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**Transcript Exhibit(s)**

**Docket #(s):** T-20515A-07-133

Arizona Corporation Commission

**DOCKETED**

NOV 02 2007

DOCKETED BY

*MM*

**Exhibit #:** A<sup>1</sup>, A<sup>2</sup>, A<sup>3</sup>, A<sup>4</sup>, A<sup>5</sup>, S<sup>1</sup>

ARIZONA CORPORATION COMMISSION

Application and Petition for Certificate of Convenience and Necessity to Provide  
Intrastate Telecommunications Services

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Mail original plus 13 copies of completed application to:

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Docket Control Center  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007-2927

AZ CORP COMMISSION  
DOCUMENT CONTROL

Please indicate if you have current applications pending in Arizona as an Interexchange reseller, AOS provider, or as the provider of other telecommunication services.

Type of Service: None

Docket No.: \_\_\_\_\_ Date: \_\_\_\_\_ Date Docketed: \_\_\_\_\_

Type of Service: \_\_\_\_\_

Docket No.: \_\_\_\_\_ Date: \_\_\_\_\_ Date Docketed: \_\_\_\_\_

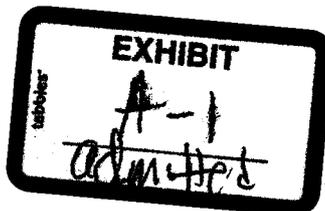
A. COMPANY AND TELECOMMUNICATION SERVICE INFORMATION

(A-1) Please indicate the type of telecommunications services that you want to provide in Arizona and answer the appropriate numbered items:

- Resold Long Distance Telecommunications Services (Answer Sections A, B).
- Resold Local Exchange Telecommunications Services (Answer Sections A, B, C).
- Facilities-Based Long Distance Telecommunications Services (Answer Sections A, B, D).
- Facilities-Based Local Exchange Telecommunications Services (Answer Sections A, B, C, D, E)
- Alternative Operator Services Telecommunications Services (Answer Sections A, B)
- Other \_\_\_\_\_ (Please attach complete description)

(A-2) The name, address, telephone number (including area code), facsimile number (including area code), e-mail address, and World Wide Web address (if one is available for consumer access) of the Applicant:

*Gila Local Exchange Carrier  
Box 5015  
7065 W. Allison Rd.  
Chandler, AZ 85226  
Phone: (520) 796-3333  
Fax: (520)-796-7534  
Email: grti@gilanet.net*



kwiktag®

025 843 092

(A-3) The d/b/a ("Doing Business As") name if the Applicant is doing business under a name different from that listed in Item (A-2):

*None at this time.*

(A-4) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Management Contact:

*Michael H. Scully, General Manager  
Gila Local Exchange Carrier  
Box 5015  
7065 W. Allison Rd.  
Chandler, AZ 85226  
Phone: (520) 796-8885  
Fax: (520)-796-7535  
mscully@gilanet.net*

(A-5) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Attorney and/or Consultant:

*Joan S. Burke  
Osborn Maledon P.A.  
2929 North Central Avenue, Ste 2100  
Phoenix, AZ 85012  
(602) 640-9356  
jburke@omlaw.com*

(A-6) The name, address, telephone number (including area code), facsimile number (including area code), E-mail address of the Applicant's Complaint Contact Person:

*Michael H. Scully, General Manager  
Gila Local Exchange Carrier  
Box 5015  
7065 W. Allison Rd.  
Chandler, AZ 85226  
Phone: (520) 796-8885  
Fax: (520)-796-7535  
mscully@gilanet.net*

(A-7) What type of legal entity is the Applicant?

- Sole proprietorship
- Partnership: \_\_\_ Limited, \_\_\_ General, \_\_\_ Arizona, \_\_\_ Foreign
- Limited Liability Company: \_\_\_ Arizona, \_\_\_ Foreign
- Corporation: \_\_\_ "S", \_\_\_ "C", \_\_\_ Non-profit
- Other, specify: Tribal Corporation organized under the laws of the Gila River Indian Community.

(A-8) Please include "Attachment A":

Attachment "A" must include the following information:

1. A copy of the Applicant's Certificate of Good Standing as a domestic or foreign corporation, LLC, or other entity in the State of Arizona.

*The Applicant is qualified to do business as a foreign corporation in Arizona. It has attached a Certificate of Good Standing from the Gila River Indian Community indicating that the Gila Local Exchange Carrier is a chartered Tribal Corporation in good standing under the laws of the Gila River Indian Community.*

2. A list of the names of all owners, partners, limited liability company managers (or if a member managed LLC, all members), or corporation officers and directors (specify).

*Gila Local Exchange Carrier ("GLEC") is a wholly owned subsidiary of Gila River Telecommunications, Inc. ("GRTI").*

*GLEC's officers and directors are the same as the board members of GRTI and include the following:*

*Derek E. White, Chairperson and President;*

*Cecil F. Antone, Vice Chairman;*

*Dale G. Enos, Treasurer;*

*Anika J. Enos, Secretary; and*

*Mary V. Thomas, Board Member*

3. Indicate percentages of ownership of each person listed in A-8.2.

*Gila Local Exchange Carrier ("GLEC") is a wholly owned subsidiary of Gila River Telecommunications, Inc. ("GRTI"). GRTI owns 100% of the outstanding shares of GLEC.*

(A-9) Include your Tariff as "Attachment B".

Your Tariff must include the following information:

1. Proposed Rates and Charges for each service offered (reference by Tariff page number).
2. Tariff Maximum Rate and Prices to be charged (reference by Tariff page number).
3. Terms and Conditions Applicable to provision of Service (reference by Tariff page number).
4. Deposits, Advances, and/or Prepayments Applicable to provision of Service (reference by Tariff page number).
5. The proposed fee that will be charged for returned checks (reference by Tariff page number).

*GLEC intends to use GRTI's Draft Tariff and has attached GRTI's Tariff as Attachment B.*

(A-10) Indicate the geographic market to be served:

- Statewide. (Applicant adopts statewide map of Arizona provided with this application).
- Other. Describe and provide a detailed map depicting the area.

(A-11) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any formal or informal complaint proceedings pending before any state or federal regulatory commission, administrative agency, or law enforcement agency.

*No. The managers, officers and directors of Gila Local Exchange Carrier are also managers, officers and directors of Gila River Telecommunications, Inc. ("GRTI") GRTI is a wholly owned division of the Gila River Indian Community, and is not regulated by the Arizona Corporation Commission. To our knowledge, no formal or informal complaint is currently pending before any state or federal regulatory commission administrative agency or law enforcement agency against Gila Local Exchange Carrier or GRTI.*

Describe in detail any such involvement. Please make sure you provide the following information:

1. States in which the Applicant has been or is involved in proceedings.
2. Detailed explanations of the Substance of the Complaints.
3. Commission Orders that resolved any and all Complaints.
4. Actions taken by the Applicant to remedy and/or prevent the Complaints from re-occurring.

(A-12) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any civil or criminal investigation, or had judgments entered in any civil matter, judgments levied by any administrative or regulatory agency, or been convicted of any criminal acts within the last ten (10) years.

*No. Neither Gila Local Exchange Carrier nor any of its managers, officers, directors, or partners have been or are involved in any civil or criminal matter relevant to this application, or had judgments levied by an administrative or regulatory agency relevant to this application, or been convicted of any criminal acts within the last ten (10) years. In responding to this question, GLEC officers, directors, partners and managers were asked to exclude divorce proceedings, family court matters, probate cases and personal bankruptcy/creditor proceedings wholly unrelated to this application and the applicant.*

Describe in detail any such judgments or convictions. Please make sure you provide the following information:

1. States involved in the judgments and/or convictions.
2. Reasons for the investigation and/or judgment.
3. Copy of the Court order, if applicable.

(A-13) Indicate if the Applicant's customers will be able to access alternative toll service providers or resellers via 1+101XXXX access.

Yes

No

(A-14) Is applicant willing to post a Performance Bond? Please check appropriate box(s).

For Long Distance Resellers, a \$10,000 bond will be recommended for those resellers who collect advances, prepayments or deposits.

Yes

No

If "No", continue to question (A-15).

For Local Exchange Resellers, a \$25,000 bond will be recommended.

Yes

No

If "No", continue to question (A-15).

For Facilities-Based Providers of Long Distance, a \$100,000 bond will be recommended.

Yes

No

If "No", continue to question (A-15).

For Facilities-Based Providers of Local Exchange, a \$100,000 bond will be recommended.

Yes

No

If "No", continue to question (A-15).

Note: Amounts are cumulative if the Applicant is applying for more than one type of service.

(A-15) If No to any of the above, provide the following information. Clarify and explain the Applicant's deposit policy (reference by tariff page number). Provide a detailed explanation of why the applicant's superior financial position limits any risk to Arizona consumers.

*Not Applicable in light of answers to A -14, above.*

(A-16) Submit copies of affidavits of publication that the Applicant has, as required, published legal notice of the Application in all counties where the applicant is requesting authority to provide service.

**Note:** For Resellers, the Applicant must complete and submit an Affidavit of Publication Form as Attachment "C" before Staff prepares and issues its report. Refer to the Commission's website for Legal Notice Material (Newspaper Information, Sample Legal Notice and Affidavit of Publication). For Facilities-Based Service Providers, the Hearing Division will advise the Applicant of the date of the hearing and the publication of legal notice. Do not publish legal notice or file affidavits of publication until you are advised to do so by the Hearing Division.

*Gila Local Exchange Carrier will provide an Affidavit of Publication as Attachment C as soon as possible after the Hearing Division advises it of the hearing date and publication of legal notice.*

(A-17) Indicate if the Applicant is a switchless reseller of the type of telecommunications services that the Applicant will or intends to resell in the State of Arizona:

Yes  No

If "Yes", provide the name of the company or companies whose telecommunications services the Applicant resells.

(A-18) List the States in which the Applicant has had an application approved or denied to offer telecommunications services similar to those that the Applicant will or intends to offer in the State of Arizona:

**Note:** If the Applicant is currently approved to provide telecommunications services that the Applicant intends to provide in Arizona in less than six states, excluding Arizona, list the Public Utility Commission ("PUC") of each state that granted the authorization. For each PUC listed provide the name of the contact person, their phone number, mailing address including zip code, and e-mail address.

*None.*

(A-19) List the States in which the Applicant currently offers telecommunications services similar to those that the Applicant will or intends to offer in the State of Arizona.

**Note:** If the Applicant currently provides telecommunication services that the Applicant intends to provide in Arizona in six or more states, excluding Arizona, list the states. If the Applicant does not currently provide telecommunications services that the Applicant intends to provide in Arizona in five or less states, list the key personnel employed by the Applicant. Indicate each employee's name, title, position, description of their work experience, and years of service in the telecommunications services industry.

*None.*

(A-20) List the names and addresses of any alternative providers of the service that are also affiliates of the telecommunications company, as defined in R14-2-801.

*Gila River Telecommunications, Inc. ("GRTI") is an affiliate of Gila Local Exchange Carrier. GRTI is not an alternative provider of service insofar as GRTI serves within the boundaries of the Gila River Indian Community.*

(A-21) Check here if you wish to adopt as your petition a statement that the service has already been classified as competitive by Commission Decision:

- Decision # 64178 Resold Long Distance
- Decision # 64178 Resold LEC
- Decision # 64178 Facilities Based Long Distance
- Decision # 64178 Facilities Based LEC

### B. FINANCIAL INFORMATION

(B-1) Indicate if the Applicant has financial statements for the two (2) most recent years.

- Yes  No

If "No," explain why and give the date on which the Applicant began operations.

*Applicant is a new entity and, thus, does not have financial statements to provide at this time. The Applicant was incorporated in October of 2006 and plans to begin operations in 2007.*

(B-2) Include "Attachment D".

Provide the Applicant's financial information for the two (2) most recent years.

1. A copy of the Applicant's balance sheet.
2. A copy of the Applicant's income statement.
3. A copy of the Applicant's audit report.
4. A copy of the Applicant's retained earnings balance.
5. A copy of all related notes to the financial statements and information.

Note: Make sure "most recent years" includes current calendar year or current year reporting period.

*Gila Local Exchange Carrier is a newly formed entity and does not have historic financial information for the two most recent years.*

(B-3) Indicate if the Applicant will rely on the financial resources of its Parent Company, if applicable.

*Yes. As a wholly owned subsidiary of Gila River Telecommunications, Inc., Gila Local Exchange Carrier ("GLEC") has access to capital resources as well as banking relationships that will permit GLEC to provide the services requested in this Application. GRTI will be providing working capital, as needed, to GLEC. GRTI will make available to Commission Staff all relevant financial information pertinent to this application.*

(B-4) The Applicant must provide the following information.

1. Provide the projected total revenue expected to be generated by the provision of telecommunications services to Arizona customers for the first twelve months following certification, adjusted to reflect the maximum rates for which the Applicant requested approval. Adjusted revenues may be calculated as the number of units sold times the maximum charge per

unit.

*The estimated and projected revenue expected to be generated from telecommunications services to Arizona customers for the first 12 months of operations is less than \$100,000.*

2. Provide the operating expenses expected to be incurred during the first twelve months of providing telecommunications services to Arizona customers following certification.

*The estimated and projected operating expenses expected to be incurred during the first 12 months of providing telecommunications services to Arizona customers is approximately \$100,000 annually.*

3. Provide the net book value (original cost less accumulated depreciation) of all Arizona jurisdictional assets expected to be used in the provision of telecommunications service to Arizona customers at the end of the first twelve months of operation. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.

*As a newly created entity, GLEC has not yet acquired any physical assets in Arizona.*

4. If the projected value of all assets is zero, please specifically state this in your response.

*The projected value of GLEC's assets as of start-up is zero.*

5. If the projected fair value of the assets is different than the projected net book value, also provide the corresponding projected fair value amounts.

*See above.*

#### **C. RESOLD AND/OR FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES**

(C-1) Indicate if the Applicant has a resale agreement in operation,

Yes  No

If "Yes", please reference the resale agreement by Commission Docket Number or Commission Decision Number.

#### **D. FACILITIES-BASED LONG DISTANCE AND/OR FACILITIES BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES**

(D-1) Indicate if the Applicant is currently selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services in the State of Arizona. This item applies to an Applicant requesting a geographic expansion of their CC&N:

Yes  No

If "Yes," provide the following information:

1. The date or approximate date that the Applicant began selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services for the State of Arizona.
2. Identify the types of facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services that the Applicant sells in the State of Arizona.

If "No," indicate the date when the Applicant will begin to sell facilities-based long distance telecommunications AND/OR facilities-based local exchange telecommunications services in the State of Arizona:

*As with any new organization GLEC cannot predict precisely when it will be able to offer facilities-based local exchange and long distance telecommunications services. Nevertheless, GLEC anticipates*

*beginning to provide facilities-based local exchange and long distance service within the next twelve to eighteen months.*

**E. FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES**

(E-1) Indicate whether the Applicant will abide by the quality of service standards that were approved by the Commission in Commission Decision Number 59421:

Yes

No

(E-2) Indicate whether the Applicant will provide all customers with 911 and E911 service, where available, and will coordinate with incumbent local exchange carriers ("ILECs") and emergency service providers to provide this service:

Yes

No

(E-3) Indicate that the Applicant's switch is "fully equal access capable" (i.e., would provide equal access to facilities-based long distance companies) pursuant to A.A.C. R14-2-1111 (A):

Yes

No

*GLEC does not, at this juncture, own a switch. GLEC's affiliate, GRTI owns a switch that is "Fully equal access capable."*

I certify that if the applicant is an Arizona corporation, a current copy of the Articles of Incorporation is on file with the Arizona Corporation Commission and the applicant holds a Certificate of Good Standing from the Commission. If the company is a foreign corporation or partnership, I certify that the company has authority to transact business in Arizona. I certify that all appropriate city, county, and/or State agency approvals have been obtained. Upon signing of this application, I attest that I have read the Commission's rules and regulations relating to the regulations of telecommunications services (A.A.C. Title 14, Chapter 2, Article 11) and that the company will abide by Arizona state law including the Arizona Corporation Commission Rules. I agree that the Commission's rules apply in the event there is a conflict between those rules and the company's tariff, unless otherwise ordered by the Commission. I certify that to the best of my knowledge the information provided in this Application and Petition is true and correct.

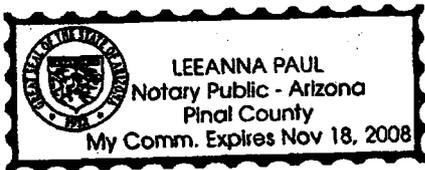
Michael H. Scully  
(Signature of Authorized Representative)

Feb 6, 2007  
(Date)

Michael H. Scully  
(Print Name of Authorized Representative)

CEO / General Manager  
(Title)

SUBSCRIBED AND SWORN to before me this 6<sup>th</sup> day of February, 2007



Leeanna Paul  
NOTARY PUBLIC

My Commission Expires 11/18/08

**EXHIBIT A**

# *Gila River* Community



## Office of the Community Council Secretary

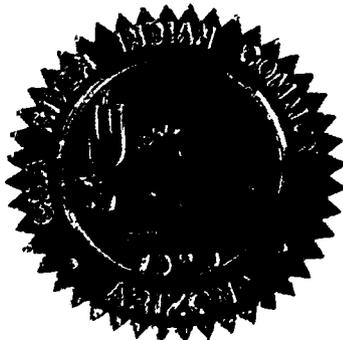
P. O. Box 2138  
Sacaton, AZ 85247  
(520) 562-9720  
FAX: (520) 562-3982

### CERTIFICATE OF GOOD STANDING

*This is to certify that on October 18, 2006, the Articles of Incorporation for Gila Local Exchange Carrier, Inc. was approved by the Gila River Indian Community Council.*

*Gila Local Exchange Carrier, Inc. is a duly Chartered Tribal Corporation, validly existing and in good standing under the laws of the Gila River Indian Community.*

*Dated This 14th day of November 2006*



*Janice F. Stewart*  
\_\_\_\_\_  
*Janice F. Stewart*  
*Community Council Secretary*  
*Gila River Indian Community*

**EXHIBIT B**

**Gila Local Exchange Carrier**  
**Regulations and Schedule of Charges for**  
**Local Exchange and Long Distance Telecommunications Services**  
**Within the State of Arizona**

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ISSUED: March \_\_, 2007

Draft Tariff

EFFECTIVE: March \_\_, 2007  
1518029v5

Michael Scully, CEO General Manager  
GLEC  
Box 5015 7065 W. Allison Rd.  
Chandler, AZ 85226

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**CHECK SHEET**

Page 1 - 54 inclusive of this tariff are effective as of the date shown. Original and revised pages, as named below, comprise all changes from the original tariff in effect on the date indicated.

Page	Revision
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
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43	Original

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ISSUED: March \_\_, 2007

Draft Tariff

EFFECTIVE: March \_\_, 2007  
1518029v5

Michael Scully, CEO General Manager  
GLEC  
Box 5015 7065 W. Allison Rd.  
Chandler, AZ 85226

Local Exchange and Long Distance Telecommunications Services

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44	Original
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49	Original
50	Original
51	Original
52	Original
53	Original
54	Original

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ISSUED: March \_\_, 2007

Draft Tariff

EFFECTIVE: March \_\_, 2007  
1518029v5

Michael Scully, CEO General Manager  
GLEC  
Box 5015 7065 W. Allison Rd.  
Chandler, AZ 85226

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Michael Scully, CEO General Manager  
GLEC  
Box 5015 7065 W. Allison Rd.  
Chandler, AZ 85226

Local Exchange and Long Distance Telecommunications Services

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**CONCURRING, CONNECTING OR OTHER PARTICIPATING CARRIERS**

None

**SYMBOLS**

The following symbols shall be used in this tariff for the purpose indicated below:

- C - To signify changed regulation
- D - To signify decreased rate
- I - To signify increased rate
- R - Reduction
- N - New rate or rule

### TARIFF FORMAT

**Sheet Numbering** - Sheet numbers appear in the upper right corner of the sheet. Sheets are numbered sequentially. However, new sheets are occasionally added to the Tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.

**Sheet Revision Numbers** - Revision numbers also appear in the upper right corner of each sheet. These numbers are used to determine the most current sheet version on file. For example, the 4<sup>th</sup> revised Sheet 14 cancels the 3<sup>rd</sup> revised Sheet 14.

**Paragraph Numbering Sequence** - There are five levels of paragraph coding. Each level of coding is subservient to its next higher level:

- 2
- 2.1
- 2.1.1
- 2.1.1.(A)
- 2.1.1.(A).1
- 2.1.1.(A).1.a
- 2.1.1.(A).1.a.i

**Check Sheets** - When a Tariff filing is made with the Commission, an updated check sheet accompanies the Tariff filing. The check sheet lists the sheets contained in the Tariff, with a cross reference to the current revision number. When new sheets are added, the check sheet is changed to reflect the addition. The Tariff user should refer to the latest check sheet to find out if a particular sheet is the most current on file with the Commission.

## SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

**Advance Payment:** Payment of all or part of a charge required before the start of service.

**Authorized User:** A person, firm, corporation or other entity that either is authorized by the Customer to use local exchange telephone service or is placed in a position by the Customer, either through acts or omissions, to use local exchange telephone service.

**Call Pickup:** Allows a User to answer incoming calls to another Station line within a defined call pickup group. Call Pickup is provided as either Group Call Pickup, where predesignated groups can pickup each other's calls by activating an access code or a feature key, or Directed Call Pickup, where any call can be retrieved by dialing a different access code followed by the extension number.

**Commission:** The Arizona Corporation Commission.

**Company:** Gila Local Exchange Carrier, a Gila River Indian Community corporation, which is the issuer of this tariff.

**Customer:** The person, firm, corporation or other entity which orders service and is responsible for the payment of charges and for compliance with the Company's tariff regulations.

**Customer Group Dialing Plan:** A dialing scheme shared by the members of a Customer group, such as 4 digit internal dialing.

**Dial Pulse ("DP"):** The pulse type employed by rotary dial Station sets.

**Direct Inward Dialing ("DID"):** A service attribute that routes incoming calls directly to Stations, by-passing a central answering point.

**Do Not Disturb:** Allows the User to prevent incoming calls from ringing its line by diverting them to a tone or a recorded announcement that informs the caller that the User is not accepting calls at this time.

**Dual Tone Multi-Frequency ("DTMF"):** The pulse type employed by tone dial Station sets.

**Hunting:** Routes a call to an idle Station line. With Serial Hunting, calls to a member of a hunt group will search from that point to the end of the group and stop.

**Individual Case Basis:** A service arrangement in which the regulations, rates and charges are developed based on the specific circumstances of the Customer's situation.

**Joint User:** A person, firm or corporation designated by the Customer as a user of local exchange service furnished to the Customer by the Company, and to whom a portion of the charges for such facilities are billed under a joint use arrangement.

**LATA:** A local access and transport area established pursuant to the Modification of Final Judgment entered by the United States District Court for the District of Columbia in Civil Action No. 82-0192 for the provision and administration of communications services.

**Least Idle Trunk Selection ("LIDL"):** LIDL trunk selection occurs when a switching unit selects from a Trunk group the Trunk that has been idle for the shortest period of time.

**Local Calling:** A completed call or telephonic communication between a calling Station and any other station within the local service area of the calling Station based on the NPA-NXXs of the calling and called parties.

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**Local Exchange Carrier:** Any individual, partnership, association, joint-stock company, trust, governmental entity or corporation engaged in the provision of local exchange telephone service.

**Mbps:** Megabits, or million of Bits, per second.

**Message Waiting:** This feature provides an indication to a Station User that a message is waiting. Indications may be visual (lamp) or audible (stuttered dial tone).

**Most Idle Trunk Selection ("MIDL"):** MIDL Trunk selection occurs when a switching unit selects from a Trunk group the Trunk that has been idle for the longest period of time.

**Multiple Appearance Directory Numbers:** A directory number that is assigned more than once to one or more Proprietary Business Sets.

**Multi-Frequency ("MF"):** An inter-machine pulse-type used for signaling between telephone switches, or between telephone switches and PBX/key systems.

**Non-Recurring Charges:** The one-time initial charges for services or facilities, including but not limited to charges for construction, installation, or special fees, for which the Customer becomes liable at the time the Service Order is executed.

