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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

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AZ CORP COMMISSION
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8 IN THE MATTER OF THE APPLICATION OF
9 VERIZON SELECT SERVICES INC. F/K/A GTE
10 COMMUNICATIONS CORPORATION FOR A
11 COMPETITIVE CERTIFICATE OF
12 CONVENIENCE AND NECESSITY TO PROVIDE
13 FACILITIES-BASED INTEREXCHANGE
14 TELECOMMUNICATIONS SERVICES IN
15 ARIZONA

DOCKET NO. T-03258A-00-0236

16 IN THE MATTER OF THE APPLICATION OF
17 VERIZON SELECT SERVICES INC. F/K/A GTE
18 COMMUNICATIONS CORPORATION FOR
19 AUTHORITY TO OPERATE AS A PROVIDER OF
20 ALTERNATIVE OPERATOR SERVICES IN
21 ARIZONA

DOCKET NO. T-03258A-97-0568

22 IN THE MATTER OF THE APPLICATION OF
23 VERIZON SELECT SERVICES INC. F/K/A GTE
24 COMMUNICATIONS CORPORATION FOR A
25 CERTIFICATE OF CONVENIENCE AND
26 NECESSITY TO PROVIDE COMPETITIVE
27 FACILITIES-BASED AND RESOLD LOCAL
28 EXCHANGE TELECOMMUNICATIONS
SERVICES IN ARIZONA THROUGHOUT THE
LOCAL EXCHANGE OPERATING AREAS OF U
S WEST COMMUNICATIONS, INC. AND
CITIZENS UTILITIES COMPANY AND
AFFILIATES

DOCKET NO. T-03258A-97-0545

29 IN THE MATTER OF THE APPLICATION OF
30 VERIZON SELECT SERVICES INC. F/K/A GTE
31 COMMUNICATIONS CORPORATION FOR A
32 CERTIFICATE OF CONVENIENCE AND
33 NECESSITY TO PROVIDE COMPETITIVE
34 RESOLD INTRASTATE
35 TELECOMMUNICATIONS SERVICES IN
36 ARIZONA

DOCKET NO. T-03258A-96-0492

PROCEDURAL ORDER

37 **BY THE COMMISSION:**

38 On April 4, 2001, the Arizona Corporation Commission ("Commission") issued Decision No. 63546, which conditionally granted Verizon Select Services, Inc. ("Verizon" or "Company") a

1 Certificate of Convenience and Necessity ("Certificate") to provide competitive facilities-based and
2 resold intrastate interexchange telecommunications services within the State of Arizona. The
3 certificate was conditioned on the Company filing fair value rate base ("FVRB") information within
4 18 months of the date it first provided service following certification.

5 On October 8, 2002, the Compliance and Enforcement section of the Commission's Utilities
6 Division Staff ("Staff") notified Verizon of its failure to comply with Decision No. 63546, that
7 Verizon's CC&N is void, and that if Verizon intends to provide service in the future in Arizona, it
8 must file a new Certificate application.

9 On April 15, 2003, Verizon filed a Compliance Filing and Request for Retroactive Extension
10 of Compliance Deadline ("Request"). In the Request, Verizon stated that it inadvertently failed to
11 file the FVRB information within 18 months of the date it first provided service. The request was
12 accompanied by the FVRB information required by Decision No. 63546, and requested a retroactive
13 extension of the FVRB filing deadline through and including April 15, 2003, the date of the Request.
14 Verizon stated that it is currently providing telecommunications service to customers in Arizona.

15 On June 18, 2003, Staff filed a memorandum in response to Verizon's Request. Staff
16 recommended that since Verizon's Request was not filed in a timely manner, that the Request be
17 denied. Staff further recommended that Verizon be ordered to immediately desist providing
18 telecommunications service in Arizona until it files a new application to provide service and that
19 application is approved, and to notify all its customers of its discontinuance of service and provide
20 them with a list of alternative providers of resold interexchange service.

