

ORIGINAL

OPEN MEETING



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MEMORANDUM

Arizona Corporation Commission

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AZ CORP COMMISSION
DOCKET CONTROL

TO: THE COMMISSION

FROM: Utilities Division

DATE: February 23, 2012

RE: PAY TEL COMMUNICATIONS, INC. – APPLICATION FOR APPROVAL OF A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE ALTERNATIVE OPERATOR SERVICES TELECOMMUNICATIONS SERVICES (DOCKET NO. T-20760A-10-0398)

DOCKETED BY

On October 1, 2010, Pay Tel Communications, Inc. (“Pay Tel” or “Company”) filed an Application to obtain a Certificate of Convenience and Necessity (“CC&N”) to provide alternative operator services (“AOS”) telecommunications services. On December 1, 2011, Pay Tel filed an Amended Application to change its AOS CC&N Application to an Application for a CC&N to provide customer owned pay telephone (“COPT”) service. In addition, the Company included notification that the new representative acting on behalf of Pay Tel is Ms. Robin Norton with Technologies Management Inc. On January 13, 2012, Pay Tel submitted a filing to clarify that Pay Tel seeks approval of its Application to provide COPT services only.

The proposed rates, charges, terms and conditions for COPT service are contained in Pay Tel’s proposed Customized tariff. Pay Tel’s proposed tariff would apply to the provision of prepaid and collect calling pay telephone services to inmates and persons incarcerated in Correctional/Confinement Institutions within the State of Arizona.

Pay Tel is currently authorized to provide telecommunications services in all fifty states with the exception of Alaska, Hawaii, Maine, and Texas. Pay Tel is currently providing institutional calling services in eight states which include: Florida, Georgia, Missouri, North Carolina, South Carolina, Tennessee, Virginia, and Washington.

The Company contracts individually with correctional facilities based on specific requirements set forth by the facility. The Company sets maximum rates no higher than those on file by certified carriers and those rates approved by this Commission for other competitive institutional service providers. Therefore, although the maximum per call/per minute rate structure is the same for all facilities served, the actual rates can differ.

A customer information placard was not provided with the Application. Pay Tel stated in its Amended Application that the customer information placard describing the services offered and the instructions for operation are not provided at the phones available to inmates or other incarcerated persons since such objects present a security risk. Pay Tel indicated that inmates receive an information packet containing information on rates, dialing instructions, rules, and

any other pertinent information. Information for called parties is available at the facility and on Pay Tel's website. Inmates are not allowed to call any number or person other than those approved by the Correctional Facility.

Additionally, Pay Tel stated that the following information is provided to users of its services:

1. Dialing instructions and rates are available via automated announcements before each call is placed.
2. Service limitations are typically imposed by the correctional facility (allowed called-to numbers, call duration, telephone access, etc.).
3. Inmates are not allowed access to toll-free telephone numbers.
4. The toll free customer service number is shown on Local Exchange Company ("LEC") bills and will also be on Pay Tel's website.

Pay Tel also indicated that it will make the following options available through an automated voice system. The caller and/or called party will be informed of any payphone charges to be assessed as explained below:

1. Rate quotes are available upon request via the automated system at no charge and prior to connection of any call.
2. The called party may listen to the rates and opt to refuse the call without incurring any charges.

The Consumer Services Section of the Utilities Division reports no complaints, opinions, or inquiries filed against Pay Tel within Arizona from January 1, 2007 through December 7, 2011. Pay Tel is also in good standing with the Corporations Division of this Commission.

Staff Analysis

Staff's research indicates that Pay Tel is a North Carolina company, incorporated in 2009.

Prepayment mechanisms, such as those described in Pay Tel's tariff relating to Prepaid Debit and Prepaid Collect Services are a form of advance payment. Deposits, prepayments, and advance payments are generally protected by a performance bond or irrevocable sight Draft Letter of Credit ("ISDLC"). Therefore, Staff recommends that Pay Tel be required to procure a performance bond or ISDLC in the amount of \$10,000.

THE COMMISSION

February 23, 2012

Page 3

Staff recommends approval of the Amended Application without a hearing pursuant to A.R.S § 40-282.



for

Steven M. Olea
Director
Utilities Division

SMO:PJG:kdh\BH

ORIGINATOR: Pamela J. Genung

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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

IN THE MATTER OF THE APPLICATION)
OF PAY TEL COMMUNICATIONS, INC.)
FOR APPROVAL OF A CERTIFICATE OF)
CONVENIENCE AND NECESSITY TO)
PROVIDE ALTERNATIVE OPERATOR)
SERVICES TELECOMMUNICATIONS)
SERVICES.)