**Off-Hook:** The term "off-hook" denotes the active condition of a telephone exchange service line.

**On-Hook:** The term "on-hook" denotes the idle condition of a telephone exchange service line.

**Originating Off-Net:** A call originating on and placed via facilities neither owned nor leased by the Company.

**Originating On-Net:** A call originating on and placed via facilities owned or leased by the Company.

**Recurring Charges:** The monthly charges to the Customer for services, facilities and equipment, which continue for the agreed upon duration of the service.

**Presubscription:** An arrangement whereby an end user may select and designate to the Company an interexchange carrier ("IXC") to access, without an access code, for toll calls. This IXC is referred to as the end user's predesignated IXC.

**Service Commencement Date:** The first day following the date on which the Company notifies the Customer that the requested service or facility is available for use, unless extended by the Customer's refusal to accept service which does not conform to standards set forth in the Service Order or this tariff, in which case the Service Commencement Date is the date of the Customer's acceptance of service. The parties may mutually agree on a substitute Service Commencement Date.

**Service Order:** The written request for local exchange services executed by the Customer and the Company in a format specified by the Company. The signing of a Service Order by the Customer and acceptance thereof by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this tariff, but the duration of the service is calculated from the Service Commencement Date.

**Services:** The Company's telecommunications services offered on the Company's network.

**Speed Call:** Provides a User with the option to call selected directory numbers by dialing a one or two-digit code.

**Station:** Telephone equipment from or to which calls are placed.

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**Trunk:** A communications path connecting two switching systems in a network, used in the establishment of an end-to-end connection.

**User:** A Customer or any other person authorized by the Customer to use service provided under this tariff.

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## SECTION 2 - RULES AND REGULATIONS

### 2.1 Undertaking of the Company

#### 2.1.1 Scope

The Company undertakes to furnish communications service in connection with one-way and/or two-way information transmission between points within the State of Arizona under the terms of this tariff.

Customers may use services and facilities provided under this tariff to obtain access to services offered by other service providers. The Company is responsible under this tariff only for the services and facilities provided herein, and it assumes no responsibility for any service provided by any other entity that purchases access to the Company network in order to originate or terminate its own services, or to communicate with its own Customers.

#### 2.1.2 Shortage of Equipment or Facilities

2.1.2.(A) The Company reserves the right to limit or allocate the use of existing facilities, or of additional facilities offered by the Company when necessary because of lack of facilities or due to some other cause beyond the Company's control.

2.1.2.(B) The furnishing of service under this tariff is subject to the availability on a continuing basis of all the necessary facilities and is limited to the capacity of the Company's fiber optic cable facilities as well as facilities the Company may obtain from other carriers, from time to time, to furnish service as required at the sole discretion of the Company.

#### 2.1.3 Terms and Conditions

2.1.3.(A) Except as otherwise provided herein, service is provided and billed on the basis of a minimum period of at least one month, and shall continue to be provided until canceled by the Customer, in writing, on not less than 30 days notice. Unless otherwise specified herein, for the purpose of computing charges in this tariff, a month is considered to have 30 days. All calculations of dates set forth in this tariff shall be based on calendar days, unless otherwise specified herein.

2.1.3.(B) Customers may be required to enter into written Service Orders which shall contain or reference the name of the Customer, a specific description of the service ordered, the rate to be charged, the duration of the services, and the terms and conditions in this tariff.

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- 2.1.3.(C) At the expiration of the initial term specified in each Service Order, or in any extension thereof, service shall continue on a month to month basis at the then current rates unless terminated by either party upon 30 days written notice. Any termination shall not relieve Customer of its obligation to pay any charges incurred under the Service Order and this tariff prior to termination. The rights and obligations which by their nature extend beyond the termination of the term of the Service Order shall survive such termination.
- 2.1.3.(D) This tariff shall be interpreted and governed by the laws of the State of Arizona.
- 2.1.3.(E) The Customer agrees to operate Company-provided equipment in accordance with instructions of the Company or the Company's agent. Failure to do so will void Company liability for interruption of service and may make the Customer responsible for damage to equipment pursuant to Section 2.1.4.(H) below.

2.1.4 Liability of the Company

Because the Customer has exclusive control of its communications over the services furnished by the Company, and because interruptions and errors incident to these services are unavoidable, the services the Company furnishes are subject to the terms, conditions, and limitations specified in this tariff and to such particular terms, conditions, and limitations as set forth in the special regulations applicable to the particular services and facilities furnished under this tariff.

- 2.1.4.(A) The liability of the Company for damages arising out of the furnishing of these services, including but not limited to mistakes, omissions, interruptions, delays, or errors, or other defects, representations, or use of these services or arising out of the failure to furnish the service, whether caused by acts of commission or omission, shall be limited to the extension of allowances for interruption. The extension of such allowances for interruption shall be the sole remedy of the Customer, authorized user, or joint user and the sole liability of the Company.
- 2.1.4.(B) The Company shall not be liable or responsible for any special, consequential, exemplary or punitive damages or lost profits whether or not caused by the intentional acts or omissions or negligence of the Company's employees, agents or contractors.
- 2.1.4.(C) The Company shall not be liable for any failure of performance or equipment due to causes beyond its control, including but not limited to: acts of God, fire, flood or other catastrophes; any law, order, regulation, direction, action, or

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request of the United States Government, or of any other government, including state and local governments having or claiming jurisdiction over the Company, or of any department, agency, commission, bureau, corporation, or other instrumentality of any one or more of these federal, state, or local governments, or any civil or military authority; national emergencies; insurrections; riots; wars; unavailability of rights-of-way or materials; or strikes, lock-outs, work stoppages, or other labor difficulties.

- 2.1.4.(D) The Company shall not be liable for any act or omission of any entity furnishing to the Company or to the Company's Customers' facilities or equipment used for or with the services the Company offers.
- 2.1.4.(E) The Company shall not be liable for any damages or losses due to the fault or negligence of the Customer or due to the failure or malfunction of Customer provided equipment or facilities.
- 2.1.4.(F) The Company shall not be liable for the claims of vendors supplying equipment to Customers of the Company which may be installed at premises of the Company nor shall the Company be liable for the performance of said vendor or vendor's equipment.
- 2.1.4.(G) The Company does not guarantee nor make any warranty with respect to installations it provides for use in an explosive atmosphere. The Customer indemnifies and holds the Company harmless from any and all loss, claims, demands, suits, or other action, or any liability whatsoever, whether suffered, made, instituted, or asserted by any other party or person(s), and for any loss, damage, or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, presence, condition, location, or use of any installation so provided.
- 2.1.4.(H) The Company is not liable for any defacement of, or damage to, the premises of a Customer (or authorized or joint user) resulting from the furnishing of services or equipment on such premises or the installation or removal thereof, when such defacement or damage is not the result of negligence or willful misconduct on the part of the agents or employees of the Company.
- 2.1.4.(I) The Company shall not be liable for any damages resulting from delays in meeting any service dates due to delays resulting from normal construction procedures. Such delays

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shall include, but not be limited to, delays in obtaining necessary regulatory approvals for construction, delays in obtaining right-of-way approvals and delays in actual construction work.

- 2.1.4.(J) The Company shall not be liable for any damages whatsoever to property resulting from the installation, maintenance, repair or removal of equipment and associated wiring unless the damage is caused by the Company's willful misconduct or negligence.
- 2.1.4.(K) The Company shall not be liable for any damages whatsoever associated with service, facilities, or equipment which the Company does not furnish or for any act or omission of Customer or any other entity furnishing services, facilities or equipment used for or in conjunction with GLEC Service.
- 2.1.4.(L) The Company shall not incur any liability, direct or indirect, to any person who dials or attempts to dial the digits "9-1-1" or to any other person who may be affected by the dialing of the digits "9-1-1".
- 2.1.4.(M) THE COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.

2.1.5 Notification of Service-Affecting Activities

The Company will provide the Customer reasonable notification of service-affecting activities that may occur in normal operation of its business. Such activities may include, but are not limited to, equipment or facilities additions, removals or rearrangements and routine preventative maintenance. Generally, such activities are not specific to an individual Customer but affect many Customers services. No specific advance notification period is applicable to all service activities. The Company will work cooperatively with the Customer to determine the reasonable notifications requirements. With some emergency or unplanned service-affecting conditions, such as outage resulting from cable damage, notification to the Customer may not be possible.

2.1.6 Provision of Equipment and Facilities

- 2.1.6.(A) Where construction is required, the Company shall use reasonable efforts to make available services to a Customer on or before a particular date, subject to the provisions of and compliance by the Customer with, the regulations contained in this tariff. The Company does not guarantee availability by any such date and shall not be liable for any delays in commencing service to any Customer.

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- 2.1.6.(B) The Company shall use reasonable efforts to maintain facilities that it furnishes to the Customer. The Customer may not, nor may the Customer permit others to, rearrange, disconnect, remove, attempt to repair or otherwise interfere with any of the facilities installed by the Company, except upon the written consent of the Company.
- 2.1.6.(C) The Company may substitute, change or rearrange any equipment or facility at any time and from time to time, but shall not thereby alter the technical parameters of the service provided the customer.
- 2.1.6.(D) Equipment installed at the Customer Premises for use in connections with the services the Company offers shall not be used for any purpose other than that for which the Company provided it.
- 2.1.6.(E) The Company shall not be responsible for the installation, operation, or maintenance of any Customer-provided communications equipment. Where such equipment is connected to the facilities furnished pursuant to this tariff, the responsibility of the Company shall be limited to the furnishing of facilities offered under this tariff and to the maintenance and operation of such facilities. Beyond this responsibility, the Company shall not be responsible for:
- 2.1.6.(E).1 the transmission of signals by Customer-provided equipment or for the quality of, or defects in, such transmission; or
  - 2.1.6.(E).2 the reception of signals by Customer-provided equipment; or
  - 2.1.6.(E).3 network control signaling where such signaling is performed by Customer-provided network control signaling equipment.

2.1.7 Non-routine Installation

At the Customer's request, installation and/or maintenance may be performed outside the Company's regular business hours or in hazardous locations. In such cases, charges based on cost of the actual labor, material, or other costs incurred by or charged to the Company will apply. If installation is started during regular business hours but, at the Customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays, and/or night hours, additional charges may apply.

2.1.8 Ownership of Facilities

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Title to all facilities provided in accordance with this tariff remains in the Company, its affiliates, agents or contractors.

2.2 Prohibited Uses

- 2.2.1 The service the Company offers shall not be used for any unlawful purpose or for any use as to which the Customer has not obtained all required governmental approvals, authorizations, licenses, consents and permits.
- 2.2.2 The Company may require a Customer to immediately shut down its transmission of signals if said transmission is causing interference to others.

2.3 Obligations of the Customer

2.3.1 General Obligations

The Customer shall be responsible for:

- 2.3.1.(A) the payment of all applicable charges pursuant to this tariff;
- 2.3.1.(B) reimbursing the Company for damage to, or loss of, the Company's facilities or equipment caused by the acts or omissions of the Customer; or the noncompliance by the Customer with these regulations; or by fire or theft or other casualty on the Customer's premises, unless caused by the negligence or willful misconduct of the employees or agents of the Company. The Company will, upon reimbursement for damages, cooperate with the Customer in prosecuting a claim against the person causing such damage and the Customer shall be subrogated to the Company's right of recovery of damages to the extent of such payment;
- 2.3.1.(C) providing at no charge, as specified from time to time by the Company, any needed personnel, equipment, space and power to operate Company facilities and equipment installed on the premises of the Customer, and the level of heating and air conditioning necessary to maintain the proper operating environment on such premises;
- 2.3.1.(D) obtaining, maintaining, and otherwise having full responsibility for all rights-of-way and conduit necessary for installation of fiber optic cable and associated equipment used to provide local exchange service to the Customer from the cable building entrance or property line to the location of the equipment space described in 2.3.1.(C). Any costs associated with obtaining and maintaining the rights-of-way described herein, including the costs of altering the structure to permit installation of the Company-provided facilities,

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shall be borne entirely by, or may be charged by the Company to, the Customer. The Company may require the Customer to demonstrate its compliance with this section prior to accepting an order for service;

2.3.1.(E) providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premises at which Company employees and agents shall be installing or maintaining the Company's facilities and equipment. The Customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company's opinion, injury or damage to the Company's employees or property might result from installation or maintenance by the Company. The Customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material (e.g. friable asbestos) prior to any construction or installation work;

2.3.1.(F) complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of Company facilities and equipment in any Customer premises or the rights-of-way for which Customer is responsible under Section 2.3.1(D) above; and granting or obtaining permission for Company agents or employees to enter the premises of the Customer at any time for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of the Company;

2.3.1.(G) not creating or allowing to be placed or maintained any liens or other encumbrances on the Company's equipment or facilities; and for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance for interruptions in service will be made for the period during which service is interrupted for such purposes.

2.3.2 Claims

With respect to any service or facility provided by the Company, Customer shall indemnify, defend and hold harmless the Company from all claims, actions, damages, liabilities, costs and expenses, including reasonable attorneys' fees for:

2.3.2.(A) any loss, destruction or damage to property of the Company or any third party, or the death of, or injury to, persons, including, but not limited to, employees or invitees of either the Company or the Customer, to the extent caused by or resulting from the negligent or intentional act or omission of

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the Customer, its employees, agents, representatives or invitees; or

- 2.3.2.(B) any claim, loss, damage, expense or liability for infringement of any copyright, patent, trade secret, or any proprietary or intellectual property right of any third party, arising from any act or omission by the Customer, including, without limitation, use of the Company's services and facilities in a name not contemplated by the agreement between the Customer and the Company.

2.4 Customer Equipment and Channels

2.4.1 General

A Customer may transmit or receive information or signals via the facilities of the Company.

2.4.2 Station Equipment

- 2.4.2.(A) The Customer is responsible for providing and maintaining any terminal equipment on the Customer premises. The electric power consumed by such equipment shall be provided by, and maintained at the expense of, the Customer. All such terminal equipment must be registered with the FCC under 47 C.F.R., Part 68 and all wiring must be installed and maintained in compliance with those regulations. The Company will, where practicable, notify the Customer that temporary discontinuance of the use of a service may be required; however, where prior notice is not practicable, nothing contained herein shall be deemed to impair the Company's right to discontinue forthwith the use of a service temporarily if such action is reasonable under the circumstances. In case of such temporary discontinuance, the Customer will be promptly notified and afforded the opportunity to correct the condition which gave rise to the temporary discontinuance. During such period of temporary discontinuance, credit allowance for service interruptions as set forth in Section 2.6 following is not applicable.

- 2.4.2.(B) The Customer is responsible for ensuring that Customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltages and currents impressed on Company-provided equipment and wiring by the connection, operation, or maintenance of such equipment and wiring shall be such as not to cause damage to the Company-provided equipment and wiring or injury to the Company's employees or other persons. Any additional protective equipment required to prevent such damage or

injury shall be provided by the Company at the Customer's expense.

**2.4.3 Interconnection of Facilities**

2.4.3.(A) Any special interface equipment necessary to achieve compatibility between the facilities and equipment of the Company used for furnishing local exchange service and the channels, facilities, or equipment of others may be provided at the Customer's expense.

2.4.3.(B) Local Service may be connected to the services or facilities of other communications carriers only when authorized by, and in accordance with, the terms and conditions of the tariffs of the other communications carriers which are applicable to such connections.

2.4.3.(C) Facilities furnished under this tariff may be connected to Customer-provided terminal equipment in accordance with the provisions of this tariff.

**2.4.4 Inspections**

2.4.4.(A) Upon reasonable notification to the Customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the Customer is complying with the requirements set forth in Section 2.4.2.(B) for the installation, operation, and maintenance of Customer-provided facilities and equipment to Company-owned facilities and equipment. No credit will be allowed for any interruptions occurring during such inspections.

2.4.4.(B) If the protective requirements for Customer-provided equipment are not being complied with, the Company may take such action as it deems necessary to protect its facilities, equipment, and personnel. The Company will notify the Customer promptly if there is any need for further corrective action. Within ten days of receiving this notice the Customer must take this corrective action and notify the Company of the action taken. If the Customer fails to do this, the Company may take whatever additional action is deemed necessary, including the suspension of service, to protect its facilities, equipment and personnel from harm. The Company will, upon request 24 hours in advance, provide the Customer with a statement of technical parameters that the Customer's equipment must meet.

**2.5 Payment Arrangements**

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2.5.1 Payment for Service

The Customer is responsible for payment of all charges for service and facilities furnished by the Company to the Customer or its Joint or Authorized Users. Objections must be received by the Company within 30 days after statement of account is rendered, or the charges shall be deemed correct and binding upon the Customer. If an entity other than the Company imposes charges on the Company, in addition to its own internal costs, in connection with a service for which a Company Non-Recurring Charge is specified, those charges may be passed on to the Customer.

2.5.1.(A) Taxes: The Customer is responsible for the payment of any sales, use, gross receipts, excise, access or other local, state and federal taxes, charges, user fees, or surcharges (however designated) excluding taxes on the Company's net income imposed on or based upon the provision of Local Exchange Services, all of which shall be separately designated on the Company's invoices.

2.5.1.(B) Surcharges: A surcharge is imposed on all charges for service originating at addresses in states, counties, and municipalities which levy, or assert a claim of right to levy, a gross receipt or franchise tax on the Company's operations in any such state, county or municipality, or a tax on interstate access charges incurred by the Company for originating access to telephone exchanges in that jurisdiction. This surcharge is based on the particular state's, county's, or municipality's receipts tax or franchise fee and other jurisdiction's taxes imposed directly or indirectly upon the Company by virtue of, and measured by, the gross receipts or revenues of the Company in that jurisdiction and/or payment of interstate access charges in that jurisdiction. The surcharge will be shown as a separate line item on the Customer's monthly invoice.

2.5.2 Billing and Collection of Charges

Bills will be rendered monthly to Customer.

2.5.2.(A) All service, installation, monthly Recurring Charges and Non-Recurring Charges are due and payable upon receipt.

2.5.2.(B) The Company shall present bills for Recurring Charges monthly to the Customer, in advance of the month in which service is provided. Usage charges will be billed in arrears.

2.5.2.(C) For new customers or existing customers whose service is disconnected, the charge for the fraction of the month in which service was furnished will be calculated on a pro rata basis. For this purpose, every month is considered to have 30 days.

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- 2.5.2.(D) Amounts not paid within 30 days after the date of invoice are considered past due.
- 2.5.2.(E) Checks with insufficient funds or non-existing accounts will be assessed a penalty fee of \$25.00.

2.5.3 Disputed Bills

The Customer shall notify the Company of any disputed items on a bill within 30 days of receipt of the bill. If the Customer and the Company are unable to resolve the dispute to their mutual satisfaction, the Customer may file a complaint with the Arizona Corporation Commission in accordance with the Commission's rules of procedure.

- 2.5.3.(A) The date of the dispute shall be the date the Company receives sufficient documentation to enable it to investigate the dispute.
- 2.5.3.(B) The date of the resolution is the date the Company completes its investigation and notifies the Customer of the disposition of the dispute.

2.5.4 Advance Payments

To safeguard its interests, the Company may require a Customer to make an Advance Payment before services and facilities are furnished. The Advance Payment will not exceed an amount equal to the Non-Recurring Charge (s) and three months' charges for the service or facility. In addition, where special construction is involved, the Advance Payment may also include an amount equal to the estimated Non-Recurring Charges for the special construction and Recurring Charges (if any) for a period to be set between the Company and the Customer. The Advance Payment will be credited to the Customer's initial bill. An Advance Payment may be required in addition to a deposit.

2.5.5 Deposits

- 2.5.5.(A) Applicants for service or existing Customers whose financial condition is not acceptable to the Company, or is not a matter of general knowledge, may be required at any time to provide the Company a security deposit. All deposits will be handled in accordance with the provisions of the Commission's rules. The deposit requested will be in cash or the equivalent of cash, and will be held as a guarantee for the payment of charges. A deposit does not relieve the Customer of the responsibility for the prompt payment of bills on presentation. The deposit will not exceed an amount equal to:

- 2.5.5.(A).1 two month's charges for a service or facility which has a minimum payment period of one month; or

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2.5.5.(A).2 the charges that would apply for the minimum payment period for a service or facility which has a minimum payment period of more than one month; except that the deposit may include an additional amount in event that a termination charge is applicable. In addition, the Company shall be entitled to require such an applicant or Customer to pay all its bills within a specified period of time, and to make such payments in cash or the equivalent of cash. At the Company's option, such deposit may be refunded to the Customer's account at any time. Also, the Company reserves the right to cease accepting and processing Service Orders after it has requested a security deposit and prior to the Customer's compliance with this request.

2.5.5.(B) A deposit may be required in addition to an advance payment.

2.5.5.(C) When a service or facility is discontinued, the amount of a deposit, if any, will be applied to the Customer's account and any credit balance remaining will be refunded. Before the service or facility is discontinued, the Company may, at its option, return the deposit or credit it to the Customer's account.

2.5.5.(D) Deposits held will accrue interest at a rate specified by the Arizona Corporation Commission.

2.5.6 Discontinuance of Service

2.5.6.(A) Upon nonpayment of any amounts owing to the Company, the Company may, by giving requisite prior written notice to the Customer, discontinue or suspend service without incurring any liability.

2.5.6.(B) Upon violation of any of the other material terms or conditions for furnishing service the Company may, by giving 30 days' prior notice in writing to the Customer, discontinue or suspend service without incurring any liability if such violation continues during that period.

2.5.6.(C) Upon condemnation of any material portion of the facilities used by the Company to provide service to a Customer or if a casualty renders all or any material portion of such facilities inoperable beyond feasible repair, the Company, by notice to the Customer, may discontinue or suspend service without incurring any liability.

2.5.6.(D) Upon the Customer's insolvency, assignment for the benefit of creditors, filing for bankruptcy or reorganization, failing to

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discharge an involuntary petition within the time permitted by law, or abandonment of service, the Company may, with prior notice to the Customer, immediately discontinue or suspend service without incurring any liability.

2.5.6.(E) Upon any governmental prohibition, or required alteration of the services to be provided or any violation of any applicable law or regulation, the Company may immediately discontinue or suspend service without incurring any liability.

2.5.6.(F) The Company may discontinue the furnishings of any or all service(s) which the Company is legally entitled to disconnect, to a Customer, without incurring any liability:

2.5.6.(F).1 Immediately and without notice if the Company deems that such action is necessary to prevent or to protect against fraud or to otherwise protect its personnel, agents, facilities or services. The Company may also discontinue service pursuant to this subsection if the Customer uses the service (a) in such a manner as to interfere with the service of other users; or (b) for unlawful purposes.

2.5.6.(F).2 Upon ten (10) days written notice to the Customer, after failure of the Customer to comply with a request made by the Company for security for the payment of service in accordance with Section 2.5.5; or

2.5.6.(F).3 Ten (10) days after sending the Customer written notice of noncompliance with any provision of this tariff if the noncompliance is not corrected within that (10) day period; or

2.5.6.(F).4 Upon five (5) days written notice for non-payment of a bill for service.

2.5.6.(G) The suspension or discontinuance of service(s) by the Company pursuant to this Section does not relieve the Customer of any obligation to pay the Company for charges due and owing for service(s) furnished during the time of or up to suspension or discontinuance.

2.5.6.(H) Upon the Company's discontinuance of service to the Customer under Section 2.5.6.(A) or 2.5.6.(B), all applicable charges, including termination charges, shall become due. This is in addition to all other remedies that may be available to the Company at law or in equity or under any other provision of this tariff.

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2.6 Allowances for Interruptions of Service

2.6.1 Credit for Interruptions:

2.6.1.(A) When the use of service or facilities furnished by the Company is interrupted due to any cause other than the negligence or willful act of the Customer, or the operation or failure of the facilities or equipment provided by the Customer, a pro rata adjustment of the monthly Recurring Charges subject to interruption will be allowed for the service and facilities rendered useless and inoperative by reason of the interruption whenever said interruption continues for a period of 24 hours or more from the time the interruption is reported to or known to exist by the Company, except as otherwise specified in the Company's tariffs. If the Customer reports a service, facility or circuit to be inoperative but declines to release it for testing and repair, it is considered to be impaired, but not interrupted.

2.6.1.(B) For calculating credit allowances, every month is considered to have 30 days. A credit allowance is applied on a pro rata basis against the monthly Recurring Charges specified hereunder for Local Line or Local Trunk Service and is dependent upon the length of the interruption. Only those facilities on the interrupted portion of the circuit will receive a credit. Credit allowances for service outages that exceed 24 hours in duration will be rounded up to the next whole 24 hours.

