



Arizona Corporation Commission
BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

MAY 04 2001

1
2 WILLIAM A. MUNDELL
CHAIRMAN
3 JIM IRVIN
COMMISSIONER
4 MARC SPITZER
COMMISSIONER
5

DOCKETED BY *sdl*

6 IN THE MATTER OF THE APPLICATION OF
CENTURYTEL SOLUTIONS, LLC FOR A
7 CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE COMPETITIVE
8 FACILITIES-BASED AND RESOLD LOCAL
EXCHANGE AND ACCESS
9 TELECOMMUNICATIONS SERVICES

DOCKET NO. T-03902A-00-0509

DECISION NO. 63638

OPINION AND ORDER

10 DATE OF HEARING: March 28, 2001
11 PLACE OF HEARING: Phoenix, Arizona
12 ADMINISTRATIVE LAW JUDGE: Mr. Stephen Gibelli
13 APPEARANCES: Ms. Phyllis A. Whitten and Ms. Vickie Byrd,
SWIDLER BERLIN SHEREFF FRIEDMAN, L.L.P.,
14 on behalf of CenturyTel Solutions, LLC;
15 Mr. Devinti Williams, Staff Attorney, Legal Division,
on behalf of the Utilities Division of the Arizona
16 Corporation Commission.

BY THE COMMISSION:

17
18 Having considered the entire record herein and being fully advised in the premises, the
19 Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

- 20
21 1. CenturyTel Solutions, LLC ("CenturyTel" or "Applicant") is a Louisiana limited
liability company, authorized to do business in Arizona since 2000.
22
23 2. On July 14, 2000, CenturyTel filed with the Commission an application for a
Certificate of Convenience and Necessity ("Certificate") to provide competitive facilities-based and
24 resold local exchange and access telecommunications services in Arizona.
25
26 3. On October 6, 2000, Applicant filed an Affidavit of Publication indicating compliance
with the Commission's notice requirements.
27
28 4. On December 6, 2000, CenturyTel filed an update to its application.

1 5. On January 23, 2001, the Commission's Utilities Division Staff ("Staff") filed its Staff
2 Report, which recommended approval of the application and included a number of additional
3 recommendations.

4 6. On March 20, 2001, CenturyTel filed updated financial statements in support of its
5 application.

6 7. Pursuant to the Commission's January 29, 2001 Procedural Order, a hearing was held
7 on March 28, 2001, and Applicant and Staff presented evidence.

8 8. The management of CenturyTel has many years of experience in the
9 telecommunications industry.

10 9. Applicant has the technical capability to provide the services that are proposed in its
11 application.

12 10. Currently there are several incumbent providers of local exchange telecommunications
13 services in the service territory requested by Applicant, and at least several other entities have been
14 authorized to provide competitive local exchange services in all or portions of that territory.

15 11. It is appropriate to classify all of Applicant's authorized services as competitive.

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

18 13. According to Staff, CenturyTel has submitted the financial statements of its parent
19 company, CenturyTel, Inc. for the year ended December 31, 1999. These financial data list assets of
20 \$4.71 billion, total shareholders' equity of \$1.85 billion, and net income of \$239.77 million on
21 operating revenues of \$1.68 billion. CenturyTel also submitted the financial statements of its parent
22 company for the nine months ending September 30, 2000. These statements list assets of \$6.3 billion
23 and retained earnings of \$1.3 billion. — —

24 14. On April 4, 2001, CenturyTel filed a letter indicating that it is not opposed to
25 obtaining a performance bond as a condition to providing services in Arizona.

26 15. On April 10, 2001, Staff filed a Response to CenturyTel's letter indicating that Staff is
27 amending its Report to condition CenturyTel's Certificate upon it procuring a performance bond.

28 16. Staff recommends that CenturyTel's application for a Certificate to provide

1 competitive facilities-based and resold local exchange and access telecommunications services be
2 granted subject to the conditions that:

