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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

AUG 24 2011

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

DOCKETED BY ne

IN THE MATTER OF THE APPLICATION OF  
CENTRAL TELECOM LONG DISTANCE, INC.  
FOR APPROVAL OF A CERTIFICATE OF  
CONVENIENCE AND NECESSITY TO  
PROVIDE RESOLD LONG DISTANCE  
TELECOMMUNICATION SERVICES IN  
ARIZONA.

DOCKET NO. T-20740A-10-0205

DECISION NO. 72559

ORDER

Open Meeting  
August 16 and 17, 2011  
Phoenix, Arizona

BY THE COMMISSION:

On May 18, 2010, Central Telecom Long Distance, Inc. (“CTLD” or “Applicant”) submitted to the Arizona Corporation Commission (“Commission”) an application for a Certificate of Convenience and Necessity (“Certificate”) to provide resold long distance telecommunication services in Arizona.

On July 22, 2010, CTLD docketed responses to the Commission’s Utilities Division (“Staff”) First Set of Electronic Data Requests.

On August, 24, 2010, CTLD docketed responses to Staff’s Second Set of Electronic Data Requests.

On February 10, 2011, CTLD filed an Affidavit of Publication showing that notice of its application had been published in the *Arizona Republic*, a newspaper of general circulation in the State of Arizona on January 27, 2011.

On March 4, 2011, Staff filed a Staff Report recommending approval of CTLD’s application with conditions.

\* \* \* \* \*

Having considered the entire record herein and being fully advised in the premises, the

1 Commission finds, concludes, and orders that:

2 **FINDINGS OF FACT**

3 1. CTLD is a foreign C corporation, organized under the laws of Colorado, with its  
4 principal place of business in Colorado Springs, Colorado.<sup>1</sup>

5 2. CTLD is in good standing with the Arizona Corporation Commission.<sup>2</sup>

6 3. On May 18, 2010, CTLD filed an application with the Commission for a CC&N to  
7 provide resold long distance telecommunication services in Arizona.

8 4. Staff recommends approval of CTLD's application for a CC&N to provide resold long  
9 distance telecommunication services subject to the following conditions:

- 10 a. CTLD comply with all Commission Rules, Orders and other requirements  
11 relevant to the provision of intrastate telecommunication services;
- 12 b. CTLD maintain its accounts and records as required by the Commission;
- 13 c. CTLD file with the Commission all financial and other reports that the  
14 Commission may require, and in a form and at such times as the Commission  
15 may designate;
- 16 d. CTLD maintain on file with the Commission all current tariffs and rates, and  
17 any service standards the Commission may require;
- 18 e. CTLD file with the Commission tariffs which state that does not require  
19 deposits from its customers;
- 20 f. CTLD comply with the Commission's rules and modify its tariffs to conform  
21 to these rules if it is determined that there is a conflict between CTLD's tariffs  
22 and the Commission's rules;
- 23 g. CTLD cooperate with Commission investigations including, but not limited to  
24 customer complaints;
- 25 h. CTLD participate in and contribute to the Arizona Universal Service Fund, as  
26 required by the Commission;
- 27 i. CTLD be required to notify the Commission immediately upon changes to its  
28 name, address, or telephone number;
- 28 j. CTLD's proposed rates be classified as competitive pursuant to A.A.C. R14-2-  
1108;
- 29 k. The Commission authorize maximum rates as proposed in CTLD's proposed  
tariff. That the minimum rates for CTLD's competitive services be its total  
service long run incremental costs of providing those services as set forth in  
A.A.C. R14-2-1109;
- 30 l. In the event that CTLD states only one rate in its proposed tariff for a

<sup>1</sup> Application at 1.

<sup>2</sup> Application at Attachment A.

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competitive service, the rate stated should be the effective (actual) price to be charged for the service as well as the service’s maximum rate;

- m. CTLD’s fair value rate base (“FVRB”) information, as provided by Staff, not be given substantial weight in this analysis;
- n. If CTLD desires in the future to provide telecommunication services other than resold long distance services, CTLD be required to file an application with the Commission requesting such authorization; and
- o. If CTLD discontinues and/or abandons its service area it must provide notice to both the Commission and its customers in accordance with A.A.C. R14-2-1107.