2.6.2 Limitations on Allowances

No credit allowance will be made for:

2.6.2.(A) interruptions due to the negligence of, or noncompliance with the provisions of this tariff by, the Customer, Authorized User, Joint-User, or other common carrier providing service connected to the service of Company;

2.6.2.(B) interruptions due to the negligence of any person other than the Company including but not limited to, the Customer or other common carriers connected to the Company's facilities;

2.6.2.(C) interruptions due to the failure or malfunction of non-Company equipment;

2.6.2.(D) interruptions of service during any period in which the Company is not given full and free access to its facilities and equipment for the purpose of investigating and correcting interruptions;

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- 2.6.2.(E) interruptions of service during a period in which the Customer continues to use the service on an impaired basis;
  - 2.6.2.(F) interruptions of service during any period when the Customer has released service to the Company for maintenance purposes or for implementation of a Customer order for a change in service arrangements;
  - 2.6.2.(G) interruption of service due to circumstances or causes beyond the control of the Company.
- 2.6.3 Use of Alternative Service Provided by the Company: Should the Customer elect to use an alternative service provided by the Company during the period that a service is interrupted, the Customer must pay the tariffed rates and charges for the alternative service used.

2.7 Cancellation of Service

2.7.1 Cancellation of Application for Service

- 2.7.1.(A) Applications for service are noncancellable unless the Company otherwise agrees. Where the Company permits the Customer to cancel an application for service prior to the start of service or prior to any special construction, no charges will be imposed except for those specified below.
- 2.7.1.(B) Where, prior to cancellation by the Customer, the Company incurs any expenses in installing the service or in preparing to install the service that it otherwise would not have incurred, a charge equal to the costs the Company incurred, less salvage, shall apply, but in no case shall this charge exceed the sum of the charge for the minimum period of service ordered, including installation charges, and all charges others levy against the Company that would have been chargeable to the Customer had service begun.
- 2.7.1.(C) The special charges described in 2.7.1.(A) and 2.7.1.(B) will be calculated and applied on a case-by-case basis.

2.7.2 Cancellation of Service by the Customer

If a Customer cancels a Service Order or terminates services before the completion of the term for any reason whatsoever other than a service interruption (as defined in 2.6.1 above), Customer agrees to pay to the Company the following sums which shall become due and owing as of the effective date of the cancellation or termination and be payable within the period set forth in 2.5.2: all costs, fees and expenses reasonable incurred in connection with:

- all Non-Recurring Charges reasonably expended by the Company to establish service to the Customer, plus

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- any disconnection, early cancellation or termination charges reasonably incurred and paid to third parties by the Company on behalf of the Customer, plus
- all Recurring Charges specified in the applicable Service Order tariff for the balance of the then current term.

2.8 Transfer and Assignments

Neither the Company nor the Customer may assign or transfer its rights or duties in connection with the services and facilities provided by the Company without the written consent of the other party, except that the Company may assign its rights and duties (a) to any subsidiary, parent company or affiliate of the Company; (b) pursuant to any sale or transfer of substantially all the assets of the Company; or (c) pursuant to any financing, merger or reorganization of the Company.

2.9 Notices and Communications

- 2.9.1 The Customer shall designate on the Service Order an address to which the Company shall mail or deliver all notices and other communications, except that Customer may also designate a separate address to which the Company's bills for service shall be mailed.
- 2.9.2 The Company shall designate on the Service Order and address to which the Customer shall mail or deliver all notices and other communications, except that Company may designate a separate address on each bill for service to which the Customer shall mail payment on that bill.
- 2.9.3 All notices or other communications required to be given pursuant to this tariff will be in writing. Notices and other communications of either party, and all bills mailed by the Company, shall be presumed to have been delivered to the other party on the third business day following deposit of the notice, communication or bill with the U.S. Mail or a private delivery service, prepaid and properly addressed, or when actually received or refused by the addressee, whichever occurs first.
- 2.9.4 The Company or the Customer shall advise the other party of any changes to the addresses designated for notices, other communications or billing, by following the procedures for giving notice set forth herein.

2.10 Taxes, Fees and Surcharges

The Company reserves the right to bill any and all applicable taxes, fees and surcharges in addition to normal rates and charges for services provided to the Customer. Taxes and fees include, but are not limited to: Federal Excise Tax, State Sales Tax, Municipal Tax, and Gross Receipts Tax. Unless otherwise specified in this tariff, such taxes, fees and surcharges are in addition to rates as quoted in this tariff and will be itemized separately on Customer invoices

2.11 Arizona Universal Service Fund (AUSF)

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In addition to all other taxes and fees that are listed herein or passed through in the normal course of business (e.g. sales tax), the Company shall also add an amount to be collected to each bill for recovery of the Arizona Universal Service Fund (AUSF).

Towards the ultimate goal that basic service be available and affordable to all citizens of the state, the Arizona Corporation Commission has created support mechanisms to assist in the provision of such service in high-cost areas. Pursuant to Arizona Administrative Code, R14-2, Article 12, the Rule directs that the surcharge will be levied on all telecommunications service purchased by end-users.

The Arizona Universal Service Fund (AUSF) surcharge will be the amount set forth in the Arizona Administrative Code, R14-2, Article 12. The percentage and amounts set forth will be subject to periodic adjustment by the Company.

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### **SECTION 3 - SERVICE AREAS AND LOCATIONS**

#### **3.1 Exchange Service Areas**

Local exchange services are provided, subject to availability of facilities and equipment, in areas currently served by the following Incumbent LEC

##### **3.1.1 Qwest Communications, Inc.**

**SECTION 4 SERVICE OFFERINGS, RATES & CHARGES**

**4.1 Local Exchange Service:**

**4.1.1 General:** Local Exchange Access Service (Switching and Access Line) provides an access line and the ability to switch or complete a call made by one end user assigned a number within one Telephone Company exchange to another end user assigned a number within a different Telephone Company exchange. This service also provides access to interexchange services that are billed separately. The Telephone Company offers limited optional expanded calling area plans (interexchange services) as described below. Local Exchange Access Service also includes a listing of the end users telephone number in the local telephone directory

**4.1.2 Local Exchange Service Offerings:** The Company's Local Exchange Service provides a Customer with the ability to connect to the Company's switching network. Local Exchange Service provides the Customer with a single, voice-grade communications channel. Each local line will include a telephone number. Local Exchange Service is available in the following offerings:

**4.1.2.(A) Basic Service:** Each Basic local line includes the following standard features at no additional charge:

- place or receive calls to any calling Station in the local calling area, as defined herein;
- access enhanced 911 Emergency Service where available;
- access the interexchange carrier selected by the Customer for interLATA, intraLATA, interstate or international calling;
- access Operator Services;
- access Directory Assistance;
- place or receive calls to 800 telephone numbers; and
- access Telecommunication Relay Service.

**4.1.2.(B) Optional Features:** A Local Exchange Customer may order, in addition to the standard features, the following optional features, at the rates specified in Section 4.1.4.

**Call Forward Busy**

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Call Forward No Answer

Call Forward Variable

Call Hold

Calling Number Delivery

Call Park

Call Pickup, Group

Call Waiting

Conference Three-Way

Message Waiting

Serial Hunting

Speed Call (up to 8 numbers)

Calling Number Delivery (Caller ID)

Calling Number Delivery Blocking (Per Line)

4.1.2.(C) Expanded Service Bundle: Customers may select up to 4 of the optional features listed in Section 4.1.2.(B); additional features in excess of 4 will be available at the rates specified in Section 4.1.4.

4.1.2.(D) Local Line Rates and Charges: A Local Line Customer will be charged applicable Non-Recurring Charges, monthly Recurring Charges and Message charges as specified in Sections 4.1.2.(D).1, 4.1.2.(D).2, and 4.1.2. (D).3. respectively.

4.1.2.(D).1 Non-Recurring Charges (Maximum)

Service Connection Charge (per line)	\$150.00
Subsequent Account Changes (per order)	\$150.00
Presubscription Charge (first line)	
Presubscription Charge (additional lines)	
Line Restoral Charge	\$100.00
Premises Hourly Work Charge	\$130.00
Misdirect Charges	\$218.00

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Optional Feature Activation (per order) \$25.00

**NOTE:** Non-recurring account change charges will not apply during the initial 30 day period following completion of a service order.

4.1.2.(D).2 Monthly Recurring Charges (Maximum)

Basic Local Exchange - Line Charge \$60.80

Options Bundle - Line Charge \$100.00

Optional Features:

Call Forward Busy \$12.00

Call Forward No Answer \$12.00

Call Forward Variable \$12.00

Call Hold \$12.00

Calling Number Delivery \$12.00

Calling Number Delivery \$12.00

Blocking \$12.00

Call Park \$12.00

Call Pickup, Group \$12.00

Call Waiting \$12.00

Conference Three Way \$12.00

Message Waiting \$12.00

Serial Hunting \$12.00

Speed Call (up to 8 numbers) \$12.00

4.1.2.(D).3 Usage Rates: The rates in Section 4.1.4 will apply.

4.1.3 Local Trunk: Local Trunk(s) provide Customer with voice-grade communication channel(s) to the Customer's Private Branch Exchange ("PBX") or Hybrid Key System. Local Trunks can be provisioned as either analog or digital and will be provided in the following manner:

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- 4.1.3.(A) **Basic Local Trunk:** Basic Local Trunk Service can be used to carry one-way outbound traffic, one-way inbound or two-way traffic.
- 4.1.3.(B) **Digital Local Trunk:** Digital Local Trunk service provides a DS-1 digital transmission facility operating at 1.544 Mbps and time division multiplexed into 24 channels for the connection of Basic or DID Trunks to the Customer's PBX or trunk-capable Key System. Local Trunk - Digital can be used to carry one-way outbound traffic, one-way inbound or two-way traffic, Direct Inward Dialing, or a combination thereof.
- 4.1.3.(C) **Optional Local Trunk Configurations:**
- 4.1.3.(C).1 **One-Way Outbound:** Provides the Customer with a single analog connection which is restricted to carry outbound traffic only.
- 4.1.3.(C).2 **One-Way Inbound or Two-Way:** Provides the Customer with individual channels which are used to carry one-way inbound or two-way traffic. One common telephone number will be provided per trunk group.
- 4.1.3.(C).3 **Direct Inward Dialing ("DID"):** Provides the Customer with individual channels which can carry one-way inbound traffic. Local Trunks configured for DID service will out pulse the dialed station number to the Customer's PBX or Key equipment, thereby, permitting direct routing of the call without the aid of an attendant. The number of digits to be outpulsed must be specified by the Customer

Additional set-up charges and number charges apply for local trunks configured for DID service as specified in Section 4.1.2.(E).

4.1.3.(D) **Local Trunk Features:**

4.1.3.(D).1 **Standard Features (no additional charge):**

Touch Tone

Presubscription

One Directory Listing

Calling Number Delivery Blocking (per call)

Toll Restriction

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900/976 Blocking

Least Idle or Most Idle Trunk Selection (digital trunks only)

4.1.3.(D).2 Optional Features: The following optional features are available with appropriately configured local trunks at the rates specified in Section 4.1.2.(E).

Calling Number Delivery

Serial Hunting

Direct Inward Dialed (DID) Numbers

4.1.3.(E) Local Trunk-Rates and Charges: A Local Trunk Customer will be charged applicable Non-Recurring Charges, monthly Recurring Charges and usage charges as specified in this Section.

4.1.3.(E).1 Monthly Recurring Charges (Maximum)

Local Trunk - Basic	\$115.00
Local Trunk - Digital	\$115.00
Private Line Transport Service Channel Termination	See § 5.5.3

Optional Features:

Calling Number Delivery	\$12.00
Calling Number Delivery Blocking(per line)	\$12.00
Serial Hunting	\$12.00
DID Numbers (per block of 20)	\$12.00

Rates for a volume of numbers greater than 200 will be provided on an Individual Case Basis.

4.1.3.(E).2 Usage Rates: Local Trunk Usage Rates as specified in section 4.1.4 will apply.

4.1.3.(E).3 Non-Recurring Charges (Maximum)

Installation Charge - per local trunk	\$112.00
Per DS1 Private Line Transport Service	\$313.00

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Per Trunk Group Configured for DID Svc. \$X.XX

Subsequent Account Changes (Changes, Additions per order)

Service Changes (redirections etc.) \$65.00

Presubscription Change Charge

(Per change, 1st trunk) \$5.00

(Per change, additional trunks) \$5.00

Line Restoral Charge \$25.00

(Applies for trunk restoral after temporary interruption of service initiated by the Company. If service is temporarily interrupted and payment is not received within 10 days following the interruption, the Company reserves the right to discontinue service. If service is discontinued and subsequently re-established, charges apply as for a new installation of service.)

**NOTE:** Non-recurring account change charges will not apply during the initial 30 day period following completion of a service order.

4.1.4 **Usage Options:** All Local Exchange Service Customers must order one of the following usage options. These rates will apply to all outgoing direct-dialed calls placed to Stations within the caller's local exchange area, as defined herein.

4.1.4.(A) **Per Message Rate:** The following rates will be applied on a per call basis, regardless of the duration of the call.

Per Call (Maximum) \$0.15

4.1.4.(B) **Unlimited Local Calling (Residential Customers Only):**

Per Month (Maximum) \$35.95

4.2 Directory Assistance

A Customer may obtain Local Directory Assistance in determining telephone numbers within its local calling area by calling the Directory Assistance operator. Directory Assistance includes the option for call completion to the requested number at no additional charge.

4.2.1 Each call to Directory Assistance will be charged as follows:

Per call Maximum

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Direct Dialed	\$5.00
Operator Assisted	\$14.00

The Customer may request a maximum of two telephone numbers per call to Directory Assistance service without additional charges.

4.2.2 Credits

A credit will be given for calls to Directory Assistance only as follows: (1) the Customer experiences poor transmission or is cut-off during the call; or (2) the Customer is given an incorrect telephone number. To obtain such a credit, the Customer must notify its Customer Service representative.

4.3 Operator Assistance

A Customer may obtain the assistance of a local operator to complete local exchange telephone calls in the following manner. In addition to the rates specified in Section 4.1, surcharges as specified in Section 4.3.1 will apply:

**Third Number Billing:** Provides the Customer with the capability to charge a local call to a third number which is different from the called or calling party. The party answering at the third number has the option to refuse acceptance of the charges in advance or when queried by the operator.

**Collect Calls:** Provides the Customer with the capability to charge a call to the called party. On the operator announcement of a collect call, the called party has the option to refuse acceptance of charges in advance or when queried by the operator.

**Calling Cards:** Provides the Customer with the capability to place a call using a calling card with or without the assistance of an operator.

**Person to Person:** Calls completed with the assistance of an operator to a particular Station and person specified by the caller. The call may be billed to the called party.

**Station to Station:** Calls completed with the assistance of an operator to a particular Station. The call may be billed to the called party.

4.3.1 **Operator Assisted Surcharges:** The following surcharges will be applied on a per call basis.

	<u>Maximum</u>
Calling Card/Operator	\$12.00
Calling Card/Automatic	\$10.00
Third Number Billing	\$10.00
Collect Calling	\$10.00
Person to Person	\$24.00

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Station to Station \$12.00

4.3.2 **Busy Line Verification and Interrupt Service:** Busy Line Verification and Interrupt Service, which is furnished where and to the extent that facilities permit, provides the Customer with the following options:

4.3.2.(A) **Busy Line Verification:** Upon request of the calling party, the Company will determine if the line is clear or in use and report to the calling party.

4.3.2.(B) **Busy line Verification with Interrupt:** The operator will interrupt the call on the called line only if the calling party indicates an emergency and requests interruption.

4.3.2.(C) **Rates:** Rates for Busy Line Verification and Interrupt Service, as specified below, will apply under the following circumstances:

4.3.2.(C).1 The operator verifies that the line is busy with a call in progress or is available for incoming calls.

4.3.2.(C).2 The operator verifies that the called number is busy with a call in progress and the Customer requests interruption. The operator will then interrupt the call, advising the called party the name of the calling party. One charge will apply for both verification and interruption.

Maximum

Busy Line Verification \$12.00

Busy Line Interrupt \$24.00

4.4 Directory Listings

The Company shall provide a single directory listing, termed the primary listing, in the telephone directory published by the local exchange provider in the Customer's exchange area of the Station number which is designated as the Customer's main billing number. Directory listing of additional Company Station numbers, other than the Customer's main billing number, associated with a Customer's service will be provided for an additional monthly recurring charge per listing.

4.4.1 The Company reserves the right to limit the length of any listing in the directory by the use of abbreviations when, in its judgment, the clearness of the listing or the identification of the Customer is not impaired thereby. When more than one line is required to properly list the Customer, no additional charge is made.

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- 4.4.2 The Company may refuse a listing which is known not to constitute a legally authorized or adopted name, contains obscenities in the name, or any listing which, in the opinion of the Company, is likely to mislead or deceive calling persons as to the identity of the listed party, or is a contrived name used for advertising purposes or to secure a preferential position in the directory or is more elaborate than is reasonably necessary to identify the listed party. The Company, upon notification to the Customer, will withdraw any listing which is found to be in violation of its rules with respect thereto.
- 4.4.3 Each listing must be designated Government, Business, or Residence to be placed in the appropriate section of the directory. In order to aid the user of the directory, and to avoid misleading or deceiving the calling party as to the identity of the listed party, only business listings may be placed in the Business Section and only residential listings in the Residential Section. The Company, upon notification to the Customer, will withdraw any listing which is found to be in violation of its rules with respect thereto.
- 4.4.4 In order for listing to appear in an upcoming directory, the Customer must furnish the listing to the Company in time to meet the directory publishing schedule.
- 4.4.5 Directory listings are provided in connection with each Customer service as specified herein.
- 4.4.5.(A) Primary Listing: A primary listing contains the name of the Customer, or the name under which a business is regularly conducted, as well as the address and telephone number of the Customer. This listing is provided at no additional charge.
- 4.4.5.(B) Additional Listings: In connection with local exchange service, additional listings are available only in the name of Authorized Users of the Customer's service, as defined herein. Rates for additional listings are specified in Section 4.4.5.(H) and 4.4.5.(I).
- 4.4.5.(C) Nonpublished Listings: Listings that are not printed in directories nor available from Directory Assistance.

A Nonpublished Telephone Service will be furnished, at the Customer's request providing the omission or deletion of the Customer's telephone listing from the telephone directory and, in addition, the Customer's telephone listing will be omitted or deleted from the directory assistance records, subject to the provisions set forth in Section 2.1.4. Rates for Nonpublished Listings are specified in Sections 4.4.5.(H) and 4.4.5.(I).

- 4.4.5.(D) Nonlisted Numbers: A Nonlisted number will be furnished at the Customer's request, providing for the omission or deletion of the Customer's listing from the telephone

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directory. Such listings will be carried in the Company's directory assistance and other records will be given to any calling party. Rates for Nonlisted Numbers are specified in Sections 4.4.5.(H) and 4.4.5.(I).

- 4.4.5.(E) **Foreign Listings:** Where available, a listing in a phone directory which is not in the Customer's immediate calling area. The Customer will be charged the rates specified in the tariff published by the specific exchange carrier providing the Foreign Listings.
- 4.4.5.(F) **Alternate Call Listings:** Where available, this feature is a listing which references a telephone number which is not the primary listing for the Customer. The Customer must provide written verification that the alternate telephone number is authorized to accept calls.
- 4.4.5.(G) **Reference Listing:** A listing including additional telephone numbers of the same or another Customer to be called in the event there is not an answer from the Customer's telephone. Charges for reference listings are specified in Section 4.4.5.(H) and 4.4.5.(I).
- 4.4.5.(H) **Recurring Charges:** Monthly Recurring Charges associated with Directory Listings on a per listing or per number charge are as follows:

	<u>Maximum</u>
Primary Listing	\$10.00
Additional Listing	\$10.00
Reference Listing	\$10.00
Non-Listed Number	\$6.00
Non-Published Number	\$7.00

- 4.4.5.(I) **Non-Recurring Charges:** Non-Recurring charges associated with Directory Listings on a per listing or per number charge are as follows:

	<u>Maximum</u>
Primary Listing	\$10.00
Additional Listing	\$10.00
Reference Listing	\$10.00

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Non-Listed Number \$6.00

Non-Published Number \$7.00

- 4.5 Emergency Services (Enhanced 911): Allows Customers to reach appropriate emergency services including police, fire and medical services. Enhanced 911 has the ability to selectively route an emergency call to the primary E911 provider so that it reaches the correct emergency service located closest to the caller. In addition, the Customer's address and telephone information will be displayed to the primary E911 provider for display at the Public Service Answering Point ("PSAP").
- 4.6 Vanity Telephone Numbers: At the request of the Customer, the Company may assign a telephone number with the last four digits selected by the Customer. The assignment is subject to availability of a particular number and subject to the terms and conditions set forth in Section 2.1.3. There will be no charge for Vanity Telephone Numbers.
- 4.7 Telecommunications Relay Service: Telecommunications Relay Service enables deaf, hard-of-hearing or speech-impaired persons who use a text telephone or similar devices to communicate freely with the hearing population for using the text telephone and vice versa. The Company does not impose any charge to end users for access to Telecommunications Relay Service. However, persons using this Service are liable for applicable per call/increment charges.
- 4.8 Presubscription: Provides Customers with the ability to have message toll or long distance calls routed directly to their carrier of choice without the dialing of any additional digits. Customers may select separate carriers for intraLATA and interLATA calls.
- 4.9 Promotional Offerings: The Company, from time to time, may make promotional offerings of its services which may include waiving or reducing the applicable charges for the promoted service. The promotional offerings may be limited as to the duration, the date and times of the offerings and the locations where the offerings are made.
- 4.10 Trial Service Offering ("TSO")
- 4.10.1 In the normal course of business the Company, at its discretion, may elect to offer certain services to Customer on a "trial basis."
- 4.10.2 In order to conduct such "trials", the Company will file with the Commission, on at least the minimum notice required by the Commission relative to such service, a Trial Service Offering ("TSO") Supplement.
- 4.10.3 The TSO Supplement will contain a brief description of the trial service(s), features, special agreements, applicable rates and regulations. In addition, the Supplement will include specific information as to the availability and estimated duration of the Trial Service Offering.

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4.10.4 The filing of a TSO Supplement does not obligate the Company to continue the trial service beyond the stated trial period or to offer said service as a general tariffed offering in the future.

4.10.5 Service(s) provided hereunder are subject to all other applicable provisions in the tariffs of the Company lawfully on file with the Commission. However, the TSO rates and charges will supersede applicable general tariff rates and charges for the duration of the trial period.

4.11 Individual Case Basis ("ICB") Arrangements

Arrangements will be developed on a case-by-case basis in response to a bona fide request from a Customer or prospective Customer to develop a competitive bid for a service offered under this tariff. Rates quoted in response to such competitive requests may be different than those specified for such service in this tariff. ICB rates will be offered to the Customer in writing and on a non-discriminatory basis and will be filed with the Arizona Corporation Commission.

**SECTION 5 Miscellaneous Service Agreements**

5.1 Telephone Number Reservation Service

5.1.1 General

Customers may reserve a telephone number for future use. No outward or inward service is provided during the reservation period. Calling Card or Third Number long distance charges may be charged to a number that is reserved.

This service may begin and end on any day of the month, provided sufficient advance notice is given. It may be used by an existing customer (i.e. during extended vacations, etc.) or a new customer prior to the establishment of normal telephone service.

Charges may be billed in total upon the initialization of this service or monthly at the option of the Telephone Company.

5.1.2 Rates

The monthly rate will be based upon 50% of the Business or Residence monthly access line rate with a minimum of 30 days. Other charges associated with local exchange service, such as Interstate End User Charges and E-911 taxes, will not apply.

5.2 Direct Inward Dialing ("DID") Service

5.2.1 General

Direct Inward Dialing (DID) Service to customer premises located switching systems is furnished subject to the availability of facilities and the availability of telephone numbers. DID telephone numbers are normally provided on a consecutive number basis. These numbers may

be provided on a nonconsecutive number basis when it is acceptable to the customer and the Telephone Company.

The Telephone Company retains its rights to the administration and use of telephone numbers as described in Section 5 of this tariff. The service includes the serving office equipment necessary for direct inward dialing from the exchange and long distance message telecommunications network directly to station lines and attendant positions associated with customer premises located switching systems.

The charges for this service are in addition to the applicable charges for other services which may be provided.

