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BEFORE THE ARIZONA CORPORATION COMMISSION
DOCKETED

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CARL J. KUNASEK
CHAIRMAN
JIM IRVIN
COMMISSIONER
WILLIAM A. MUNDELL
COMMISSIONER

DOCKETED BY *sd*

IN THE MATTER OF THE APPLICATION OF
CONNECT CCCAZ, INC. D/B/A CONNECT! FOR
A CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE COMPETITIVE
FACILITIES-BASED AND RESOLD LOCAL
EXCHANGE AND EXCHANGE ACCESS
TELECOMMUNICATIONS SERVICES

DOCKET NO. T-03784A-99-0542

DECISION NO. 62768

OPINION AND ORDER

DATE OF HEARING: July 7, 2000
PLACE OF HEARING: Phoenix, Arizona
ADMINISTRATIVE LAW JUDGE: Mr. Stephen Gibelli
APPEARANCES: Mr. Ronald W. Dei Sesto, Jr., SWIDLER BERLIN
SHEREFF FRIEDMAN, LLP on behalf of Connect
CCCAZ, Inc. d/b/a Connect!; and,
Mr. Robert Metli, Staff Attorney, Legal Division, on
behalf of the Utilities Division of the Arizona
Corporation Commission.

BY THE COMMISSION:

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

FINDINGS OF FACT

1. Connect CCCAZ, Inc. d/b/a Connect! ("Applicant" or "Connect") is a Delaware corporation, authorized to do business in Arizona since 1999.
2. On October 1, 1999, Connect submitted to Docket Control of the Arizona Corporation Commission ("Commission") an application for a Certificate of Convenience and Necessity ("Certificate") to provide competitive facilities-based and resold local exchange and exchange access telecommunications services in Arizona.
3. On April 13, 2000, the Commission's Utilities Division Staff ("Staff") filed its Staff Report, which recommended approval of the application and included a number of additional

1 recommendations.

2 4. On June 8, 2000, Applicant filed Affidavits of Publication indicating that Connect
3 published notice of the application.

4 5. Pursuant to the May 17, 2000 Procedural Order, a hearing was held on July 7, 2000,
5 and Applicant and Staff presented evidence.

6 6. The management of Connect has many years of experience in the telecommunications
7 industry.

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

10 8. Currently there are several incumbent providers of local exchange, toll, and exchange
11 access services in the service territory requested by Applicant, and numerous other entities have been
12 authorized to provide competitive local exchange services in all or portions of that territory.

13 9. It is appropriate to classify all of Applicant's authorized services as competitive.

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

16 11. According to Staff, Connect has submitted unaudited financial statements for the year
17 ending December 31, 1998. These statements list total assets of \$1.5 million, negative retained
18 earnings of \$319,364, and a net loss of \$241,254 on revenues of \$481,209. Based on the financial
19 information provided, Staff believes that Connect lacks sufficient financial strength to offer
20 telecommunications services in Arizona.

21 12. Staff recommended that Connect's application for a Certificate to provide competitive
22 facilities-based and resold local exchange and exchange access telecommunications services be
23 granted subject to the following conditions:

24

25 (a) That Connect be required to abide by the additional financial requirements of
26 the Staff Report which require the Applicant to procure a performance bond
equal to a minimum of 120 days intrastate revenue as well as any prepayments
or deposits collected from the Company's customers;

27 (b) That Connect be required to file its proposed tariffs within 30 days of an Order
28 in this matter, and in accordance with this Decision;

