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WILLIAM A. MUNDELL
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Arizona Corporation Commission

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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

**COMMENTS OF CITIZENS COMMUNICATIONS ON RATE CENTER
CONSOLIDATION**

Citizens Communications Company ("Citizens") submits these comments in partial response to 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 p. 18) The Decision also invites carriers to comment within 30 days and identify any concerns with such consolidation.

The Commission's purpose in ordering rate center consolidation may be inferred from the opening paragraph of the Number Optimization Decision: "Efficient use of numbering resources is necessary to protect both carriers and customers from the expense and inconvenience that result from frequent implementation of new area codes." (Decision at p. 1) Citizens' concerns stem not from the Commission's efforts to conserve numbering resources but from unintended financial and service quality consequences that such conservation measures

1 may have.

2 Citizens has three ILEC affiliates in Arizona whose customers and financial
3 strength may be adversely affected by consolidating rate centers, depending upon how the
4 Commission carries out that consolidation. These three affiliates are Citizens Utilities Rural
5 Company (“Rural”), Citizens Telecommunications Company of the White Mountains (“CTC-
6 WM”) and Navajo Communications Company (“Navajo”). Each affiliate has established special
7 local calling areas and local calling plans (“LCPs”) in the interests of better serving its
8 subscribers. Coupling rate center consolidation with these calling areas and LCPs may cause
9 Citizens’ ILECs to suffer reductions in revenue or incur higher costs for which there is no
10 offsetting compensation. The result might impair these companies’ ability to attract capital and
11 maintain credit, which, in turn, could cause them to abandon or significantly alter existing local
12 calling areas and plans to the detriment of their customers.

13 As the Commission implicitly recognized in its Decision, the implications of
14 consolidating rate centers are inextricably intertwined with the nature and scope of local calling
15 areas. Hence, Citizens respectfully requests the Commission either tailor rate center
16 consolidation to fit the special circumstances in its Arizona service territories or delay such
17 consolidation until the potentially harmful consequences may be considered in a rulemaking
18 docket addressing Extended Area Service (“EAS”).

19 ***I. CITIZENS’ FIVE PRIMARY CONCERNS.***

20 **A. Crossing State Lines**

21 Rural and Navajo each have two EAS arrangements that extend across state lines.
22 Customers in Rural’s Mohave Valley Exchange have EAS to Needles, California, and customers
23 in Rural’s Lake Havasu City Exchange have EAS to Havasu Landing, California. In addition,
24 subscribers in Navajo’s Window Rock and Fort Defiance Exchanges have EAS to the Tse Bonito

1 Exchange in New Mexico. Consolidating rate centers in these three instances would allow
2 interexchange carriers (“IXCs”) to avoid paying properly tariffed federal access charges, causing
3 Citizens’ two affiliates to forfeit interstate revenues.

4 **B. Joint Provision of EAS**

5 Second, Rural and Fort Mojave Telecommunications, Inc. (“FMTI”) jointly
6 provide EAS between Rural’s Bullhead City, Riviera and Mohave Valley Exchanges and
7 FMTI’s Mesquite Creek and Arizona Village Exchanges. Not only would consolidating these
8 rate centers cause Rural to forgo both interstate and intrastate access revenues, but consolidation
9 would deprive FMTI of federal and state access revenues also.

10 **C. Non-Coincident Calling Scopes**

11 Third, both Rural and CTC-WM have EAS areas with non-coincident calling
12 scopes. A calling scope is a set of local exchanges where customers may call one another
13 without incurring toll charges. Within Rural’s service territory, subscribers in the Castle Rock
14 Exchange have EAS to the Lake Havasu City Exchange. As noted earlier, there is EAS between
15 Lake Havasu City and Havasu Landing, CA, but not between Castle Rock and Havasu Landing.
16 Consolidating the Lake Havasu and Castle Rock rate centers would give Castle Rock subscribers
17 free calling to Havasu Landing, CA. Again, such consolidation would force Rural to lose
18 interstate access revenues.

19 Currently, within in CTC-WM’s service territory, subscribers in the Springerville
20 Exchange, for example, may call persons in its Alpine, Greer and St. Johns Exchanges without
21 incurring toll charges, but customers in the latter three exchanges may only place toll-free calls
22 to Springerville, not to the other two exchanges. Again, consolidating CTC-WM’s rate centers
23 that are joined by non-coincident calling scopes would cause Citizens’ affiliates to suffer the loss
24 of both toll and access revenues.

1 Of the 13 exchanges in CTC-WM's service territory, all but two are linked by
2 non-coincident calling scopes. (The two exceptions are Heber and Merzville.) The remaining 11
3 exchanges are linked in such a way that consolidating any two rate centers would give customers
4 in at least one of the two consolidated rate centers wider toll-free calling than they have today,
5 thereby reducing CTC-WM's toll and access revenues.