Operational characteristics of interface signals between the Telephone Company's central office switch and the customers equipment must conform to the standards necessary to insure that the Telephone Company is able to maintain proper standards of service. The Telephone Company shall not be responsible to the customer or authorized user if changes in protection criteria or in any of the facilities, operations or procedures of the Telephone Company render any facilities of the customer or authorized user obsolete or affect its use or performance. The customer premises located switching equipment must be arranged to provide for intercept of unused numbers transmitted to the customer location.

Directory listings will be provided in accordance with the regulations in Section 4.4 of this tariff for listed number groups. DID numbers furnished herein are not entitled to free directory listings.

#### 5.2.2 Rates

The rates and charges for the service contemplate the use of standard Company equipment and serving arrangements. The rate for DID service is normally broken down into two increments, the first, is billed on a rate per 100 numbers and the second is a charge per line. However, the Telephone Company will offer this service in minimum increments of 20 numbers for the small business market. The rate for the reservation of a group of 20 numbers will be 1/5 of the charge to reserve 100 numbers. DID service requires 10 lines per 100 numbers for a 100 number group and 2 lines for a twenty number group.

The Nonrecurring Charges will apply when the service is established and/or when changes or additions are made to an existing group of numbers. This will include the addition of numbers, the deactivation of a group of numbers or charges in the number groups themselves.

The applicable rates are as follows:

	<u>Maximum Charges</u>	
	<u>Non-Recurring</u>	<u>Monthly</u>
Charge to reserve a group of 100 numbers	\$16.75	\$20.00
DID Access Line (subsequent account change)	\$150.00	\$30.70

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There will also be a one time installation fee for DID services of two hundred dollars (\$200.00). The normal service charges apply in addition to any service charges for this service.

5.3 Foreign Exchange ("FX") Service

5.3.1 Description

Foreign Exchange ("FX") Service is exchange service furnished to a customer from an exchange other than the exchange in which he is physically located.

One directory listing is provided for FX Service in the exchange where the customer's dial tone is obtained. Additional listings will be furnished at regular rates as specified in the foreign exchange company's tariff. Listings in other directories (other than the dial tone company) will be furnished at the regular rates for foreign listings.

5.3.2 Limitations

- 5.3.2.(A) The Company does not obligate itself to provide this service under all conditions. This service will not be provided where it involves undue expense or impairment of the service furnished to the general subscriber. FX Service will not be furnished with pay station service.
- 5.3.2.(B) The rates for FX Access Line service are those in effect in the serving (foreign) exchange.
- 5.3.2.(C) All Optional Calling Feature rates are those in effect in the serving (foreign) exchange.
- 5.3.2.(D) Use of FX facilities to resell toll services is prohibited.

5.3.3 Rate Elements

- 5.3.3.(A) FX Access Lines provide the access line, dial tone, and ability to switch a call in a Telephone Company exchange. This rate element applies when a customer orders an FX service with a telephone number and dial tone provided by the Telephone Company.
- 5.3.3.(B) Loss of Toll is a charge assessed on all FX services, regardless of whether the Telephone Company or a connecting carrier provides the dial tone for the FX service. This charge is required to partially compensate the Telephone Company for access revenues that would otherwise be billed if the calls placed using the FX service were placed using the switched toll network.
- 5.3.3.(C) Special Access Rate elements apply from the central office that provides the FX Access Line to the customer premises where the FX service terminates.

Local Exchange and Long Distance Telecommunications Services

5.3.3.(D) Service order charges in Sections 7 and 19 apply.

5.3.4 Rates (Maximum)

	<u>Access Line</u>	<u>Lost Toll Charge</u>
Business FX Access Line	\$47.21	\$15.00
Residence FX Access Line	\$42.21	\$15.00

In addition to these FX charges, the appropriate Special Access rate elements and Service Charges apply.

5.4 Called Party Pay Service

5.4.1 Description

Called Party Pay service is offered to both business and residence subscribers. It will allow the customer to designate a group of exchanges in the surrounding area from which it will accept calls on a toll free basis to the calling party. The customer pays for this service on the basis of the amount of usage each month. The service allows a business to make itself more accessible to the market in the surrounding area and enables customers and potential customers of that business to call into that entity at no charge.

5.4.2 Limitations

Called Party Pay Service is only offered in those areas where the necessary facilities are available.

5.4.3 Rates

The service is provided jointly with the connecting company. Rates are based on the joint, cost of providing the service. Rates are developed on an individual case basis when the service is ordered.

5.5 Private Line Service

5.5.1 Private Service is the furnishing of Company facilities for communication purposes between specified customer locations. Service is furnished 7 days per week, 24 hours per day for a minimum billing period of one month.

The services provided under this tariff will include any Company facilities to that point where provision is made for termination of the Company's outside distribution network facilities at the customer distribution network facilities at the customer designated premises. Any customer requested work past this point of termination will be furnished on a deregulated time and material basis, and will become the property of the customer.

Services provided to the Point of Termination (POT) shall be maintained by the Company. Facilities on the premises of a customer, furnished by the Company to the POT, are

the property of the Company, whose employees shall have the right to enter said premises for the purpose of installing, inspecting or repairing the facilities.

Private Line Service may be provided jointly by more than one Telephone Company. Each Telephone Company will provide the portion of the transport facilities in its operating territory to an Interconnection Point with the other telephone company. Each company will bill the customer for their portion of the private line service.

#### 5.5.2 Application of Rates and Charges

There are two types of rates and charges for Private Line Services. These are nonrecurring charges and monthly rates. The one time nonrecurring charges that apply are: Service Provisioning (Initial and/or Subsequent), Channel Performance, Transport Mileage, and Optional Features.

The Initial Service Provisioning Charge applies toward the processing, engineering, and design functions, per customer request, for work to be performed on one circuit. Requests for additional work to be performed on existing circuit(s) will also be billed an Initial Service Provisioning Charge.

Subsequent Service Provisioning Charge applies per circuit(s) when:

5.5.2.(A) At the same time as the initial circuit is requested, a customer orders identical additional circuit(s), due the same date, for the same type of service at the same location.

5.5.2.(B) At the same as a request for additional work on an existing circuit, a customer requests the same additional work to be performed on identical existing circuit(s), due the same date, for the same type of service and exact Network Channel/Network Channel Interfact combinations, at the same location.

5.5.2.(C) Customer Service Arrangement

If standard Channel Performance packages or available Optional Features and Functions are not adequate to meet a specific customer requirement, the customer may request and the company may develop a customer package where facilities permit. Both the monthly rate and the nonrecurring charges for the features will be developed on an individual case basis (ICB).

5.5.2.(D) Interstate Private Line Service Rates

This service will be billed according to the National Exchange Carrier Association (NECA) tariff rates on file with the Federal Communications Commission (FCC).

5.5.2.(E) Intraexchange, State IntraLATA or State InterLATA Private Line Service Rates

Local Exchange and Long Distance Telecommunications Services

5.5.2.(E).1 Low-Speed Data Basic Circuit

These unconditioned channels are capable of transmitting low speed varying signals at rates up to 30 baud or binary signals at rates of 0-150 baud. Low-Speed Data channels are furnished and rated from a POT. These channels are furnished on a two-point or multipoint basis.

5.5.2.(E).2 Low-Speed Data Service Rates

	Nonrecurring Charge	Monthly Rate
<b>SERVICE PROVISIONING CHARGE</b>		
Initial	\$313.20	NONE
Subsequent	\$163.20	NONE
<b>NETWORK ACCESS CHANNEL (NAC) - Per termination</b>		
2-wire	NONE	\$ 9.60
4-wire	NONE	\$19.20
<b>CHANNEL PERFORMANCE (CP) - Per Termination</b>		
LS1	\$ 96.00	\$ 6.00
LS2	\$ 98.40	\$ 19.20
MT3	\$ 94.80	\$ 1.80
TG1	\$100.80	\$ 36.00
TG2	\$ 99.60	\$ 42.00
Custom	ICB	ICB
End-To-End		
Per termination		
LS31 Control Status Channel	\$ 96.00	\$ 16.02
LS31 McCulloh Alarm-Type	\$ 96.00	\$ 5.54
LS31 DC Channel	\$ 94.80	\$ 1.80

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Chandler, AZ 85226

Local Exchange and Long Distance Telecommunications Services

LS31 Telegraph 0 to 75 baud	\$ 99.60	\$ 36.00
LS31 Telegraph 0 to 150 baud	\$105.60	\$ 42.00
<u>TRANSPORT MILEAGE ("TM")</u>	Nonrecurring Charge	Monthly Rate
Mileage Bands		
up to 8 miles, fixed	\$ 61.20	\$ 15.06
up to 8 miles, per mile	NONE	\$ 0.96
8 to 25 miles, fixed	\$ 61.20	\$ 14.58
8 to 25 miles, per mile	NONE	\$ 1.02
25 to 50 miles, fixed	\$ 61.20	\$ 14.58
25 to 50 miles, per mile	NONE	\$ 1.26
over 50 miles, fixed	\$ 61.20	\$ 10.20
over 50 miles, per mile	NONE	\$ 1.32
<u>OPTIONAL FEATURES AND FUNCTIONS</u>	Nonrecurring Charge	Monthly Rate
McCulloh Bridging-per port	\$ 2.58	\$ 4.56
Telegraph Bridging-per port, 0 to 75 baud	\$ 5.18	\$ 5.52
Telegraph Bridging-per port, 0 to 150 baud	\$ 7.38	\$ 56.40
Direct Bridging-per port	NONE	\$ 3.42

5.5.2.(F) Voice Grade Intraexchange, State IntraLATA or State InterLATA Private Line Service Rates

5.5.2.(G) Voice Grade circuits are designed to meet certain specifications based on Industry standards for voice transmission, data transmission, remote metering, telephoto and miscellaneous signaling purposes. Circuits are furnished as either two-wire or four-wire on a two-point or multi-point basis.

5.5.2.(H) The Private Line End-to-End Voice Grade Channel Performance Service Categories:

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VG32 – is suitable for use as a two-point or multipoint line-type circuit. The basic channel is modified with Channel Performance providing no signaling, loop-start, automatic, manual or code-select signaling. Data capability may be added to specific combinations of loop-start signaling circuits. The loop-start signaling option provides the additional capabilities of extending the signaling ranges and of offering repeated ringing for PBX station ports.

VG33 – is suitable for use as a two-point trunk type circuit. The basic channel is modified with Channel Performance providing no signaling or E&M signaling. Data capability may be added to specific combinations of E&M or ground-start signaling circuits.

VG36 – is suitable for use as a two-point or multi-point voice grade (analog) circuit. All channels are provided with basic data transmission parameters modified by the appropriate Channel Performance. Additional conditioning parameters may be added to the basic Channel Performance. These conditioning parameters allow the section of attenuation distortion/envelope delay and intermodulation distortion as needed.

Voice Grade Basic (VGB) Service – is a two-point and two wire transmission service designed to provide a low cost communication path between two locations served from the same wire center. This service does not provide technical specifications or signaling. There is also no guarantee of continuity.

Voice Grade Custom (VGC) Service – is a voice grade service that may be “customized” by specifying any of the technical specifications for VG32 through VG36. The specifications and interfaces chosen must be compatible, technically feasible, and available.

5.5.3 Rates

	Nonrecurring Charge	Monthly Rate
<b>SERVICE PROVISIONING CHARGE</b>		
Initial	\$313.20	NONE
Subsequent	\$163.20	NONE
<b>NETWORK ACCESS CHANNEL (NAC) - Per Termination</b>		
2-wire	NONE	\$ 9.60
4-wire	NONE	\$ 19.20
<b>CHANNEL PERFORMANCE (CP)</b>		
<u>End-To-End</u>		
Per Termination		
<u>Voice Grade 32</u>		

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Local Exchange and Long Distance Telecommunications Services

	Nonrecurring Charge	Monthly Rate
No Signaling	\$ 92.40	\$ 9.66
Loop-Start Signaling		
Loop-Start Signaling, Type - LA	\$108.00	\$ 21.60
Loop-Start Signaling, Type - LB	\$108.00	\$ 19.20
Loop-Start Signaling, Type - LC	\$108.00	\$ 17.40
Loop-Start Signaling, Type - LG	\$109.20	\$ 22.20
Loop-Start Signaling, Type - LO	\$110.40	\$ 12.00
Loop-Start Signaling, Type - LS	\$109.20	\$ 13.80
Manual ringdown	\$106.80	\$ 12.60
Auto ringdown	\$112.80	\$ 15.60
Code-select ringdown	\$108.00	\$ 12.60
<u>Voce Grade 33</u>		
No Signaling	\$ 91.20	\$ 11.40
E&M Signaling	\$111.60	\$ 25.80
Reverse Battery Signaling (1)	\$117.60	\$ 9.48
<u>Voce Grade 36 Data Stream</u>	\$115.20	\$ 32.40
<u>Voce Grade Basic</u>		
No Signaling	\$ 60.00	\$ 3.60
Custom	ICB	ICB
NOTE 1: Available to Radio Common Carriers within the same wire center only.		
<u>TRANSPORT MILEAGE ("TM")</u>		
Mileage Bands		
up to 8 miles, fixed	\$ 61.20	\$ 15.06
up to 8 miles, per mile	NONE	\$ 0.96
8 to 25 miles, fixed	\$ 61.20	\$ 14.58
8 to 25 miles, per mile	NONE	\$ 1.02
25 to 50 miles, fixed	\$ 61.20	\$ 14.58

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Local Exchange and Long Distance Telecommunications Services

	Nonrecurring Charge	Monthly Rate
25 to 50 miles, per mile	NONE	\$ 1.26
over 50 miles, fixed	\$ 61.20	\$ 10.20
over 50 miles, per mile	NONE	\$ 1.32
<b>OPTIONAL FEATURES AND FUNCTIONS</b>		
<b>Bridging</b>		
Resistive Bridging (Voice/Data) - per port		
-Two-wire	\$ 10.20	\$ 8.98
-Four-wire	\$ 8.40	\$ 10.74
Bridge Lifter -per port	\$ 4.20	\$ 1.20
Split Frequency Bridging) - per port		
-Two-wire	\$ 6.00	\$ 4.32
-Four-wire	\$ 4.80	\$ 14.64
Passive Bridging -per port	\$ 6.00	\$ 6.30
Summation Bridging - per port	\$ 3.30	\$ 7.02
Transfer Arrangement - per port		
-Two wire	\$ 6.00	\$ 9.38
-Four-wire	\$ 8.40	\$ 8.56
Conditioning -Per NAC		
End-Link or Mid-Link Application		
-C Conditioning	\$ 24.00	\$ 10.68
-Data Capability	\$ 22.80	\$ 1.20
-Improved Attenuation		
Distortion - Improved Envelope Delay	\$ 20.40	\$ .48
Distortion	\$ 19.20	\$ 27.84
<b>End-to-End Application</b>		
-C Conditioning	\$ 24.00	\$10.68
-Data Capability	\$ 22.80	\$ 1.20
-Improved Attenuation		
Distortion - Improved Envelope Delay	\$ 20.40	\$ .48

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GLEC  
Box 5015 7085 W. Allison Rd.  
Chandler, AZ 85226

Local Exchange and Long Distance Telecommunications Services

	Nonrecurring Charge	Monthly Rate
Distortion	\$ 19.20	\$ 27.84
-C1 Conditioning	\$ 24.00	\$ 10.68
-C2 Conditioning	\$ 24.00	\$ 20.60
-C4 Conditioning	\$ 24.00	\$ 61.82
-D Conditioning	\$ 22.80	\$ 20.60
Data Enhancement (End-to-End Application) - per NAC	\$ 22.80	\$ 2.40
Effective Four-Wire Transmission -per NAC (at the two-wire interface)	\$ 15.60	\$ 22.32
Equal Level Echo Path Loss - per NAC	\$ 14.40	\$ 6.96
Improved Termination - per NAC	\$ 14.40	\$ 5.64
Data Channel Terminating Equipment - per NAC		
Central Office Powered Data Equalization with 2713 Hz tone	\$ 73.20	\$ 1.20
Customer Powered DTMF, Addressable loop back	\$ 73.20	\$ 3.24

5.5.3.(A) Intraexchange, State IntraLATA or State InterLATA 56kbps and 1.544 Mbps Private Line Service Rates

There are two types of service configurations over which these services are provided: two-point service and multipoint service.

5.5.3.(A).1 Two-Point Service

A two-point service connects two customer designated premises, either on a directly connected basis or through a hub where multiplexing functions are performed, or a customer designated premises and a wire center equipped for Frame Relay Access Service, or a customer designated premises and a WATS Serving Office.

Applicable rate elements provided by the Telephone Company are:

- Channel terminations (one per customer designated premises)
- Channel Mileage (Channel Mileage Facility per mile plus 2 Channel Mileage Terminations)
- Access Order charge
- Installation/Rearrangement Charge

Local Exchange and Long Distance Telecommunications Services

5.5.3.(A).2 Multipoint Service

Multipoint service connects three or more customer designated premises through a Telephone company hub. Only certain types of Private Line Service are provided as multipoint service.

When ordering, the customer will specify the desired bridging hub(s).

Applicable rate Elements provided by the Telephone Company are:

- Channel Terminations (one per customer designated premises)
- Channel Mileage (Channel Mileage Facility per mile as applicable between the serving wire center for each customer designated premises and the hub and between hubs and between the serving wire center and Interconnection Point plus Channel Mileage Terminations as applicable)
- Access Order Charge
- Installation/Rearrangement Charge

5.5.3.(A).3 Fractional T-1 Service

Fractional T-1 channels provide simultaneous, two-way transmission at contiguous bit rates of 128.0, 256.0, and 384.0 kbps. Fractional T-1 channels operate over the combined bandwidth of adjacent channels to create a contiguous bit rate.

Access order and installation charges will be charged at the full T-1 (1.544 Mbps) rate.

Due to technical limitations, fractional T-'s will only be provided where facilities are available and at the discretion of the Company.

5.5.3.(A).4 Rates

	<u>Nonrecurring Charge</u>	<u>Monthly Charge</u>
<u>Access Order Charge - Per Circuit</u>		
-56.0	\$ 97.20	NONE
-1.544 Mbps	\$ 97.20	NONE
<u>Installation/Rearrangement Charge - Per termination</u>		
-56.0 kbps	\$193.20	NONE
-1.544 Mbps	\$217.20	NONE
<u>Channel Termination - Per termination</u>		
Per termination		

Local Exchange and Long Distance Telecommunications Services

-56.0 kbps	NONE	\$ 77.84
-1.544 Mbps	NONE	\$214.96
Fractional T-1s		
-128k	NONE	ICB
-256	NONE	ICB
-384k	NONE	ICB
<u>Channel Mileage Facility - Per mile</u>		
-56.0 kbps	NONE	\$ 4.85
-1.544 Mbps	NONE	\$ 23.27
Fractional T-1s		
-128k	NONE	ICB
-256k	NONE	ICB
-384k	NONE	ICB
<u>Channel Mileage Termination - Per termination</u>		
-56.0 kbps	NONE	\$ 48.76
-1.544 Mbps	NONE	\$114.74
Fractional T-1s		
-128k	NONE	ICB
-256k	NONE	ICB
-384k	NONE	ICB

5.5.3.(B) Other Private Line Services

All other Private Line Services, and applicable rates, not provided in this tariff will be handled on an individual case basis. In these cases, the Company may choose to defer to Qwest Communications Corporation or National Exchange Carrier Association tariffs, but reserves the right not to do so.

BEFORE THE ARIZONA CORPORATION COMMISSION  
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AZ CORP COMMISSION  
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- MIKE GLEASON  
Chairman
- WILLIAM A. MUNDELL  
Commissioner
- JEFF HATCH-MILLER  
Commissioner
- KRISTIN K. MAYES  
Commissioner
- GARY PIERCE  
Commissioner

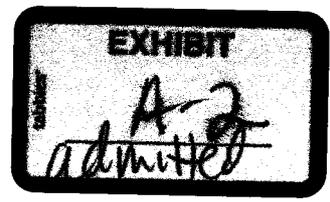
IN THE MATTER OF THE  
APPLICATION OF GILA LOCAL  
EXCHANGE CARRIER FOR  
CERTIFICATE OF CONVENIENCE  
AND NECESSITY

} DOCKET NO. T- 20515A-07-0133

} GILA LOCAL EXCHANGE CARRIER  
} NOTICE OF RESPONSES TO  
} STAFF'S FIRST SET OF DATA  
} REQUESTS

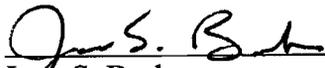
\_\_\_\_\_  
Gila Local Exchange Carrier hereby files the attached Responses to Staff's  
First Set of Data Requests as directed by the Procedural Order dated  
October 5, 2007.

///  
///  
///



RESPECTFULLY SUBMITTED this 12<sup>th</sup> day of October 2007.

OSBORN MALEDON, P.A.

By   
Josh S. Burke  
Osborn Maledon, P.A.  
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ORIGINAL + 13 copies filed this  
12<sup>th</sup> day of October 2007:

Docket Control  
ARIZONA CORPORATION COMMISSION  
1200 West Washington  
Phoenix, AZ 85007



**BEFORE THE ARIZONA CORPORATION COMMISSION**

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

**IN THE MATTER OF THE APPLICATION ) DOCKET NO. T-20515A-07-0133**  
**OF GILA LOCAL EXCHANGE CARRIER )**  
**FOR CERTIFICATE OF CONVENIENCE ) GILA LOCAL EXCHANGE**  
**AND NECESSITY ) CARRIER RESPONSES TO**  
**) STAFF'S FIRST SET OF DATA**  
**) REQUESTS**  
**)**

---

Gila Local Exchange Carrier ("GLEC"), hereby responds to Staff's First Set of Data Requests sent by Commission Staff on March 30, 2007.

**PRELIMINARY STATEMENT**

Applicants reserve the right to amend, modify or supplement the information contained in these responses as new information becomes available. Additionally, these responses are without prejudice to Applicants' right to use or rely on any subsequently discovered information or facts, or information or facts omitted from these responses as a result of mistake, error, oversight or inadvertence.

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

---

**RESPONSES**

JFB1-1. Your tariff indicates that you intend to offer private line service in Arizona. You did not indicate in Item (A-1) of your Application that you intend to offer private line service. Please revise your response to Item (A-1).

**Response:** Applicant intends to offer private line service and understood that private line services were encompassed by the category "Facilities-Based Local Exchange Telecommunications Services." In compliance with this data request, Applicant hereby amends its response to A-1 to include "Other" and specifically lists "Private Line Services."

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

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JFB1-2. In Item (A-9) you did not provide any reference by Tariff page number to the following information:

1. Proposed Rates and charges for each service offered (reference by Tariff page number).

**Response: See Draft Tariff pages 30-53.**

2. Tariff Maximum Rate and Prices to be charged (reference by Tariff page number).

**Response: Because GLEC has not initiated service to any customers, and because the competitive market will greatly influence GLEC prices, Applicant does not have a firm price list. The upper limit of the rates the Applicant will charge are included in pages 30-53 of the draft tariff.**

3. Terms and Conditions Applicable to provision of Service (reference by Tariff page number).

**Response: See Draft Tariff pages 12-16.**

4. Deposits, Advances, and/or Prepayments Applicable to provision of Service (reference by Tariff page number).

**Response: See Draft Tariff pages 22-23.**

5. The proposed fee that will be charged for returned checks (reference by Tariff page number).

**Response: See Draft Tariff page 22 (Section 2.5.2(E)).**

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

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JFB1-3. According to Item (A-19), please list the key personnel employed by the applicant. Indicate each employee's name, title, position, description of their work experience, and years of service in the telecommunications services industry.

**Response: Michael H. Scully**  
**Chief Executive Officer**  
**15 years in the telecommunications industry**  
**Manager operations of a regulated Independent Local Exchange Carrier**

**Richard Mathis**  
**Chief Financial Officer**  
**9 Years in the telecommunications industry**  
**Finance and Accounting**

**Kevin A Durham**  
**Assistant General Manager/Engineering Manager**  
**21 Years experience**  
**Manage, design and implement fiber and copper networks**

**James M Gunn**  
**Director of Network Operations**  
**20 yrs in business**  
**Manage daily Network Operations, IT Department and Central office.**

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

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JFB1-4. In Item (B-2) you did not include "Attachment D".

Since you are relying on the financial resources of Gila River Telecommunications, Inc., parent company, provide the parent company's financial information for the two (2) most recent years.

