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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS

DOCKETED

JEFF HATCH-MILLER Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG

SEP 21 2006

DOCKETED BY NR

IN THE MATTER OF THE JOINT APPLICATION OF ALTEL COMMUNICATIONS, INC. AND ALTEL HOLDING CORPORATE SERVICES, INC. FOR APPROVAL OF THE TRANSFER OF THE CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE RESOLD LONG DISTANCE TELECOMMUNICATIONS SERVICES AND ASSETS TO ALTEL HOLDING CORPORATE SERVICES, INC., APPROVAL OF TERMINATION OF SERVICE AND LIMITED WAIVER OF THE SLAMMING RULES.

DOCKET NO. T-03887A-05-0909
DOCKET NO. T-20436A-05-0909

DECISION NO. 68965

ORDER

Open Meeting
September 19 and 20, 2006
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 December 22, 2005, Alltel Communications, Inc. ("ACI") and Alltel Holdings Corporate Services, Inc., now known as Windstream Communications, Inc.¹ ("Windstream") (jointly, "Applicants") filed an application requesting:

- Approval of the transfer of ACI's Certificate of Convenience and Necessity ("CC&N") to provide resold long distance service to Windstream;
- Approval of the transfer of long distance customers from ACI to Windstream;
- Approval of the termination of resold long distance service by ACI upon the transfer of the CC&N; and

¹ On June 15, 2006, Applicants filed a supplement to the Application which noted that Alltel Holdings Corporate Services, Inc. had changed its name to Windstream Communications, Inc.

- The granting of a limited waiver of the Commission's Slamming Rules.

1
2 2. ACI is a Delaware corporation and a wholly owned subsidiary of Alltel Corporation
3 (“Alltel”). ACI currently holds an Arizona CC&N to provide resold long distance services pursuant
4 to Decision No. 63937 (August 6, 2001).

5 3. Windstream is a newly formed wholly owned subsidiary of Alltel. Alltel is currently
6 in the process of spinning off its wireline telecommunications business, but intends to retain ACI as
7 its subsidiary; however, Windstream will become a subsidiary of a separate publicly traded holding
8 company.

9 4. On July 19, 2006, the Commission's Utilities Division (“Staff”) filed a Staff Report
10 recommending approval of the Application.

11 5. Staff stated that ACI indicated that it provided resold long distance service to 3072
12 residential and 2240 business customers, none of whom receive service under contract. This enables
13 ACI to change the service provider with no early termination penalty. ACI bills in arrears and
14 therefore holds no prepayments.

15 6. ACI requested that its resold long distance CC&N be transferred to Windstream and
16 that ACI be authorized to discontinue its long distance service in Arizona. Applicants stated that
17 Windstream will provide the same telecommunications services to ACI's customers, that customers
18 will continue to receive their existing telecommunications services at the same rates, terms, and
19 conditions, and that the only change apparent to customers will be in the change of name of the
20 customers' service provider. Applicants stated that from the customers' point of view, the transfer
21 will be transparent and the service will be seamless and uninterrupted. Windstream submitted a
22 proposed tariff under its name that is identical to the current Alltel tariff on file with the Commission.

23 7. In accordance with A.A.C. R14-2-1107, ACI provided notice to its customers in May
24 and June 2006 via a letter, a sample of which was provided with ACI's application. Unless the
25 notified customers elect to change carriers after receipt of the notice, they will be transferred to
26 Windstream and will continue to receive resold long distance service at the same rates, terms and
27 conditions as they presently receive. ACI stated that all of its customers are on month-to-month
28 service arrangements and can transfer to another long distance carrier upon request.

1 8. Staff noted that ACI holds no deposits or prepayments, and that Windstream will
2 honor any existing ACI prepaid calling cards. Staff further noted that numerous other providers offer
3 long distance service in Arizona.

4 9. The Applicants seek a limited waiver of the Commission's Slamming Rules in
5 connection with the transfer of ACI's Arizona customers to Windstream. ACI and Windstream stated
6 that they will comply with the Federal Communications Commission's ("FCC") slamming rules
7 regarding the transfer of the subscriber base by providing notice to the FCC and to customers. The
8 Applicants seek assurance that each transfer of an ACI customer to Windstream is not an
9 "unauthorized change" under the Arizona Slamming Rules, and noted that limited waivers such as the
10 one requested in this docket were previously granted by the Commission for SBC Telecom, Inc., in
11 Decision No. 67827 (May 5, 2005) and for XO Arizona, Inc., in Decision No. 67460 (January 4,
12 2005).

