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**BEFORE THE ARIZONA CORPORATION COMMISSION**

**COMMISSIONERS**

BOB STUMP - Chairman  
GARY PIERCE  
BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH

2014 JAN 15 P 3:15

ARIZONA CORP COMMISSION  
DOCKET CONTROL

**ORIGINAL**

IN THE MATTER OF THE APPLICATION OF  
SOUTHWESTERN TELEPHONE COMPANY, AN  
ARIZONA CORPORATION, FOR A HEARING  
TO DETERMINE THE EARNINGS OF THE  
COMPANY, THE FAIR VALUE OF THE  
COMPANY FOR RATEMAKING PURPOSES,  
AND TO INCREASE RESIDENTIAL RATES AS  
NECESSARY TO COMPENSATE FOR THE RATE  
IMPACTS OF THE FCC'S USF/ICC  
TRANSFORMATION ORDER.

DOCKET NO. T-01072A-13-0412  
Arizona Corporation Commission

**DOCKETED**

JAN 15 2014

DOCKETED BY 

**PROCEDURAL ORDER**

**BY THE COMMISSION:**

On November 27, 2013, Southwestern Telephone Company ("Southwestern") filed with the Arizona Corporation Commission ("Commission") pursuant to A.R.S. §40-250 and Arizona Administrative Code ("A.A.C.") R14-2-103 for a determination of its earnings and the fair value of its investment ("Rate Application"). Southwestern requested that its residential rates be increased as necessary to compensate for the rate impacts of the Federal Communication Commission's ("FCC") November 18, 2011, USF/ICC Transformation Order ("USF/ICC Order"). Southwestern states that it depends on federal high-cost loop support mechanisms, and that to retain federal support, it must increase local area rates to the annual floor as determined by the FCC. At the time of filing the Rate Application, Southwestern did not know what the 2014 floor would be, and expected the rate to be announced in early 2014, to be effective June 1, 2014. Because of the short period of time to adjust Southwestern's rates to avoid the loss of federal support which Southwestern alleged would be detrimental to ratepayers, Southwestern requested that the Commission approve a local residential rate increase of up to \$19.00. Southwestern did not file all of the schedules required for a typical rate case under A.C.C. R14-2-103, and requested a waiver of any provisions of this rule not required by the Arizona Constitution and laws.

1 On December 17, 2013, Southwestern filed a Time Clock Waiver in order to allow for  
2 additional time to determine the best way to process the application.

3 In a Special Open Meeting on January 14, 2014, the Commission agreed to the Commission's  
4 Utilities Division ("Staff") proposal not to require all of the schedules normally required under  
5 A.A.C. R14-2-103 for rate applications in this matter because of the short time frame when new rates  
6 must be in effect. The Commission had utilized a similar procedure after the USF/ICC Order was first  
7 issued and required an increase in local area rates.

8 Given the short time frame for processing the Rate Application, it is necessary to establish an  
9 expedited process for this matter.

10 IT IS THEREFORE ORDERED that a **Telephonic Procedural Conference** for the purpose  
11 of setting the matter for hearing and establishing the procedures, including notice, that will govern  
12 this proceeding shall commence on **January 22, 2014, at 10:00 a.m.**, or as soon thereafter as  
13 practical at the Commission's Tucson offices, **Room 222, 400 W. Congress, Tucson, AZ 85750.**  
14 Parties may call-in on the following number: **1-888-450-5996, Code 457395.**

15 IT IS FURTHER ORDERED that in the interest of judicial efficiency and economy, the  
16 Procedural Conference in this matter will be held concurrently with Procedural Conferences being set  
17 for similar requests made by Arizona Telephone Company (Docket No. T-02063A-13-0411), South  
18 Central Utah Telephone Association, Inc. (Docket No. T-01923A-13-0428), Copper Valley  
19 Telephone, Inc. (Docket No. T-02727A-13-0458), Table Top Telephone Company, Inc. (Docket No.  
20 T-02724A-13-0416) and Valley Telephone Cooperative, Inc. (Docket No. T-01847A-13-0457).

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1 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,  
2 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at  
3 hearing.

4 DATED this 15 day of January, 2014.

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6   
7 JANE L. RODDA  
ADMINISTRATIVE LAW JUDGE

8  
9 Copies of the foregoing mailed/delivered  
10 this 15 day of January, 2014, to:

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