1. A copy of the Applicant's balance sheet.
2. A copy of the Applicant's income statement.
3. A copy of the Applicant's audit report.
4. A copy of the Applicant's retained earnings balance.
5. A copy of all related notes to the financial statements and information.

Note: Make sure "most recent years" includes current calendar year or current year reporting period.

**Response: Redacted; Exhibit A Redacted**

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

---

JFB1-5. In Item (E-3) you indicated that the GLEC does not own a switch that is "fully equal access capable" (i.e., would provide equal access to facilities-based long distance companies) pursuant to A.A.C. R14-2-1111 (A). Since the parent company, GRTI, owns the switch that is "fully equal access capable" (i.e., would provide equal access to facilities-based long distance companies) pursuant to A.A.C. R14-2-1111 (A), does that mean that GRTI's switch will be available to GLEC? Please mark the appropriate box.

Response:             Yes                             No

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

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**JFB1-6.** In ACC Tariff No. 1, you indicated that you want to provide private line services in Arizona. For each type of tariffed service, please answer the set of questions JFB1-7 through JFB1-10.

**Response:** See responses to JFB1-7 through JFB1-10.

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

---

**JFB1-7.** Please explain how your company calculated the actual maximum and actual minimum rates that will be contained in your tariffs for private line service.

**Response:** GLEC submitted a draft tariff with its application and is in the process of evaluating exactly what services and products it will offer. GLEC will provide products and services to customers who already have numerous provider options. These services, including the private line service, have already been declared competitive by the Arizona Corporation Commission. In preparing its initial draft tariff, GLEC looked to the maximum rates of numerous other competitive providers and set rates commensurate with those rates. The rates included in the GLEC draft tariff are designed to set a rate ceiling, but in practice the market will drive the actual price of the service or product.

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

---

JFB1-8. Please indicate why you believe that your range of rates is just and reasonable using a competitive market analysis. Your analysis should contain publicly available examples of tariff rates and charges charged by the incumbent and other carriers for similar services. Include supporting material and any other information that you believe demonstrates that your actual or proposed tariff rates and charges are just and reasonable.

**Use a matrix format to list GLEC's proposed services, rates and/or charges.** Based on the Applicant's tariff, list all the private line services GLEC will provide in Arizona. For each of the private line services listed, list the rate and/or charge of each service and reference each service, rate and/or charge to GLEC's tariff. Provide GLEC's tariff pages that support each GLEC's services, rates and/or charges.

**Use a matrix format to capture GLEC's list of private line services that will be provided in Arizona,** show each competitor's tariff rates and/or charges for the same or comparable services and reference each service, rate and/or charge to each competitor's tariff. Provide tariff pages of each competitor that support each competitor's services, rates and/or charges offering the same or similar telecommunications services in Arizona.

At a minimum, show a complete set of tariff information of Qwest, Cox Telcom and two other competitors in Arizona. For a list of telecommunications carriers certificated in Arizona, go to [www.cc.state.az.us/utility/utility](http://www.cc.state.az.us/utility/utility). For a list of telecommunications carriers' tariff rates and charges, go to [www.cc.state.az.us/utility/tariffs](http://www.cc.state.az.us/utility/tariffs).

The material you provide should enable Staff to determine whether the proposed tariff rates and/or charges of the Applicant are identical or just and reasonable compared to other competitors offering the same or similar telecommunications services in Arizona.

**Response:** See Matrix attached at Exhibit B (Redacted). The rates and charges proposed by Gila Local Exchange Carrier are reasonable and comparable to rates charged by other carriers in the private line market.

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

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JFB1-9. Please indicate why you believe that your range of rates is just and reasonable using a fair value or cost basis. Please include economic justification or cost support data. Please include any supporting materials.

**Response:** GLEC has not yet entered the market, thus it is not possible for GLEC to provide historic cost support data nor can it base its prices on prior costs. Fair value is similarly inapposite in a competitive market. While the Commission may be under an obligation to find fair value in advance of approving rates, it is not obliged to use that fair value to set rates (or to justify the rates based on the fair value). In a competitive environment, the Commission has regularly concluded that a carrier rate comparison is a fair and reasonable way to evaluate rates charged by competitive providers. The Private Line Services Matrix provides such a comparison. The range of rates included in the Private Line Services matrix reflects prices/rates of a wide cross-section of carrier rates. GLEC will compete against these carriers and will not succeed in developing a customer base if its rates are not within this range. GLEC also expects to do business with Independent Telephone companies required to adhere with NECA Tariffs and not subject to competitive rate structures. The NECA Tariffed rates are available at the NECA web-site:  
[http://www.neca.org/source/NECA\\_AccessSupport\\_208.asp](http://www.neca.org/source/NECA_AccessSupport_208.asp)

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
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**JFB1-10. Use a matrix format to capture GLEC's list of private line services that will be provided in Arizona. Identify other states/jurisdictions in which your company or an affiliate company is providing or applying to provide private line services.**

For each private line that will be provided in Arizona, list GLEC's or affiliates' rates and/or charges that are or will be charged in other states or jurisdictions. Show for each state or jurisdiction the tariff rates and/or charges for the same or comparable services and reference each service, rate and/or charge to GLEC's or affiliate's tariff. Provide GLEC's or affiliate's tariff pages that support GLEC's or each affiliate's services, rates and/or charges that are or will be charged in other states or jurisdiction offering the same or similar telecommunications services in Arizona.

If there is a difference between the tariff rates and charges that GLEC or an affiliate charges or will charge in Arizona and the tariff rates and charges that GLEC or affiliate charges or will charge in other states or jurisdictions for private line services: please identify the service, indicate the amount of the difference and explain why you are charging different tariff rates and charges in Arizona.

At a minimum, show a complete set of tariff information of Arizona and three other states or jurisdiction.

The material you provide should enable Staff to determine whether the proposed tariff rates and/or charges of the Applicant are identical or just and reasonable compared to the tariff rates and charges that are or will be charged in other states or jurisdiction offering the same or similar telecommunications services in Arizona.

**Response: GLEC does not provide (and has no plans to provide) telecommunications service outside Arizona.**

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

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**JFB1-11.** In your Application, you indicated that you want to provide facilities-based local exchange in Arizona. For each type of tariffed service, please answer the set of questions JFB1-12 through JFB1-15.

**Response:** See responses to JFB1-12 through JFB1-15.

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

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**JFB1-12.** Please explain how your company calculated the actual maximum and actual minimum rates that will be contained in your tariffs for facilities-based local exchange.

**Response:** GLEC has not yet entered the market and thus could not rely on historic costs in calculating maximum rates included in the draft tariff. Instead, GLEC compared the tariffed rates (and in some cases the prices) charged by competitive carriers. Because GLEC also expects to do business with Independent Telephone companies, it also evaluated NECA and ACC tariff rates in setting rates for its proposed products and services.

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
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JFB1-13. Please indicate why you believe that your range of rates is just and reasonable using a competitive market analysis. Your analysis should contain publicly available examples of tariff rates and charges charged by the incumbent and other carriers for similar services. Include supporting material and any other information that you believe demonstrates that your actual or proposed tariff rates and charges are just and reasonable.

**Use a matrix format to list GLEC's proposed services, rates and/or charges.** Based on the Applicant's tariff, list all the facilities-based local exchange services GLEC will provide in Arizona. For each of the facilities-based local exchange services listed, list the rate and/or charge of each service and reference each service, rate and/or charge of each service and reference each service, rate and/or charge to GLEC's tariff. Provide GLEC's tariff pages that support each GLEC's services, rates and/or charges.

**Use a matrix format to capture GLEC's list of facilities-based local exchange services that will be provided in Arizona,** show each competitor's tariff rates and/or charges for the same or comparable services and reference each service, rate and/or charge to each competitor's tariff. Provide tariff pages of each competitor that support each competitor's tariff. Provide tariff pages of each competitor that support each competitor's services, rates and/or charges offering the same or similar telecommunications services in Arizona.

At a minimum, show a complete set of tariff information of Qwest, Cox Telcom and two other competitors in Arizona. For a list of telecommunications carriers certificated in Arizona, go to [www.cc.state.az.us/utility/utility](http://www.cc.state.az.us/utility/utility). For a list of telecommunications carriers' tariff rates and charges, go to [www.cc.state.az.us/utility/tariffs](http://www.cc.state.az.us/utility/tariffs).

The material you provide should enable Staff to determine whether the proposed tariff rates and/or charges of the Applicant are identical or just and reasonable compared to other competitors offering the same or similar telecommunications services in Arizona.

**Response:** See the Local Exchange Service Matrix attached at Exhibit C.

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

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**JFB1-14.** Please indicate why you believe that your range of rates is just and reasonable using a fair value or cost basis. Please include economic justification or cost support data. Please include any supporting materials.

**Response:** GLEC has not yet entered the market, thus it is not possible for GLEC to provide historic cost support data nor can it base its prices on prior costs. Fair value is similarly inapposite in a competitive market. While the Commission may be under an obligation to find fair value in advance of approving rates, it is not obliged to use that fair value to set rates (or to justify the rates based on the fair value). In competitive environment, the Commission has regularly concluded that a carrier rate comparison is a fair and reasonable way to evaluate rates charged by competitive providers. The Local Exchange Service Matrix provides such a comparison. The range of rates included in the Local Exchange Service Matrix reflects prices/rates of a wide cross-section of carrier rates. GLEC will compete against these carriers and will not succeed in developing a customer base if its rates are not within this range.

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
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**JFB1-15. Use a matrix format to capture GLEC's list of facilities-based local exchange services that will be provided in Arizona. Identify other states/jurisdictions in which your company or an affiliate company is providing or applying to provide facilities-based local exchange services.**

For each such facilities-based local exchange service that will be provided in Arizona, list GLEC's or affiliates' rates and/or charges that are or will be charged in other states or jurisdictions. Show for each state or jurisdiction the tariff rates and/or charges for the same or comparable services and reference each service, rate and/or charge to GLEC's or each affiliate's tariff. Provide GLEC's or affiliate's tariff pages that support GLEC's or each affiliate's tariff. Provide GLEC's or affiliate's tariff pages that support GLEC's or each affiliate's services, rates and/or charges that are or will be charged in other states or jurisdiction offering the same or similar telecommunications services in Arizona.

If there is a difference between the tariff rates and charges that GLEC or an affiliate charges or will charge in Arizona and the tariff rates and charges that GLEC or affiliate charges or will charge in other states or jurisdictions for facilities-based local exchange services: please identify the service, indicate the amount of the difference and explain why you are charging different tariff rates and charges in Arizona.

At a minimum, show a complete set of tariff information of Arizona and three other states or jurisdiction.

The material you provide should enable Staff to determine whether the proposed tariff rates and/or charges of the Applicant are identical or just and reasonable compared to the tariff rates and charges that are or will be charged in other states or jurisdiction offering the same or similar telecommunications services in Arizona.

**Response: GLEC does not provide (and has no plans to provide) telecommunications service outside Arizona.**

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

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**JFB1-16.** In your Application, you indicated that you want to provide resold local exchange services in Arizona. For each type of tariffed service, please answer the set of questions JFB1-17 through JFB1-20.

**Response:** See responses to JFB1-17 through JFB1-20.

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
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JFB1-17. Please explain how your company calculated the actual maximum and actual minimum rates that will be contained in your tariffs for resold local exchange services.

**Response:** GLEC has not yet entered the market and thus could not rely on historic costs in calculating maximum rates included in the draft tariff. Instead, GLEC compared the tariffed rates (and in some cases the prices) charged by competitive carriers. Because GLEC also expects to do business with Independent Telephone companies, it also evaluated NECA and ACC tariff rates in setting rates for its proposed products and services.

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
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**JFB1-18.** Please indicate why you believe that your range of rates is just and reasonable using a competitive market analysis. Your analysis should contain publicly available examples of tariff rates and charges charged by the incumbent and other carriers for similar services. Include supporting material and any other information that you believe demonstrates that your actual or proposed tariff rates and charges are just and reasonable.

**Use a matrix format to list GLEC's proposed services, rates and/or charges.** Based on the Applicant's tariff, list all the resold local exchange services GLEC will provide in Arizona. For each of the resold local exchange services listed, list the rate and/or charge of each service and reference each service, rate and/or charge to GLEC's tariff. Provide GLEC's tariff pages that support each GLEC's services, rates and/or charges.

**Use a matrix format to capture GLEC's list of resold local exchange services that will be provided in Arizona,** show each competitor's tariff rates and/or charges for the same or comparable services and reference each service, rate and/or charge to each competitor's tariff. Provide tariff pages of each competitor that support each competitor's services, rates and/or charges offering the same or similar telecommunications services in Arizona.

At a minimum, show a complete set of tariff information of Qwest, Cox Telcom and two other competitors in Arizona. For a list of telecommunications carriers certificated in Arizona, go to [www.cc.state.az.us/utility/utility](http://www.cc.state.az.us/utility/utility). For a list of telecommunications carriers' tariff rates and charges, go to [www.cc.state.az.us/utility/tariffs](http://www.cc.state.az.us/utility/tariffs).

The material you provide should enable Staff to determine whether the proposed tariff rates and/or charges of the Applicant are identical or just and reasonable compared to other competitors offering the same or similar telecommunications services in Arizona.

**Response:** GLEC will not distinguish, in its tariff, between facilities-based and resold services. Please see the Local Exchange Service Matrix at Exhibit C.

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

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JFB1-19. Please indicate why you believe that your range of rates is just and reasonable using a fair value or cost basis. Please include economic justification or cost support data. Please include any supporting materials.

**Response:** GLEC has not yet entered the market, thus it is not possible for GLEC to provide historic cost support data nor can it base its prices on prior costs. Fair value is similarly inapposite in a competitive market. While the Commission may be under an obligation to find fair value in advance of approving rates, it is not obliged to use that fair value to set rates (or to justify the rates based on the fair value). In competitive environment, the Commission has regularly concluded that a carrier rate comparison is a fair and reasonable way to evaluate rates charged by competitive providers. The Local Exchange Service Matrix provides such a comparison. The range of rates included in the Local Exchange Service Matrix reflects prices/rates of a wide cross-section of carrier rates. GLEC will compete against these carriers and will not succeed in developing a customer base if its rates are not within the competitive range.

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

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**JFB1-20. Use a matrix format to capture GLEC's list of resold local exchange services that will be provided in Arizona. Identify other states/jurisdictions in which your company or an affiliate company is providing or applying to provide resold local exchange services.**

For each resold local exchange service that will be provided in Arizona, list GLEC's or affiliates' rates and/or charges that are or will be charged in other states or jurisdictions. Show for each state or jurisdiction the tariff rates and/or charges for the same or comparable services and reference each service, rate and/or charge to GLEC's or each affiliate's tariff. Provide GLEC's or affiliate's tariff pages that support GLEC's or each affiliate's services, rates and/or charges that are or will be charged in other states or jurisdiction offering the same or similar telecommunications services in Arizona.

If there is a difference between the tariff rates and charges that GLEC or an affiliate charges or will charge in Arizona and the tariff rates and charges that GLEC or affiliate charges or will charge in other states or jurisdictions for resold local exchange services: please identify the service, indicate the amount of the difference and explain why you are charging different tariff rates and charges in Arizona.

At a minimum, show a complete set of tariff information of Arizona and three other states or jurisdiction.

The material you provide should enable Staff to determine whether the proposed tariff rates and/or charges of the Applicant are identical or just and reasonable compared to the tariff rates and charges that are or will be charged in other states or jurisdiction offering the same or similar telecommunications services in Arizona.

**Response: GLEC does not provide (and has no plans to provide) telecommunications service outside Arizona.**

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

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**JFB1-21.** In your Application, you indicated that you want to provide resold local exchange services in Arizona. For each type of tariffed service, please answer the set of questions JFB1-22 through JFB1-25.

**Response:** See responses to JFB1-22 through JFB1-25

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

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JFB1-22. Please explain how your company calculated the actual maximum and actual minimum rates that will be contained in your tariffs for resold interexchange services.

**Response:** GLEC has not yet entered the market and thus could not rely on historic costs in calculating maximum rates included in the draft tariff. Instead, GLEC compared the tariffed rates (and in some cases the prices) charged by competitive carriers. Because GLEC also expects to do business with Independent Telephone companies, it also evaluated NECA and ACC tariff rates in setting rates for its proposed products and services.

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

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JFB1-23. Please indicate why you believe that your range of rates is just and reasonable using a competitive market analysis. Your analysis should contain publicly available examples of tariff rates and charges charged by the incumbent and other carriers for similar services. Include supporting material and any other information that you believe demonstrates that your actual or proposed tariff rates and charges are just and reasonable.

**Use a matrix format to list GLEC's proposed services, rates and/or charges.** Based on the Applicant's tariff, list all the resold interexchange services GLEC will provide in Arizona. For each of the resold interexchange services listed, list the rate and/or charge of each service and reference each service, rate and/or charge to GLEC's tariff. Provide GLEC's tariff pages that support each GLEC's services, rates and/or charges.

**Use a matrix format to capture GLEC's list of resold interexchange services that will be provided in Arizona,** show each competitor's tariff rates and/or charges for the same or comparable services and reference each service, rate and/or charge to each competitor's tariff. Provide tariff pages of each competitor that support each competitor's services, rates and/or charges offering the same or similar telecommunications services in Arizona.

At a minimum, show a complete set of tariff information of Qwest, Cox Telcom and two other competitors in Arizona. For a list of telecommunications carriers certificated in Arizona, go to [www.cc.state.az.us/utility/utility](http://www.cc.state.az.us/utility/utility). For a list of telecommunications carriers' tariff rates and charges, go to [www.cc.state.az.us/utility/tariffs](http://www.cc.state.az.us/utility/tariffs).

The material you provide should enable Staff to determine whether the proposed tariff rates and/or charges of the Applicant are identical or just and reasonable compared to other competitors offering the same or similar telecommunications services in Arizona

**Response:** GLEC will not distinguish, in its tariff, between intrastate facilities-based and intrastate resold services. Most interexchange services are not tariffed. GLEC will set prices that are competitive based on market conditions. Attached at Exhibit D is an interexchange service provider rate table which provides a comparison of various rates/packages offered by Arizona interexchange providers.

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

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**JFB1-24.** Please indicate why you believe that your range of rates is just and reasonable using a fair value or cost basis. Please include economic justification or cost support data. Please include any supporting materials.

**Response:** Please see response to Data Request JFB1-19.

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

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**JFB1-25. Use a matrix format to capture GLEC's list of resold interexchange services that will be provided in Arizona. Identify other states/jurisdictions in which your company or an affiliate company is providing or applying to provide resold interexchange services.**

For each resold interexchange service that will be provided in Arizona, list GLEC's or affiliates' rates and/or charges that are or will be charged in other states or jurisdictions. Show for each state or jurisdiction the tariff rates and/or charges for the same or comparable services and reference each service, rate and/or charge to GLEC's or each affiliate's tariff. Provide GLEC's or affiliate's tariff pages that support GLEC's or each affiliates' services, rates and/or charges that are or will be charged in other states or jurisdiction offering the same or similar telecommunications services in Arizona.

If there is a difference between the tariff rates and charges that GLEC or an affiliate charges or will charge in Arizona and the tariff rates and charges that GLEC or affiliate charges or will charge in other states or jurisdictions for resold interexchange services: please identify the service, indicate the amount of the difference and explain why you are charging different tariff rates and charges in Arizona.

At a minimum, show a complete set of tariff information of Arizona and three other states or jurisdiction.

The material you provide should enable Staff to determine whether the proposed tariff rates and/or charges of the Applicant are identical or just and reasonable compared to the tariff rates and charges that are or will be charged in other states or jurisdiction offering the same or similar telecommunications services in Arizona.

**Response: GLEC does not provide (and has no plans to provide) telecommunications service outside Arizona.**

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
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**JFB1-26.** In your Application, you indicated that you want to provide facilities-based interexchange in Arizona. For each type of tariffed service, please answer the set of questions JFB1-27 through JFB1-30.

**Response:** See responses to JFB1-27 through JFB1-30.

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
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JFB1-27. Please explain how your company calculated the actual maximum and actual minimum rates that will be contained in your tariffs for facilities-based interexchange local exchange.

**Response:** GLEC has not yet entered the market and thus could not rely on historic costs in calculating maximum rates included in its draft tariff. Instead, GLEC compared the tariffed rates (and in some cases the prices) charged by competitive carriers. Because GLEC also expects to do business with Independent Telephone companies, it also evaluated NECA and ACC tariff rates in setting rates for its proposed products and services.

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

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JFB1-28. Please indicate why you believe that your range of rates is just and reasonable using a competitive market analysis. Your analysis should contain publicly available examples of tariff rates and charges charged by the incumbent and other carriers for similar services. Include supporting material and any other information that you believe demonstrates that your actual or proposed tariff rates and charges are just and reasonable.

**Use a matrix format to list GLEC's proposed services, rates and/or charges.** Based on the Applicant's tariff, list all the facilities-based interexchange services GLEC will provide in Arizona. For each of the facilities-based interexchange services listed, list the rate and/or charge of each service and reference each service, rate and/or charge to GLEC's tariff. Provide GLEC's tariff pages that support each GLEC's services, rates and/or charges.

**Use a matrix format to capture GLEC's list of facilities-based interexchange services that will be provided in Arizona,** show each competitor's tariff rates and/or charges for the same or comparable services and reference each service, rate and/or charge to each competitor's tariff. Provide tariff pages of each competitor that support each competitor's services, rates and/or charges offering the same or similar telecommunications services in Arizona.

At a minimum, show a complete set of tariff information of Qwest, Cox Telcom and two other competitors in Arizona. For a list of telecommunications carriers certificated in Arizona, go to [www.cc.state.az.us/utility/utility](http://www.cc.state.az.us/utility/utility). For a list of telecommunications carriers' tariff rates and charges, go to [www.cc.state.az.us/utility/tariffs](http://www.cc.state.az.us/utility/tariffs).

The material your provide should enable Staff to determine whether the proposed tariff rates and/or charges of the Applicant are identical or just and reasonable compared to other competitors offering the same or similar telecommunications services in Arizona.

**Response:** GLEC will not distinguish, in its tariff, between intrastate facilities-based and intrastate resold services. Most interexchange services are not tariffed. GLEC will set prices that are competitive based on market conditions. Attached at Exhibit D is an interexchange service provider rate table which provides a comparison of various rates/packages offered by Arizona interexchange providers.

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

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**JFB1-29.** Please indicate why you believe that your range of rates is just and reasonable using a fair value or cost basis. Please include economic justification or cost support data. Please include any supporting materials.

**Response:** Please see response to Data Request JFB1-19.

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

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**JFB1-30. Use matrix format to capture GLEC's list of facilities-based interexchange services that will be provided in Arizona. Identify other states/jurisdictions in which your company or an affiliate company is providing or applying to provide facilities-based interexchange services.**

For each facilities-based interexchange service that will be provided in Arizona, list GLEC's or affiliates' rates and/or charges that are or will be charged in other states or jurisdictions. Show for each state or jurisdiction the tariff rates and/or charges for the same or comparable services and reference each service, rate and/or charge to GLEC's or each affiliate's tariff. Provide GLEC's or affiliate's tariff pages that support GLEC's or each affiliate's services, rates and/or charges that are or will be charge in other states or jurisdiction offering the same or similar telecommunications services in Arizona.

If there is a difference between the tariff rates and charges that GLEC or an affiliate charges or will charge in Arizona and the tariff rates and charges that GLEC or affiliate charges or will charge in other states or jurisdictions for facilities-based interexchange services: please identify the service, indicate the amount of the difference and explain why you are charging different tariff rates and charges in Arizona.

At a minimum, show a complete set of tariff information of Arizona and three other states or jurisdiction.

The material your provide should enable Staff to determine whether the proposed tariff rates and/or charges of the Applicant are identical or just and reasonable compared to the tariff rates and charges that are or will be charged in other states or jurisdiction offering the same or similar telecommunications services in Arizona.

**Response: GLEC does not provide (and has no plans to provide) telecommunications service outside Arizona.**

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

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**JFB1-31.** Do you intend to offer switched or special access services to other carriers or providers? If so, have you or do you intend to file and access tariff for these services?

**Response:** Yes, GLEC will offer switched and special access services to other carriers. We will file all necessary tariffs prior to billing any switched or special access services.

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

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**JFB1-32.** Please confirm or deny that your company intends to provide service to both retail end-users and other carriers.

**Response:** **GLEC will provide service to both retail end-users and other carriers.**

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

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JFB1-33. Please indicate if you are or will be providing interexchange telecommunications services to retail customers in Arizona.