- (c) That, unless it provides services solely through the use of its own facilities, Connect procure an Interconnection Agreement before being allowed to offer local exchange service;
- (d) That Connect file with the Commission its plan to have its customers' telephone numbers included in the incumbent's Directories and Directory Assistance databases within 30 days of an Order in this matter;
- (e) That Connect pursue permanent number portability arrangements with other LECs pursuant to Commission rules, federal laws, and federal rules;
- (f) That Connect agree to abide by and participate in the AUSF mechanism instituted in Decision No. 59623, dated April 24, 1996 (Docket No. R-0000-95-0498);
- (g) That Connect abide by the quality of service standards that were approved by the Commission for USWC in Docket No. T-01051B-93-0183;
- (h) That in areas where Connect is the sole provider of local exchange service facilities, Connect will provide customers with access to alternative providers of service pursuant to the provisions of Commission rules, federal laws, and federal rules;
- (i) That Connect be required to certify, through the 911 service provider in the area in which it intends to provide service, that all issues associated with the provision of 911 service have been resolved with the emergency service providers before it begins to provide local exchange service;
- (j) That Connect be required to abide by all the Commission decisions and policies regarding CLASS services;
- (k) That Connect be required to comply with A.A.C. R14-2-1111, which requires local exchange companies provide 2-PIC equal access;
- (l) That Connect be required to certify that all notification requirements have been completed prior to a final determination in this proceeding; and,
- (m) That Connect be required to abide by all Commission rules and regulations.

13. U S WEST and Connect have reached an interconnection agreement in Decision No. 61656.

14. At the hearing, Connect agreed to abide by all of Staff's recommendations.

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.

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

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

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

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

7 6. With the conditions stated below, Connect is a fit and proper entity to receive a
8 Certificate authorizing it to provide competitive facilities-based and resold local exchange and
9 exchange access telecommunications services in Arizona.

10 7. The telecommunications services that the Applicant intends to provide are competitive
11 within Arizona.

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

16 9. Staff's recommendations in Findings of Fact No. 12 are reasonable and should be
17 adopted, in addition to further orders below.

18 **ORDER**

19 IT IS THEREFORE ORDERED that the Application of Connect CCCAZ, Inc. d/b/a Connect!
20 for a Certificate of Convenience and Necessity for authority to provide competitive facilities-based
21 and resold local exchange and exchange access telecommunications services shall be, and is hereby,
22 granted, as conditioned below.

23 IT IS FURTHER ORDERED that prior to providing service, Connect CCCAZ, Inc. d/b/a
24 Connect! shall comply with all of the Staff recommendations set forth in Findings of Fact No. 12.

25 IT IS FURTHER ORDERED that Connect CCCAZ, Inc. d/b/a Connect! shall procure a
26 performance bond equal to 120 days intrastate telecommunications revenue as well as any
27 prepayments, advances, or deposits. If in the future, Connect desires to discontinue the performance
28 bond, or begin charging its customers prepayments, advances, or deposits, it must file information

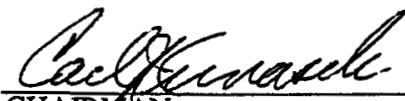
1 with Staff that demonstrates Connect's financial viability. Staff will then review the information and
2 provide Connect its decision concerning financial viability within 30 days of receipt of the
3 information.

4 IT IS FURTHER ORDERED that Connect CCAZ, Inc. d/b/a Connect! shall file proof of
5 said performance bond with the Utilities Division Director at least 30 days prior to the provision of
6 service.

7 IT IS FURTHER ORDERED that if Connect CCAZ, Inc. d/b/a Connect! desires to
8 discontinue service, it must file an application with the Commission and notify each of its customers
9 and the Commission 60 days prior to filing said application. Failure to meet this requirement will
10 result in the forfeiture of Connect's performance bond.

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

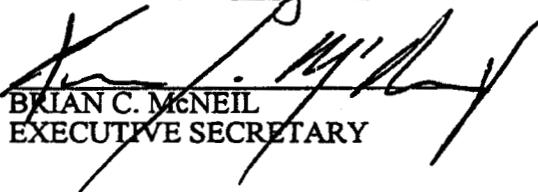
12 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

13 
14 CHAIRMAN

15 _____
16 COMMISSIONER

17 
18 COMMISSIONER

19 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
20 Secretary of the Arizona Corporation Commission, have
21 hereunto set my hand and caused the official seal of the
22 Commission to be affixed at the Capitol, in the City of Phoenix,
23 this 2ND day of August, 2000.

24 
25 BRIAN C. McNEIL
26 EXECUTIVE SECRETARY

27 DISSENT _____
28 SG:bbs

1 SERVICE LIST FOR: CONNECT CCAZ, INC. D/B/A CONNECT!

2 DOCKET NO.: T-03784A-99-0542

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