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BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

APR 24 2001

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

DOCKETED BY *sd*

IN THE MATTER OF THE APPLICATION OF
JIREHCOM, INC. D/B/A JIREHCOM LONG
DISTANCE, INC. FOR A CERTIFICATE OF
CONVENIENCE AND NECESSITY TO PROVIDE
COMPETITIVE RESOLD INTEREXCHANGE
TELECOMMUNICATIONS SERVICES, EXCEPT
LOCAL EXCHANGE SERVICES

DOCKET NO. T-03946A-00-0802

DECISION NO. 63589

ORDER

Open Meeting
April 17 and 18, 2001
Phoenix, Arizona

BY THE COMMISSION:

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

FINDINGS OF FACT

1. On October 10, 2000, JirehCom, Inc. d/b/a JirehCom Long Distance, Inc. ("Applicant" or "JirehCom") filed with Docket Control of the Arizona Corporation Commission ("Commission") an application for a Certificate of Convenience and Necessity ("Certificate") to provide competitive resold interexchange telecommunications services, except local exchange services, within the State of Arizona.

2. Applicant is an Illinois corporation, authorized to do business in Arizona since 2000.

3. Applicant is a switchless reseller, which purchases telecommunications services from Qwest Corporation.

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

5. On December 21, 2000 and on March 7, 2001, JirehCom filed Affidavits of Publication indicating compliance with the Commission's notice requirements.

1 6. On January 3, 2001, the Commission's Utilities Division Staff ("Staff") filed its Staff
2 Report in this matter. In its Report, Staff stated that JirehCom has provided the financial statements
3 of its parent company for the three month period ending March 31, 2000. These financial statements
4 list assets of \$54,436, total equity of \$52,454, and a net loss of \$70,045. Based on the foregoing,
5 Staff believes that Applicant lacks adequate financial resources to be allowed to charge customers
6 any prepayments, advances, or deposits without either establishing an escrow account or posting a
7 surety bond to cover such prepayments, advances, or deposits. However, the Applicant has indicated
8 as part of its application that it does not charge its customers for any prepayments, advances or
9 deposits. If at some future date, the Applicant wants to charge customers any prepayments, advances
10 or deposits, it must file information with the Commission that demonstrates the Applicant's financial
11 viability. Upon receipt of such filing, Staff will review the information and the Commission will
12 make a determination concerning the Applicant's financial viability and whether customer
13 prepayments, advances or deposits should be allowed. Additionally, Staff believes that if the
14 Applicant experiences financial difficulty, there should be minimal impact to its customers.
15 Customers are able to dial another reseller or facilities-based provider to switch to another company.

16 7. Staff recommended approval of the application subject to the following:

- 17 (a) The Applicant should be ordered to comply with all Commission rules, orders,
18 and other requirements relevant to the provision of intrastate telecommunications
19 service;
- 20 (b) The Applicant should be ordered to maintain its accounts and records as
21 required by the Commission;
- 22 (c) The Applicant should be ordered to file with the Commission all financial and
23 other reports that the Commission may require, and in a form and at such times as the
24 Commission may designate;
- 25 (d) The Applicant should be ordered to maintain on file with the Commission all
26 current tariffs and rates, and any service standards that the Commission may require;
- 27 (e) The Applicant should be ordered to comply with the Commission's rules and
28 modify its tariffs to conform to these rules if it is determined that there is a conflict
 between the Applicant's tariffs and the Commission's rules;
- (f) The Applicant should be ordered to cooperate with Commission investigations

1 of customers complaints;

2 (g) The Applicant should be ordered to participate in and contribute to a universal
3 service fund, as required by the Commission;

4 (h) The Applicant should be ordered to notify the Commission immediately upon
5 changes to the Applicant's address or telephone number;

6 (i) The Applicant's intrastate interexchange service offerings should be classified
7 as competitive pursuant to Commission rules;