**Response:** Yes.

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
FIRST SET OF DATA REQUESTS TO APPLICANTS**

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**JFB1-34.** Please indicate if you are or will be providing interexchange telecommunications services to wholesale customers in Arizona.

**Response:** Yes.

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
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JFB1-36. For each type of telecommunications services that you want to provide in Arizona, indicate the Tariff and Section number(s) in the tariff that address resold local exchange, facilities-based local exchange, resold interexchange, and private line services.

**Response:** Private line services are addressed in section 5.5 of the proposed tariff. The GLEC tariff does not differentiate between resold and facilities-based services. In other words, the tariff lists "Local Exchange Service" (section 4) but does not differentiate between service provisioned via GLEC facilities and services provisioned via leased lines.

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
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**JFB1-37.** Does Gila River Telecommunications, Inc. provide telecommunications in Arizona? If so, what type of service(s) does it provide? Also, how many customers does Gila River Telecommunications, Inc. provide service to each month?

**Response:** Yes, Gila River Telecommunications, Inc. ("GRTI") provides telecommunications in Arizona. GRTI is chartered and wholly-owned by the Gila River Indian Community. Both GRTI and the Gila River Indian Community are sovereign entities and are not regulated by the Arizona Corporation Commission. The GRTI records, which include customer numbers and services, are confidential.

**RESPONSES TO ARIZONA CORPORATION COMMISSION STAFF'S  
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**JFB1-38.**      Submit a PDF file of your responses to this data request to  
[jbostwick@cc.state.az.us](mailto:jbostwick@cc.state.az.us).

**Response:**    **A hard-copy and a searchable electronic (PDF) file of these  
responses will be submitted to Mr. Bostwick.**

**Exhibit A - REDACTED**

**Exhibit B - REDACTED**

# Exhibit C

Local Exchange Service Matrix

PRODUCTS	PUCG MAXIMUM CHARGE	GLEC PRICING	QUEST RETAIL COST	INTEGRA COST	XO COMMUNICATIONS COST	COX COMMUNICATIONS COST
Local Access Line	\$120.00	\$80.00	\$30.40	\$32.99	\$31.87	\$28.00
Service Connection Fee	\$200.00	\$150.00	\$42.50	\$46.00	\$48.00	\$46.00
Dispatch call and trouble isolated on customer's equipment	\$160.00		\$85.00	\$100.00	\$112.00 Initial Hour, \$45.00 Addl 30 minutes	\$45.00 but TBD on circumstance
Telephone number Change order	\$55.00		\$27.50	\$35.00	\$35.00	\$25.00 (Possible to be waived depending on circumstance)
Feature change order	\$55.00		\$13.00		\$25.00	\$25.00 (Possible to be waived depending on circumstance)
Toll Restriction Fee Order	\$55.00		\$5.00		\$0.00 at install/ \$25 after install	\$3.50
Record Order Change	\$45.00		\$0.00		\$15.00	\$25.00 (Possible to be waived depending on circumstance)
Transfer of Service (move order)	\$130.00		\$42.50		\$48.00	\$5.00 (Possible to be waived depending on circumstance)
Long distance pic code change PIC	\$55.00		\$5.00		\$5.00	\$5.00 (Possible to be waived depending on circumstance)
Long distance pic code change LPIC	\$55.00		\$5.00		\$5.00	\$5.00 (Possible to be waived depending on circumstance)
Duplicate Invoice	\$0.00		\$0.00		\$0.00	TBD
Restore of Service	\$10.00	\$100.00	\$7.50		\$20.00	TBD
Temporary Suspension Fee	50% of the regular line rate		50% of the regular line rate		N/A	TBD
Payphone Surcharge	\$1.00		\$1.00		\$0.50	
<b>FEATURES:</b>						
Return Call	\$1.50 per call maxed out at \$12.00		\$0.75 per call maxed out at \$6.00		\$5.00 per call	
Call Traces	\$4.00 per trace maxed out at \$12.00		\$2.00 per successful trace		N/A	
Repeat Dialing	\$1.50 per call maxed out at \$12.00		\$0.75 per call maxed out at \$6.00		\$3.00 per call	
Three Way Calling	\$1.50 per call maxed out at \$12.00	\$12.00	\$0.75 per call maxed out at \$6.00	\$3.50	No charge	
Caller ID Blocking	No charge if established on original order, otherwise a \$10.85 one-time charge	\$12.00	No charge if established on original order, otherwise a \$10.85 one-time charge		No charge	
Per Call Blocking	No charge	\$12.00	No charge	No charge	No charge	NC
Per line unblocking	No charge		No charge	No charge	No charge	NC
<b>SPEED CALLING</b>						
8 Number	\$12.00	\$12.00	\$2.50	\$2.75	\$3.00	\$3.50
30 Number	\$12.00		\$4.00	\$3.00	\$4.00	\$4.25
<b>CALLING FORWARDING</b>						
Variable	\$12.00	\$12.00	\$4.50	\$3.50	No charge	\$3.50
Busy Line (expanded)	\$12.00		\$2.50	N/A	N/A	\$3.50
Busy Line (overflow)	\$12.00		\$2.50	\$2.50	N/A	\$3.50
Busy Line (Programmable)	\$12.00	\$12.00	\$2.50	N/A	N/A	\$3.50
Do Not Answer	\$12.00		\$3.50	\$2.50	No charge	\$3.50
Do Not Answer (expanded)	\$12.00		\$3.50	N/A	N/A	\$3.50

Local Exchange Service Matrix

PRODUCTS	PUCG MAXIMUM CHARGE	GLEC PRICING	QWEST RETAIL COST	INTEGNA COST	NO COMMUNICATIONS COST	COX COMMUNICATIONS COST
Don't Answer (overflow)	\$12.00		\$3.50		N/A	\$3.50
Busy Line/Don't Answer	\$12.00		\$5.00		No charge	\$3.50
Busy Line (external)/DA	\$12.00		\$3.00		N/A	\$3.50
Call Rejection	\$12.00		\$4.00	\$0.00	\$4.00	\$3.50
Call Waiting	\$12.00	\$12.00	\$7.00	\$3.50	\$6.00	\$7.00
Call Transfer	\$12.00		\$3.50	\$3.50	No charge	\$7.00
<b>CALLER ID</b>						
Name and Number	\$12.00		\$7.45	\$8.00	No charge	\$7.00
Number	\$12.00	\$12.00	\$7.45	\$5.50	No charge	\$7.00
Continuous Redial	\$12.00		\$3.00	\$3.00	N/A	\$3.50
Distinctive Alert 1st Line	\$12.00		\$5.95	\$3.00	N/A	\$3.50
Distinctive Alert each additional	\$12.00		\$4.75	\$3.00	N/A	\$3.50
Hot Line	\$12.00		\$1.75		\$4.00	\$3.50
Priority call	\$12.00		\$3.00		N/A	\$3.50
Remote Access Forwarding	\$12.00		\$7.25	\$3.00	\$7.00	\$3.50
Selective Call Forwarding	\$12.00		\$3.00	\$3.00	\$7.00	\$3.50
Directory Assistance	\$2.00 per use/no maximum		\$1.25 per use	\$1.75 per use	\$1.25 per use	\$1.25
Directory Assistance via the operator	\$3.00 per use/no maximum		\$1.25 per use	\$1.75 per use	\$1.25 per use	\$1.25
<b>MISCELLANEOUS SERVICES AND RATES</b>						
Customer delayed calling card	\$4.50	\$10.00	\$0.50 per call		\$1.50	\$2.00
Customer directed/Operator Assisted Calling Card	\$6.05	\$12.00	\$0.50 per call		\$1.50	\$2.00
Called	\$3.30	\$10.00	\$3.30	\$3.10	\$3.50	\$2.00
Third Party Billed	\$3.30	\$10.00	\$3.30	\$3.10	\$1.30	\$2.00
Person-to-Person	\$3.50	\$24.00	\$6.50	\$5.25	\$4.50	\$4.00
Busy Line Verification per request	\$3.00	\$12.00	\$3.00		\$3.00	\$5.00
Emergency Interruption	\$6.00	\$24.00	\$6.00		\$6.00	\$6.00
Preauthorization Change	\$10.00		\$2.45		\$5.00 per line	\$0.00
900/976 Block	\$0.00		\$0.00		\$0.00	\$0.00
Blocking of call around	\$0.20 per month and \$6.00 install		\$5.00 per month and \$27.50 install	\$0.00/\$150 install	\$0.00	\$5.00
<b>LISTINGS</b>						
Directory Listing Service	\$0.00		\$0.00	\$4.00	\$0.00	\$0.00
Primary Listing	\$0.00	\$10.00	\$0.00	\$0.00	\$0.00	\$0.00
Non Published	\$3.50	\$7.00	\$1.55	\$1.75	\$1.80	\$2.00
Toll Free Directory Listings	\$30.00		\$2.50	\$27.00 Mo.	\$10.00	\$14.50
Straight Line Under Directory Listing (indent listing)	\$10.00		\$2.50		\$0.00	
Primary Listing	\$10.00		\$5.00		\$0.00	
Basic Intercept Service	\$0.00		\$0.00		\$0.00	

Local Exchange Service Matrix

PRODUCTS	PUCG MAXIMUM CHARGE	QLEC PRICING	QWEST RETAIL COST	INTEGRA COST	XO COMMUNICATIONS COST	COMMUNICATIONS COST
<b>SPLIT REFERRAL INTERCEPT SERVICE</b>						
3 months	\$250.00		\$125.00		\$0.00	
6 months	\$490.00		\$245.00		\$45.00	
9 months	\$730.00		\$365.00		\$65.00	
12 months	\$980.00		\$490.00		\$95.00	
<b>DID NUMBERS</b>						
Block of 20 DID numbers	\$6.00	\$12.00	\$3.00		\$2.40	\$3.00
Individual DID number	\$0.30		\$0.15		\$0.12	\$0.15
DID Trunk Termination	\$90.00		\$24.00		\$48.00	
<b>PRI SERVICE WITH UNLIMITED LOCAL CALLING</b>						
12 month	ICB		\$975.00		\$787.50	\$903.00
24 month	ICB		\$926.00		\$869.50	\$720.00
36 month	ICB		\$890.00		\$818.45	\$659.00
Non-Recurring on a PRI install	ICB		Waived all terms		Waived all terms	Based upon Term
Order Cancellation Charge	ICB		\$1,500.00		N/A	TBD
Order Sup Charge	ICB		Waived for 30 days then sent to billing		\$50.00	
<b>DSS SERVICE WITH UNLIMITED LOCAL CALLING</b>						
12 month	ICB		\$800.00		\$787.50	N/A
24 month	ICB		\$626.00		\$698.90	N/A
36 month	ICB		\$600.00		\$618.45	N/A
Non-Recurring on a DSS install	ICB		Waived all terms		Waived all terms	N/A
Order Cancellation Charge	ICB		\$1,500.00		N/A	N/A
Order Sup Charge	ICB		Waived for 30 days then sent to billing		\$50.00	N/A

# Exhibit D

**Long Distance Providers in Arizona: Rate Comparison**

**Dial-1 Rates (long distance)**

<b>Company</b>	<b>Per Minute Rate</b>	<b>Monthly Recurring Charge (or minimum monthly usage)</b>
<b>AT&amp;T</b>	<b>\$0.07</b>	<b>\$4.95</b>
<b>Cox</b>	<b>\$0.12</b>	<b>\$0.00</b>
<b>Qwest</b>	<b>\$0.05</b>	<b>\$4.99</b>
<b>Embarg/Sprint</b>	<b>\$0.07</b>	<b>\$4.95</b>
<b>Verizon</b>	<b>\$0.09</b>	<b>\$9.99</b>

BEFORE THE ARIZONA CORPORATION COMMISSION

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2007 OCT -4 P 4: 08

AZ CORP COMMISSION  
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MIKE GLEASON  
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WILLIAM A. MUNDELL  
Commissioner  
JEFF HATCH-MILLER  
Commissioner  
KRISTIN K. MAYES  
Commissioner  
GARY PIERCE  
Commissioner

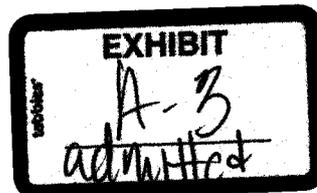
IN THE MATTER OF THE  
APPLICATION OF GILA LOCAL  
EXCHANGE CARRIER FOR  
CERTIFICATE OF CONVENIENCE  
AND NECESSITY

) DOCKET NO. T-20515A-07-0133

) GILA LOCAL EXCHANGE CARRIER  
) NOTICE OF FILING AFFIDAVIT OF  
) PUBLICATION

Gila Local Exchange Carrier hereby files the attached Affidavit of Publication evidencing the public notice given on September 21, 2007, regarding an application for a Certificate of Convenience and Necessity to provide competitive, facilities-based long distance, facilities-based local exchange and private line service telecommunications services in the State of Arizona.

///



kwiktag®

025 842 248

RESPECTFULLY SUBMITTED this 4<sup>th</sup> day of October 2007.

**GILA LOCAL EXCHANGE CARRIER**

By John S. Burke  
John S. Burke  
Osborn Maledon, P.A.  
2929 North Central Avenue, Suite 2100  
Phoenix, AZ 85012  
Tel: (602) 640-9356  
Fax: (602) 640-6074  
jburke@omlaw.com

ORIGINAL + 13 copies filed this  
4<sup>th</sup> day of October 2007:

Docket Control  
ARIZONA CORPORATION COMMISSION  
1200 West Washington  
Phoenix, AZ 85007

Sandra J. DeFazio

IN THE MATTER OF THE APPLICATION OF GILA LOCAL EXCHANGE CARRIER FOR APPROVAL FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE INTRASTATE TELECOMMUNICATION SERVICES IN ARIZONA (Docket No. 1-020515A-07-0133)

On March 2, 2007, Gila Local Exchange Carrier ("Applicant") filed an application with the Arizona Corporation Commission ("Commission") for a Certificate of Convenience and Necessity ("CCN") to provide resold facilities-based local exchange and resold and facilities-based long distance telecommunications services in the State of Arizona. The Commission's Utilities Division Staff ("Staff") has recommended approval of the Applicant's application. The Commission is not bound by the proposals made by the Applicant, Staff, or any intervenors, and the Applicant will be required to provide this service under the rates and charges and terms and conditions established by the Commission. Copies of the application, the Staff Report, and any written exceptions to the Staff Report filed by the Applicant are available at the Applicant's offices for inspection during regular business hours at the offices of the Commission located at 1200 West Washington Street, Phoenix, Arizona 85007, and on the Internet via the Commission website (www.azcc.gov) using the e-Docket functions, and at the offices of Osborn Melesten, P.A., 2223 N. Central, Ste. 2100, Phoenix, AZ 85012.

The Commission will hold a hearing on this matter beginning October 25, 2007, at 9:00 a.m. at the Commission's offices, 1200 West Washington, Phoenix, Arizona. Public comments will be taken on the first day of the hearing. The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Intervention shall be permitted to any person entitled by law to intervene and having a direct and substantial interest in the matter. Persons desiring to intervene must file a written motion to intervene with the Commission no later than October 10, 2007. The motion to intervene must be sent to the Applicant or its counsel and to all parties of record and must contain the following:

1. The name, address, and telephone number of the proposed intervenor and of any party upon whom service of documents is to be made, if different from the intervenor;
2. A short statement of the proposed intervenor's interest in the proceeding (e.g., a customer of the Applicant, a shareholder of the Applicant, etc.); and
3. A statement certifying that a copy of the motion to intervene has been mailed to the Applicant or its counsel and to all parties of record in the case.

The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and providing public comment on the application or from filing written comments in the record of the case. You will not receive any further notice of this proceeding unless you request it.

If you have any questions about this application, you may contact the counsel for the Applicant at 602-540-1256. If you wish to file written comments on the application or want further information on intervention, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007, or call 1-800-222-7600.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Linda Hogan, at Hogan@azcc.gov, voice phone number 602/542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.  
Pub: September 21, 2007

# THE ARIZONA REPUBLIC

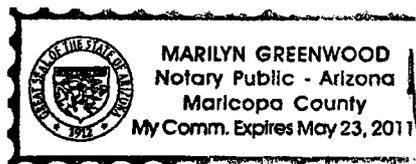
STATE OF ARIZONA }  
COUNTY OF MARICOPA } SS.

Ed Carlise, being first duly sworn, upon oath deposes and says: That he is a legal advertising representative of the Arizona Business Gazette, a newspaper of general circulation in the county of Maricopa, State of Arizona, published at Phoenix, Arizona, by Phoenix Newspapers Inc., which also publishes The Arizona Republic, and that the copy hereto attached is a true copy of the advertisement published in the said paper on the dates as indicated.

The Arizona Republic

September 21, 2007

Sworn to before me this  
27<sup>TH</sup> day of  
September A.D. 2007



Notary Public

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BEFORE THE ARIZONA CORPORATION COMMISSION  
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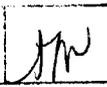
2007 JUL 19 P 1:52

AZ CORP COMMISSION  
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MIKE GLEASON  
Chairman  
WILLIAM A. MUNDELL  
Commissioner  
JEFF HATCH-MILLER  
Commissioner  
KRISTIN K. MAYES  
Commissioner  
GARY PIERCE  
Commissioner

Arizona Corporation Commission  
**DOCKETED**

JUL 19 2007

DOCKETED BY 

IN THE MATTER OF THE  
APPLICATION OF GILA LOCAL  
EXCHANGE CARRIER FOR  
CERTIFICATE OF CONVENIENCE  
AND NECESSITY

) DOCKET NO. T-20515A-07-0133

) **GILA LOCAL EXCHANGE CARRIER  
NOTICE OF FILING AFFIDAVIT OF  
PUBLICATION**

Gila Local Exchange Carrier hereby files the attached Affidavit of Publication evidencing the public notice given on July 12, 2007, regarding an application for a Certificate of Convenience and Necessity to provide competitive, facilities-based long distance, facilities-based local exchange and private line service telecommunications services in the State of Arizona.

///

RESPECTFULLY SUBMITTED this 19<sup>th</sup> day of July 2007.

**GILA LOCAL EXCHANGE CARRIER**

By J. S. Burke  
Joan S. Burke  
Osborn Maledon, P.A.  
2929 North Central Avenue, Suite 2100  
Phoenix, AZ 85012  
Tel: (602) 640-9356  
Fax: (602) 640-6074  
jburke@omlaw.com

ORIGINAL + 14 copies filed this  
19<sup>th</sup> day of July 2007:

Docket Control  
ARIZONA CORPORATION COMMISSION  
1200 West Washington  
Phoenix, AZ 85007

*Tom Spangler*

**IN THE MATTER OF THE APPLICATION OF GILA LOCAL EXCHANGE CARRIER FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE RESOLD LONG DISTANCE RESOLD LOCAL EXCHANGE FACILITIES BASED LONG INSTANCE AND FACILITIES BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES IN ARIZONA.**

Docket No. T-20515A-07-0133

On March 2, 2007, Gila Local Exchange Carrier ("Applicant") filed with the Arizona Corporation Commission ("Commission"), an application for a Certificate of Convenience and Necessity ("Certificate") to provide competitive, facilities-based long distance, facilities-based local exchange and private service telecommunications services in the State of Arizona. The Applicant will be required to provide this service under the rates and charges and terms and conditions established by the Commission. Copies of the application and subsequent filings in this proceeding are available for inspection during regular business hours at the offices of the Commission located at 1200 West Washington Street, Phoenix, Arizona 85007, and on the internet via the Commission website ([www.azcc.gov](http://www.azcc.gov)). The Docket functions, and at the offices of Osborn Maledon, P.A., 2929 N. Central, Ste. 2100, Phoenix, AZ 85028.

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Intervention shall be permitted to any person entitled by law to intervene and having a direct and substantial interest in the matter. Persons desiring to intervene must file a written motion to intervene with the Commission within twenty days of publication of this notice. The motion to intervene must be sent to the Applicant or its counsel and to all parties of record, and must contain the following:

1. The name, address, and telephone number of the proposed intervenor and of any party upon whom service of documents is to be made if different from the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding (e.g., a customer of the Applicant, a shareholder of the Applicant, etc.).
3. A statement certifying that a copy of the motion to intervene has been mailed to the Applicant or its counsel and to all parties of record in the case.

The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and providing public comment on the application or from filing written comments in the record of the case. You will not receive any further notice of this proceeding unless you request it.

If you wish to file written comments on the application or want further information on intervention you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007, or call 1-800-222-7000. The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Linda Hogan, at [LHogan@azcc.gov](mailto:LHogan@azcc.gov), voice phone number 602-542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

# THE ARIZONA REPUBLIC

STATE OF ARIZONA }  
 COUNTY OF MARICOPA } SS.

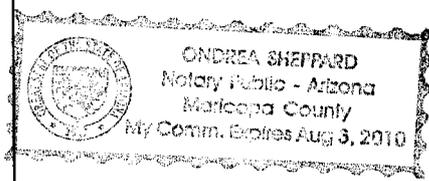
Mark Gilmore, being first duly sworn, upon oath deposes and says: That he is a legal advertising representative of the Arizona Business Gazette, a newspaper of general circulation in the county of Maricopa, State of Arizona, published at Phoenix, Arizona, by Phoenix Newspapers Inc., which also publishes The Arizona Republic, and that the copy hereto attached is a true copy of the advertisement published in the said paper on the dates as indicated.

The Arizona Republic

July 12, 2007



Sworn to before me this  
 12<sup>TH</sup> day of  
 July A.D. 2007

Notary Public

ORIGINAL

0000075298

BEFORE THE ARIZONA CORPORATION COMMISSION  
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2007 JUL 19 P 1:52

AZ CORP COMMISSION  
DOCKET CONTROL

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

Arizona Corporation Commission  
**DOCKETED**

JUL 19 2007

DOCKETED BY 

IN THE MATTER OF THE  
APPLICATION OF GILA LOCAL  
EXCHANGE CARRIER FOR  
CERTIFICATE OF CONVENIENCE  
AND NECESSITY

DOCKET NO. T-20515A-07-0133

GILA LOCAL EXCHANGE CARRIER  
NOTICE OF FILING AFFIDAVIT OF  
PUBLICATION

Gila Local Exchange Carrier hereby files the attached Affidavit of Publication evidencing the public notice given on July 12, 2007, regarding an application for a Certificate of Convenience and Necessity to provide competitive, facilities-based long distance, facilities-based local exchange and private line service telecommunications services in the State of Arizona.

EXHIBIT  
A-4  
admitted

///

RESPECTFULLY SUBMITTED this 19<sup>th</sup> day of July 2007.

**GILA LOCAL EXCHANGE CARRIER**

By J-S Burke  
Joan S. Burke  
Osborn Maledon, P.A.  
2929 North Central Avenue, Suite 2100  
Phoenix, AZ 85012  
Tel: (602) 640-9356  
Fax: (602) 640-6074  
jburke@omlaw.com

ORIGINAL + 14 copies filed this  
19<sup>th</sup> day of July 2007:

Docket Control  
ARIZONA CORPORATION COMMISSION  
1200 West Washington  
Phoenix, AZ 85007

*Tom Spangler*

**IN THE MATTER OF THE APPLICATION OF GILA LOCAL EXCHANGE CARRIER FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE RESOLD LONG DISTANCE, RESOLD LOCAL EXCHANGE FACILITIES BASED LONG DISTANCE AND FACILITIES BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES IN ARIZONA**

Decret No. T-20515A-07-0133  
 On March 2, 2007, Gila Local Exchange Carrier ("Applicant") filed with the Arizona Corporation Commission ("Commission") an application for a Certificate of Convenience and Necessity ("Certificate") to provide competitive, facilities-based long distance, facilities-based local exchange and private line service telecommunications services in the State of Arizona. The Applicant will be required to provide this service under the rates and charges and terms and conditions established by the Commission. Copies of the application and subsequent filings in this proceeding are available for inspection during regular business hours at the offices of the Commission located at 1200 West Washington Street, Phoenix, Arizona 85007, and on the internet via the Commission website ([www.azcc.gov](http://www.azcc.gov)) using the e-Docket function at the offices of Osborn Maledon, P.A., 2020 N. Central Ste. 2100, Phoenix, AZ 85002.