21 By Procedural Order issued on August 20, 2003, Verizon was ordered to respond to Staff's
22 recommendations. On September 11, 2003, Verizon filed its Response to Staff Memorandum
23 ("Response"). Verizon stated that it is not required to file fair value rate base information in any of
24 the other 49 states where it operates and the information requested by Staff is not maintained in the
25 ordinary course of business so it was unaccustomed to developing such information and that caused a
26 delay in completing the requirement. Verizon believes that Staff's recommendation is inappropriate
27 for several reasons, the most significant being that it will not serve the public interest. Verizon has
28 been providing resold long distance in Arizona since 1996, and alternative operator service in Arizona

1 since 1997 and currently serves 30-35 enterprise customers, all large corporate customers, the majority
2 of whom have national accounts. Additionally, approximately 5,890 pay telephone lines in Arizona
3 are presubscribed to Verizon's long distance service. Verizon believes that if Staff's recommendation
4 is adopted, the customers will be subjected to inconvenience and potentially higher cost of obtaining
5 service from another provider. The result would be that the customers are penalized.

6 Verizon also argues that it has timely complied with all the other requirements of Decision
7 No. 63546, and that its failure to timely file FVRB information was not the willful disregard of a
8 Commission order, but the "uncertainty and resulting delay surrounding compliance with a
9 requirement that the Company had simply not seen in other states." Verizon points to its "outstanding
10 record of customer service and satisfaction in Arizona, and that the Company has had no formal or
11 informal complaints with the Commission" and that in a recent similar situation, a retroactive
12 extension of the filing deadline was given (Docket No. T-03243A-96-0043).

13 Verizon requests that the Commission approve the request for a retroactive extension of the
14 compliance deadline for filing its FVRB information through and including April 15, 2003, the date
15 that it was filed, and further confirm that its CC&N as issued in Decision No. 63546 remains in full
16 force and effect, and accept its FVRB information as filed.

17 The FVRB information as filed by Verizon on April 15, 2003 has not been objected to by
18 Staff as being insufficient or incomplete, just not timely, and therefore the filing will be accepted as
19 the Company's FVRB. The Commission's decisions granting CC&Ns have evolved over the years,
20 and the requirement of a FVRB filing was one of the added requirements. Although current decisions
21 state that a CC&N is automatically null and void upon failure of certain conditions, Decision No.
22 63546 does not contain that language, instead it provides that failure "to meet the condition to timely
23 file sufficient information for a fair value finding and analysis and recommendation of permanent
24 tariffs *should result in the expiration* of the Certificate of Convenience and Necessity and of the
25 tariffs." (Decision No. 63546 at 5-6) Accordingly, the CC&N is not automatically null and void, and
26 the issue to be determined is whether the public interest requires the expiration of the CC&N under
27 these circumstances. Verizon states that its failure to timely file the FVRB information was not
28 willful, but the result of uncertainty and resulting delay surrounding compliance with a requirement

1 that the Company had not seen in other states. Staff did not dispute that assertion, nor has Staff
2 contradicted Verizon's statement of its good customer service and satisfaction record. Requiring
3 Verizon to immediately desist from providing service would result in inconveniences to the public that
4 are not warranted by Verizon's failure to timely file its FVRB information. Accordingly, Verizon's
5 request for an extension of the time to comply with Decision No. 63546 through April 15, 2003 is
6 granted; the FVRB information provided on April 15, 2003 satisfies the requirement of Decision No.
7 63546; and Verizon's CC&N issued in Decision No. 63546 remains in full force and effect.

8 IT IS THEREFORE ORDERED that Verizon Select Services, Inc.'s request for an extension
9 of the time to comply with Decision No. 63546 through April 15, 2003 is granted; the FVRB
10 information provided on April 15, 2003 satisfies the requirement of Decision No. 63546; and
11 Verizon's CC&N issued in Decision No. 63546 remains in full force and effect.

12 DATED this 6 day of November, 2003.

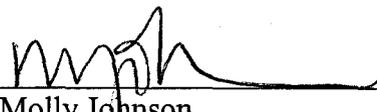
13
14 
15 LYN FARMER
CHIEF ADMINISTRATIVE LAW JUDGE

16 Copies of the foregoing mailed/delivered
17 this 6 day of November, 2003 to:

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