amount of the fee will not be returned to the petitioner if the petition is ultimately rejected by the commission.

(5) On receipt of a reseller's completed petition for certification and fee, the commission shall review the petition and conduct such additional investigation, including hearing, as may be appropriate. Upon concluding its investigation, the commission may certify the petitioner, with or without conditions, as an alternative telecommunications utility reseller, unless the commission determines that grant of the petition is not in the public interest.

Note: The current fee is \$250, payable in any type of check or by money order. Cash is not acceptable.

(6) If, upon petition by an interested person, the commission finds that a term or condition imposed in an alternative telecommunications utility certificate issued pursuant to this chapter is unnecessary for the protection of the public interest or is not competitively neutral in its effect, the commission shall modify or rescind the term or condition.

PSC 168.07 CONTINUATION OF CERTIFICATION. (1) A certificate issued under this chapter is subject to automatic expiration if the reseller fails to file the annual report required by s. PSC 168.12, and the fee required under sub. (2) if the certificated reseller is not subject to assessment under s. PSC 168.09 (2). The expiration of a certificate shall be effective June 1 of the year in which the required report, or any fee required by this section, was not filed by April 1, or such later date as may be ordered by the commission.

(2) A reseller not subject to assessment under s. PSC 168.09 (2) shall pay a fixed fee with the filing of the annual report. The commission by order may determine the amount of the fee and the permissible form or forms of payment. An annual report received by the commission that is not accompanied by a required fee in the proper amount or form of payment will not be considered a substantially complete annual report filing for purposes of s. PSC 168.13 (1) (a) and may be returned.

Note: The current fee is \$50, payable in any check form or by money order. Cash is not acceptable.

(3) A reseller issued its initial certificate under s. PSC 168.06 after January 1 and on or before April 1 shall comply with this section commencing in the succeeding calendar year.

(4) Commencing upon the effective date of this section . . . [revisor inserts date] existing certificates of authority that are held by any type of alternative telecommunications utility and that authorize the holder to engage in any type of resale of intrastate telecommunications services, shall be treated as follows:

(a) Any alternative telecommunications utility reseller holding an interim or final certificate of authority from the commission remains authorized to conduct its telecommunications business in this state under that certificate. Any interim certificate, however, shall be deemed permanent and modified to authorize resale of intrastate telecommunications services in compliance with this chapter, including the provision for expiration of certification for failure to comply with this section. This paragraph does not apply to make permanent any certification that was originally granted on an interim basis on account of the petitioner's fitness and does not modify or rescind any terms and conditions imposed by the commission upon certifying under this chapter an alternative telecommunications utility reseller that is affiliated with a telecommunications utility authorized under s. 196.50 (2), Stats.

Note: Under this paragraph, certificates of resellers having interim authorization to provide alternative operator services under commission docket 05-TI-116, now have permanent certification to provide those services in accordance with this chapter. Any reseller that had interim certification because of a fitness question still has interim certification, but is obliged to comply with this chapter. Except for fitness limitations, all existing alternative telecommunications utility reseller certificates are deemed modified to make the resale operations of such resellers uniformly subject to this chapter, except where the certificate contains unique terms and conditions on account of the ATU reseller's affiliation with a telecommunications utility. This provision does not make permanent those interim terms and conditions imposed on a certificate on account of a reseller's affiliation with a telecommunications utility. Those interim terms and conditions are subject to further investigation in docket 05-TI-138 or any related dockets dealing with affiliate relationships.

(b) Any alternative telecommunications utility other than a reseller certified under s. 196.01 (1d) (c), Stats., retains interim or permanent certification as provided in its certificate. Any authorization in the certificate to resell intrastate telecommunications services shall be deemed modified to incorporate by reference the duty to comply with this chapter, except as modified or supplemented by the express terms of the certificate or the provisions of any applicable commission order.

Note: Under this paragraph, radio common carriers authorized to engage in resale must comply with this recreated ch. PSC 168. Competitive local exchange carriers authorized to engage in resale comply with this chapter to the extent provided by their certificates and any commission order specifying differing obligations respecting resale in local exchange markets, as provided in docket 05-TI-138.

PSC 168.08 NOTICE; LISTS. The commission does not give notice of petitions for certification as alternative telecommunications utility resellers. A person may, however, receive a list of pending petitions for certification as alternative telecommunications utility resellers or a list of alternative telecommunications utility resellers currently authorized by the commission. A person may obtain a list by sending to the commission a written request accompanied by any required fee.