13 10. The Applicants stated that neither Windstream nor its officers or directors have been
14 or are currently subject to any formal or informal complaint proceedings before any state or federal
15 regulatory agency, and that neither Windstream nor its officers or directors have been or are currently
16 involved in any civil or criminal investigations, or have had judgments entered in any civil matter,
17 judgments levied by any administrative or regulatory agency or been convicted of any criminal acts
18 within the last ten years.

19 11. Windstream does not require deposits or prepayments for its service.

20 12. Windstream does not currently offer resold long distance service in any state and does
21 not have financial statements for the past two years because it is a recently formed entity.
22 Windstream will rely on the financial resources of its parent company, Valor Communications
23 Group. Windstream does not have an Arizona-specific estimate of its projected total revenues and
24 expenses for the first twelve months of operation, nor does it nor will it have any physical assets in
25 Arizona during the first twelve months of operations.

26 **Staff's Recommendations**

27 13. Staff recommended that Windstream be granted a CC&N to provide resold
28 interexchange service. Staff further recommended approval of Windstream's requested waiver of the

1 Commission's Slamming Rules in this matter. Staff further recommended cancellation of ACI's
2 CC&N to provide telecommunications services in the State of Arizona. Staff further recommended
3 the following:

- 4 (a) Windstream should be ordered to comply with all Commission rules, orders,
5 and other requirements relevant to the provision of intrastate telecommunications
6 service;
- 7 (b) Windstream should be ordered to maintain its accounts and records as required
8 by the Commission;
- 9 (c) Windstream should be ordered to file with the Commission all financial and
10 other reports that the Commission may require, and in a form and at such times as the
11 Commission may designate;
- 12 (d) Windstream should be ordered to maintain on file with the Commission all
13 current tariffs and rates, and any service standards that the Commission may require;
- 14 (e) Windstream should be ordered to comply with the Commission's rules and
15 modify its tariffs to conform to these rules if it is determined that there is a conflict
16 between the Applicant's tariffs and the Commission's rules;
- 17 (f) Windstream should be ordered to cooperate with Commission investigations,
18 including, but not limited to, customer complaints;
- 19 (g) Windstream should be ordered to participate in and contribute to the Arizona
20 Universal Service Fund, as required by the Commission;
- 21 (h) Windstream should be ordered to notify the Commission immediately upon
22 changes to Windstream's name, address or telephone number;
- 23 (i) Windstream should be ordered to immediately certify to the Commission that it
24 does not block access to alternative telecommunications providers by its customers via
25 101XXXX dialing;
- 26 (j) If at some future date, Windstream wants to collect from its customers an
27 advance, deposit, and/or prepayment, Staff recommends that Windstream be required
28 to file an application with the Commission for Commission approval. Such
application must reference the Decision Number in this docket and must explain the
applicant's plans for procuring a performance bond;
- (k) Windstream's interexchange service offerings should be classified as
competitive pursuant to A.A.C. R14-2-1108;
- (l) The maximum rates for these services should be the maximum rates proposed
by Windstream in its proposed tariffs. The minimum rates for the Applicant's

1 competitive services should be the Applicant's total service long run incremental
2 costs of providing those services as set forth in A.A.C. R14-2-1109;

3 (m) In the event that Windstream states only one rate in its proposed tariff for a
4 competitive service, the rate stated should be the effective price to be charged for the
5 service as well as the service's maximum rate; and

6 (n) In the event Windstream requests to discontinue and/or abandon its service
7 area it must provide notice to both the Commission and its customers in accordance
8 with A.A.C. R14-2-1107.

9 14. Applicant will not collect advances, prepayments or deposits from customers.

10 15. The rates proposed by this filing are for competitive services.

11 16. Staff's recommendations as set forth herein are reasonable, and Windstream should
12 file with Docket Control, as a compliance item in this docket, the certification required in Finding of
13 Fact No. 13(i) within 60 days of this Decision.

