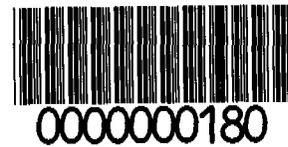


JIM IRVIN
COMMISSIONER - CHAIRMAN
RENZ D. JENNINGS
COMMISSIONER
L. J. KUNASEK
COMMISSIONER



ARIZONA CORPORATION COMMISSION

DATE: MARCH 23, 1998
DOCKET NO.: T-03327A-97-0099
TO ALL PARTIES:

Enclosed please find the recommendation of Hearing Officer Scott Wakefield. The recommendation has been filed in the form of an Order on:

ACC NATIONAL LONG DISTANCE CORP.
(CC&N/RESELLER)

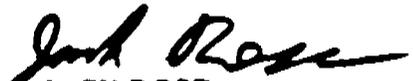
Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Hearing Officer by filing an original and ten (10) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

APRIL 1, 1998

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

APRIL 6, 1998 and APRIL 7, 1998

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


JACK ROSE
EXECUTIVE SECRETARY

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 JIM IRVIN
COMMISSIONER - CHAIRMAN
3 RENZ D. JENNINGS
COMMISSIONER
4 CARL J. KUNASEK
COMMISSIONER
5

6 IN THE MATTER OF THE APPLICATION OF)
ACC NATIONAL LONG DISTANCE CORP.)
7 FOR A CERTIFICATE OF CONVENIENCE)
AND NECESSITY TO PROVIDE)
8 COMPETITIVE INTERLATA/INTRALATA)
RESOLD TELECOMMUNICATIONS)
9 SERVICES EXCEPT LOCAL EXCHANGE)
SERVICES.)

DOCKET NO. T-03327A-97-0099

DECISION NO. _____

10 **ORDER**

11 Open Meeting
April 6 and 7, 1998
Phoenix, Arizona

12 **BY THE COMMISSION:**

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

15 **FINDINGS OF FACT**

16 1. On February 26, 1997, ACC National Long Distance Corp. ("ANLDC" or "Applicant")
17 filed with the Commission an application for a Certificate of Convenience and Necessity ("Certificate")
18 to provide resold telecommunications service in the State of Arizona.

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

22 3. In Decision No. 59124 (June 23, 1995), the Commission adopted A.A.C. R14-2-1101
23 through R14-2-1115 to regulate resellers.

24 4. ANLDC is a Delaware corporation which has been qualified to conduct business in
25 Arizona since 1995.

26 5. ANLDC is a switchless reseller which purchases telecommunications services from Allnet
27 Communications Services, Inc. dba Frontier Communication Services.

28 6. On October 22, 1997, the Commission's Utilities Division Staff ("Staff") filed a Staff

1 Report.

2 7. The Staff Report stated that ANLDC's parent corporation, ACC Corporation, provided
3 audited financial statements which indicated that it had a net loss of \$5.4 million for the year ended
4 1995, and a net income of \$7.8 million for the year ended 1996, and reported negative retained earnings
5 of \$4.1 million and retained earnings of \$3.7 million for 1995 and 1996, respectively. Staff stated that,
6 based on ACC Corporation's financial information, it appeared that ANLDC has sufficient financial
7 resources to provide its proposed resold telecommunications services.

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

10 9. Staff recommended that:

11 (a) Applicant's application for a Certificate should be approved subject to A.A.C.
12 R14-2-1106.B;

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

15 (c) Applicant's competitive services should be priced at the effective rates set forth
16 in Applicant's tariffs and the maximum rates for these services should be the maximum
17 rates proposed by Applicant in its tariffs. The minimum rates for Applicant's competitive
18 services should be Applicant's long run incremental costs of providing those services as
19 set forth in A.A.C. R14-2-1109. Any future changes to the maximum rates in Applicant's
20 tariffs must comply with A.A.C. R14-2-1110;

21 (d) Applicant should be required to comply with the Commission's rules and modify
22 its tariffs to conform with these rules, if it is determined that there is a conflict between
23 Applicant's tariffs and the Commission's rules; and

24 (e) The application may be approved without a hearing.

25 10. By Procedural Order dated October 28, 1997, the Commission set a deadline of December
26 5, 1997 for filing exceptions to the Staff Report; requesting that a hearing be set; or requesting
27 intervention as interested parties.

28 11. No exceptions were filed to the Staff Report, nor did any party request that a hearing be
set, nor were any requests for intervention filed with Docket Control.

CONCLUSIONS OF LAW

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

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

3. Notice of the application was given in accordance with the law.

4. The provision of competitive interLATA/intraLATA reseller services in Arizona by Applicant is in the public interest.

5. Applicant is a fit and proper entity to receive a Certificate for providing competitive interLATA/intraLATA reseller services in Arizona.

6. Staff's recommendations in Findings of Fact No. 9 are reasonable and should be adopted.

ORDER

IT IS THEREFORE ORDERED that the application of ACC National Long Distance Corp. for a Certificate of Convenience and Necessity for authority to provide competitive interLATA/intraLATA resold telecommunications services except local exchange services shall be, and the same is, hereby granted.

IT IS FURTHER ORDERED that ACC National Long Distance Corp. shall comply with the Staff recommendations set forth in Findings of Fact No. 9.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

COMMISSIONER - CHAIRMAN

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JACK ROSE, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 1998.

JACK ROSE
EXECUTIVE SECRETARY

DISSENT _____
SSW:dap

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

SERVICE LIST FOR:

ACC NATIONAL LONG DISTANCE CORP.

DOCKET NO.:

T-03327A-97-0099

Helen E. Disenhaus
Swidler & Berlin
3000 K Street, N.W.
Suite 300
Washington, D.C. 20007-5116
Counsel for ACC National Long Distance Corp.

Paul A. Bullis, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007