Note: Requests shall be addressed to Records Management, Public Service Commission of Wisconsin, P.O. Box 7854, Madison, WI 53707-7854, and may be subject to a fee required by Records Management.

PSC 168.09 COMPLIANCE WITH STATUTES. (1) All alternative telecommunications utility resellers shall comply with the following sections of ch. 196, Stats.: ss. 196.02; 196.03 (6); 196.12; 196.14; 196.203; 196.207 (6); 196.208; 196.209; 196.218; 196.219, excepting sub. (3) (b), (em), (f), (g), and (j); 196.25; 196.26; 196.28; 196.37; 196.39; 196.395; 196.40; 196.41; 196.43; 196.44; 196.65; and 196.66, Stats.

Note: The imposition of s. 196.203, Stats., reserves the jurisdiction of the commission to impose, as needed, additional provisions of ch. 196, Stats., not listed above. The imposition of s. 196.37, Stats., also effectively reserves the jurisdiction of the commission to take corrective action with respect to rates and services, if and when necessary.

(2) Alternative telecommunications utility resellers having gross operating revenues derived from Wisconsin intrastate operations of \$200,000 or more in a calendar year shall comply with and be subject to assessment as provided in ss. 196.85 and 196.858, Stats.

(3) Alternative telecommunications utility resellers are not required to comply with the provisions of ch. 184, Stats.

(4) Pursuant to s. PSC 168.12, alternative telecommunications utility resellers shall file with the commission annual reports for Wisconsin operations.

(5) Alternative telecommunications utility resellers shall comply with ch. PSC 160.

(6) An alternative telecommunications utility reseller shall respond to any other requests from the commission for information.

(7) Alternative telecommunications utilities engaging in resale shall comply with applicable regulations and orders of this commission and the federal communications commission, including rules and orders governing the execution and alteration of customer pre-subscription agreements or arrangements.

PSC 168.10 GENERAL REQUIREMENTS. (1) An alternative telecommunications utility reseller certified under this chapter shall do the following:

(a) Within 20 days of the occurrence, notify the commission in writing of any change to information supplied in response to s. PSC 168.06 (2) (a), (b), (c), or (g).

(b) In all advertising, solicitations, and consumer billings, clearly identify itself with one of the marketing, trade or other names provided in compliance with s. PSC 168.06 (2) (a) and (b).

(c) Provide its consumers a non-charge number for service inquiries and furnish adequate staff to receive communications, answer questions, investigate complaints, and resolve disputes. Unless there are extenuating circumstances, the reseller, within 10 business days, shall investigate a complaint and inform the complaining consumer of the results of the investigation.

(d) Respond to commission requests to investigate complaints to a resolution within 10 business days, unless the commission has determined an extension is warranted because exceptional circumstances exist.

(2) If an alternative telecommunications utility reseller provides operator services, it shall in addition to the requirements of sub. (1):

(a) If providing operator service to hotels, motels, other hospitality entities, and payphones, ensure that those entities display information about its operator services and rates at each telephone where "0+" calls are routed to the provider.

(b) Ensure that its operators promptly identify the provider to callers before handling calls and ensure that operators for the provider quote rates upon customer request.

(c) Upon receipt of any emergency telephone call for police, fire, or medical services, ensure immediate connection of the call to the appropriate emergency service for the reported location of the emergency, if known, or if not known, for the originating location of the call. If a provider is technically unable to divert an emergency telephone call as prescribed in this subsection, the provider shall divert to its system only those calls where the customer dials additional digits within five seconds of dialing the "0" digit. All other "0" calls ("0-" or "0 minus" calls) shall be diverted to the appropriate local exchange operator.

PSC 168.11 RATE CEILINGS ON OPERATOR AND CALLING CARD CALLS. (1) A telecommunications reseller shall not charge a customer more than the rate ceilings for any of the calls listed in sub. (5).

