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BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

AUG 22 2002

DOCKETED BY [Signature]

WILLIAM A. MUNDELL  
CHAIRMAN  
JIM IRVIN  
COMMISSIONER  
MARC SPITZER  
COMMISSIONER

DOCKET NO. T-04088A-02-0171

DECISION NO. 65104

ORDER

IN THE MATTER OF THE APPLICATION OF  
ENHANCED COMMUNICATIONS NETWORK,  
INC. DBA ASIAN AMERICAN ASSOCIATION  
FOR A CERTIFICATE OF CONVENIENCE AND  
NECESSITY TO PROVIDE COMPETITIVE  
RESOLD INTEREXCHANGE  
TELECOMMUNICATIONS SERVICES, EXCEPT  
LOCAL EXCHANGE SERVICES

Open Meeting  
August 20 and 21, 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 March 7, 2002, Enhanced Communications Network, Inc. dba Asian American Association ("Applicant" or "Enhanced") 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. Enhanced has authority to transact business in the State of Arizona.
5. On March 29, 2002, Enhanced filed an Affidavit of Publication indicating compliance

1 with the Commission's notice requirements.

2       6.     On May 6, 2002, Staff filed in this docket a letter to the Applicant requesting  
3 information necessary in order to make a fair value rate base finding. Applicant filed its response on  
4 June 7, 2002.

5       7.     On June 21, 2002, the Commission's Utilities Division Staff ("Staff") filed a Staff  
6 Report which includes Staff's fair value rate base determination in this matter and recommends  
7 approval of the application subject to certain conditions.

8       8.     In the Staff Report, Staff stated that Enhanced provided financial statements for the  
9 year ending April 30, 2002, which list assets of \$1.3 million, negative equity of \$56,911, and a net  
10 loss of \$81,120.

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

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

21       11.    Staff recommended approval of Enhanced's application subject to the following:

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

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

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

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

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

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

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

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

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

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

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

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

25 12. Staff further recommended that Enhanced's Certificate should be conditioned upon the  
26 Applicant filing conforming tariffs in accordance with this Decision within 365 days from the date of  
27 an Order in this matter, or 30 days prior to providing service, whichever comes first.

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

14. The rates proposed by this filing are for competitive services.

15. Staff's recommendations as set forth herein are reasonable.

16. Enhanced's fair value rate base is zero.

CONCLUSIONS OF LAW

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

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

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

7 4. Applicant's provision of resold interexchange telecommunications services is in the  
8 public interest.

9 5. Applicant is a fit and proper entity to receive a Certificate as conditioned herein for  
10 providing competitive resold interexchange telecommunications services in Arizona.

11 6. Staff's recommendations in Findings of Fact No. 9, 10, 11, 12 and 13 should be  
12 adopted.

13 7. Enhanced's fair value rate base is not useful in determining just and reasonable rates  
14 for the competitive services it proposes to provide to Arizona customers.

15 8. Enhanced's rates, as they appear in its proposed tariffs, are just and reasonable and  
16 should be approved.

17 ORDER

18 IT IS THEREFORE ORDERED that the application of Enhanced Communications Network,  
19 Inc. dba Asian American Association for a Certificate of Convenience and Necessity for authority to  
20 provide competitive resold interexchange telecommunications services, except local exchange  
21 services, is hereby granted, conditioned upon its compliance with the conditions recommended by  
22 Staff as set forth in Findings of Fact No. 12 above.

23 IT IS FURTHER ORDERED that Staff's recommendations set forth in Findings of Fact Nos.  
24 9, 10, 11, 12 and 13 above are hereby adopted.

25 IT IS FURTHER ORDERED that Enhanced Communications Network, Inc. dba Asian  
26 American Association shall comply with the adopted Staff recommendations as set forth in Findings  
27 of Fact Nos. 11 and 12 above.

28 IT IS FURTHER ORDERED that if Enhanced Communications Network, Inc. dba Asian

1 American Association fails to meet the timeframes outlined in Findings of Fact. No. 12 above that the  
2 Certificate conditionally granted herein shall become null and void without further Order of the  
3 Commission.

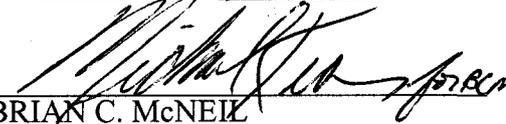
4 IT IS FURTHER ORDERED that Enhanced Communications Network, Inc. dba Asian  
5 American Association shall not require its Arizona customers to pay advances, prepayments or  
6 deposits for any of its products or services.

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

8 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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11 CHAIRMAN  COMMISSIONER  COMMISSIONER

12 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive  
13 Secretary of the Arizona Corporation Commission, have  
14 hereunto set my hand and caused the official seal of the  
15 Commission to be affixed at the Capitol, in the City of Phoenix,  
16 this 22<sup>nd</sup> day of AUGUST, 2002.

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18 BRIAN C. McNEIL  
19 EXECUTIVE SECRETARY

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SERVICE LIST FOR:

ENHANCED COMMUNICATIONS NETWORK, INC.  
DBA ASIAN AMERICAN ASSOCIATION

DOCKET NO.:

T-04088A-02-0171

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