



BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MIKE GLEASON, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

Arizona Corporation Commission

DOCKETED

AUG 28 2007

DOCKETED BY [Signature]

IN THE MATTER OF THE APPLICATION OF NETWORK SERVICE BILLING, INC. FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE RESOLD LOCAL EXCHANGE SERVICES.

DOCKET NO. T-04319A-05-0440

DECISION NO. 69892

ORDER

Open Meeting
August 21 and 22, 2007
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 June 17, 2005, Network Services Billing, Inc. ("NSB" or "Applicant") filed with the Commission an application for a Certificate of Convenience and Necessity ("Certificate") to provide competitive resold interexchange telecommunications services, except local exchange telecommunications 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. NSB has authority to transact business in the State of Arizona.
- 5. On June 19, 2006, Applicant filed an Affidavit of indicating compliance with the Commission's notice requirements.

1 6. On June 28, 2007, the Commission's Utilities Division Staff ("Staff") filed an
2 Amended Staff Report which includes Staff's fair value rate base determination in this matter and
3 recommends approval of the application subject to certain conditions.

4 7. In the Staff Report, Staff stated that NSB provided unaudited financial statements for
5 the year ending December 31, 2006, which lists assets of \$48,154 negative equity of \$240,709 and a
6 net loss of \$369.663.

7 8. In its Staff Report, Staff stated that based on information obtained from the Applicant,
8 it has determined that NSB's fair value rate base ("FVRB") is zero and is not useful in a fair value
9 analysis, and is not useful in setting rates. Staff further stated that in general, rates for competitive
10 services are not set according to rate of return regulation. Staff has reviewed the rates to be charged
11 by the Applicant and believes they are just and reasonable as they are comparable to several long
12 distance carriers operating in Arizona and comparable to the rates the Applicant charges in other
13 jurisdictions. Therefore, while Staff considered the FVRB information submitted by the Applicant,
14 the FVRB information provided should not be given substantial weight in this analysis.

15 9. Staff believes that NSB has not market power and that the reasonableness of its rates
16 will be evaluated in a market with numerous competitors. In light of the competitive market in which
17 the Applicant will be providing its services, Staff believes that the rates in Applicant's proposed
18 tariffs for its competitive services will be just and reasonable, and recommends that the Commission
19 approve them.

20 10. Staff recommends approval of NSB's application subject to the following:

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

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

25 (c) The Applicant should be ordered to file with the Commission all financial and other
26 reports that the Commission may require, and in a form and at such times as the
27 Commission may designate. The Applicant should be ordered to maintain on file with
28 the Commission all current tariffs and rates, and any service standards that the
Commission may require;

(d) 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 (e) The Applicant should be ordered to cooperate with Commission investigations
3 including, but not limited to customer complaints;

4 (f) The Applicant should be ordered to participate in and contribute to the Arizona
5 Universal Service Funds, as required by the Commission;

6 (g) The Applicant should be ordered to notify the Commission immediately upon
7 changes to the Applicant's name, address or telephone number;

8 (h) If at some future date, the Applicant wants to collect from its resold
9 interexchange customers an advance, deposit and/or prepayment, Staff recommends
10 that the Applicant be required to file an application with the Commission for
11 Commission approval. Such application must reference the Decision in this docket
12 and must explain the Applicant's plans for procuring a performance bond or an
13 irrevocable sight draft letter of credit;

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

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

20 (k) In the event that the Applicant states only one rate in its proposed tariff for a
21 competitive service, the rate stated should be the effective (actual) price to be charged
22 for the service

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

26 (m) If the Applicant desires to provide other telecommunications services other than
27 resold interexchange services, Staff recommends that the Applicant file an application
28 with the Commission and affirm that the Applicant's customers will be able to access
alternative interexchange service providers to resellers; and

(n) In the event the Applicant requests to discontinue and/or abandon its service area
it must provide notice to both the Commission and its customers. Such notice(s) shall
be in accordance with A.A.C. R14-2-1107

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

12. Staff recommends that if the Applicant fails to meet the timeframes outlines in
Findings of Fact No. 11, that NSB's Certificate should become null and void, after due process.

13. NSB will not collect advances, prepayments or deposits from its customers.

- 1 14. The rates proposed by this filing are for competitive services.
- 2 15. Staff's recommendations as set forth herein are reasonable.
- 3 16. NSB's fair value rate base is zero.

4 **CONCLUSIONS OF LAW**

- 5 1. Applicant is a public service corporation within the meaning of Article XV of the
6 Arizona Constitution and A.R.S. §§ 40-281 and 40-282.
- 7 2. The Commission has jurisdiction over Applicant and the subject matter of the
8 application.
- 9 3. Notice of the application was given in accordance with the law.
- 10 4. Applicant's provision of resold local exchange telecommunications services is in the
11 public interest.
- 12 5. Applicant is a fit and proper entity to receive the Certificate as conditioned herein for
13 providing competitive resold local exchange services in Arizona.
- 14 6. Staff's recommendations in Findings of Fact Nos. 11, 12, 13 and 14 should be
15 adopted.
- 16 7. NSB's fair value rate base is not useful in determining just and reasonable rates for the
17 competitive services it proposes to provide to Arizona customers.
- 18 8. NSB's rates, as they appear in its proposed tariffs, are just and reasonable and should
19 be approved.

20 **ORDER**

21 IT IS THEREFORE ORDERED that the application of Network Service Billing, Inc., for a
22 Certificate of Convenience and Necessity for authority to provide competitive resold interexchange
23 telecommunications services, except local exchange services, is hereby granted conditioned upon its
24 compliance with the conditions recommended by Staff as set forth in Findings of Fact Nos. 10 and 11
25 above.

26 IT IS FURTHER ORDERED that Staff's recommendations set forth in Findings of Fact Nos.
27 8, 9, 10, 11 and 12 above are hereby adopted.

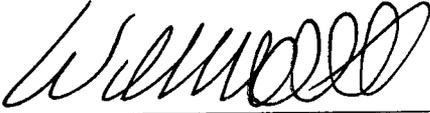
1 IT IS FURTHER ORDERED that Network Service Billing, Inc. shall comply with the
2 adopted Staff recommendations as set forth in Findings of Fact Nos. 10 and 11 above.

3 IT IS FURTHER ORDERED that if Network Service Billing, Inc. fails to meet the
4 timeframes outlined in Findings of Fact No. 11 above that the Certificate conditionally granted herein
5 shall become null and void after due process.

6 IT IS FURTHER ORDERED that Network Service Billing, Inc. shall not require its Arizona
7 customers to pay advances, prepayments or deposits for any of its products or services.

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

9 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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11  
12 CHAIRMAN COMMISSIONER

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15 COMMISSIONER COMMISSIONER COMMISSIONER

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17 IN WITNESS WHEREOF, I, DEAN S. MILLER, Interim
18 Executive Director of the Arizona Corporation Commission,
19 have hereunto set my hand and caused the official seal of the
20 Commission to be affixed at the Capitol, in the City of Phoenix,
21 this 28 day of August, 2007.

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23 
24 DEAN S. MILLER
25 INTERIM EXECUTIVE DIRECTOR

26 DISSENT _____

27 DISSENT _____
28 MES:db

1 SERVICE LIST FOR: NETWORK SERVICE BILLING, INC.

2 DOCKET NO.: T-04319A-05-0440

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