

CARL J. KUNASEK
CHAIRMAN
JIM IRVIN
COMMISSIONER
WILLIAM A. MUNDELL
COMMISSIONER



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ARIZONA CORPORATION COMMISSION

DATE: October 23, 2000
DOCKET NO.: T-03785A-99-0547

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Alicia Grantham. The recommendation has been filed in the form of an Order on:

TRANS NATIONAL COMMUNICATIONS INTERNATIONAL, INC.
(CC&N/RESELLER)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and ten (10) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

NOVEMBER 1, 2000

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Working Session and Open Meeting to be held on:

NOVEMBER 7, 2000 AND NOVEMBER 8, 2000

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602) 542-4250.


BRIAN C. McNEIL
EXECUTIVE SECRETARY

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 CARL J. KUNASEK
CHAIRMAN
3 JIM IRVIN
COMMISSIONER
4 WILLIAM A. MUNDELL
COMMISSIONER

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6 IN THE MATTER OF THE APPLICATION OF
7 TRANS NATIONAL COMMUNICATIONS
8 INTERNATIONAL, INC. FOR A CERTIFICATE
9 OF CONVENIENCE AND NECESSITY TO
PROVIDE COMPETITIVE INTRASTATE
RESOLD TELECOMMUNICATIONS SERVICES
EXCEPT LOCAL EXCHANGE SERVICES

DOCKET NO. T-03785A-99-0547

DECISION NO. _____

ORDER

10 Open Meeting
11 November 7 and 8, 2000
12 Phoenix, Arizona

BY THE COMMISSION:

13 Having considered the entire record herein and being fully advised in the premises, the
14 Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

15 **FINDINGS OF FACT**

16 1. On October 1, 1999, Trans National Communications International, Inc. ("Trans
17 National" or "Applicant") filed with Docket Control of the Arizona Corporation Commission
18 ("Commission") an application for a Certificate of Convenience and Necessity ("Certificate") to
19 provide competitive intrastate telecommunications services as a reseller, except local exchange
20 services, within the State of Arizona.

21 2. In Decision No. 58926 (December 22, 1994), the Commission found that resold
22 telecommunications providers ("resellers") were public service corporations subject to the
23 jurisdiction of the Commission.

24 3. Applicant is a Delaware corporation authorized to do business in Arizona since 1999.

25 4. Applicant is a switchless reseller, which purchases telecommunications services from
26 MCI WorldCom, Frontier, and Sprint.

27 5. On April 13, 2000, the Commissions Utilities Division Staff ("Staff") filed a Staff
28 Report.

1 6. In the Staff Report, Staff stated that the Applicant provided unaudited financial
2 statements for the year ended December 31, 1998. These statements list assets of \$3.48 million and
3 negative shareholders' equity of \$2.47 million. In addition, the Applicant had a net loss of \$301,000
4 on revenues of \$13.83 million. Based upon this information, Staff determined that the Applicant
5 lacks adequate financial resources. Applicant stated in its application that it does not currently, and
6 will not in the future, charge its customers for any prepayments, advances or deposits. If at some
7 future date, the Applicant wants to charge customers any prepayments, advances, or deposits, it must
8 file information with the Commission that demonstrates the Applicant's financial viability. Staff
9 believes that if the Applicant experiences financial difficulty, there should be minimal impact to its
10 customers. Customers are able to dial another reseller or facilities-based provider to switch to
11 another company.

12 7. The Staff Report stated that the Applicant has no market power and the reasonableness
13 of its rates would be evaluated in a market with numerous competitors.

14 8. Staff recommended that:

15 (a) Applicant's application for a Certificate should be approved without a hearing
16 pursuant to A.A.C. R14-2-1106B;

17 (b) Applicant's intrastate toll service offerings should be classified as competitive
18 pursuant to A.A.C. R14-2-1108;

19 (c) Applicant's competitive services should be priced at the effective rates set
20 forth in Applicant's tariffs and the maximum rates for these services should be the
21 maximum rates proposed by Applicant in its tariffs. The minimum rates for
applicant's competitive services should be Applicant's long run incremental costs of
providing those services as set forth in A.A.C. R14-2-1109;

22 (d) In the event that the Applicant states only one rate in its tariff for a competitive
23 service, the rate stated should be the effective (actual) price to be charged for the
24 service as well as the service's maximum rate; and

25 (e) Applicant should be required to comply with the Commission's rules and
26 modify its tariffs to conform with the rules if it is determined there is a conflict
between Applicant's tariffs and the Commission's rules.

27 9. By Procedural Order dated April 25, 2000, the Commission set a deadline of June 19,
28 2000 for filing exceptions to the Staff Report; requesting that a hearing be set; or requesting

1 intervention as interested parties. In addition, the Applicant was ordered to publish notice by May
2 29, 2000 and file Affidavits of Publication with the Commission no later than June 19, 2000.

3 10. By Procedural Order dated June 22, 2000, the Commission extended the time frame to
4 August 25, 2000 for processing Trans National's application to allow additional time for publication,
5 after counsel for the Applicant telephonically requested an extension.

6 11. In addition to the Procedural Orders, contact has been made with counsel for
7 Applicant on several occasions regarding the requirement for publication. However, notice of the
8 application has not been published and Affidavits of Publication have not been filed with the
9 Commission.

10 12. No exceptions were filed to the Staff Report, nor did any party request that a hearing
11 be set.

12 **CONCLUSIONS OF LAW**

13 1. Applicant is a public service corporation within the meaning of Article XV of the
14 Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

15 2. The Commission has jurisdiction over Applicant and the subject matter of the
16 application.

17 3. Notice of the application has not been given in accordance with the law

18 **ORDER**

19 IT IS THEREFORE ORDERED that the application of Trans National Communications
20 International, Inc. for a Certificate of Convenience and Necessity for authority to provide competitive
21 intrastate telecommunications services, except local exchange services, as a reseller shall be and the
22 same is hereby denied.

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25 ...
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27 ...
28 ...

1 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

2 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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5 CHAIRMAN

COMMISSIONER

COMMISSIONER

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7 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
8 Secretary of the Arizona Corporation Commission, have
9 hereunto set my hand and caused the official seal of the
10 Commission to be affixed at the Capitol, in the City of Phoenix,
11 this ____ day of _____, 2000.

12 BRIAN C. McNEIL
EXECUTIVE SECRETARY

13 DISSENT _____
14 AG:bbs

1 SERVICE LIST FOR: TRANS NATIONAL COMMUNICATIONS
INTERNATIONAL, INC.

2 DOCKET NO.: T-03785A-99-0547

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