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BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

JUN 26 2002

DOCKETED BY [Signature]

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

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

DOCKET NO. T-03975A-00-1065

DECISION NO. 64982

ORDER

Open Meeting
June 25 and 26, 2002
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 December 29, 2000, Trans National Communications International, Inc. ("Applicant" or "TNCI") filed with 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 a switchless reseller that purchases telecommunications services from a variety of carriers for resale to its customers.

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

4. TNCI has authority to transact business in the State of Arizona.

5. On January 22, 2002, TNCI filed an Affidavit of Publication indicating compliance

1 with the Commission's notice requirements.

2 6. On April 23, 2002, the Commission's Utilities Division Staff ("Staff") filed a Staff
3 Report in this matter recommending approval of the application subject to certain conditions, and
4 making other recommendations.

5 7. In the Staff Report, Staff stated that TNCI provided financial statements for the period
6 ending December 31, 2001, which list assets of \$6.6 million, total equity of \$2.2 million, and a net
7 loss of \$633,000.

8 8. In its Staff Report, Staff stated that based on information obtained from the Applicant,
9 it has determined that TNCI's fair value rate base is zero, and is too small to be useful in setting rates.
10 Staff further stated that in general, rates for competitive services are not set according to rate of return
11 regulation, but are heavily influenced by the market. Staff recommended that the Commission not set
12 rates for TNCI based on the fair value of its rate base.

13 9. Staff believes that TNCI has no market power and that the reasonableness of its rates
14 will be evaluated in a market with numerous competitors. In light of the competitive market in which
15 the Applicant will be providing its services, Staff believes that the rates in Applicant's proposed
16 tariffs for its competitive services will be just and reasonable, and recommends that the Commission
17 approve them.

18 10. Staff recommended approval of TNCI's application subject to the following:

19 (a) The Applicant should be ordered to comply with all Commission rules, orders,
20 and other requirements relevant to the provision of intrastate telecommunications
21 service;

22 (b) The Applicant should be ordered to maintain its accounts and records as
23 required by the Commission;

24 (c) The Applicant should be ordered to file with the Commission all financial and
25 other reports that the Commission may require, and in a form and at such times as the
26 Commission may designate;

26 (d) The Applicant should be ordered to maintain on file with the Commission all
27 current tariffs and rates, and any service standards that the Commission may require;

28 (e) The Applicant should be ordered to comply with the Commission's rules and
modify its tariffs to conform to these rules if it is determined that there is a conflict

1 between the Applicant's tariffs and the Commission's rules;

2 (f) The Applicant should be ordered to cooperate with Commission investigations
3 of customer complaints;

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

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

8 (i) If the Applicant, at some future, date wants to collect from its customers an
9 advance, deposit, and/or prepayment, it must file information with the Commission for
10 Staff review. Upon receipt of such filing and after review, Staff would forward its
11 recommendations to the Commission;

12 (j) The Applicant's interexchange service offerings should be classified as
13 competitive pursuant to A.A.C. R14-2-1108;

14 (k) The Applicant's maximum rates should be the maximum rates proposed by the
15 Applicant in its proposed tariffs. The minimum rates for the Applicant's competitive
16 services should be the Applicant's total service long run incremental costs of
17 providing those services as set forth in A.A.C. R14-2-1109; and

18 (l) In the event that the Applicant states only one rate in its proposed tariff for a
19 competitive service, the rate stated should be the effective (actual) price to be charged
20 for the service as well as the service's maximum rate.

21 11. Staff further recommended that TNCI's Certificate should be conditioned upon the
22 Applicant filing conforming tariffs in accordance with this Decision within 365 days of the effective
23 date of this Decision, or 30 days prior to providing service, whichever comes first.

24 12. Staff recommended that if the Applicant fails to meet the timeframes outlined in
25 Findings of Fact No. 11, that TNCI's Certificate should become null and void without further Order
26 of the Commission, and that no time extensions for compliance should be granted.

27 13. The rates proposed by this filing are for competitive services.

28 14. Staff's recommendations as set forth herein are reasonable.

15. TNCI's fair value rate base is zero.

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.

1 IT IS FURTHER ORDERED that if Trans National Communications International, Inc. fails
2 to meet the timeframes outlined in Findings of Fact No. 11 above, that the Certificate conditionally
3 granted herein shall become null and void without further Order of the Commission.

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

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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 26th day of June, 2002.

14 
15 BRIAN C. McNEIL
16 EXECUTIVE SECRETARY

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15 DISSENT _____
16 MES:dap

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

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