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BEFORE THE ARIZONA CORPORATION COMMISSION

JIM IRVIN
COMMISSIONER-CHAIRMAN
TONY WEST
COMMISSIONER
CARL J. KUNASEK
COMMISSIONER

IN THE MATTER OF THE APPLICATION OF
CABLE & WIRELESS GLOBAL CARD
SERVICES, INC. FOR A CERTIFICATE OF
CONVENIENCE AND NECESSITY TO PROVIDE
COMPETITIVE INTERLATA/INTRALATA
RESOLD TELECOMMUNICATIONS SERVICES
EXCEPT LOCAL EXCHANGE SERVICES.

DOCKET NO. T-03544A-98-0183

DECISION NO. 61627

ORDER

Open Meeting
March 30 and 31, 1999
Phoenix, Arizona

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. On April 8, 1998, Cable & Wireless Global Card Services, Inc. ("CWGCS" or "Applicant") filed with the Commission an application for a Certificate of Convenience and Necessity ("Certificate") to provide resold telecommunications service in 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. In Decision No. 59124 (June 23, 1995), the Commission adopted A.A.C. R14-2-1101 through R14-2-1115 to regulate resellers.
4. CWGCS is a Delaware corporation, which has been qualified to conduct business in Arizona since 1998.
5. CWGCS is a switchless reseller, which purchases telecommunications services underlying facilities-based carriers.
6. On October 30, 1998, the Commission's Utilities Division Staff ("Staff") filed a Staff

1 Report.

2 7. The Staff Report stated that CWGCS provided financial statements for the year ended
3 February 28, 1998, which indicated a net loss of \$354,062 on income of \$7.13 million. Applicant
4 had assets of \$874,301, liabilities of \$672,555, retained earnings of negative \$2.49 million, and
5 stockholders equity of \$201,745. Staff stated that Applicant has adequate financial resources to make
6 necessary plant additions or incur operating losses.

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

9 9. Staff recommended that:

10 (a) Applicant's application for a Certificate should be approved subject to A.A.C.
11 R14-2-1106.B;

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

14 (c) Applicant's competitive services should be priced at the effective rates set
15 forth in Applicant's tariffs and the maximum rates for these services should be
16 the maximum rates proposed by Applicant in its tariffs. The minimum rates
17 for Applicant's competitive services should be Applicant's long run
18 incremental costs of providing those services as set forth in A.A.C. R14-2-
19 1109. Any future changes to the maximum rates in Applicant's tariffs must
20 comply with A.A.C. R14-2-1110;

21 (d) Applicant should be required to comply with the Commission's Rules and
22 modify its tariffs to conform with these Rules, if it is determines that there is a
23 conflict between Applicant's tariffs and the Commission's Rules; and

24 (e) The application may be approved without a hearing.

25 10. By Procedural Order dated November 24, 1998, the Commission set a deadline of
26 December 28, 1998 for filing exceptions to the Staff Report; requesting that a hearing be set; or
27 requesting intervention as interested parties. The Procedural Order also directed Applicant to file
28 affidavits of publication pursuant to A.A.C. R14-2-1104 and R14-2-1105 by December 28, 1998.

11. No exceptions were filed to the Staff Report, nor did any party request that a hearing
be set, nor were any requests for intervention filed with Docket Control.

12. Applicant filed affidavits of publication on February 8, 1999.

13. In order to protect the public interest, it is appropriate to require that if Applicant

1 desires to receive prepayments, advances or deposits from its customers, it should establish an escrow
2 account or post a bond, as described below.

3 CONCLUSIONS OF LAW

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

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

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

9 4. As conditioned below, the provision of competitive interLATA/intraLATA reseller
10 services in Arizona by Applicant is in the public interest.

11 5. With the conditions contained herein, Applicant is a fit and proper entity to receive a
12 Certificate for providing competitive interLATA/intraLATA reseller services in Arizona.

13 6. Staff's recommendations in Findings of Fact No. 9 are reasonable and should be
14 adopted.

15 ORDER

16 IT IS THEREFORE ORDERED that the application of Cable & Wireless Global Card
17 Services, Inc. for a Certificate of Convenience and Necessity for authority to provide competitive
18 interLATA/intraLATA resold telecommunications services except local exchange services shall be,
19 and the same is, hereby granted, as limited below.

20 IT IS FURTHER ORDERED that Cable & Wireless Global Card Services, Inc. shall comply
21 with the Staff recommendations set forth in Findings of Fact No. 9.

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1 IT IS FURTHER ORDERED that Cable & Wireless Global Card Services, Inc. shall not be
2 authorized to charge customers any prepayments, advances or deposits, unless within thirty days of
3 this Decision it establishes an escrow account or posts a bond equivalent to one year of prepayments,
4 advances or deposits to be received from Arizona customers, in advance of receipt of the
5 prepayments, advances or deposits. If in the future Cable & Wireless Global Card Services, Inc.
6 desires to initiate such charges, or to terminate its escrow account or bond, it must file information
7 with the Commission that demonstrates the company's financial viability. Staff shall review the
8 information and file its recommendation concerning financial viability within thirty days of receipt of
9 the financial information, for Commission approval.

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

11 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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15 COMMISSIONER-CHAIRMAN

Tom West
COMMISSIONER

Col Kennard
COMMISSIONER

[Signature]

16
17 IN WITNESS WHEREOF, I, STUART R. BRACKNEY,
18 Acting Executive Secretary of the Arizona Corporation
19 Commission, have hereunto set my hand and caused the official
20 seal of the Commission to be affixed at the Capitol, in the City
21 of Phoenix, this 1 day of April 1999.

Stuart R. Brackney
STUART R. BRACKNEY
ACTING EXECUTIVE SECRETARY

22
23 DISSENT
24 BMB:bbs

[Signature]

1 SERVICE LIST FOR:

CABLE & WIRELESS GLOBAL CARD SERVICES,
INC.

2 DOCKET NO.

T-03544A-98-0183

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