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BEFORE THE ARIZONA CORPORATION COMMISSION

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

Arizona Corporation Commission
DOCKETED

OCT 29 1998

DOCKETED BY

DOCKET NO. T-03194A-96-0319

IN THE MATTER OF THE APPLICATION OF)
AMERICAN INTERNATIONAL TELEPHONE,)
INC. DBA OASIS TELECOM AND AIT FOR)
A CERTIFICATE OF CONVENIENCE AND)
NECESSITY TO PROVIDE COMPETITIVE)
INTERLATA/INTRALATA RESOLD)
TELECOMMUNICATIONS SERVICES)
EXCEPT LOCAL EXCHANGE SERVICES.)

DECISION NO. 61216

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 June 4, 1996, American International Telephone, Inc. dba Oasis Telecom and AIT ("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 a Delaware corporation that has been qualified to do business in Arizona since 1996.

1 5. Applicant is a switchless reseller which purchases telecommunications services.

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3 6. On January 4, 1998, the Commission's Utilities Division Staff ("Staff") filed a Staff
4 Report.

5 7. The Staff Report stated that Applicant provided internally prepared financial statements
6 for the four month period ended April 30, 1996, which indicated that the company had a loss of
7 \$51,269 and negative retained earnings of \$86,452. Staff stated that Applicant did not appear to have
8 adequate financial resources to incur operating losses in the future and to repay customer
9 prepayments, advances, and deposits. Accordingly, Staff recommended that pursuant to A.A.C. R14-
10 2-1106.D, Applicant maintain for a minimum of one year, an escrow account equal to the total
11 amount of any prepayments, advances and deposits that Applicant may collect from its customers as
12 a condition of certification. In the alternative, Applicant could file a letter stating that it does not
13 currently charge customers any prepayments, advances or deposits, and does not intend to do so in
14 the future. If at some future date Applicant desired to charge customers any prepayments, advances
15 or deposits, it must file information with Staff that demonstrates Applicant's financial viability. Staff
16 would review the information and provide Applicant its decision concerning financial viability within
17 30 days of receipt of the information. Staff believes that if Applicant experiences financial difficulty,
18 there should be minimal impact to its customers. Customers are able to dial another reseller or
19 facilities-based provider, and may permanently switch to another company without forfeiting any
20 prepayment, advance or deposit.
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23 8. The Staff Report stated that Applicant has no market power and the reasonableness of
24 its rates would be evaluated in a market with numerous competitors.

25 9. Staff recommended that:

- 26 (a) Applicant's application for a Certificate should be approved subject to A.A.C. R14-2-
27 1106.B;
28 (b) Applicant's intrastate toll service offerings 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;

- (d) Applicant should be required to comply with the Commission's rules and modify its tariffs to conform with these rules, if it is determined that there is a conflict between Applicant's tariffs and the Commission's rules; and
- (e) The application may be approved without a hearing.

10. By Procedural Order dated January 14, 1998, the Commission set a deadline of February 27, 1998 for filing exceptions to the Staff Report; filing a statement concerning prepayments, advances or deposits; requesting that a hearing be set; or requesting intervention as interested parties. By Procedural Order dated September 4, 1998, the Commission extended the time to file a statement concerning prepayments, advances or deposits until September 25, 1998.

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

12. On September 15, 1998, Applicant filed a letter that indicated Applicant has not and does not intend to charge customers any prepayments, advances or deposits.

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 interLATA/intraLATA reseller 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 American International Telephone, Inc. dba Oasis Telecom and AIT, 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 American International Telephone, Inc. dba Oasis Telecom and AIT shall comply with the Staff recommendations set forth in Findings of Fact No. 9.

IT IS FURTHER ORDERED that of American International Telephone, Inc. dba Oasis Telecom and AIT shall not be authorized to charge customers any prepayments, advances or deposits. If in the future of American International Telephone, Inc. dba Oasis Telecom and AIT 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 20th day of oct, 1998.

Jack Rose
JACK ROSE
EXECUTIVE SECRETARY

DISSENT
JR:dap

Jordan

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SERVICE LIST FOR: AMERICAN INTERNATIONAL TELEPHONE, INC.
DOCKET NO. T-03194A-96-319

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