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Intervention shall be permitted to any person entitled by law to intervene and having a direct and substantial interest in the matter. Persons desiring to intervene must file a written motion to intervene with the Commission within twenty days of publication of this notice. The motion to intervene must be sent to the Applicant or its counsel and to all parties of record, and must contain the following:

1. The name, address, and telephone number of the proposed intervenor and of any party upon whom service of documents is to be made if different from the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding (e.g., a customer of the Applicant, a shareholder of the Applicant, etc.).
3. A statement certifying that a copy of the motion to intervene has been mailed to the Applicant or its counsel and to all parties of record in the case.

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# THE ARIZONA REPUBLIC

STATE OF ARIZONA }  
 COUNTY OF MARICOPA } SS.

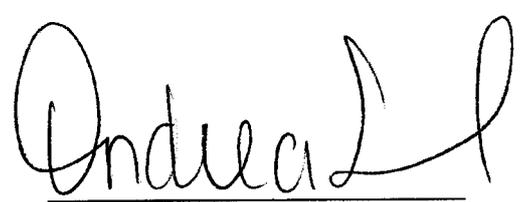
Mark Gilmore, being first duly sworn, upon oath deposes and says: That he is a legal advertising representative of the Arizona Business Gazette, a newspaper of general circulation in the county of Maricopa, State of Arizona, published at Phoenix, Arizona, by Phoenix Newspapers Inc., which also publishes The Arizona Republic, and that the copy hereto attached is a true copy of the advertisement published in the said paper on the dates as indicated.

The Arizona Republic

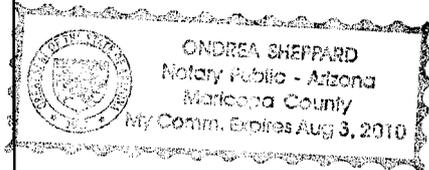
July 12, 2007



Sworn to before me this  
 12<sup>TH</sup> day of  
 July A.D. 2007



Notary Public



MEMORANDUM

RECEIVED

TO: Docket Control

FROM: Ernest G. Johnson  
Director  
Utilities Division

*EA for EGJ*

2007 AUG 29 A 11: 09

AZ CORP COMMISSION  
DOCKET CONTROL

DATE: August 30, 2007

RE: IN THE MATTER OF THE APPLICATION OF GILA LOCAL EXCHANGE CARRIER FOR APPROVAL FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE INTRASTATE TELECOMMUNICATION SERVICES (DOCKET NO. T-20515A-0133)  
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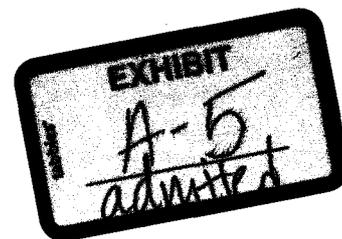
Attached is the Staff Report for the above referenced application. The Applicant is applying for approval to provide the following services:

- Resold Local Exchange Services
- Facilities-Based Local Exchange Services
- Resold Long Distance Services
- Facilities-Based Long Distance Services
- Private Line Services

Staff is recommending approval of the application.

EGJ:JFB:red

Originator: John F. Bostwick



SERVICE LIST FOR: Gila Local Exchange Carrier  
DOCKET NO. T-20515A-07-0133

Ms. Joan S. Burke  
Osborn Maledon  
2929 North Central Avenue, Suite 2100  
Phoenix, Arizona 85012-2793

Mr. Christopher C. Kempley  
Chief Legal Counsel, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Mr. Ernest G. Johnson  
Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Ms. Lyn Farmer  
Chief Administrative Law Judge, Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION

GILA LOCAL EXCHANGE CARRIER

DOCKET NO. T-20515A-07-0133

IN THE MATTER OF THE APPLICATION OF GILA LOCAL EXCHANGE CARRIER FOR  
APPROVAL FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE  
INTRASTATE TELECOMMUNICATION SERVICES

AUGUST 30, 2007

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## STAFF ACKNOWLEDGMENT

The Staff Report for the Application of Gila Local Exchange Carrier for Approval for a Certificate of Convenience and Necessity to provide Intrastate Telecommunications Services (Docket No. T-20515A-07-0133) was the responsibility of the Staff member listed below. John Bostwick was responsible for the review and analysis of the Application for a Certificate of Convenience and Necessity to provide intrastate telecommunications services and petition for a determination that its proposed services should be classified as competitive.



---

John Bostwick  
Administrative Service Officer II

## 1. INTRODUCTION

On March 2, 2007, Gila Local Exchange Carrier ("GLEC" or "Applicant") filed an application for a Certificate of Convenience and Necessity ("CC&N") to provide resold and facilities-based local exchange and resold and facilities-based long distance telecommunications services in Arizona. The Applicant petitioned the Arizona Corporation Commission ("Commission") for a determination that its proposed services should be classified as competitive. On March 30, 2007, Staff deemed the Application to be insufficient and sent Staff's first set of data request to the GLEC.

On May 23, 2007, GLEC requested a protective agreement of financial information from GLEC's parent company, Gila River Telecommunications, Inc. ("GRTI"). GLEC is a wholly owned subsidiary of GRTI. GLEC notified the Commission that GRTI's balance sheet, income statement, audit report, retained earnings balance and all notes to the financial statements are confidential. A Protective Agreement dated June 28, 2007, was signed by representatives of Commission Staff and Gila Local Exchange Carrier.

According to its Application, GLEC is authorized to do business as a foreign corporation in Arizona. A Certificate of Good Standing from the Gila River Indian Community was attached to its Application. The certificate indicates that GLEC is a chartered Tribal Corporation in good standing under the laws of the Gila River Indian Community.

On July 2, 2007, Staff received the Applicant's response to Staff's First Set of Data Requests. The Applicant stated that it wanted to add Private Line Services as one of the type of telecommunications services it wants to provide in Arizona.

The Applicant stated in its Application that it will provide an Affidavit of Publication as soon as possible after the Hearing Division of the Commission advises it of the hearing date and publication of legal notice. On July 19, 2007, Staff received a copy of the Affidavit of Publication as evidence that legal notice of the Application was published in the *Arizona Republic* newspaper. The notice did not include a hearing date.

Staff's review of this Application addresses the overall fitness of the Applicant to obtain a CC&N. Staff's analysis also considers whether the Applicant's services should be classified as competitive and if the Applicant's initial rates are just and reasonable.

## 2. TECHNICAL CAPABILITY TO PROVIDE THE REQUESTED SERVICES

GLEC indicated that it currently does not provide any type of telecommunications services in any state, including Arizona. GRTI is an affiliate of GLEC. GRTI provides telecommunications services within the boundaries of the Gila River Indian Community. In addition, GLEC's parent company, GRTI, owns a switch that is "fully equal access capable" and will be available to GLEC. This will enable GLEC to provide equal access to facilities-based long distance companies. GLEC reported that it has four key personnel with a combine total of

65 years of experience in the telecommunications service industry. Based on this information, Staff has determined that the Applicant has sufficient technical capabilities to provide requested telecommunications services in Arizona.

### **3. FINANCIAL CAPABILITY TO PROVIDE THE REQUESTED SERVICES**

The Applicant provided its parent company's audited financial statements for the twelve months ending December 31, 2006. These financial statements list assets in excess of \$45 million equity in excess of \$30 million and net income in excess of \$10 million. The Applicant did provide notes related to its parent company's financial statements.

The Applicant stated in its proposed tariff (reference Sections 2.5.4 and 2.5.5 on pages 22 and 23) that it intends to collect advances and/or deposits from its customers. Staff reviewed the Applicant's proposed tariff and verified that prepayments are not listed in proposed tariff. Staff believes that the Applicant's customers should be protected by the procurement of a performance bond or an irrevocable sight draft Letter of Credit. Since the Applicant is requesting a CC&N for resold and facilities-based local exchange and resold and facilities-based long distance telecommunications services, a performance bond or an irrevocable sight draft Letter of Credit is appropriate.

To that end, Staff recommends that the Applicant procure a performance bond or an irrevocable sight draft Letter of Credit, at the discretion of the Applicant, in the amount of \$235,000. The minimum performance bond amount or irrevocable sight draft Letter of Credit amount of \$235,000 should be increased if at any time it would be insufficient to cover advances, deposits, and/or prepayments collected from the Applicant's customers. The performance bond amount or irrevocable sight draft Letter of Credit amount should be increased in increments of \$117,500. This increase should occur when the total amount of the advances, deposits, and prepayments is within \$23,500 of the minimum of the performance bond amount or irrevocable sight draft Letter of Credit amount.

Staff recommends that the applicant be required to file the original performance bond or irrevocable sight draft Letter of Credit with the Commission's Business Office and copies of the performance bond or irrevocable sight draft Letter of Credit with Docket Control, as a compliance item in this docket, within 30 days of the effective date of a decision in this matter. Staff further recommends that the performance bond or irrevocable sight draft Letter of Credit must remain in effect until further order of the Commission. The Commission may draw on the performance bond or irrevocable sight draft Letter of Credit, on behalf of, and for the sole benefit of the Company's customers, if the Commission finds, in its discretion, that the Company is in default of its obligations arising from its Certificate. The Commission may use the performance bond or irrevocable sight draft Letter of Credit funds, as appropriate, to protect the Company's customers and the public interest and take any and all actions the Commission deems necessary, in its discretion, including, but not limited to returning prepayments or deposits collected from the Company's customers.

If at some time in the future, the Applicant does not collect an advance, deposit, and/or prepayment from its resold long distance customers, Staff recommends that the Applicant be allowed to file a request for cancellation of its established performance bond or Letter of Credit relating to resold long distance services. Such request should be filed with the Commission for Staff review. Upon receipt of such filing and after Staff review, Staff will forward its recommendation to the Commission. Also, if the Applicant desires to discontinue any type of resold and/or facilities-based telecommunications services, it must file an application with the Commission pursuant to the Arizona Administrative Code ("A.A.C.") R14-2-1107. Failure to meet this requirement should result in forfeiture of the Applicant's performance bond or irrevocable sight draft Letter of Credit.

#### **4. ESTABLISHING RATES AND CHARGES**

The Applicant would be providing service in areas where an incumbent local exchange carrier ("ILEC"), along with various competitive local exchange carriers ("CLECs"), is providing telephone service. Therefore, the Applicant would have to compete with those providers in order to obtain subscribers to its services. The Applicant would be a new entrant and would face competition from both an incumbent provider and other competitive providers in offering service to its potential customers. Therefore, the Applicant would generally not be able to exert market power. Thus, the competitive process should result in rates that are just and reasonable.

The rates proposed by this filing are for competitive services. In general, rates for competitive services are not set according to rate of return regulation. Initially, GLEC will have a zero-value rate base and its projected fair value rate base will be zero at the end of the first twelve months of operation. The rate to be charged by the Applicant will be heavily influenced by the market.

Staff has reviewed the rates to be charged by the Applicant and believes they are just and reasonable as they are comparable to other CLECs and ILECs offering service in Arizona. The Applicant does not provide telecommunications services in other jurisdictions. Therefore, while Staff considered the fair value rate base information submitted by the Applicant, it did not accord that information substantial weight in its analysis.

Both an actual rate and a maximum rate may be listed for each competitive service offered. The rate charged for a service may not be less than the Applicant's total service long-run incremental cost of providing the service pursuant to A.A.C. R14-2-1109.

#### **5. LOCAL EXCHANGE CARRIER SPECIFIC ISSUES**

Issues related to the provision of local exchange services are discussed below.

### *5.1 NUMBER PORTABILITY*

The Commission has adopted rules to address number portability in a competitive telecommunications services market. Local exchange competition may not be vigorous if customers, especially business customers, must change their telephone numbers to take advantage of a competitive local exchange carrier's service offerings. Consistent with federal laws, federal rules and A.A.C. R14-2-1308 (A), the Applicant shall make number portability available to facilitate the ability of a customer to switch between authorized local carriers within a given wire center without changing their telephone number and without impairment to quality, functionality, reliability or convenience of use.

### *5.2 PROVISION OF BASIC TELEPHONE SERVICE AND UNIVERSAL SERVICE*

The Commission has adopted rules to address universal telephone service in Arizona. A.A.C. R14-2-1204 (A) indicates that all telecommunications services providers that interconnect into the public switched network shall provide funding for the Arizona Universal Fund ("AUSF"). The Applicant will make the necessary monthly payments required by A.A.C. R14-2-1204 (B).

### *5.3 QUALITY OF SERVICE*

Staff believes that the Applicant should be ordered to abide by the quality of service standards that were approved by the Commission for Qwest (f/k/a USWC) in Docket No. T-01051B-93-0183 (Decision No. 59421). The penalties developed in that docket were initiated because Qwest's level of service was not satisfactory and the Applicant does not have a similar history of service quality problems. Staff does not recommend that those penalties apply to the Applicant. In the competitive market that the Applicant wishes to enter, the Applicant generally will have no market power and will be forced to provide a satisfactory level of service or risk losing its customers. Therefore, Staff believes that it is unnecessary to subject the Applicant to those penalties at this time.

### *5.4 ACCESS TO ALTERNATIVE LOCAL EXCHANGE SERVICE PROVIDERS*

Staff expects that there will be new entrant providers of local exchange service who will install the plant necessary to provide telephone service to, for example, a residential subdivision or an industrial park much like existing local exchange companies do today. There may be areas where the Applicant installs the only local exchange service facilities. In the interest of providing competitive alternatives to the Applicant's local exchange service customers, Staff recommends that the Applicant be prohibited from barring access to alternative local exchange service providers who wish to serve such areas. This way, an alternative local exchange service provider may serve a customer if the customer so desires. Access to other providers should be provided pursuant to the provisions of the 1996 Telecommunications Act, the rules promulgated there under and Commission rules on interconnection and unbundling.

#### 5.5 911 SERVICE

The Commission has adopted rules to address 911 and E911 services in a competitive telecommunications service market. The Applicant has certified that in accordance with A.A.C. R14-2-1201(6)(d) and the Federal Communications Commission 47 CFR Sections 64.3001 and 64.002, it will provide all customers with 911 and E911 service, where available, or will coordinate with the ILECs and emergency service providers to provide 911 and E911 service.

#### 5.6 CUSTOM LOCAL AREA SIGNALING SERVICES

Consistent with past Commission decisions, the Applicant may offer Caller ID provided that per call and line blocking, with the capability to toggle between blocking and unblocking the transmission of the telephone number, are provided as options to which customers could subscribe with no charge. Also, Last Call Return service that will not return calls to telephone numbers that have the privacy indicator activated, indicating that the number has been blocked, must be offered.

### 6. REVIEW OF COMPLAINT AND COMPLIANCE INFORMATION

The Applicant certified that it has neither had an application for service denied, nor revoked in any state. The Applicant also certified that there has been no formal or informal complaint proceeding in the other jurisdictions in which the Applicant provides service. Finally, the Applicant certified that there have not been any civil or criminal proceedings against the Applicant.

Consumer Services Section of the Utilities Division reports that no consumer complaints, inquiries, and opinions were filed against the Applicant from January 1, 2004 to July 17, 2007. Also, Consumer Services reports that the Applicant is in good standing with the Corporation Division of the Commission.

Compliance and Enforcement Section of the Utilities Division indicates that states that the Applicant does not have any delinquent compliance items.

The Applicant certified that none of its officers, directors or partners has been involved in any civil or criminal investigations, formal or informal complaints. The Applicant also indicated that none of its officers, directors or partners has been convicted of any criminal acts in the past ten (10) years.

### 7. COMPETITIVE SERVICES ANALYSIS

The Applicant has petitioned the Commission for a determination that the services it is seeking to provide should be classified as competitive. The Applicant indicated that it does not have a resale agreement in operation at this time. Staff's analysis and recommendations are discussed below.

**7.1 COMPETITIVE SERVICES ANALYSIS FOR LOCAL EXCHANGE SERVICES**

**7.1.1 A description of the general economic conditions that exist, which makes the relevant market for the service one that, is competitive.**

The local exchange market that the Applicant seeks to enter is one in which a number of new CLECs have been authorized to provide local exchange service. Nevertheless, ILECs hold a virtual monopoly in the local exchange service market. At locations where ILECs provide local exchange service, the Applicant will be entering the market as an alternative provider of local exchange service and, as such, the Applicant will have to compete with those companies in order to obtain customers. In areas where ILECs do not serve customers, the Applicant may have to convince developers to allow it to provide service to their developments.

**7.1.2 The number of alternative providers of the service.**

Qwest and various independent LECs are the primary providers of local exchange service in the State. Several CLECs and local exchange resellers are also providing local exchange service.

**7.1.3 The estimated market share held by each alternative provider of the service.**

Since Qwest and the independent LECs are the primary providers of local exchange service in the State, they have a large share of the market. Most CLECs and local exchange resellers have a limited market share. Cox Telcom is the only CLEC believed to have captured a significant market share in the Phoenix and Tucson Metro areas.

**7.1.4 The names and addresses of any alternative providers of the service that are also affiliates of the telecommunications Applicant, as defined in A.A.C. R14-2-801.**

None.

**7.1.5 The ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms and conditions.**

ILECs have the ability to offer the same services that the Applicant has requested in their respective service territories. Similarly many of the CLECs and local exchange resellers also offer substantially similar services.

**7.1.6 Other indicators of market power, which may include growth and shifts in market share, ease of entry and exit, and any affiliation between and among alternative providers of the service(s).**

The local exchange service market is:

- a. One in which ILECs own networks that reach nearly every residence and business in their service territories and the CLEC's have also entered the market.
- b. One in which new entrants will be dependent upon ILECs:
  1. To terminate traffic to customers.
  2. To provide essential local exchange service elements until the entrant's own network has been built.
  3. To interconnect.
- c. One in which ILECs have had an existing relationship with their customers that the new entrants will have to overcome if they want to compete in the market since new entrants do not have a long history with any customers.
- d. One in which Qwest provides a quality of service that has generated a significant number of complaints. The complaints led the Commission to adopt service rules that contain penalties if the service quality standards are not met. A provider of alternative service, such as the Applicant, should provide Qwest – as well as other providers – with the incentive to produce high quality service including service installation and repair on a timely basis.
- e. One in which most customers have a few, if any choices since there is generally only one or two providers of local exchange service in each service territory.
- f. One in which the Applicant will not have the capability to adversely affect prices or restrict output to the detriment of telephone service subscribers.

**7.2 COMPETITIVE SERVICES ANALYSIS FOR INTEREXCHANGE SERVICES**

**7.2.1 A description of the general economic conditions that exist, which makes the relevant market for the service one that, is competitive.**

The interexchange market that the Applicant seeks to enter is one in which numerous facilities-based and resold interexchange carriers have been authorized to provide service

throughout the State. The Applicant will be a new entrant in this market and, as such, will have to compete with those companies in order to obtain customers.

**7.2.2 The number of alternative providers of the service.**

There are a large number of facilities-based and resold interexchange carriers providing both interLATA and intraLATA interexchange service throughout the State. In addition, various ILECs provide intraLATA interexchange service in many areas of the State.

**7.2.3 The estimated market share held by each alternative provider of the service.**

The large facilities-based interexchange carriers (AT&T, Sprint, MCI WorldCom, etc.) hold a majority of the interLATA interexchange market, and the ILECs provide a large portion of the intraLATA interexchange market. Numerous other interexchange carriers have a smaller part of the market and one in which new entrants do not have a long history with any customers.

**7.2.4 The names and addresses of any alternative providers of the service that are also affiliates of the telecommunications Applicant, as defined in A.A.C. R14-2-801.**

None.

**7.2.5 The ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms and conditions.**

Both facilities-based and resold interexchange carriers have the ability to offer the same services that the Applicant has requested in their respective service territories. Similarly many of the ILECs offer similar intraLATA toll services.

**7.2.6 Other indicators of market power, which may include growth and shifts in market share, ease of entry and exit, and any affiliation between and among alternative providers of the service(s).**

The interexchange service market is:

- a. One with numerous competitors and limited barriers to entry.
- b. One in which established interexchange carriers have had an existing relationship with their customers that the new entrants will have to overcome if they want to compete in the market.

- c. One in which the Applicant will not have the capability to adversely affect prices or restrict output to the detriment of telephone service subscribers.

## **8. PRIVATE LINE TELECOMMUNICATIONS SERVICE SPECIFIC ISSUES**

Private line service is a direct circuit or channel specifically dedicated to the use of an end user organization for the purpose of directly connecting two or more sites in a multi-site enterprise. Private line service provides a means by which customers may transmit and receive messages and data among various customer locations over facilities operated and provided by the Applicant.

On March 21, 2007, GLEC submitted its proposed Tariff. In Section 5.5 on pages 44 through 48 of the proposed tariff, GLEC indicated that it will provide private line services in Arizona. GLEC's rates for private line services were furnished to Staff on July 2, 2007, in Exhibit B of GLEC's response to Staff's data request. Staff reviewed the Applicant's proposed rates for private line services and found GLEC's rates are comparable to other private line service providers. GLEC will only provide private line services in Arizona.

The Applicant would initially be providing service in areas where an ILEC, along with various CLECs and interexchange carriers are providing telephone and private line services. Therefore, the Applicant would have to compete with those providers in order to obtain subscribers to its services. The Applicant would be a new entrant and would face competition from both an incumbent provider and other competitive providers in offering service to its potential customers. Therefore, the Applicant would generally not be able to exert market power. Thus, the competitive process should result in rates that are just and reasonable.

## **9. RECOMMENDATIONS**

Staff recommends GLEC's Application for a CC&N to provide intrastate telecommunications services, as listed in this Report, be granted. In addition, Staff further recommends:

1. That the Applicant complies with all Commission Rules, Orders, and other requirements relevant to the provision of intrastate telecommunications services;
2. That the Applicant abides by the quality of service standards that were approved by the Commission for Qwest in Docket No. T-01051B-93-0183;
3. That the Applicant be prohibited from barring access to alternative local exchange service providers who wish to serve areas where the Applicant is the only provider of local exchange service facilities;
4. That the Applicant be required to notify the Commission immediately upon changes to the Applicant's name, address or telephone number;

5. That the Applicant cooperate with Commission investigations including, but not limited to, customer complaints;
6. The rates proposed by this filing are for competitive services. In general, rates for competitive services are not set according to rate of return regulation. Staff obtained information from the Applicant indicating that its fair value rate base is zero. Staff has reviewed the rates to be charged by the Applicant and believes they are just and reasonable as they are comparable to other competitive local carriers, local incumbent carriers offering service in Arizona. Accordingly, the Applicant's fair value rate base is too small to be useful in a fair value analysis. In addition, the rate to be ultimately charged by the company will be heavily influenced by the market. Therefore, while Staff considered the fair value rate base information submitted by the Applicant, the fair value rate base information provided should not be given substantial weight in this analysis;
7. That the Applicant offer Caller ID with the capability to toggle between blocking and unblocking the transmission of the telephone number at no charge.
8. That the Applicant offer Last Call Return services that will not return calls to the telephone numbers that have the privacy indicator activated.

Staff further recommends that the Applicant be ordered to comply with the following. If it does not do so, the Applicant's CC&N shall be null and void, after due process.

1. The Applicant shall docket a conforming tariff for each service within its CC&N within 365 days from the date of an Order in this matter or 30 days prior to providing service, whichever comes first. The tariff shall coincide with the application and state that the Applicant does collect advances, deposits, and/or prepayments from its customers, and in accordance with the Decision;
2. The Applicant shall:
  - a. Procure a performance bond or an irrevocable sight draft Letter of Credit, at the discretion of the Applicant, in the amount of \$235,000. The minimum performance bond amount or irrevocable sight draft Letter of Credit amount of \$235,000 should be increased if at any time it would be insufficient to cover advances, deposits, and/or prepayments collected from the Applicant's customers. The performance bond amount or irrevocable sight draft Letter of Credit amount should be increased in increments of \$117,500. This increase should occur when the total amount of the advances, deposits, and prepayments is within \$23,500 of the minimum of the performance bond amount or irrevocable sight draft Letter of Credit amount.
  - b. File the original performance bond or irrevocable sight draft Letter of Credit

filed with the Commission's Business Office and copies of the performance bond or irrevocable sight draft Letter of Credit with Docket Control, as a compliance item in this docket, within 30 days of the effective date of a decision in this matter. The original performance bond or irrevocable sight draft Letter of Credit must remain in effect until further order of the Commission. The Commission may draw on the performance bond or irrevocable sight draft Letter of Credit, on behalf of, and for the sole benefit of the Company's customers, if the Commission finds, in its discretion, that the Company is default of its obligations arising from its Certificate. The Commission may use the performance bond or irrevocable sight draft Letter of Credit funds, as appropriate, to protect the Company's customers and the public interest and take any and all actions the Commission deems necessary, in its discretion, including, but not limited to returning prepayments or deposits collected from the Company's customers.

