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MEMORANDUM RECEIVED

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FROM: John Bostwick
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AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

DATE: January 23, 2009

FEB 13 2009

RE: Gila Local Exchange Carrier
Docket No. T-20515A-07-0133

Decision No. 70039

DOCKETED BY

On December 22, 2008, Docket Control received a copy of Gila Local Exchange Carrier's ("GLEC" or "Company") GLEC Arizona, Inc. ACC Tariff No. 1 bearing an issued date of December 22, 2008. On January 20, 2009, Staff was requested by the Compliance, Enforcement, and Administrative Section of the Utilities Division of the Arizona Corporation Commission ("Commission") to review GLEC's tariff for compliance purposes, contact the Company to correct any deficiencies, and recommend, if required, that the Company re-file their tariff through Docket Control.

The contents of GLEC's proposed tariff are addressed in five Sections consisting of 53 pages. Staff reviewed the five Sections of the tariff but did not review every numbered item in each Section. Staff is not aware of every numbered item in GLEC's tariff that agrees or conflicts with every regulation established in the Arizona Administrative Code ("A.A.C.") rules. Also, Staff is unable to verify that every regulation in each Section of the Articles related to telecommunications in the A.A.C. rules is captured in GLEC's proposed tariff.

Staff is aware that GLEC has deficiencies in its proposed tariff that need to be corrected for compliance purposes. GLEC's tariff lacks accurate information regarding Definition(s), Deposits, Interest on Deposits, Billing and Collection, Late Payment Penalty, Individual Case Basis, and Termination of Service.

Definition(s)

The following lists each Technical Term and Abbreviation in GLEC's tariff, under Section 1, that does not match the definition of the terms and abbreviation approved by the Commission as listed by the corresponding A.A.C. Rule and Item No.:

<u>Term or Abbreviation</u>	<u>A.A.C. Rule and Item No.</u>
Customer	R14-2-501, Item No. 9
LATA	R14-2-1001, Item No. 13

Local Exchange Carrier

R14-2-1001, Item No. 14

Staff recommends that GLEC use the definition listed in the above corresponding A.A.C. Rule and Item No. to define the meaning of "Customer", "LATA", and "Local Exchange Carrier" in its tariff. This will help to ensure that tariff terms and abbreviations approved by the Commission are used in a consistent manner by all telecommunications providers in Arizona.

Deposits

In GLEC's tariff under Section 2.5.5 entitled "Deposits", item 2.5.5. (A), on Pages 22 and 23, Staff examined the amount of deposit GLEC requires from its customers. GLEC's tariff states that "... The deposit will not exceed an amount equal to: two month's charges for a service or facility which has a minimum payment period of on month; or 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..." There is no mention of deposit amounts for residential customers and non-residential customers in QCC's tariff.

According to A.A.C. R14-2-503 B. 6. a. and b., the amount of deposits required by the utility shall not exceed two times the residential customer's estimated average monthly bill. For a non-residential customer, deposits shall not exceed 2.5 times that customer's estimated maximum monthly bill.

Staff recommends that GLEC revise the language in its tariff to match the language in A.A.C. R14-2-503 B. 6.a. and b. This will help ensure that all residential customers and non-residential customers pay the appropriate amount of deposit required in Arizona.

Interest on Deposits

GLEC also states under Section 2.5.5 entitled "Deposits", item 2.5.5. (D), on Page 23 of its tariff that "Deposits held will accrue interest at a rate specified by the Arizona Corporation Commission". Staff was unable to locate in the tariff the amount of interest GLEC will pay on customer deposits. Also, Staff was unable to locate that a tariff proceeding approving the interest rate and method of calculation was filed and approved by the Commission.

Rule A.A.C. R14-2-503 B. 3. clearly states that "Deposits shall be interest bearing; the interest rate and method of calculation shall be filed with and approved by the Commission in a tariff proceeding."