5. Staff further recommends CTLD comply with the following conditions within the timeframes outlined or CTLD’s CC&N should be considered null and void, after due process.

- a. That CTLD:
  - (i.) Docket conforming tariffs for the proposed services described in its application within 365 days of a Decision in this matter or 90 days prior to providing service, whichever comes first.
  - (ii.) Notify the Commission as a compliance item in this docket, within 30 days of its first customer being served.

**Technical Capabilities**

- 6. CTLD is a provider of resold interexchange services in 29 states.<sup>3</sup>
- 7. CTLD indicates it will provide its resold long distance services through Global Crossing and Qwest.<sup>4</sup>
- 8. CTLD provided information stating its top executive has over 14 years experience in the telecommunications industry.<sup>5</sup>
- 9. CTLD will have no employees located in Arizona.<sup>6</sup> CTLD’s Arizona customers will have access to a Customer Service Call Center located in San Antonio, Texas, which will handle complaints, inquiries, and repairs.<sup>7</sup> Customers may contact the Customer Service Call Center, via a toll-free telephone number and representatives will be available Monday through Friday, from 5:00 a.m. to 7:00 p.m. Pacific Standard Time.<sup>8</sup>

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<sup>3</sup>Alabama, California, Colorado, Florida, Georgia, Idaho, Illinois, Iowa, Massachusetts, Maryland, Michigan, Minnesota, Missouri, Montana, New Jersey, New York, Nevada, North Carolina, North Dakota, Oregon, Pennsylvania, South Carolina, South Dakota, Texas, Utah, Virginia, Vermont, Washington and Wisconsin.  
<sup>4</sup>Application (A-17).  
<sup>5</sup>Applicant response to Staff’s data request (STF 1.5).  
<sup>6</sup>Id. at (STF 1.21).  
<sup>7</sup>Applicant response to Staff’s data request (STF 1.21).  
<sup>8</sup>Applicant response to Staff’s data request (STF 1.5).

1           10. Based on the above information, Staff concludes that CTLD has the technical  
2 capabilities to provide the services it is requesting in its application.<sup>9</sup>

### 3 **Financial Capabilities**

4           11. CTLD provided unaudited financial statements for the 12-month periods ending  
5 December 31, 2008 and December 31, 2009. As of December 31, 2009, CTLD listed its total assets at  
6 \$53,708; total equity of \$53,708; and a net income of \$21,379.<sup>10</sup>

7           12. Staff states that if CTLD experiences financial difficulties, there will be minimal  
8 impact to customers because there are many companies providing resold interexchange  
9 telecommunication services and alternatively, customers may choose a facilities-based provider.<sup>11</sup>  
10 Further, Staff states that if customers desire alternative interexchange service, they can immediately  
11 access it by using a dial around access code.<sup>12</sup>

12           13. CTLD filed proposed tariffs showing that it will not require deposits or advanced  
13 payments from its customers in Arizona.<sup>13</sup> Staff does not recommend a performance bond or  
14 irrevocable sight draft letter of credit ("ISDLC") as a provision of service for CTLD.

15           14. However, Staff recommends that if CTLD desires in the future to collect deposits  
16 and/or advanced payments from its customers, CTLD should file an application with Commission  
17 requesting approval, referencing this Decision, and explaining its plans for procuring either a  
18 performance bond or ISDLC.<sup>14</sup>

### 19 **Rates and Charges**

20           15. CTLD filed a proposed tariff for its proposed telecommunication services in Arizona.<sup>15</sup>

21           16. CTLD also filed revised tariff pages in response to Staff's data requests.<sup>16</sup>

22           17. Staff reviewed CTLD's revised tariff and states that in general rates for competitive  
23 services are not set in the same manner as for non-competitive services and although CTLD's FVRB  
24 was taken into account as part of Staff's analysis, Staff believes CTLD's FVRB is too small to be given

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25 <sup>9</sup> Id.