DOCKET NO. T-20760A-10-0398

DECISION NO. _____

ORDER

Open Meeting
March 27 and 28, 2012
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On October 1, 2010, Pay Tel Communications, Inc. ("Pay Tel" or "Company") filed an Application to obtain a Certificate of Convenience and Necessity ("CC&N") to provide alternative operator services ("AOS") telecommunications services. On December 1, 2011, Pay Tel filed an Amended Application to change its AOS CC&N Application to an Application for a CC&N to provide customer owned pay telephone ("COPT") service. In addition, the Company included notification that the new representative acting on behalf of Pay Tel is Ms. Robin Norton with Technologies Management, Inc. On January 13, 2012, Pay Tel submitted a filing to clarify that Pay Tel seeks approval of its Application to provide COPT services only.

2. The proposed rates, charges, terms and conditions for COPT service are contained in Pay Tel's proposed Customized tariff. Pay Tel's proposed tariff would apply to the provision of

1 prepaid and collect calling pay telephone services to inmates and persons incarcerated in
2 Correctional/Confinement Institutions within the State of Arizona.

3 3. Pay Tel is currently authorized to provide telecommunications services in all fifty
4 states with the exception of Alaska, Hawaii, Maine, and Texas. Pay Tel is currently providing
5 institutional calling services in eight states which include: Florida, Georgia, Missouri, North
6 Carolina, South Carolina, Tennessee, Virginia, and Washington.

7 4. The Company contracts individually with correctional facilities based on specific
8 requirements set forth by the facility. The Company sets maximum rates no higher than those on
9 file by certified carriers and those rates approved by this Commission for other competitive
10 institutional service providers. Therefore, although the maximum per call/per minute rate structure
11 is the same for all facilities served, the actual rates can differ.

12 5. A customer information placard was not provided with the Application. Pay Tel
13 stated in its Amended Application that the customer information placard describing the services
14 offered and the instructions for operation are not provided at the phones available to inmates or
15 other incarcerated persons since such objects present a security risk. Pay Tel indicated that
16 inmates receive an information packet containing information on rates, dialing instructions, rules,
17 and any other pertinent information. Information for called parties is available at the facility and
18 on Pay Tel's website. Inmates are not allowed to call any number or person other than those
19 approved by the Correctional Facility.

20 6. Additionally, Pay Tel stated that the following information is provided to users of
21 its services: 1) dialing instructions and rates are available via automated announcements before
22 each call is placed, 2) service limitations are typically imposed by the correctional facility (allowed
23 called-to numbers, call duration, telephone access, etc.), 3) inmates are not allowed access to toll-
24 free telephone numbers, and 4) the toll free customer service number is shown on Local Exchange
25 Company ("LEC") bills and will also be on Pay Tel's website.

26 7. Pay Tel also indicated that it will make the following options available through an
27 automated voice system. The caller and/or called party will be informed of any payphone charges
28 to be assessed as explained below: 1) rate quotes are available upon request via the automated

1 system at no charge and prior to connection of any call, and 2) the called party may listen to the
2 rates and opt to refuse the call without incurring any charges.

3 8. The Consumer Services Section of the Utilities Division reports no complaints,
4 opinions, or inquiries filed against Pay Tel within Arizona from January 1, 2007 through
5 December 7, 2011. Pay Tel is also in good standing with the Corporations Division of this
6 Commission.

7 9. Staff's research indicates that Pay Tel is a North Carolina company, incorporated in
8 2009.

9 10. Prepayment mechanisms, such as those described in Pay Tel's tariff relating to
10 Prepaid Debit and Prepaid Collect Services are a form of advance payment. Deposits,
11 prepayments, and advance payments are generally protected by a performance bond or irrevocable
12 sight Draft Letter of Credit ("ISDLC"). Staff has recommended that Pay Tel be required to
13 procure a performance bond or ISDLC in the amount of \$10,000.

14 11. Staff recommended approval of the Amended Application without a hearing
15 pursuant to A.R.S § 40-282.

16 CONCLUSIONS OF LAW

17 1. Pay Tel Communications, Inc. is a public service corporation within the meaning of
18 Article XV of the Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

19 2. The Commission has jurisdiction over Pay Tel Communications, Inc. and the
20 subject matter in this filing.

21 3. The provision of COPT service in Arizona by Pay Tel Communications, Inc. is in
22 the public interest.

23 4. The Company is a fit and proper entity to receive a Certificate for providing COPT
24 service in Arizona.

25 5. Staff's recommendations are reasonable and should be adopted.

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ORDER

IT IS THEREFORE ORDERED that the Application of Pay Tel Communications, Inc., for a Certificate of Convenience and Necessity for authority to provide customer-owned pay telephone service in Arizona is hereby granted.

IT IS FURTHER ORDERED that this Decision shall 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 _____ day of _____, 2012.

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:PJG:kdh/BH

1 SERVICE LIST FOR: Pay Tel Communications, Inc.
2 DOCKET NO. T-20760A-10-0398

3 Ms. Robin Norton, Consultant
4 Technologies Management, Inc.
5 2600 Maitland Center Parkway, Suite 300
6 Maitland, Florida 32751

7 Mr. J. Vincent Townsend, President
8 Pay Tel Communications, Inc.
9 4230 Beechwood Drive
10 Greensboro, North Carolina 27410

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