Staff recommends that GLEC follow the requirements established in A.A.C. R14-2-503 B. 3. regarding the payment of interest on customer deposits. Staff also recommends that the amount of interest or interest rate to be paid on deposits should be listed in GLEC's tariff. This will help ensure all customer deposits are treated in a fair and equitable manner in Arizona.

Billing and Collection

Staff was not able to locate billing and collection procedures in GLEC's tariff. According to A.A.C. R14-2-508, Billing and Collection, more specifically R14-2-508 C., entitled "Billing terms", each utility shall file a tariff which incorporates certain billing procedures. The billing procedures are in A.A.C. R14-2-508 C. 1. through 4.

Staff recommends that GLEC revise its tariff to include these billing terms and procedures. This will help to ensure that all customers in Arizona are treated with fair and consistent billing terms and procedures.

Late Payment Penalty

Staff was not able to locate any language relating to a late payment penalty in GLEC's tariff. According to R14-2-508 G. 1, a utility may include in its tariffs a late payment penalty which may be applied to delinquent bills. GLEC should state in its tariff that a late payment penalty will or will not be applied to a customer's delinquent bill. If GLEC wants to have a late payment penalty, it should adopt the language approved by the Commission in A.A.C. R14-2-508 G. 2. and 3.

Staff recommends that GLEC revise its tariff to reflect the Commission approved language for late payment penalty in A.A.C. R14-2-508 G. 2. and 3. This will help to ensure that charges and terms for late payments are properly listed on a customer's bill and computed in a consistent and uniform manner.

Individual Case Basis

A definition of Individual Case Basis ("ICB") is listed in GLEC's tariff under Section 1 on Page 9. In Section 4.11 on Page 41, GLEC addresses ICB arrangements of its proposed tariff. GLEC lists nonrecurring charges and monthly charges for ICB services on Pages 46, 49, and 53 in its tariff. As a matter of practice, the Commission does not accept ICB rates or charges in tariffs. The ICB rate or charge for each service listed in a tariff needs to reflect a specific dollar amount so that customers and consumers are able to evaluate the rate or charge of a specific telecommunication service. Besides providing clarification, an established rate or charge for a given telecommunication service will help to ensure that the rate or charge was computed in an equitable and consistent manner.

Staff recommends that GLEC remove the definition of ICB and establish a rate or charge for each service listed in its tariff. If GLEC is unable to provide a rate or charge for each service then, the ICB rate or charge of the service needs be removed from the tariff. When a rate or charge has been established for the service, then that rate or charge for the specific telecommunication service can be listed in GLEC's tariff.

Termination of Service

Under A.A.C. R14-2-509 D. 1. and 2, there are termination notice requirements to provide advance written notice to the customer and the written notice must contain minimum information. Staff was unable to locate termination notice requirements in GLEC's tariff.

Staff recommends that GLEC revise its tariff to include the termination notice requirements of A.A.C. R14-2-509 D. 1. and 2. This will help to ensure that all Arizona customers being terminated by the Company are properly informed.

According to A.A.C. R-14-2-509 E. 1. through 6, there are requirements that address the timing of terminations with notice. Staff was unable to locate requirements that addressed the timing of terminations with notice in GLEC's tariff.

Staff recommends that GLEC revise its tariff to include the timing of terminations with notice requirements of A.A.C. R14-2-509 E. 1. through 6. This will help to ensure that all Arizona customers being terminated by a Company are informed in a timely manner.

Recommendation(s)

Staff has forwarded an electronic copy of this memorandum to Ms. Joan S. Burke, Attorney for GLEC, to inform her of the revisions that GLEC needs to make to its tariff. Staff recommends that GLEC adopt Staff's recommended tariff changes, revise its tariff and file its revised tariff (Original and thirteen (13) copies) with Docket Control as a tariff compliance item. Any questions regarding Staff's recommended revisions to this tariff may be directed to me at (602)-542-0856 or JBostwick@azcc.gov.