(2) A single set of rate ceilings shall apply to both intrastate interLATA and intraLATA calls. These rate ceilings shall be calculated from time to time using the highest rates filed by either the largest telecommunications provider in the interLATA market or the largest telecommunications provider in the intraLATA market, whichever is higher, and rounding up the combined surcharge and initial minute rates to the nearest \$.25 and the subsequent minute rates to the nearest \$.05. Using gross operating revenues derived from intrastate operations as computable for purposes of assessment under s. 196.85 (2), Stats., the commission shall from time to time determine by order the largest provider for purposes of this section. If one or the other of the foregoing designated providers no longer files tariffs, then the rate ceilings shall be calculated based on the tariffs of the remaining provider. If both of the designated providers cease filing tariffs, then the rate ceilings shall be frozen at the last level calculated, subject to further changes the commission may order pursuant to s. PSC 168.01 (3).

(3) Telecommunications resellers may impose any additional type of fixed charge, such as a premises fee, but the total amount charged to a customer for the initial minute shall not exceed the combined surcharge and initial minute rate ceiling.

(4) Telecommunications resellers may charge no more than the subsequent minute rate ceiling for each additional minute of a call after the initial minute.

(5) Separate rate ceilings shall apply for each of the following types of calls:

- (a) Customer dialed calling card calls.
- (b) Operator assisted calling card calls.
- (c) Collect calls and calls billed to a third party number.
- (d) Person to person calls.

(6) The commission shall recalculate the rate ceilings as necessary. The commission shall maintain a list of the current rate ceilings, which will be available on request.

Note: Rate ceilings were calculated as of September 1, 1997, from the tariffs of AT&T Communications of Wisconsin, Inc., as those tariffs had the highest rates for the types of calls listed in the rule. For customer dialed calling card calls, the initial minute shall not exceed \$2.00 and each subsequent minute shall not exceed \$.35. For operator assisted calling card calls the initial minute shall not exceed \$2.75 and each subsequent minute shall not exceed \$.35. For collect and third party calls the initial minute shall not exceed \$2.75 and each subsequent minute shall not exceed \$.30. For person to person calls the initial minute shall not exceed \$5.50 and each subsequent minute shall not exceed \$.30. Statements of the current telecommunications provider source tariffs and calculated rate ceilings may be obtained from the Public Service Commission of Wisconsin, P.O. Box 7854, Madison, WI 53707-7854.

PSC 168.12 REPORTS AND REQUESTS FOR INFORMATION. (1) Each reseller shall file with the commission by April 1 of each year an annual report providing details concerning the following:

(a) All changes in information filed with the reseller's petition requesting certification as an alternative telecommunications utility reseller.

(b) Adoption of other marketing, trade, or "doing business as" names.

(c) Acquisition of transmission facilities resulting in the telecommunications reseller owning, operating, managing or controlling transmission facilities whose cost basis exceeds the maximum specified in s. PSC 168.05 (1) (d).

(d) Total gross operating revenues generated by the provision of intrastate Wisconsin telecommunications services, apportioned between wholesale and retail revenues. "Retail revenues" means only those revenues derived from services sold directly to retail end-user customers. "Wholesale revenues" means only those revenues from telecommunications services sold to other telecommunications providers.

(e) Intrastate minutes of use of telecommunications services provided by the reseller, number of Wisconsin wholesale customers and number of Wisconsin retail customers served by the reseller.

(f) The cost of plant in Wisconsin utilized by the reseller for provision of telecommunications services in Wisconsin.

(2) Each reseller shall respond to any other requests from the commission for information. The form designated by the commission for a request for confidential treatment of information shall accompany any confidential information filed.

Note: Copies of the annual report form to be filed by telecommunications resellers and Form PSC-RM 7000 to request confidential treatment may be obtained from the Public Service Commission of Wisconsin, P.O. Box 7854, Madison, WI 53707-7854.

PSC 168.13 REVOCATION OF CERTIFICATION. (1) Certification of a reseller may be revoked under the procedure in sub. (2) for any of the following reasons:

(a) Failure to file a substantially complete annual report required by s. PSC 168.12.

(b) Failure to comply with any applicable provision of this chapter or of ch. 196, Stats.

(c) Failure to provide Wisconsin intrastate telecommunications service consistent with the provisions of s. 196.03 (6) or s. 196.203 (3) (a), Stats., applicable provisions of 47 USC 151 to 613, or applicable rules and orders of the federal communications commission, including those relating to unauthorized changes of presubscribed providers, also known as "slamming."

(d) Failure to file reports or responses to requests for information, as may be required by the commission.

(e) Failure to comply with any other order or rule of the commission that is applicable to the reseller.