8 (j) The rates proposed by the Applicant in its most recently filed tariffs should be
9 approved on an interim basis. The maximum rates for these services should be the
10 maximum rates proposed by the Applicant in its proposed tariffs. The minimum rates
11 for the Applicant's competitive services should be the Applicant's total service long
12 run incremental costs of providing those services;

13 (k) In the event that the Applicant states only one rate in its proposed tariff for a
14 competitive service, the rate stated should be the effective (actual) price to be charged
15 for the service as well as the service's maximum rate; and,

16 (l) The Applicant should be ordered to file conforming tariffs within 30 days of an
17 Order in this matter, and in accordance with the Decision.

18 8. Staff further recommended approval of JirehCom's applications subject to the
19 following conditions:

20 (a). That JirehCom should be required to file in this Docket, within 18 months of
21 the date it first provides service following certification, sufficient information
22 for Staff analysis and recommendation for a fair value finding, as well as for an
23 analysis and recommendation for permanent tariff approval. This information
24 must include, at a minimum, the following:

25 1. A dollar amount representing the total revenue for the first twelve months
26 of telecommunications service provided to Arizona customers by JirehCom
27 following certification, adjusted to reflect the maximum rates that
28 JirehCom has requested in its tariff. This adjusted total revenue figure
could be calculated as the number of units sold for all services offered
times the maximum charge per unit.

2. The total actual operating expenses for the first twelve months of
telecommunications service provided to Arizona customers by JirehCom
following certification.

3. The value of all assets, listed by major category, used for the first twelve
months of telecommunications services provided to Arizona customers by
JirehCom following certification. Assets are not limited to plant and

1 equipment. Items such as office equipment and office supplies should be
2 included in this list.

3 (b) JirehCom's failure to meet the condition to timely file sufficient information
4 for a fair value finding and analysis and recommendation of permanent tariffs
5 shall result in the expiration of the Certificate of Convenience and Necessity
6 and of the tariffs.

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

9 10. On August 29, 2000, the Arizona Court of Appeals, Division One ("Court") issued its
10 Opinion in Cause No. 1 CA-CV 98-0672 ("Opinion"). The Court determined that Article XV,
11 Section 14 of the Arizona Constitution requires the Commission to "determine fair value rate base for
12 all public service corporations in Arizona prior to setting their rates and charges."

13 11. On September 12, 2000, the Commission ordered the Hearing Division to open a new
14 generic docket to obtain comments on procedures to insure compliance with the Constitution should
15 the ultimate decision of the Supreme Court affirm the Court's interpretation of Section 14. The
16 Commission also expressed concerns that the cost and complexity of fair value rate base ("FVRB")
17 determinations must not offend the Telecommunications Act of 1996.

18 12. On October 26, 2000, the Commission filed a Petition for Review to the Arizona
19 Supreme Court.

20 13. On February 13, 2001, the Commission's Petition was granted.

21 14. Based on the above, we will approve the application of Jirehcom at this time with the
22 understanding that it may subsequently have to be amended to comply with the law after the
23 exhaustion of all appeals.

24 CONCLUSIONS OF LAW

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

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

1 IT IS FURTHER ORDERED that within 30 days of the effective date of this Decision,
2 JirehCom, Inc. d/b/a JirehCom Long Distance, Inc. shall notify the Compliance Section of the
3 Arizona Corporation Commission of the date that it will begin or has begun providing service to
4 Arizona customers.

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

6 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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8 CHAIRMAN

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COMMISSIONER

COMMISSIONER

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IN WITNESS WHEREOF, I, BRIAN C. McNEIL, 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 24th day of April, 2001.


BRIAN C. McNEIL
EXECUTIVE SECRETARY

DISSENT _____
SG:mlj

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SERVICE LIST FOR: JIREHCOM, INC. D/B/A JIREHCOM LONG DISTANCE, INC.

DOCKET NO.: T-03946A-00-0802

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