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AZ CORP COMMISSION
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October 16, 2008

J. Stephen Rizley
Senior Vice President & General Manager - Arizona

Hon. Mike Gleason, Chairman
Hon. Jeff Hatch-Miller, Commissioner
Hon. Bill Mundell, Commissioner
Hon. Kristin K. Mayes, Commissioner
Hon. Gary Pierce, Commissioner

Arizona Corporation Commission
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By

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Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

Honorable Members of the Arizona Corporation Commission:

Cox has worked tirelessly to create both an external reputation as a trusted provider in the communities we serve and an internal culture of service, integrity and excellence. I am proud of the thousands of hard-working, honorable men and women who consistently do the right thing for the right reasons as Cox employees. As Cox Arizona's leader, I am most proud of our relationships with our customers, with whom we must daily earn and re-earn the right to serve. However, I am troubled by recent developments in aspects of our important relationships at the ACC, and I want to act swiftly and specifically to address these concerns. I hope you will agree that we should personally meet at a proper time to explore ways to advance a more healthy footing and common understanding in our relationship.

It is with respect that I express my strong concerns regarding the experience Cox had at the Commission's August 27th Open Meeting, however, the reasons for my letter are not the agenda issue itself. Rather, my objectives are to (1) improve the relationship between Cox and the ACC, (2) underscore Cox's commitment to compliance with ACC rules and regulations, (3) raise a concern regarding the fair and reasonable conduct of Commission proceedings and (4) achieve a common understanding of the dynamic marketplace in which Cox operates.

First, let me share my view of the historic relationship between Cox and the Commission. Since entering into the residential telephone business in 1998, Cox has been proud of its achievements, injecting needed competition and winning multiple awards for its products and its customer satisfaction. Throughout that time, we at Cox believed that our relationship with the ACC was professional, cooperative, open and, mutually respectful. Cox fosters this type of relationship with its regulators, and we believe it has served both the company and the Commission well in the past. However, we were dismayed to recently learn that our perception may not be shared by all Commissioners and certain staff. I believe that it is important for me to meet with each of you to better understand where this breakdown in the relationship may have occurred so that we can restore the positive and mutually respectful relationship we have historically enjoyed.

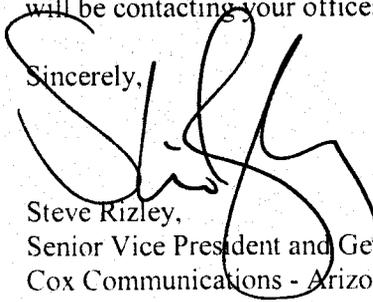
Second, Cox takes very seriously our compliance obligations with ACC rules and orders. Let me underscore that Cox is 100% committed to compliance. In fact, in the ten years Cox has been offering telephone service in Arizona, Cox has not once been served any official notice that it has been out of compliance with the Commission's rules and orders. Our customer informal complaint rate at the ACC is certainly the lowest of any telephone provider serving a broad consumer base in Arizona. We are proud of our efforts to hire skilled people of character and create a "do the right thing" culture. Emblematic of our commitment is that I was personally involved in hiring a respected, veteran ACC Utilities Division Assistant Director to ensure that we meet or exceed Commission requirements. Few, if any, could understand better or respect more the ACC's rules and orders and the consequences of non-compliance.

I am certain you will agree that Cox and other regulated entities should be able to count on a reasonable, predictable, objective and fair process during Commission proceedings. Aside from the specific issue or decision itself, our recent experience at the August 27, 2008 Open Meeting did not meet those expectations. The process by which the hearing was conducted, amendments considered and the decision reached was arbitrarily truncated, chaotic and procedurally uncertain. For example, is it permissible or proper for Commissioners to vote "present"? Or for a Commissioner to move an amendment without later voting on it during a roll call vote? Further, it raises serious fairness concerns when a regulated entity is not given any opportunity to rebut or respond to factually incorrect surprise comments from staff—comments that called in question the integrity of Cox staff and legal counsel. These kinds of experiences work to undermine faith and confidence in the fairness of the ACC's processes and procedures. Cox respectfully welcomes an opportunity to address these concerns and, if possible, to help improve the processes.

Finally, I am convinced there is a need to improve the Commission's understanding of what is a very dynamic and rapidly evolving telecommunications industry. It is changing quickly from both a technological and a competitive standpoint, and the two are inextricably intertwined. By way of example, I would like the opportunity to dispel the notion that Cox is one-half of a "duopoly" for residential communications. This view does not adequately recognize, for example, (a) the highly competitive nature of our industry, (b) differences between the residential and commercial/governmental telephony markets, (c) the rapidly changing technological landscape, which fuels competition and consumer choice, (d) differences in the regulatory status of various technologies, products and competitors and (e) changing consumer demands and trends which are rapidly changing the future of traditional wireline telephone service as we know it.

I welcome an opportunity for healthy dialogue with Commissioners and staff on these topics. I write in the spirit of opening an improved level of communication with you and your staffs. I will be contacting your offices to seek such an opportunity.

Sincerely,



Steve Rizley,
Senior Vice President and General Manager
Cox Communications - Arizona

cc: Brian McNeil, Executive Director