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BEFORE THE ARIZONA CORPORATION COMMISSION P 3: 01

Arizona Corporation Commission

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

DOCKETED

JAN 30 2002

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IN THE MATTER OF THE GENERIC
INVESTIGATION INTO NUMBER RESOURCE
OPTIMIZATION AND IMPLEMENTATION OF
NUMBER POOLING IN ARIZONA

DOCKET NO. T-00000A-01-0076

CITIZENS COMMUNICATIONS' RATE CENTER CONSOLIDATION REPORT

Citizens Communications Company ("Citizens") submits this rate center consolidation report and schedule in partial fulfillment of the Commission's August 30, 2001, order in this docket, Decision No. 63982 (hereinafter referred to as the "Number Optimization Decision" or "Decision"). In the Number Optimization Decision, the Commission orders "carriers," presumably incumbent local exchange carriers ("ILECs"), to consolidate rate centers where multiple centers have the same local calling area. (Decision at 18) The Decision also instructs wireline carriers to file a report within 90 days identifying the rate centers to be consolidated and the scheduled effective date. (*Id.*) Citizens subsequently sought and obtained an order of the Commission granting it until January 31, 2002 to file its report and schedule. (*Procedural Order*, Docket No. T-00000A-01-0076, December 11, 2001)

In addition, the Number Optimization Decision invited carriers to comment within 30 days and identify any concerns with the ordered rate center consolidation. (Decision at 18) Citizens filed its comments on September 28, 2001, and the rate center consolidations and schedule contained in this report reflect the concerns expressed in those comments. Specifically,

1 Citizens does not expect the rate center consolidations identified herein to cause Citizens' three
2 Arizona ILEC affiliates to suffer reductions in revenue or incur higher costs for which there is no
3 offsetting compensation. Should the Commission consider more extensive rate center
4 consolidation than scheduled here, Citizens should be given an opportunity to propose
5 mechanisms for recouping the lost revenues and recovering the increased costs. As discussed in
6 its September 28, 2001 comments, Citizens believes the best forum to consider the revenue and
7 cost implications of rate center consolidation is within a rulemaking docket addressing Extended
8 Area Service ("EAS").

9 ***I. CITIZENS' RATE CENTER CONSOLIDATIONS.***

10 In response to an informal request from the Staff, the following report analyzes
11 each Citizens local calling area and identifies which rate centers Citizens agrees to consolidate.
12 These consolidations will be completed within one year, as recommended by the Staff. For each
13 rate center not included in Citizens' consolidation plans, the report specifies the reasons it is not
14 included. For convenience, the following report is organized by company and local calling area.

15 ***A. Citizens Utilities Rural Company.***

16 Citizens Utilities Rural Company ("Rural") provides EAS to its customers in
17 Mojave County within five separate local calling areas. Citizens agrees to consolidate the rate
18 centers in one of these five areas; that is, within the calling area that includes the Butler, Golden
19 Valley and Kingman Exchanges.

20 Consolidating the rate centers within the other four Mojave County local calling
21 areas would cause Citizens to sacrifice revenues from selling toll and exchange access services.
22 In the second Mojave County local calling area, Rural and Fort Mojave Telecommunications,
23 Inc. ("FMTI") jointly provide EAS between Rural's Bullhead City, Riviera and Mohave Valley
24 Exchanges and FMTI's Mesquite Creek and Arizona Village Exchanges. Consolidating these

1 Rural and FMTI rate centers would not only cause Rural to forgo both interstate and intrastate
2 access revenues, but consolidation would also deprive FMTI of federal and state access
3 revenues. In the third Mojave County local calling area, Rural provides EAS between its Mojave
4 Valley and Needles, California, Exchanges. Consolidating these two rates centers would cost
5 Rural interstate access revenues.

6 The fourth and fifth Mojave County local calling areas are linked by non-
7 coincident calling scopes; that is, EAS exists between certain pairs of exchanges but not all pairs.
8 The fourth Mojave County local calling area gives subscribers EAS between Rural's Lake
9 Havasu City and Castle Rock Exchanges. These two rate centers could be consolidated without
10 loss of revenue but for the fact that the fifth local calling area provides EAS between Rural's
11 Lake Havasu City and Havasu Landing, California, Exchanges. Consolidating the Lake Havasu
12 City and Castle Rock rate centers would give Castle Rock subscribers free calling to Havasu
13 Landing, California. Such consolidation would force Rural to lose interstate access revenues.
14 Moreover, consolidating the Lake Havasu City and Havasu Landing, California, Exchanges
15 would also give Castle Rock customers free calling to Havasu Landing, California, and further
16 deprive Rural of interstate access revenues.

17 **B. Citizens Telecommunications Company of the White Mountains.**

18 Most of the fourteen exchanges belonging to Citizens Telecommunications of the
19 White Mountains (CTC-WM) are linked by non-coincident calling scopes, thereby limiting
20 consolidation opportunities not involving sacrifices in toll and access revenues. Despite these
21 limited opportunities, Citizens agrees to the following rate center consolidations:

- 22 1. Heber with Merzville.
- 23 2. Hawley Lake with McNary and Whiteriver.
- 24 3. Pinedale with Show Low.

1 As the analysis below shows, any further rate center consolidations would cause Citizens to give
2 up toll and access revenue. To demonstrate this risk of forfeiting toll and access revenue, the
3 following analysis considers CTC-WM's fourteen exchanges in alphabetical order.