6 **D. Local Calling Plans**

7 Fourth, Rural, CTC-WM and Navajo each offer their customers optional local
8 calling plans ("LCPs") that involve multiple rate centers. For a low flat monthly fee, customers
9 in the Dolan Springs, Meadview, Peach Springs, Wikieup and Yucca Exchanges may call the
10 Kingman Exchange without incurring toll charges. Similarly, customers in CTC-WM's
11 Snowflake Exchange may call the Show Low Exchange for a small flat monthly charge, thereby
12 sidestepping toll charges. Likewise, all of Navajo's 25 exchanges, including those in Utah and
13 New Mexico, are connected by recently approved LCPs with low monthly charges. In all three
14 companies' cases, the monthly flat fees are booked as local revenues; thus, to consolidate the rate
15 centers involved in these plans would reduce Citizens' local revenues, perhaps substantially.

16 **E. Competitive Issue**

17 Finally, rate center consolidation could produce financial losses for Citizens'
18 three Arizona ILECs in yet another way, if the Commission's intent were improperly interpreted
19 as synonymous with "exchange consolidation." This final concern arises even if the
20 Commission were to confine consolidation to rate centers belonging to a single company within
21 a single state, not linked by non-coincident calling scopes or optional LCPs. Where EAS has
22 been established, the Commission should not interpret rate center consolidation as automatically
23 giving competitive local exchange companies ("CLEC") and wireless interconnectors the same
24 free calling scopes as the ILEC's customers. If the Commission were to consolidate exchanges

1 joined by EAS, a CLEC or wireless carrier could establish itself in one exchange and have its
2 calls terminated in adjoining EAS exchanges without incurring exchange access charges for
3 interoffice transport and local switching. The CLEC's or wireless carrier's traffic would be
4 routed between the formerly separate exchanges in the same manner as ordinary EAS traffic; that
5 is, their traffic would be treated as local, not interexchange. In essence, the CLEC or wireless
6 carrier would be able to provide its customers the same local calling scope as the ILEC's
7 customers while imposing the associated costs of exchange access on the ILEC.

8 **II. RECOMMENDATIONS.**

9 Given the potential for financial harm that rate center consolidation holds for
10 Citizens' three Arizona ILECs, Citizens recommends that such consolidation not include rate
11 centers:

- 12 1. involving EAS arrangements that extend across state boundaries;
- 13 2. linked by EAS jointly provided with adjacent ILECs;
- 14 3. joined by non-coincident calling scopes, or
- 15 4. connected by optional local calling plans.

16 In addition, to avoid unfair impacts in the competitive market, Citizens recommends that the
17 Commission implement rate center consolidation in such a way that CLECs and other
18 interconnectors will continue to pay for their fair share of exchange access costs for traffic
19 transported between exchanges within EAS areas.

20 Alternatively, Citizens requests that the Commission address the potentially
21 harmful aspects of rate center consolidation in an EAS rulemaking docket. In its Opinion and
22 Order in the Midvale Telephone Company rate case, Decision No. 64011, dated September 5,
23 2001, the Commission ordered that a rulemaking docket be opened "...to clarify the
24 Commission's EAS requirements." (Page 5, lines 14-15) The issues identified here arise in the

1 context of EAS or EAS-like arrangements and are complex and fact specific. Therefore, Citizens
2 believes that an EAS rulemaking docket is the more appropriate docket to consider rate center
3 consolidation.

4 RESPECTFULLY SUBMITTED this 28th day of September, 2001.

5 GALLAGHER & KENNEDY, P.A.

6
7 By Michael M. Grant
8 Michael M. Grant
9 Todd C. Wiley
10 2575 East Camelback Road
11 Phoenix, Arizona 85016-9225
12 Attorneys for Citizens Communications
13 Company

11 **Original** and ten (10) copies
12 of the foregoing document filed
13 this 28th day of September, 2001, with:

14 Docket Control
15 Arizona Corporation Commission
16 1200 West Washington
17 Phoenix, Arizona 85007

18 **Copy** of the foregoing document hand delivered
19 this 28th day of September, 2001, to:

20 Chairman William A. Mundell
21 Arizona Corporation Commission
22 1200 West Washington
23 Phoenix, Arizona 85007

24 Hercules Dellas
Advisor to Chairman Mundell
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007.

1 Commissioner Jim Irvin
Arizona Corporation Commission
2 1200 West Washington
Phoenix, Arizona 85007

3 Patrick Black
4 Advisor to Commissioner Jim Irvin
Arizona Corporation Commission
5 1200 West Washington
Phoenix, Arizona 85007

6 Commissioner Marc Spitzer
7 Arizona Corporation Commission
1200 West Washington
8 Phoenix, Arizona 85007

9 Paul Walker
Advisor to Commissioner Spitzer
10 Arizona Corporation Commission
1200 West Washington
11 Phoenix, Arizona 85007

12
13 By *Linda Maguire*
3099-0005/958408

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