26 <sup>10</sup> Id.

26 <sup>11</sup> Staff Report at 3.

27 <sup>12</sup> Id.

27 <sup>13</sup> Staff Report at 2.

27 <sup>14</sup> Id.

28 <sup>15</sup> Application at Attachment B.

28 <sup>16</sup> Applicant Response to Data Requests dated August 24, 2010.

1 substantial weight in this analysis.<sup>17</sup>

2 18. Given that CTLD is a reseller of services purchased through other telecommunication  
3 companies, Staff believes CTLD will not be able to affect the intrastate interexchange market by  
4 restricting output or raising market prices.<sup>18</sup> Staff states that because the entities that CTLD will  
5 purchase its services from are technically and financially capable of providing alternative services at  
6 comparable rates and conditions, CTLD will have no market power and the competitive environment  
7 will yield rates that are just and reasonable.<sup>19</sup>

8 19. Pursuant to A.A.C. R14-2-1019, CTLD may charge rates for services that are not less  
9 than its total service long-run incremental costs of providing such service.<sup>20</sup>

10 20. Staff concludes that CTLD's proposed rates, as presented in its revised tariffs, are just  
11 and reasonable and Staff recommends that the rates be approved.

12 **Complaint Information**

13 21. According to CTLD's application, it has not had an application for service denied, or  
14 revoked in any state where it has applied for a certificate to provide service.<sup>21</sup>

15 22. Staff confirmed that neither CTLD nor its officers, directors, or managers have been or  
16 are currently involved in any civil or criminal investigation, nor have had judgments entered in any  
17 civil matter, judgments levied by any administrative agency, or regulatory agency, or been convicted  
18 of any criminal acts within the last ten years.<sup>22</sup>

19 23. Staff also confirmed that neither CTLD or any of its officers, directors, partners, or  
20 managers have been or are currently involved in any formal or informal complaint proceedings  
21 pending before any state or federal regulatory commission, administrative agency, or law  
22 enforcement agency.<sup>23</sup>

23 24. The Commission's Consumer Services Section reported that no complaints were filed  
24 from January 1, 2007 through May 27, 2010, against CTLD in Arizona.<sup>24</sup>

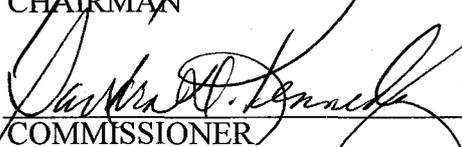
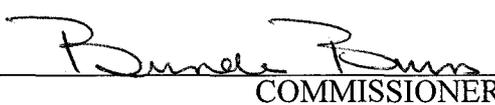
25 \_\_\_\_\_  
17 Staff Report at 3.  
26 18 Staff Report at 4.  
19 Id.  
20 Id.  
27 21 Application at A-18.  
22 Application at A-11.  
23 Application at A-12.  
28 24 Staff Report at 2.



1 IT IS FURTHER ORDERED that if Central Telecom Long Distance, Inc. fails to comply  
2 with the Staff recommendations described in Findings of Fact No. 5, the Certificate of Convenience  
3 and Necessity granted herein shall be considered null and void after due process.

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

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

6			
7			<b>EXCUSED</b>
8	CHAIRMAN		COMM. STUMP
9			
10	COMMISSIONER	COMMISSIONER	COMMISSIONER

11  
12 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,  
13 Executive Director of the Arizona Corporation Commission,  
14 have hereunto set my hand and caused the official seal of the  
15 Commission to be affixed at the Capitol, in the City of Phoenix,  
16 this 24<sup>th</sup> day of August, 2011.

17  
  
18 ERNEST G. JOHNSON  
19 EXECUTIVE DIRECTOR

20 DISSENT \_\_\_\_\_

21 DISSENT \_\_\_\_\_

22 YBK:db

1 SERVICE LIST FOR: CENTRAL TELECOM LONG DISTANCE, INC.

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