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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

IN THE MATTER OF THE APPLICATION OF FRONTIER TELEMANAGEMENT INC. FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE LOCAL EXCHANGE SERVICES AS A RESELLER IN THE STATE OF ARIZONA.

DOCKET NO. T-03539A-98-0149

DECISION NO. 61213

ORDER

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 March 23, 1998, Frontier Telemanagement Inc. ("Applicant") filed with the Commission an application for a Certificate of Convenience and Necessity ("Certificate") to provide local exchange services as a reseller 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 a Wisconsin corporation which has been qualified to conduct business in Arizona since 1998.

5. Applicant has a resell agreement with US WEST Communications, Inc. ("US WEST").

6. On May 12, 1998, the Commission's Utilities Division Staff ("Staff") filed a Staff

Report.

7. Applicant is a wholly owned subsidiary of Frontier Corporation and provided the 1997 annual report of its parent company. The annual report indicates the consolidated entity had net income of $54.5 million on revenues of $2.35 billion, total assets of $2.48 billion and total equity of $970 million. Based on the information provided, Staff concluded that Applicant has sufficient financial resources to provide its proposed resold local exchange services.

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

9. Staff recommended that :

(a) Applicant's application for a Certificate should be approved without a hearing subject to having a Commission approved interconnection agreement with an incumbent provider prior to the provision of service and subject to A.A.C. R14-2-1106.B;

(b) Applicant's local exchange service offering should be classified as competitive pursuant to A.A.C. R14-2-1108;

(c) Applicant's competitive services should be priced at the effective rates set forth in Applicant's tariffs and the maximum rates for these services should be the maximum rates proposed by Applicant in its tariffs. The minimum rates for applicant's competitive services should be Applicant's long run incremental costs of providing those services as set forth in A.A.C. R14-2-1109. Any future changes to the maximum rates in Applicant's tariffs must comply with A.A.C. R14-2-1110; and

(d) Applicant should be required to comply with the Commission's rules and modify its tariffs to conform with the Commission's rules and modify its tariffs to conform with these rules, if it is determined and there is a conflict between Applicant's tariffs and the Commission's rules.

10. By Procedural Order dated August 24, 1998, the Commission set a deadline of September 30, 1998, for filing exceptions to the Staff Report; requesting that a hearing be set; or requesting intervention as interested parties.

11. The Commission granted intervention to US WEST on May 12, 1998.

12. No exceptions were filed to the Staff Report, nor did any party request that a hearing be set.

CONCLUSIONS OF LAW

1. Applicant is a public service corporation within the meaning of Article XV of the

Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

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

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

4. As conditioned below, the provision of competitive local exchange reseller services by Applicant is in the public interest.

5. Applicant is a fit and proper entity to receive a Certificate for providing competitive local exchange services as a reseller 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 Frontier Telemanagement, Inc. for a Certificate of Convenience and necessity for authority to provide competitive resold local exchange services shall be, and the same is hereby granted.

IT IS FURTHER ORDERED that Frontier Telemanagment, Inc. shall comply with the Staff recommendations set forth in Findings of Fact No. 9.

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 this Commission to be affixed at the Capitol, in the City of Phoenix, this 29th day of Oct, 1998.

JACK ROSE
Executive Secretary

DISSENT: _____
JR:bbs

SERVICE LIST FOR: FRONTIER TELEMANAGEMENT, INC.

DOCKET NO.: T-03539A-98-0149

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