- 3 (a) In order to protect its customers, Applicant procure a performance bond equal
4 to a minimum of \$100,000 sufficient to cover any prepayments or deposits
5 collected from the applicant's customers, and the amount of the performance
6 bond should be increased if at any time it would be insufficient to cover the
7 aforementioned requirement;
- 8 (b) unless it provides services solely through the use of its own facilities,
9 Applicant procure an Interconnection Agreement before being allowed to offer
10 local exchange service;
- 11 (c) Applicant will not provide service in the service territory of its affiliate,
12 CenturyTel of the Southwest d/b/a CenturyTel;
- 13 (d) Applicant file with the Commission, within 30 days of an Order approving an
14 interconnection agreement, its plan to have its customers telephone numbers
15 included in the incumbent's Directories and Directory Assistance databases;
- 16 (e) Applicant pursue permanent number portability arrangements with other LECs
17 pursuant to Commission rules, federal laws and federal rules;
- 18 (f) Applicant abide by and participate in the AUSF mechanism instituted in
19 Decision No. 59623, dated April 24, 1996 (Docket No. RT-T-03908A-00-
20 0559E-95-0498);
- 21 (g) Applicant abide by the quality of service standards that were approved by the
22 Commission for USWC in Docket No. T-0151B-93-0183;
- 23 (h) in areas where Applicant is the sole provider of local exchange service
24 facilities, CenturyTel provide customers with access to alternative providers of
25 service pursuant to the provisions of Commission rules, federal laws and
26 federal rules;
- 27 (i) Applicant certify, through the 911 service provider in the area in which it
28 intends to provide service, that all issues associated with the provision of 911
service have been resolved with the emergency service providers within 30
days of an Order in this matter;
- (j) Applicant abide by all the Commission decisions and policies regarding
CLASS services;
- (k) Applicant provide 2-PIC equal access;
- (l) Applicant notify the Commission immediately upon changes to CenturyTel's
address or telephone number;
- (m) Applicant comply with all Commission rules, orders, and other requirements
relevant to the provision of intrastate telecommunications service;
- (n) Applicant maintain its accounts and records as required by the Commission;

- 1 (o) Applicant file with the Commission all financial and other reports that the
Commission may require, and in a form and at such times as the Commission
2 may designate;
- 3 (p) Applicant be ordered to maintain on file with the Commission all current
tariffs and rates, and any service standards that the Commission may require;
- 4 (q) Applicant cooperate with the Commission investigations of customer
5 complaints; and,
- 6 (r) Applicant participate in and contribute to a universal service fund, as required
by the Commission;

7

8 17. Staff further recommended that CenturyTel's tariffs be approved on an interim basis

9 subject to the following:

- 10 (a) That CenturyTel file conforming tariffs within 30 days of an Order in this
11 matter, and in accordance with the Decision;
- 12 (b) That CenturyTel should be required to file in this Docket, within 18 months of
13 the date it first provides service following certification, sufficient information
14 for Staff analysis and recommendation for a fair value finding, as well as for an
analysis and recommendation for permanent tariff approval. This information
must include, at a minimum, the following:
- 15 1. A dollar amount representing the total revenue for the first twelve
16 months of telecommunications service provided to Arizona customers
17 by CenturyTel following certification, adjusted to reflect the maximum
18 rates that CenturyTel 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.
- 19 2. The total actual operating expenses for the first twelve months of
20 telecommunications service provided to Arizona customers by
CenturyTel following certification.
- 21 3. The value of all assets, listed by major category, used for the first
22 twelve months of telecommunications services provided to Arizona
23 customers by CenturyTel following certification. Assets are not limited
24 to plant and equipment. Items such as office equipment and office
supplies should be included in this list.
- 25 (c) CenturyTel's failure to meet the condition to timely file sufficient information
26 for a fair value finding and analysis and recommendation of permanent tariffs
27 shall result in the expiration of the Certificate of Convenience and Necessity
and of the tariffs.

28 18. On August 29, 2000, the Court of Appeals, Division One, ("Court") issued its Opinion

1 in Cause No. 1 CA-CV 98-0672 ("Opinion"). The Court determined that Article XV, Section 14 of
2 the Arizona Constitution requires the Commission to "determine fair value rate base ("FVRB") for all
3 public service corporations in Arizona prior to setting their rates and charges."

4 19. On October 26, 2000, the Commission filed a Petition for Review to the Arizona
5 Supreme Court. On February 13, 2001, the Commission's Petition was granted. However, at this
6 time we are going to request FVRB information to insure compliance with the Constitution should
7 the ultimate decision of the Supreme Court affirm the Court's interpretation of Section 14. We also
8 are concerned that the cost and complexity of FVRB determinations must not offend the
9 Telecommunications Act of 1996.

10 CONCLUSIONS OF LAW

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

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

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

16 4. A.R.S. § 40-282 allows a telecommunications company to file an application for a
17 Certificate to provide competitive telecommunications services.

