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22 ORIGINAL
OPEN MEETING ITEM



WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

RECEIVED EXECUTIVE SECRETARY

ARIZONA CORPORATION COMMISSION

2001 JUL 10 A 10:45

AZ CORP COMMISSION
DOCUMENT CONTROL

DATE: July 10, 2001

DOCKET NO: T-03613A-98-0456

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Philip J. Dion III. The recommendation has been filed in the form of an Order on:

MAIN STREET TELEPHONE CO.
(CC&N/RESELLER)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and ten (10) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

JULY 19, 2001

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Working Session and Open Meeting to be held on:

JULY 24 AND JULY 25, 2001

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250.

Arizona Corporation Commission

DOCKETED

JUL 10 2001

DOCKETED BY	
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BRIAN C. McNEIL
EXECUTIVE SECRETARY

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BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

IN THE MATTER OF THE APPLICATION OF
MAIN STREET TELEPHONE CO. FOR A
CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE COMPETITIVE
RESOLD INTRASTATE
TELECOMMUNICATIONS SERVICES, EXCEPT
LOCAL EXCHANGE SERVICE

DOCKET NO. T-03613A-98-0456

DECISION NO. _____

ORDER

Open Meeting
July 24 and 25, 2001
Phoenix, Arizona

BY THE COMMISSION:

DISCUSSION

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 August 12, 1998, Main Street Telephone Co. ("Main Street" or "Applicant") 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. 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.
3. Applicant is a corporation domiciled in Delaware, authorized to do business in Arizona since December of 1997.
4. Applicant is a switchless reseller, which purchases telecommunications services from a variety of carriers.
5. On July 20 and 27, August 11, and September 18, 2000, Applicant filed Affidavits of

1 Publication indicating compliance with the Commission's notice requirements.

2 6. On May 16, 2001, the Commission's Utilities Division Staff ("Staff") filed its Staff
3 Report recommending approval of the application with some conditions.

4 7. In its Staff Report, Staff stated that Main Street provided financial statements for the
5 period ended December 31, 2000. These financial statements list assets of \$113,145, negative
6 retained earnings of (\$15,973), and a net loss of (\$35,079). Based on the foregoing, Staff believes
7 that Applicant lacks adequate financial resources to be allowed to charge customers any prepayments,
8 advances, or deposits without either establishing an escrow account or posting a surety bond to cover
9 such prepayments, advances, or deposits.

10 8. The Staff Report indicates that Main Street does not charge its customers for any
11 prepayments, advances or deposits. If at some future date, the Applicant wants to charge customers
12 any prepayments, advances or deposits, it must file information with the Commission that
13 demonstrates the Applicant's financial viability. Upon receipt of such filing, Staff will review the
14 information and forward its recommendation to the Commission. Additionally, Staff believes that if
15 the Applicant experiences financial difficulty, there should be minimal impact to its customers.
16 Customers are able to dial another reseller or facilities-based provider to switch to another company.

17 9. Staff recommended approval of the application subject to the following conditions,
18 that:

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;

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

(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 customers 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) The Applicant's intrastate interexchange service offerings should be classified
9 as competitive;

10 (j) The Applicant's competitive services should be priced at the rates proposed by
11 the Applicant in its most recently filed tariffs. The maximum rates for these services
12 should be the maximum rates proposed by the Applicant in its proposed tariffs. The
13 minimum rates for the Applicant's competitive services should be the Applicant's total
14 service long run incremental costs of providing those services; and

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

18 10. Staff further recommended approval of Vista's application subject to the following
19 conditions:

20 (a) That the Applicant file conforming tariffs within 30 days of an Order in this
21 matter, and in accordance with the Decision;

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

27 1. A dollar amount representing the total revenue for the first twelve
28 months of telecommunications service provided to Arizona customers by
United following certification, adjusted to reflect the maximum rates that the
Applicant 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 the Applicant
following certification;

1 should be adopted.

2 **ORDER**

3 IT IS THEREFORE ORDERED that the application of Main Street Telephone Co. for a
4 Certificate of Convenience and Necessity for authority to provide competitive resold interexchange
5 telecommunications services, except local exchange services, is hereby granted, except that Main
6 Street Telephone Co. shall not be authorized to charge customers any prepayments, advances, or
7 deposits. In the future, if Main Street Telephone Co. desires to initiate such charges, it must file
8 information with the Commission that demonstrates Main Street Telephone Co.'s financial viability.
9 Staff shall review the information provided and file its recommendation concerning the Applicant's
10 financial viability and/or the necessity of obtaining a surety bond within thirty (30) days of receipt of
11 the financial information, for Commission approval.

12 IT IS FURTHER ORDERED that Main Street Telephone Co. shall file the following fair
13 value rate base ("FVRB") information within 18 months of the date that it first provides service. The
14 FVRB shall include a dollar amount representing the total revenue for the first twelve months of
15 telecommunications service provided to Arizona customers by Main Street Telephone Co. following
16 certification, adjusted to reflect the maximum rates Main Street Telephone Co. requests in its tariff.
17 This adjusted total revenue figure could be calculated as the number of units sold for all services
18 offered times the maximum charge per unit. Main Street Telephone Co. shall also file FVRB
19 information detailing the total actual operating expenses for the first twelve months of
20 telecommunications service provided to Arizona customers by Main Street Telephone Co. following
21 certification. Main Street Telephone Co. shall also file FVRB information which includes a
22 description and value of all assets, including plant, equipment, and office supplies, to be used to
23 provide telecommunications service to Arizona customers for the first twelve months following Main
24 Street Telephone Co.'s certification.

25 IT IS FURTHER ORDERED that Main Street Telephone Co. shall comply with Staff's
26 recommendations as set forth in Findings of Fact Nos. 8, 9 and 10.

27 IT IS FURTHER ORDERED that within 30 days of the effective date of this Decision, Main
28 Street Telephone Co. shall notify the Compliance Section of the Arizona Corporation Commission of

1 the date that it will begin or has begun providing service to Arizona customers.

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

3 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.
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6 CHAIRMAN COMMISSIONER COMMISSIONER

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

13 BRIAN C. McNEIL
14 EXECUTIVE SECRETARY

15 DISSENT _____
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SERVICE LIST FOR: MAIN STREET TELEPHONE CO.

DOCKET NO.: T-03613A-98-0456

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