- c. If at some time in the future, the Applicant does not collect an advance, deposit, and/or prepayment from its resold long distance customers, Staff recommends that the Applicant be allowed to file a request for cancellation of its established performance bond or Letter of Credit relating to resold long distance services. Such request should be filed with the Commission for Staff review. Upon receipt of such filing and after Staff review, Staff will forward its recommendation to the Commission. Also, if the Applicant desires to discontinue any type of resold and/or facilities-based telecommunications services, it must file an application with the Commission pursuant to the A.A.C. R14-2-1107. Failure to meet this requirement should result in forfeiture of the Applicant's performance bond or irrevocable sight draft Letter of Credit.

*9.1 RECOMMENDATION ON THE APPLICANT'S PETITION TO HAVE ITS PROPOSED SERVICES CLASSIFIED AS COMPETITIVE*

Staff believes that the Applicant's proposed services should be classified as competitive. There are alternatives to the Applicant's services. The Applicant will have to convince customers to purchase its services, and the Applicant has no ability to adversely affect the local exchange service markets. Therefore, the Applicant currently has no market power in the local exchange service markets where alternative providers of telecommunications services exist. Staff therefore recommends that the Applicant's proposed services be classified as competitive.

**FILE COPY**  
MEMORANDUM

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TO: Docket Control

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FROM: Ernest G. Johnson  
Director  
Utilities Division

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EGJ  
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AZ CORP COMMISSION  
DOCKET CONTROL

DATE: August 30, 2007

LEGAL DIV.  
ARIZ. CORPORATION COMMISSION

RE: IN THE MATTER OF THE APPLICATION OF GILA LOCAL EXCHANGE  
CARRIER FOR APPROVAL FOR A CERTIFICATE OF CONVENIENCE  
AND NECESSITY TO PROVIDE INTRASTATE TELECOMMUNICATION  
SERVICES (DOCKET NO. T-20515A-7-0133)

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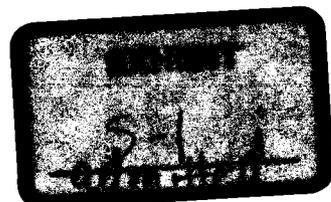
Attached is the Staff Report for the above referenced application. The Applicant is applying for approval to provide the following services:

- Resold Local Exchange Services
- Facilities-Based Local Exchange Services
- Resold Long Distance Services
- Facilities-Based Long Distance Services
- Private Line Services

Staff is recommending approval of the application.

EGJ:JFB:red

Originator: John F. Bostwick



SERVICE LIST FOR: Gila Local Exchange Carrier  
DOCKET NO. T-20515A-07-0133

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STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION

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AUGUST 30, 2007

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---

John Bostwick  
Administrative Service Officer II

## 1. INTRODUCTION

On March 2, 2007, Gila Local Exchange Carrier ("GLEC" or "Applicant") filed an application for a Certificate of Convenience and Necessity ("CC&N") to provide resold and facilities-based local exchange and resold and facilities-based long distance telecommunications services in Arizona. The Applicant petitioned the Arizona Corporation Commission ("Commission") for a determination that its proposed services should be classified as competitive. On March 30, 2007, Staff deemed the Application to be insufficient and sent Staff's first set of data request to the GLEC.

On May 23, 2007, GLEC requested a protective agreement of financial information from GLEC's parent company, Gila River Telecommunications, Inc. ("GRTI"). GLEC is a wholly owned subsidiary of GRTI. GLEC notified the Commission that GRTI's balance sheet, income statement, audit report, retained earnings balance and all notes to the financial statements are confidential. A Protective Agreement dated June 28, 2007, was signed by representatives of Commission Staff and Gila Local Exchange Carrier.

According to its Application, GLEC is authorized to do business as a foreign corporation in Arizona. A Certificate of Good Standing from the Gila River Indian Community was attached to its Application. The certificate indicates that GLEC is a chartered Tribal Corporation in good standing under the laws of the Gila River Indian Community.

On July 2, 2007, Staff received the Applicant's response to Staff's First Set of Data Requests. The Applicant stated that it wanted to add Private Line Services as one of the type of telecommunications services it wants to provide in Arizona.

The Applicant stated in its Application that it will provide an Affidavit of Publication as soon as possible after the Hearing Division of the Commission advises it of the hearing date and publication of legal notice. On July 19, 2007, Staff received a copy of the Affidavit of Publication as evidence that legal notice of the Application was published in the *Arizona Republic* newspaper. The notice did not include a hearing date.

Staff's review of this Application addresses the overall fitness of the Applicant to obtain a CC&N. Staff's analysis also considers whether the Applicant's services should be classified as competitive and if the Applicant's initial rates are just and reasonable.

## 2. TECHNICAL CAPABILITY TO PROVIDE THE REQUESTED SERVICES

GLEC indicated that it currently does not provide any type of telecommunications services in any state, including Arizona. GRTI is an affiliate of GLEC. GRTI provides telecommunications services within the boundaries of the Gila River Indian Community. In addition, GLEC's parent company, GRTI, owns a switch that is "fully equal access capable" and will be available to GLEC. This will enable GLEC to provide equal access to facilities-based long distance companies. GLEC reported that it has four key personnel with a combine total of

65 years of experience in the telecommunications service industry. Based on this information, Staff has determined that the Applicant has sufficient technical capabilities to provide requested telecommunications services in Arizona.

### **3. FINANCIAL CAPABILITY TO PROVIDE THE REQUESTED SERVICES**

The Applicant provided its parent company's audited financial statements for the twelve months ending December 31, 2006. These financial statements list assets in excess of \$45 million equity in excess of \$30 million and net income in excess of \$10 million. The Applicant did provide notes related to its parent company's financial statements.

The Applicant stated in its proposed tariff (reference Sections 2.5.4 and 2.5.5 on pages 22 and 23) that it intends to collect advances and/or deposits from its customers. Staff reviewed the Applicant's proposed tariff and verified that prepayments are not listed in proposed tariff. Staff believes that the Applicant's customers should be protected by the procurement of a performance bond or an irrevocable sight draft Letter of Credit. Since the Applicant is requesting a CC&N for resold and facilities-based local exchange and resold and facilities-based long distance telecommunications services, a performance bond or an irrevocable sight draft Letter of Credit is appropriate.

To that end, Staff recommends that the Applicant procure a performance bond or an irrevocable sight draft Letter of Credit, at the discretion of the Applicant, in the amount of \$235,000. The minimum performance bond amount or irrevocable sight draft Letter of Credit amount of \$235,000 should be increased if at any time it would be insufficient to cover advances, deposits, and/or prepayments collected from the Applicant's customers. The performance bond amount or irrevocable sight draft Letter of Credit amount should be increased in increments of \$117,500. This increase should occur when the total amount of the advances, deposits, and prepayments is within \$23,500 of the minimum of the performance bond amount or irrevocable sight draft Letter of Credit amount.

Staff recommends that the applicant be required to file the original performance bond or irrevocable sight draft Letter of Credit with the Commission's Business Office and copies of the performance bond or irrevocable sight draft Letter of Credit with Docket Control, as a compliance item in this docket, within 30 days of the effective date of a decision in this matter. Staff further recommends that the performance bond or irrevocable sight draft Letter of Credit must remain in effect until further order of the Commission. The Commission may draw on the performance bond or irrevocable sight draft Letter of Credit, on behalf of, and for the sole benefit of the Company's customers, if the Commission finds, in its discretion, that the Company is in default of its obligations arising from its Certificate. The Commission may use the performance bond or irrevocable sight draft Letter of Credit funds, as appropriate, to protect the Company's customers and the public interest and take any and all actions the Commission deems necessary, in its discretion, including, but not limited to returning prepayments or deposits collected from the Company's customers.

If at some time in the future, the Applicant does not collect an advance, deposit, and/or prepayment from its resold long distance customers, Staff recommends that the Applicant be allowed to file a request for cancellation of its established performance bond or Letter of Credit relating to resold long distance services. Such request should be filed with the Commission for Staff review. Upon receipt of such filing and after Staff review, Staff will forward its recommendation to the Commission. Also, if the Applicant desires to discontinue any type of resold and/or facilities-based telecommunications services, it must file an application with the Commission pursuant to the Arizona Administrative Code ("A.A.C.") R14-2-1107. Failure to meet this requirement should result in forfeiture of the Applicant's performance bond or irrevocable sight draft Letter of Credit.

#### **4. ESTABLISHING RATES AND CHARGES**

The Applicant would be providing service in areas where an incumbent local exchange carrier ("ILEC"), along with various competitive local exchange carriers ("CLECs"), is providing telephone service. Therefore, the Applicant would have to compete with those providers in order to obtain subscribers to its services. The Applicant would be a new entrant and would face competition from both an incumbent provider and other competitive providers in offering service to its potential customers. Therefore, the Applicant would generally not be able to exert market power. Thus, the competitive process should result in rates that are just and reasonable.

The rates proposed by this filing are for competitive services. In general, rates for competitive services are not set according to rate of return regulation. Initially, GLEC will have a zero-value rate base and its projected fair value rate base will be zero at the end of the first twelve months of operation. The rate to be charged by the Applicant will be heavily influenced by the market.

Staff has reviewed the rates to be charged by the Applicant and believes they are just and reasonable as they are comparable to other CLECs and ILECs offering service in Arizona. The Applicant does not provide telecommunications services in other jurisdictions. Therefore, while Staff considered the fair value rate base information submitted by the Applicant, it did not accord that information substantial weight in its analysis.

Both an actual rate and a maximum rate may be listed for each competitive service offered. The rate charged for a service may not be less than the Applicant's total service long-run incremental cost of providing the service pursuant to A.A.C. R14-2-1109.

#### **5. LOCAL EXCHANGE CARRIER SPECIFIC ISSUES**

Issues related to the provision of local exchange services are discussed below.

### *5.1 NUMBER PORTABILITY*

The Commission has adopted rules to address number portability in a competitive telecommunications services market. Local exchange competition may not be vigorous if customers, especially business customers, must change their telephone numbers to take advantage of a competitive local exchange carrier's service offerings. Consistent with federal laws, federal rules and A.A.C. R14-2-1308 (A), the Applicant shall make number portability available to facilitate the ability of a customer to switch between authorized local carriers within a given wire center without changing their telephone number and without impairment to quality, functionality, reliability or convenience of use.

### *5.2 PROVISION OF BASIC TELEPHONE SERVICE AND UNIVERSAL SERVICE*

The Commission has adopted rules to address universal telephone service in Arizona. A.A.C. R14-2-1204 (A) indicates that all telecommunications services providers that interconnect into the public switched network shall provide funding for the Arizona Universal Fund ("AUSF"). The Applicant will make the necessary monthly payments required by A.A.C. R14-2-1204 (B).

### *5.3 QUALITY OF SERVICE*

Staff believes that the Applicant should be ordered to abide by the quality of service standards that were approved by the Commission for Qwest (f/k/a USWC) in Docket No. T-01051B-93-0183 (Decision No. 59421). The penalties developed in that docket were initiated because Qwest's level of service was not satisfactory and the Applicant does not have a similar history of service quality problems. Staff does not recommend that those penalties apply to the Applicant. In the competitive market that the Applicant wishes to enter, the Applicant generally will have no market power and will be forced to provide a satisfactory level of service or risk losing its customers. Therefore, Staff believes that it is unnecessary to subject the Applicant to those penalties at this time.

### *5.4 ACCESS TO ALTERNATIVE LOCAL EXCHANGE SERVICE PROVIDERS*

Staff expects that there will be new entrant providers of local exchange service who will install the plant necessary to provide telephone service to, for example, a residential subdivision or an industrial park much like existing local exchange companies do today. There may be areas where the Applicant installs the only local exchange service facilities. In the interest of providing competitive alternatives to the Applicant's local exchange service customers, Staff recommends that the Applicant be prohibited from barring access to alternative local exchange service providers who wish to serve such areas. This way, an alternative local exchange service provider may serve a customer if the customer so desires. Access to other providers should be provided pursuant to the provisions of the 1996 Telecommunications Act, the rules promulgated there under and Commission rules on interconnection and unbundling.

### 5.5 911 SERVICE

The Commission has adopted rules to address 911 and E911 services in a competitive telecommunications service market. The Applicant has certified that in accordance with A.A.C. R14-2-1201(6)(d) and the Federal Communications Commission 47 CFR Sections 64.3001 and 64.002, it will provide all customers with 911 and E911 service, where available, or will coordinate with the ILECs and emergency service providers to provide 911 and E911 service.

### 5.6 CUSTOM LOCAL AREA SIGNALING SERVICES

Consistent with past Commission decisions, the Applicant may offer Caller ID provided that per call and line blocking, with the capability to toggle between blocking and unblocking the transmission of the telephone number, are provided as options to which customers could subscribe with no charge. Also, Last Call Return service that will not return calls to telephone numbers that have the privacy indicator activated, indicating that the number has been blocked, must be offered.

## 6. REVIEW OF COMPLAINT AND COMPLIANCE INFORMATION

The Applicant certified that it has neither had an application for service denied, nor revoked in any state. The Applicant also certified that there has been no formal or informal complaint proceeding in the other jurisdictions in which the Applicant provides service. Finally, the Applicant certified that there have not been any civil or criminal proceedings against the Applicant.

Consumer Services Section of the Utilities Division reports that no consumer complaints, inquiries, and opinions were filed against the Applicant from January 1, 2004 to July 17, 2007. Also, Consumer Services reports that the Applicant is in good standing with the Corporation Division of the Commission.

Compliance and Enforcement Section of the Utilities Division indicates that states that the Applicant does not have any delinquent compliance items.

The Applicant certified that none of its officers, directors or partners has been involved in any civil or criminal investigations, formal or informal complaints. The Applicant also indicated that none of its officers, directors or partners has been convicted of any criminal acts in the past ten (10) years.

## 7. COMPETITIVE SERVICES ANALYSIS

The Applicant has petitioned the Commission for a determination that the services it is seeking to provide should be classified as competitive. The Applicant indicated that it does not have a resale agreement in operation at this time. Staff's analysis and recommendations are discussed below.

**7.1 COMPETITIVE SERVICES ANALYSIS FOR LOCAL EXCHANGE SERVICES**

**7.1.1 A description of the general economic conditions that exist, which makes the relevant market for the service one that, is competitive.**

The local exchange market that the Applicant seeks to enter is one in which a number of new CLECs have been authorized to provide local exchange service. Nevertheless, ILECs hold a virtual monopoly in the local exchange service market. At locations where ILECs provide local exchange service, the Applicant will be entering the market as an alternative provider of local exchange service and, as such, the Applicant will have to compete with those companies in order to obtain customers. In areas where ILECs do not serve customers, the Applicant may have to convince developers to allow it to provide service to their developments.

**7.1.2 The number of alternative providers of the service.**

Qwest and various independent LECs are the primary providers of local exchange service in the State. Several CLECs and local exchange resellers are also providing local exchange service.

**7.1.3 The estimated market share held by each alternative provider of the service.**

Since Qwest and the independent LECs are the primary providers of local exchange service in the State, they have a large share of the market. Most CLECs and local exchange resellers have a limited market share. Cox Telcom is the only CLEC believed to have captured a significant market share in the Phoenix and Tucson Metro areas.

**7.1.4 The names and addresses of any alternative providers of the service that are also affiliates of the telecommunications Applicant, as defined in A.A.C. R14-2-801.**

None.

**7.1.5 The ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms and conditions.**

ILECs have the ability to offer the same services that the Applicant has requested in their respective service territories. Similarly many of the CLECs and local exchange resellers also offer substantially similar services.

**7.1.6 Other indicators of market power, which may include growth and shifts in market share, ease of entry and exit, and any affiliation between and among alternative providers of the service(s).**

The local exchange service market is:

- a. One in which ILECs own networks that reach nearly every residence and business in their service territories and the CLEC's have also entered the market.
- b. One in which new entrants will be dependent upon ILECs:
  1. To terminate traffic to customers.
  2. To provide essential local exchange service elements until the entrant's own network has been built.
  3. To interconnect.
- c. One in which ILECs have had an existing relationship with their customers that the new entrants will have to overcome if they want to compete in the market since new entrants do not have a long history with any customers.
- d. One in which Qwest provides a quality of service that has generated a significant number of complaints. The complaints led the Commission to adopt service rules that contain penalties if the service quality standards are not met. A provider of alternative service, such as the Applicant, should provide Qwest – as well as other providers – with the incentive to produce high quality service including service installation and repair on a timely basis.
- e. One in which most customers have a few, if any choices since there is generally only one or two providers of local exchange service in each service territory.
- f. One in which the Applicant will not have the capability to adversely affect prices or restrict output to the detriment of telephone service subscribers.

**7.2 COMPETITIVE SERVICES ANALYSIS FOR INTEREXCHANGE SERVICES**

**7.2.1 A description of the general economic conditions that exist, which makes the relevant market for the service one that, is competitive.**

The interexchange market that the Applicant seeks to enter is one in which numerous facilities-based and resold interexchange carriers have been authorized to provide service

throughout the State. The Applicant will be a new entrant in this market and, as such, will have to compete with those companies in order to obtain customers.

**7.2.2 The number of alternative providers of the service.**

There are a large number of facilities-based and resold interexchange carriers providing both interLATA and intraLATA interexchange service throughout the State. In addition, various ILECs provide intraLATA interexchange service in many areas of the State.

**7.2.3 The estimated market share held by each alternative provider of the service.**

The large facilities-based interexchange carriers (AT&T, Sprint, MCI WorldCom, etc.) hold a majority of the interLATA interexchange market, and the ILECs provide a large portion of the intraLATA interexchange market. Numerous other interexchange carriers have a smaller part of the market and one in which new entrants do not have a long history with any customers.

**7.2.4 The names and addresses of any alternative providers of the service that are also affiliates of the telecommunications Applicant, as defined in A.A.C. R14-2-801.**

None.

**7.2.5 The ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms and conditions.**

Both facilities-based and resold interexchange carriers have the ability to offer the same services that the Applicant has requested in their respective service territories. Similarly many of the ILECs offer similar intraLATA toll services.

**7.2.6 Other indicators of market power, which may include growth and shifts in market share, ease of entry and exit, and any affiliation between and among alternative providers of the service(s).**

The interexchange service market is:

- a. One with numerous competitors and limited barriers to entry.
- b. One in which established interexchange carriers have had an existing relationship with their customers that the new entrants will have to overcome if they want to compete in the market.

- c. One in which the Applicant will not have the capability to adversely affect prices or restrict output to the detriment of telephone service subscribers.

## **8. PRIVATE LINE TELECOMMUNICATIONS SERVICE SPECIFIC ISSUES**

Private line service is a direct circuit or channel specifically dedicated to the use of an end user organization for the purpose of directly connecting two or more sites in a multi-site enterprise. Private line service provides a means by which customers may transmit and receive messages and data among various customer locations over facilities operated and provided by the Applicant.

On March 21, 2007, GLEC submitted its proposed Tariff. In Section 5.5 on pages 44 through 48 of the proposed tariff, GLEC indicated that it will provide private line services in Arizona. GLEC's rates for private line services were furnished to Staff on July 2, 2007, in Exhibit B of GLEC's response to Staff's data request. Staff reviewed the Applicant's proposed rates for private line services and found GLEC's rates are comparable to other private line service providers. GLEC will only provide private line services in Arizona.

The Applicant would initially be providing service in areas where an ILEC, along with various CLECs and interexchange carriers are providing telephone and private line services. Therefore, the Applicant would have to compete with those providers in order to obtain subscribers to its services. The Applicant would be a new entrant and would face competition from both an incumbent provider and other competitive providers in offering service to its potential customers. Therefore, the Applicant would generally not be able to exert market power. Thus, the competitive process should result in rates that are just and reasonable.

## **9. RECOMMENDATIONS**

Staff recommends GLEC's Application for a CC&N to provide intrastate telecommunications services, as listed in this Report, be granted. In addition, Staff further recommends:

1. That the Applicant complies with all Commission Rules, Orders, and other requirements relevant to the provision of intrastate telecommunications services;
2. That the Applicant abides by the quality of service standards that were approved by the Commission for Qwest in Docket No. T-01051B-93-0183;
3. That the Applicant be prohibited from barring access to alternative local exchange service providers who wish to serve areas where the Applicant is the only provider of local exchange service facilities;
4. That the Applicant be required to notify the Commission immediately upon changes to the Applicant's name, address or telephone number;

5. That the Applicant cooperate with Commission investigations including, but not limited to, customer complaints;
6. The rates proposed by this filing are for competitive services. In general, rates for competitive services are not set according to rate of return regulation. Staff obtained information from the Applicant indicating that its fair value rate base is zero. Staff has reviewed the rates to be charged by the Applicant and believes they are just and reasonable as they are comparable to other competitive local carriers, local incumbent carriers offering service in Arizona. Accordingly, the Applicant's fair value rate base is too small to be useful in a fair value analysis. In addition, the rate to be ultimately charged by the company will be heavily influenced by the market. Therefore, while Staff considered the fair value rate base information submitted by the Applicant, the fair value rate base information provided should not be given substantial weight in this analysis;
7. That the Applicant offer Caller ID with the capability to toggle between blocking and unblocking the transmission of the telephone number at no charge.
8. That the Applicant offer Last Call Return services that will not return calls to the telephone numbers that have the privacy indicator activated.

Staff further recommends that the Applicant be ordered to comply with the following. If it does not do so, the Applicant's CC&N shall be null and void, after due process.

1. The Applicant shall docket a conforming tariff for each service within its CC&N within 365 days from the date of an Order in this matter or 30 days prior to providing service, whichever comes first. The tariff shall coincide with the application and state that the Applicant does collect advances, deposits, and/or prepayments from its customers, and in accordance with the Decision;
2. The Applicant shall:
  - a. Procure a performance bond or an irrevocable sight draft Letter of Credit, at the discretion of the Applicant, in the amount of \$235,000. The minimum performance bond amount or irrevocable sight draft Letter of Credit amount of \$235,000 should be increased if at any time it would be insufficient to cover advances, deposits, and/or prepayments collected from the Applicant's customers. The performance bond amount or irrevocable sight draft Letter of Credit amount should be increased in increments of \$117,500. This increase should occur when the total amount of the advances, deposits, and prepayments is within \$23,500 of the minimum of the performance bond amount or irrevocable sight draft Letter of Credit amount.
  - b. File the original performance bond or irrevocable sight draft Letter of Credit

filed with the Commission's Business Office and copies of the performance bond or irrevocable sight draft Letter of Credit with Docket Control, as a compliance item in this docket, within 30 days of the effective date of a decision in this matter. The original performance bond or irrevocable sight draft Letter of Credit must remain in effect until further order of the Commission. The Commission may draw on the performance bond or irrevocable sight draft Letter of Credit, on behalf of, and for the sole benefit of the Company's customers, if the Commission finds, in its discretion, that the Company is default of its obligations arising from its Certificate. The Commission may use the performance bond or irrevocable sight draft Letter of Credit funds, as appropriate, to protect the Company's customers and the public interest and take any and all actions the Commission deems necessary, in its discretion, including, but not limited to returning prepayments or deposits collected from the Company's customers.

- c. If at some time in the future, the Applicant does not collect an advance, deposit, and/or prepayment from its resold long distance customers, Staff recommends that the Applicant be allowed to file a request for cancellation of its established performance bond or Letter of Credit relating to resold long distance services. Such request should be filed with the Commission for Staff review. Upon receipt of such filing and after Staff review, Staff will forward its recommendation to the Commission. Also, if the Applicant desires to discontinue any type of resold and/or facilities-based telecommunications services, it must file an application with the Commission pursuant to the A.A.C. R14-2-1107. Failure to meet this requirement should result in forfeiture of the Applicant's performance bond or irrevocable sight draft Letter of Credit.

*9.1 RECOMMENDATION ON THE APPLICANT'S PETITION TO HAVE ITS PROPOSED SERVICES CLASSIFIED AS COMPETITIVE*

Staff believes that the Applicant's proposed services should be classified as competitive. There are alternatives to the Applicant's services. The Applicant will have to convince customers to purchase its services, and the Applicant has no ability to adversely affect the local exchange service markets. Therefore, the Applicant currently has no market power in the local exchange service markets where alternative providers of telecommunications services exist. Staff therefore recommends that the Applicant's proposed services be classified as competitive.