18 5. Pursuant to Article XV of the Arizona Constitution as well as the Arizona Revised
19 Statutes, it is in the public interest for Applicant to provide the telecommunications services set forth
20 in its application.

21 6. Applicant is a fit and proper entity to receive a Certificate authorizing it to provide
22 competitive facilities-based and resold local exchange and access telecommunications services in
23 Arizona as conditioned by Staff's recommendations as modified below.

24 7. The telecommunications services that the Applicant intends to provide are competitive
25 within Arizona.

26 8. Pursuant to Article XV of the Arizona Constitution as well as the Competitive Rules,
27 it is just and reasonable and in the public interest for Applicant to establish rates and charges which
28 are not less than the Applicant's total service long-run incremental costs of providing the competitive

1 services approved herein.

2 9. Staff's recommendations in Findings of Fact Nos. 16 and 17 are reasonable and should
3 be adopted, in addition to further orders below.

4 **ORDER**

5 IT IS THEREFORE ORDERED that the application of CenturyTel Solutions, LLC for a
6 Certificate of Convenience and Necessity for authority to provide competitive facilities-based and
7 resold local exchange and access telecommunications services in Arizona shall be, and is hereby,
8 granted, as conditioned herein.

9 IT IS FURTHER ORDERED that CenturyTel Solutions, LLC shall comply with all of the
10 Staff recommendations set forth in Findings of Fact Nos. 16 and 17.

11 IT IS FURTHER ORDERED that CenturyTel Solutions, LLC shall file an application with
12 the Commission, pursuant to A.A.C. R14-2-1107, if it desires to discontinue service and shall notify
13 each of its customers and the Commission at least 30 days prior to filing an application to discontinue
14 service. Any failure to comply with this requirement may result in forfeiture of the Applicant's
15 performance bond.

16 IT IS FURTHER ORDERED that proof of the performance bond should be docketed within
17 90 days of the effective date of this Decision.

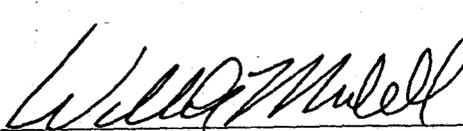
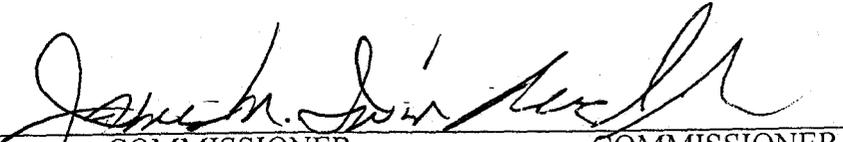
18 IT IS FURTHER ORDERED that after one year of operation under the Certificate granted by
19 the Commission, the Applicant shall be allowed to file a request for cancellation of its established
20 performance bond. Such request should be accompanied by information demonstrating the
21 Applicant's financial ability. Upon receipt of such filing and after Staff review, Staff will forward its
22 recommendation to the Commission for a Decision that the requested cancellation is in the public
23 interest.

24 ...
25 ...
26 ...
27 ...
28 ...

1 IT IS FURTHER ORDERED that CenturyTel Solutions, LLC shall notify the Commission
2 immediately upon changes to CenturyTel's address or telephone number.

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

4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

5
6  
7 CHAIRMAN COMMISSIONER COMMISSIONER

8
9 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
10 Secretary of the Arizona Corporation Commission, have
11 hereunto set my hand and caused the official seal of the
12 Commission to be affixed at the Capitol, in the City of Phoenix,
13 this 4th day of May, 2001.