14 17. Applicant's fair value rate base is zero.

15 **CONCLUSIONS OF LAW**

16 1. Applicants are public service corporations within the meaning of Article XV of the
17 Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

18 2. The Commission has jurisdiction over Applicants and the subject matter of the
19 application.

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

21 4. Transfer of ACI's CC&N is in the public interest

22 5. Windstream's provision of resold interexchange telecommunications services is in the
23 public interest.

24 6. Windstream is a fit and proper entity to receive a CC&N as conditioned herein for
25 providing competitive resold interexchange telecommunications services in Arizona.

26 7. Staff's recommendations are reasonable and should be adopted.

27 8. Windstream's fair value rate base is not useful in determining just and reasonable rates
28 for the competitive services it proposes to provide to Arizona customers.

9. Windstream's rates, as they appear in its proposed tariffs, are just and reasonable and
should be approved.

ORDER

1
2 IT IS THEREFORE ORDERED that the application of Alltel Communications, Inc. and
3 Windstream Communications, Inc. for approval of the transfer of Alltel Communications, Inc.'s
4 Certificate of Convenience and Necessity to provide resold long distance telecommunications
5 services and assets to Windstream Communications, Inc., shall be, and hereby is, granted,
6 conditioned upon compliance with the requirements set forth in Finding of Fact No. 13, above.

7 IT IS FURTHER ORDERED that Staff's recommendations set forth in Finding of Fact No.
8 13 above are hereby adopted.

9 IT IS FURTHER ORDERED that Windstream Communications, Inc. shall comply with the
10 adopted Staff recommendations as set forth in Finding of Fact No. 13 above.

11 IT IS FURTHER ORDERED that Windstream Communications, Inc. shall file with Docket
12 Control, as a compliance item in this docket, the certification required in Finding of Fact No. 13(i)
13 within 60 days of this Decision.

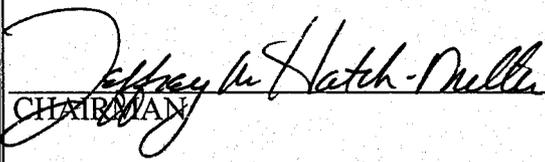
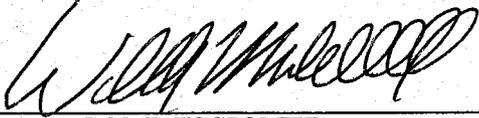
14 IT IS FURTHER ORDERED that Alltel Communications, Inc. shall be, and hereby is,
15 granted a waiver of the Commission's slamming rules, A.A.C. R14-2-1901 *et seq.*, for the purposes
16 of transferring customers to Windstream Communications, Inc. as described in the Application.

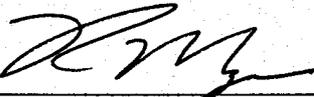
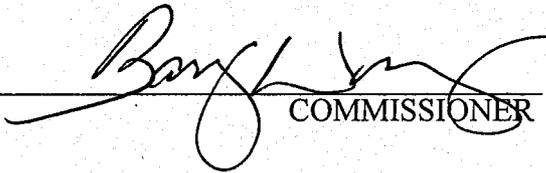
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1 IT IS FURTHER ORDERED that Windstream Communications, Inc. shall not require its
2 Arizona customers to pay advances, prepayments or deposits for any of its products or services.

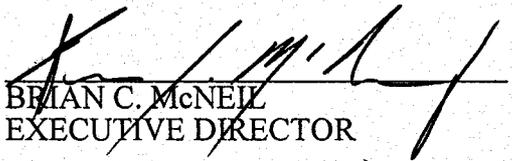
3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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6  
7 CHAIRMAN COMMISSIONER

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10 COMMISSIONER COMMISSIONER COMMISSIONER

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12 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
13 Director 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 21st day of Sept., 2006.

17 
18 BRIAN C. McNEIL
19 EXECUTIVE DIRECTOR

20 DISSENT _____

21 DISSENT _____

22 AB:mj

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1 SERVICE LIST FOR: ALLTEL COMMUNICATIONS, INC. AND ALLTEL
2 HOLDING CORPORATE SERVICES, INC.

3 DOCKET NO.: T-03887A-05-0909 and T-20436A-05-0909

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