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BEFORE THE ARIZONA CORPORATION COMMISSION

JIM IRVIN
COMMISSIONER - CHAIRMAN
RENZ D. JENNINGS
COMMISSIONER
CARL J. KUNASEK
COMMISSIONER

Arizona Corporation Commission
DOCKETED

OCT 29 1998

DOCKETED BY

DOCKET NO. T-03599A-98-0410

DECISION NO. 61212

ORDER

IN THE MATTER OF THE APPLICATION OF)
UNI-TEL COMMUNICATIONS GROUP, INC.)
FOR A CERTIFICATE OF CONVENIENCE)
AND NECESSITY TO PROVIDE)
COMPETITIVE INTERLATA/INTRALATA)
RESOLD TELECOMMUNICATIONS)
SERVICES EXCEPT LOCAL EXCHANGE)
SERVICES.)

Open Meeting
October 27 and 28, 1998
Phoenix, Arizona

BY THE COMMISSION:

Having considered the entire record herein and being fully advised in the premises, the Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. On July 22, 1998, Uni-Tel Communications Group, Inc ("Applicant") filed with the Commission an application for a Certificate of Convenience and Necessity ("Certificate") to provide resold telecommunications service in the State of Arizona.

2. In Decision No. 58926 (December 22, 1994), the Commission found that resold telecommunications providers ("resellers") were public service corporations subject to the jurisdiction of the Commission.

3. In Decision No. 59124 (June 23, 1995), the Commission adopted A.A.C. R14-2-1101 through R14-2-1115 to regulate resellers.

4. Applicant is an Indiana corporation that has been qualified to do business in Arizona since 1998.

PHDC - WDC - CMC

1 5. Applicant is a switchless reseller that purchases telecommunications services and plans
2 to resell the services of Frontier.

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4 6. On August 7, 1998, the Commission's Utilities Division Staff ("Staff") filed a Staff
5 Report.

6 7. The Staff Report stated that Applicant is a start-up company and provided internally
7 prepared financial statements for the six month period ended June 30, 1998. The financial statements
8 indicated that the company had a net loss of \$14,219 on sales of \$71,700. In Staff's opinion,
9 Applicant was thinly capitalized with \$20,000. Based on the foregoing, Staff believed that Applicant
10 did not appear to have adequate financial resources to make necessary plant additions or incur
11 operating losses. Accordingly, Staff recommended that pursuant to A.A.C. R14-2-1105.D, Applicant
12 maintain for a minimum of one year, an escrow account equal to the total amount of any
13 prepayments, advances and deposits that Applicant may collect from its customers as a condition of
14 certification. In the alternative, Applicant could file a letter stating that it does not currently charge
15 customers any prepayments, advances or deposits, and does not intend to do so in the future. If at
16 some future date Applicant desired to charge customers any prepayments, advances or deposits, it
17 must file information with Staff that demonstrates Applicant's financial viability. Staff would review
18 the information and provide Applicant its decision concerning financial viability within 30 days of
19 receipt of the information. Staff believes that if Applicant experiences financial difficulty, there
20 should be minimal impact to its customers. Customers are able to dial another reseller or facilities-
21 based provider, and may permanently switch to another company without forfeiting any prepayment,
22 advance or deposit.

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25 8. The Staff Report stated that Applicant has no market power and the reasonableness of
26 its rates would be evaluated in a market with numerous competitors.

27 9. Staff recommended that:

28 (a) Applicant's application for a Certificate should be approved subject to A.A.C. R14-2-

1106.B.

- 2 (b) Applicant's intrastate toll service offerings should be classified as competitive
3 pursuant to A.A.C. R14-2-1108;
- 4 (c) Applicant's competitive services should be priced at the effective rates set forth in
5 Applicant's tariffs and the maximum rates for these services should be the maximum
6 rates proposed by Applicant in its tariffs. The minimum rates for Applicant's
7 competitive services should be Applicant's long run incremental costs of providing
8 those services as set forth in A.A.C. R14-2-1109. Any future changes to the
9 maximum rates in Applicant's tariffs must comply with A.A.C. R14-2-1110;
- 10 (d) Applicant should be required to comply with the Commission's rules and modify
11 its tariffs to conform with these rules, if it is determined that there is a conflict
12 between Applicant's tariffs and the Commission's rules; and
- 13 (e) The application may be approved without a hearing.

14 10. By Procedural Order dated August 28, 1998, the Commission set a deadline of October
15 9, 1998 for filing exceptions to the Staff Report; filing a statement concerning prepayments, advances
16 or deposits; requesting that a hearing be set; or requesting intervention as interested parties.

17 11. No exceptions were filed to the Staff Report, nor did any party request that a hearing
18 be set, nor were any requests for intervention filed with Docket Control.

19 12. On September 9, 1998, Applicant filed a revision to its tariff that indicated Applicant
20 does not charge customers prepayments, advances or deposits.

21 CONCLUSIONS OF LAW

22 1. Applicant is a public service corporation within the meaning of Article XV of the
23 Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

24 2. The Commission has jurisdiction over Applicant and the subject matter of the
25 application.

26 3. Notice of the application was given in accordance with the law.

27 4. As conditioned below, the provision of competitive interLATA/intraLATA reseller
28 services in Arizona by Applicant is in the public interest.

5. With the conditions contained herein, Applicant is a fit and proper entity to receive a
Certificate for providing competitive interLATA/intraLATA reseller services in Arizona.

6. Staff's recommendations in Findings of Fact No. 9 are reasonable and should be
adopted.

ORDER

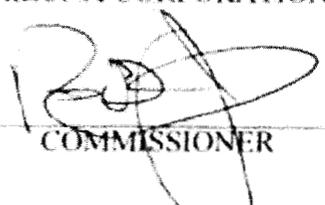
IT IS THEREFORE ORDERED that the application of Uni-Tel Communications Group, Inc. for a Certificate of Convenience and Necessity for authority to provide competitive interLATA/intraLATA resold telecommunications services except local exchange services shall be, and the same is, hereby granted, as limited below.

IT IS FURTHER ORDERED that of Uni-Tel Communications Group, Inc. shall comply with the Staff recommendations set forth in Findings of Fact No. 9.

IT IS FURTHER ORDERED that Uni-Tel Communications Group, shall not be authorized to charge customers any prepayments, advances or deposits. If in the future of Uni-Tel Communications Group, Inc. desires to initiate such charges, it must file information with the Commission that demonstrates the company's financial viability. Staff shall review the information and file its recommendation concerning financial viability within thirty days of receipt of the financial information, for Commission approval

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

		
COMMISSIONER - CHAIRMAN	COMMISSIONER	COMMISSIONER

IN WITNESS WHEREOF, I, JACK ROSE, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 29th day of Oct, 1998.


JACK ROSE
EXECUTIVE SECRETARY

DISSENT
JR:dap

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SERVICE LIST FOR: UNI-TEL COMMUNICATIONS GROUP, INC.

DOCKET NO. T-03599A-98-410

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