14 
15 BRIAN C. McNEIL
16 EXECUTIVE SECRETARY

17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100
101
102
103
104
105
106
107
108
109
110
111
112
113
114
115
116
117
118
119
120
121
122
123
124
125
126
127
128
129
130
131
132
133
134
135
136
137
138
139
140
141
142
143
144
145
146
147
148
149
150
151
152
153
154
155
156
157
158
159
160
161
162
163
164
165
166
167
168
169
170
171
172
173
174
175
176
177
178
179
180
181
182
183
184
185
186
187
188
189
190
191
192
193
194
195
196
197
198
199
200
201
202
203
204
205
206
207
208
209
210
211
212
213
214
215
216
217
218
219
220
221
222
223
224
225
226
227
228
229
230
231
232
233
234
235
236
237
238
239
240
241
242
243
244
245
246
247
248
249
250
251
252
253
254
255
256
257
258
259
260
261
262
263
264
265
266
267
268
269
270
271
272
273
274
275
276
277
278
279
280
281
282
283
284
285
286
287
288
289
290
291
292
293
294
295
296
297
298
299
300
301
302
303
304
305
306
307
308
309
310
311
312
313
314
315
316
317
318
319
320
321
322
323
324
325
326
327
328
329
330
331
332
333
334
335
336
337
338
339
340
341
342
343
344
345
346
347
348
349
350
351
352
353
354
355
356
357
358
359
360
361
362
363
364
365
366
367
368
369
370
371
372
373
374
375
376
377
378
379
380
381
382
383
384
385
386
387
388
389
390
391
392
393
394
395
396
397
398
399
400
401
402
403
404
405
406
407
408
409
410
411
412
413
414
415
416
417
418
419
420
421
422
423
424
425
426
427
428
429
430
431
432
433
434
435
436
437
438
439
440
441
442
443
444
445
446
447
448
449
450
451
452
453
454
455
456
457
458
459
460
461
462
463
464
465
466
467
468
469
470
471
472
473
474
475
476
477
478
479
480
481
482
483
484
485
486
487
488
489
490
491
492
493
494
495
496
497
498
499
500
501
502
503
504
505
506
507
508
509
510
511
512
513
514
515
516
517
518
519
520
521
522
523
524
525
526
527
528
529
530
531
532
533
534
535
536
537
538
539
540
541
542
543
544
545
546
547
548
549
550
551
552
553
554
555
556
557
558
559
560
561
562
563
564
565
566
567
568
569
570
571
572
573
574
575
576
577
578
579
580
581
582
583
584
585
586
587
588
589
590
591
592
593
594
595
596
597
598
599
600
601
602
603
604
605
606
607
608
609
610
611
612
613
614
615
616
617
618
619
620
621
622
623
624
625
626
627
628
629
630
631
632
633
634
635
636
637
638
639
640
641
642
643
644
645
646
647
648
649
650
651
652
653
654
655
656
657
658
659
660
661
662
663
664
665
666
667
668
669
670
671
672
673
674
675
676
677
678
679
680
681
682
683
684
685
686
687
688
689
690
691
692
693
694
695
696
697
698
699
700
701
702
703
704
705
706
707
708
709
710
711
712
713
714
715
716
717
718
719
720
721
722
723
724
725
726
727
728
729
730
731
732
733
734
735
736
737
738
739
740
741
742
743
744
745
746
747
748
749
750
751
752
753
754
755
756
757
758
759
760
761
762
763
764
765
766
767
768
769
770
771
772
773
774
775
776
777
778
779
780
781
782
783
784
785
786
787
788
789
790
791
792
793
794
795
796
797
798
799
800
801
802
803
804
805
806
807
808
809
810
811
812
813
814
815
816
817
818
819
820
821
822
823
824
825
826
827
828
829
830
831
832
833
834
835
836
837
838
839
840
841
842
843
844
845
846
847
848
849
850
851
852
853
854
855
856
857
858
859
860
861
862
863
864
865
866
867
868
869
870
871
872
873
874
875
876
877
878
879
880
881
882
883
884
885
886
887
888
889
890
891
892
893
894
895
896
897
898
899
900
901
902
903
904
905
906
907
908
909
910
911
912
913
914
915
916
917
918
919
920
921
922
923
924
925
926
927
928
929
930
931
932
933
934
935
936
937
938
939
940
941
942
943
944
945
946
947
948
949
950
951
952
953
954
955
956
957
958
959
960
961
962
963
964
965
966
967
968
969
970
971
972
973
974
975
976
977
978
979
980
981
982
983
984
985
986
987
988
989
990
991
992
993
994
995
996
997
998
999
1000

1 SERVICE LIST FOR: CENTURYTEL SOLUTIONS, LLC

2 DOCKET NO.: T-03902A-00-0509

3

4 Phyllis A. Whitten
5 SWIDLER BERLIN SHEREFF FRIEDMAN, LLP
6 3000 K Street, NW, Suite 300
7 Washington, D.C. 20007-5116
8 Attorneys for CenturyTel Solutions, LLC

9 Christopher Kempley, Chief Counsel
10 Devinti Williams
11 Legal Division
12 ARIZONA CORPORATION COMMISSION
13 1200 West Washington Street
14 Phoenix, Arizona 85007

15 Deborah Scott, Director
16 Utilities Division
17 ARIZONA CORPORATION COMMISSION
18 1200 West Washington Street
19 Phoenix, Arizona 85007

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35