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BEFORE THE ARIZONA CORPORATION COMMISSION

GARY PIERCE
Chairman
BOB STUMP
Commissioner
SANDRA D. KENNEDY
Commissioner
PAUL NEWMAN
Commissioner
BRENDA BURNS
Commissioner

Arizona Corporation Commission

DOCKETED

MAY - 4 2011

DOCKETED BY *MW*

IN THE MATTER OF THE APPLICATION)
OF AZTECH COMMUNICATIONS, LLC)
AND CITIZENS UTILITIES RURAL)
COMPANY, INC. DBA FRONTIER)
CITIZENS UTILITIES RURAL FOR)
APPROVAL OF LEASE PURSUANT TO)
ARS §40-285)

DOCKET NOS. T-20421A-11-0102
T-01954B-11-0102

DECISION NO. 72299

ORDER

Open Meeting
April 27 and 28, 2011
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On March 2, 2011, Aztech Communications, LLC (“Aztech”) and Citizens Utilities Rural Company, Inc. dba Frontier Citizens Utilities Rural (“Frontier”) filed a joint application to request approval pursuant to A.R.S. § 40-285, to authorize Aztech to lease certain fiber optic telecommunications assets to Frontier in connection with a Lease Agreement dated February 28, 2011 between the Parties.

2. Aztech is authorized to provide telecommunications services pursuant to a Certificate of Convenience of Necessity (“CC&N”) granted by the Commission in Decision No. 67750, dated April 11, 2005.

3. Aztech serves customers in the El Rio development (including the El Rio Golf & Country Club, a business park, residences, and a golf course) located in Mohave Valley, Arizona (the “Service Area”).

1 4. On January 24, 2011, Aztech filed an application with the Commission requesting
2 authority to discontinue services and to cancel its CC&N.

3 5. Frontier is the Incumbent Local Exchange Carrier (“ILEC”) authorized to provide
4 service in Mohave County, including Aztech’s Service Area.

5 6. In order to allow Frontier to commence service to those customers in the Service
6 Area, Aztech and Frontier entered into the Lease Agreement.

7 7. Pursuant to the terms of the Lease Agreement, Aztech will lease to Frontier certain
8 fiber optic telecommunications facilities used by Aztech to provide service.

9 8. The Lease Agreement has a term of one year. At any time during the lease term,
10 Frontier shall have the option to purchase the assets and/or install its own facilities in the right of
11 way in the Service Area. The lease commenced on March 1, 2011, and as a result of the pending
12 discontinuance of service by Aztech, Frontier has commenced service to customers in the Service
13 Area through the use of the facilities that are the subject of the Lease Agreement..

14 9. Staff has been in communication with the Parties in this application since January
15 2011 when notification of proposed business plan changes by Aztech was received. Subsequent
16 discussions with Aztech and Frontier clarified that the potential transition of local exchange
17 customers from Aztech to Frontier would require an associated transfer of assets, by lease or sale,
18 from Aztech to Frontier.

19 10. Without such transfer of assets, approximately forty customers currently served by
20 Aztech would not be within reach of Frontier’s existing facilities and would, therefore, be without
21 local exchange service for a period of 30 – 60 days. The Lease Agreement ensures the
22 continuation of local exchange service for existing customers and new customers entering the
23 impacted Service Area.

24 11. A.R.S. § 40-285 requires public service corporations to obtain Commission
25 authorization to lease or sell utility assets as proposed in this application. The statute serves to
26 protect captive customers from a utility’s act to dispose of any of its assets that are necessary for
27 the provision of service; thus, it serves to preempt any service impairment due to disposal of assets
28 essential for providing service.

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ORDER

IT IS FURTHER ORDERED that Aztech Communications, LLC and Citizens Utilities Rural Company, Inc. dba Frontier Citizens Utilities Rural be authorized to engage in any transactions and to execute any documents necessary to effectuate the authorizations granted as discussed herein.

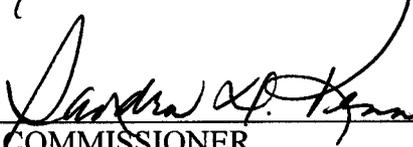
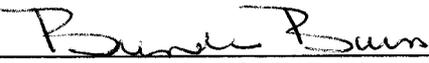
IT IS FURTHER ORDERED that the application of Aztech Communications, LLC and Citizens Utilities Rural Company, Inc. dba Frontier Citizens Utilities Rural is subject to the condition that Frontier notify the Commission sixty days in advance of any decision to purchase the Aztech assets or install its own facilities in the right of way in the Service Area that is the subject of this matter.

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IT IS FURTHER ORDERED that approval of this matter be retroactive to the effective date of the Lease Agreement, February 28, 2011.

IT IS FURTHER ORDERED that this Decision shall be become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

 CHAIRMAN	 COMMISSIONER	
 COMMISSIONER	 COMMISSIONER	 COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 4th day of MAY, 2011.


ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:AFF:lhM\MAS

1 SERVICE LIST FOR: Aztech Communications, LLC and
Citizens Utilities Rural Company, Inc. dba Frontier Citizens Utilities Rural
2 DOCKET NOS. T-20421A-11-0102 and T-01954B-11-0102

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Mr. Michael T. Hallam
Lewis and Roca LLP
40 North Central Avenue
Phoenix, Arizona 85004

Mr. Steven M. Olea
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Janice M. Alward
Chief Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007