(2) If the commission has determined that grounds for revocation exist, the commission may commence a revocation proceeding by mailing to the affected reseller, at its last known address on file with the commission, a written notice of the reasons for the proposed revocation of certification under this section. Within 30 days of the mailing date of said notice, a reseller may file a written petition for continued certification. The petition shall contain a statement of any corrective action taken and state whether a hearing is requested or waived. Depending upon the information received, the commission may determine that the grounds for revocation have been remedied, proceed to revoke the reseller's certificate, or take other action as may be appropriate in the circumstances. Failure of a reseller to respond under this subsection shall result in revocation of certification without hearing.

(3) If the commission revokes the certificate of an alternative telecommunications utility reseller, the commission may direct in the revocation order that telecommunications utilities providing service to the reseller terminate all connections used to furnish service to the reseller. The commission may also allocate to other providers of similar services those customers of the affected reseller who fail to select a replacement provider or providers, as appropriate.

(4) With respect to a revocation proceeding under this section, the commission, upon its own motion or petition by any interested person, may at any time enter an emergency or other

order that, under the circumstances, it deems necessary to protect the reseller's customers or the public interest.

PSC 168.14 VOLUNTARY SURRENDER OF CERTIFICATION. (1) A reseller may file at any time a notice of voluntary surrender of certification to be effective 20 days after the filing. A notice will be deemed effective unless the commission acts to stay the surrender notice's effective date within 20 days of filing. Once a notice of voluntary surrender is effective, the reseller must cease providing resold intrastate telecommunications services within Wisconsin. Unless other provisions are made by commission order, voluntary surrender of certification does not terminate a reseller's obligation to comply with any outstanding commission order, requests for information, and required reports, or to comply with any other requirements accruing because of its certificated operations in Wisconsin prior to the effective date of surrender of certification.

(2) A reseller that has surrendered its certification obtained under this chapter may petition again for certification at any time. The petition will be processed as a petition for initial certification and will be subject to the same fee as an initial petition.

(3) With respect to the voluntary surrender of certification under this section, the commission, upon its own motion or petition by any interested person, may at any time enter any emergency or other order that, under the circumstances, it deems necessary for the protection of the reseller's customers or the public interest.

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Public Service Commission of Wisconsin

Cheryl L. Parrino, Chairman
Daniel J. Eastman, Commissioner
Joseph P. Mettner, Commissioner

610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

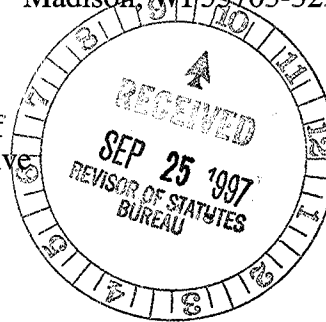
September 25, 1997

Mr. Douglas La Follette, Secretary of State
Office of the Secretary of State
30 West Mifflin Street, 10th Floor
P.O. Box 7848
Madison, WI 53707-7848

Mr. Gary L. Poulson, Deputy Revisor
Revisor of Statutes Bureau
131 West Wilson Street, Room 800
Madison, WI 53703-3233

Re: Rules for the Certification and Regulation of
Telecommunications Resellers and Alternative
Operator Service Providers

Clearinghouse Rule 95-062



1-AC-158

Dear Mr. La Follette and Mr. Poulson:

At its open meeting of September 23, 1997, the Commission approved the above-identified rules for final promulgation. The legislative committee review period closed as of August 20, 1997.

Enclosed for filing are certified copies of the *Order of the Public Service Commission Repealing and Adopting Rules* respecting telecommunications resellers and resale. Mr. Poulson's filing also includes an additional uncertified copy of the rules and a disk version of the text of the rules. The final order removes an inadvertent misstatement regarding a rate cap example and reflects the inclusion of s. PSC 168.06(6) at the request of the Senate Committee on Utility Regulation. All germane amendments offered by the Commission during the legislative review period are included in the text of the rules or explanatory notes, as appropriate.

If there are any further questions or concerns, please feel free to contact Scot Cullen, Administrator, Telecommunications Division, at 266-1567, or Michael S. Varda, Legal Counsel, Telecommunications Division, at 267-3591.

Sincerely,


Lynda L. Dorr

Secretary to the Commission

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Enclosures

cc: Records Management (Master File)
Members of Assembly and Senate Committees
Docket Mailing List