4 **1. Alpine.**

5 Subscribers served by CTC-WM's Alpine Exchange may call the Springerville
6 Exchange without incurring toll charges. However, callers in the Springerville Exchange also
7 have EAS to the Greer and St. Johns Exchanges. To consolidate the Alpine and Springerville
8 rate centers would give callers in Alpine toll-free calling to Greer and St. Johns and reduce CTC-
9 WM's toll and access revenues. Consequently, Citizens does not intend to consolidate the
10 Alpine and Springerville Exchanges.

11 **2. Greer.**

12 The calling scope of the Greer Exchange includes Springerville, but as noted
13 above, the calling scope of the Springerville Exchange also includes Alpine and St. Johns. As a
14 result, consolidating the Greer and Springerville rates centers would give the Greer Exchange
15 toll-free calling to Alpine and St. Johns and decrease CTC-WM toll and access revenues.
16 Therefore, Citizens has no plans to consolidate the Greer and Springerville Exchanges.

17 **3. Heber.**

18 The local calling area of the Heber Exchange embraces the Merzville Exchange.
19 Citizens agrees to consolidate the Heber and Merzville Exchanges and to do so within one year.

20 **4. Hawley Lake.**

21 Subscribers located in CTC-WM's Hawley Lake Exchange have EAS to McNary,
22 Pinetop and Whiteriver. In turn, McNary's calling scope includes Hawley Lake, Pinetop and
23 Whiteriver, and Whiteriver's calling scope includes Hawley Lake, McNary and Pinetop. Thus,
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9. Pinetop.

Pinetop's local calling scope includes Hawley Lake, McNary, Pinedale, Show Low and Whiteriver. As just explained, Citizens does not intend to consolidate its Pinetop rate center with either Pinedale or Show Low; because doing so would give customers in Pinedale and Show Low toll free-calling to Hawley Lake, McNary and Whiteriver, which they do not have today, and cause Citizens to suffer a loss in toll and access revenues.

10. Show Low.

Show Low's local calling scope includes Pinedale and Pinetop. As discussed twice previously, Citizens cannot consolidate the Show Low rate center with the Pinetop rate center without costing itself toll and access revenues, but the Show Low rate center may be consolidated with the Pinedale rate center without the loss of toll and access revenue.

11. Snowflake.

CTC-WM's Snowflake Exchange does not have EAS to any other exchange.

12. Springerville.

CTC-WM's Springerville Exchange has EAS to its Alpine, Greer and St. Johns Exchanges. Citizens does not intend to consolidate the Springerville rate center with either Alpine or Greer. As described above, doing so would give Alpine customers toll-free calling to Greer and St. Johns and Greer subscribers toll-free calling to Alpine and St. Johns, and the result would be a loss toll and access revenues to Citizens.

Similarly, consolidating the Springerville rate center with the St. Johns rate center would give St. Johns' customers toll-free calling to Alpine and Greer, which they do not have today, and which would lead to a decline in Citizens' toll and access revenues. Consequently, Citizens does not plan to consolidate the St. Johns and Springerville rate centers.

1 and consolidating the Window Rock and Fort Defiance rate centers would give Fort Defiance
2 customers toll-free calling to Tse Bonito, New Mexico, also resulting in the loss of interstate
3 access revenue.

4 ***II. SUMMARY AND ADDITIONAL COMMENTS.***

5 To summarize, Citizens agrees to consolidate the following rate centers involving
6 its three ILEC affiliates in Arizona:

- 7 1. Butler with Golden Valley and Kingman.
- 8 2. Heber with Merzville.
- 9 3. McNary with Hawley Lake and Whiteriver.
- 10 4. Pinedale with Show Low.
- 11 5. Chinle with Many Farms.

12 The five foregoing consolidations will be completed in one year, as recommended by the Staff.

13 For reasons discussed in its September 28, 2001 comments in this docket, Citizens
14 does not plan to consolidate additional rate centers. Consistent with those comments, Citizens'
15 planned rate center consolidations do not include rate centers where:

- 16 1. EAS arrangements extend across state boundaries;
- 17 2. EAS is jointly provided with adjacent ILECs; and
- 18 3. The associated local exchanges are linked by non-coincident calling scopes.

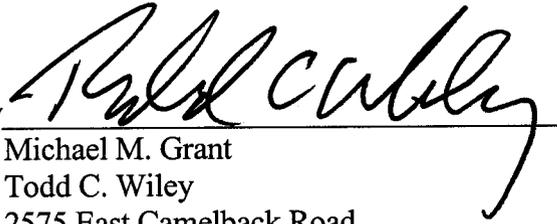
19 Also consistent with its September 28, 2001 comments, Citizens' rate center consolidation plans
20 do not include consolidating rate centers associated with exchanges connected by optional local
21 calling plans.

22 Finally, Citizens repeats its September 28, 2001 request that the Commission
23 address the potentially harmful aspects of further rate center consolidations in an EAS
24 rulemaking docket. In its Opinion and Order in the Midvale Telephone Company rate case,

1 Decision No. 64011, dated September 5, 2001, the Commission ordered that a rulemaking docket
2 be opened "...to clarify the Commission's EAS requirements." (page 5, lines 14-15) Both the
3 technical feasibility and the potentially harmful financial affects of rate center consolidations
4 arise in the context of EAS or EAS-like arrangements and are complex and fact specific.
5 Therefore, Citizens once again recommends that an EAS rulemaking docket is the more
6 appropriate forum to consider rate center consolidation.

7 RESPECTFULLY SUBMITTED this 30th day of January 2002.

8 GALLAGHER & KENNEDY, P.A.

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