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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

Arizona Corporation Commission

DOCKETED

JAN 24 2014

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DOCKETED BY

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

RATE CASE
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 for an increase in its residential rates in order to compensate for the rate impacts of the Federal Communication Commission's ("FCC") November 18, 2011, USF/ICC Transformation Order ("*USF/ICC Order*"). Southwestern requests that the Commission approve a basic local access line rate of the lesser of \$19.00, or the floor rate to be set by the FCC. In order to avoid the loss of federal funding for high-cost loop support, Soutwestern requests that the new rates go into effect by June 1, 2014.

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

In a Special Open Meeting on January 14, 2014, the Commission agreed to adopt the proposal by the Commission's Utilities Division ("Staff") that would not require the applicant to file all of the schedules normally required under A.A.C. R14-2-103 for rate applications because of the short time frame when new rates must be in effect.

By Procedural Order dated January 15, 2014, a Procedural Conference was held on January

1 22, 2014 to discuss the timing of the hearing in this matter and other procedural matters.
2 Southwestern and Staff appeared through counsel and agreed on a process to govern this matter. It is
3 appropriate to set this matter for hearing at this time.

4 IT IS THEREFORE ORDERED that a **hearing** on the application shall commence on **March**
5 **25, 2014**, commencing at **2:00 p.m.**, or as soon thereafter as practicable, at the Commission's offices,
6 1200 W. Washington Street, Phoenix, Arizona.

7 IT IS FURTHER ORDERED that the **Staff Report and/or direct testimony**, and associated
8 exhibits to be presented at hearing on behalf of Staff shall be reduced to writing and filed on or before
9 **March 14, 2014**.

10 IT IS FURTHER ORDERED that **direct testimony and associated exhibits to be presented**
11 **at hearing on behalf of intervenors** shall be reduced to writing and filed on or before **March 18, 2014**.

12 IT IS FURTHER ORDERED that **rebuttal testimony and associated exhibits to be**
13 **presented at hearing by Southwestern shall be reduced to writing and filed on or before March**
14 **21, 2014**.

15 IT IS FURTHER ORDERED that **all filings shall be made by 4:00 p.m. on the date the**
16 **filing is due, unless otherwise indicated above.**

17 IT IS FURTHER ORDERED that **any objections to testimony or exhibits that have been**
18 **prefiled as of March 21, 2014, shall be made at the commencement of the hearing.**

19 IT IS FURTHER ORDERED that **all testimony filed shall include a table of contents** which
20 lists the issues discussed.

21 IT IS FURTHER ORDERED that any substantive corrections, revisions, or supplements to
22 prefiled testimony, with the exception of rejoinder testimony, **shall be reduced to writing and**
23 **presented at the commencement of the hearing.**

24 IT IS FURTHER ORDERED that copies of summaries shall be served upon the
25 Administrative Law Judge, the Commissioners, and the Commissioners' aides as well as the parties
26 of record at for before the commencement of the hearing.

27 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,
28 except that **all motions to intervene must be filed on or before March 7, 2014.**

1 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and
2 regulations of the Commission, except that any objection to discovery requests shall be made within
3 5 calendar days of receipt¹ and responses to discovery requests shall be made within 7 calendar days
4 of receipt. The response time may be extended by mutual agreement of the parties involved if the
5 request requires an extensive compilation effort.

6 IT IS FURTHER ORDERED that for discovery requests, objections, and answers, if a
7 receiving party requests service to be made electronically, and the sending party has the technical
8 capability to provide service electronically, service to that party shall be made electronically.

9 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel
10 discovery, any party seeking resolution of a discovery dispute may telephonically contact the
11 Commission's Hearing Division to request a date for a procedural hearing to resolve the discovery
12 dispute; that upon such a request, a procedural hearing will be convened as soon as practicable; and
13 that the party making such a request shall forthwith contact all other parties to advise them of the
14 hearing date and shall at the hearing provide a statement confirming that the other parties were
15 contacted.²

16 IT IS FURTHER ORDERED that any motions which are filed in this matter and which are
17 not ruled upon by the Commission within 20 calendar days of the filing date of the motion shall be
18 deemed denied.

19 IT IS FURTHER ORDERED that any responses to motions shall be filed within five calendar
20 days of the filing date of the motion.

21 IT IS FURTHER ORDERED that any replies shall be filed within five calendar days of the
22 filing date of the response.

23 IT IS FURTHER ORDERED that the Company shall provide public notice of the hearing in
24 this matter, in the following form and style with the heading in no less than 18-point bold type and
25 the body in no less than 10-point regular type:

26 _____
27 ¹ The date of receipt of discovery requests is not counted as a calendar day, and requests received after 4:00 p.m. MST
will be considered as received the next business day.

28 ² The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations before
seeking Commission resolution of the controversy.

1
2 **PUBLIC NOTICE OF THE HEARING ON THE APPLICATION OF SOUTHWESTERN**
3 **TELEPHONE COMPANY FOR AN INCREASE IN ITS RATES AND CHARGES**

4 **(Docket No. T-01072A-13-0412)**

5 On November 27, 2013, Southwestern Telephone Company ("Company") filed with the Arizona
6 Corporation Commission ("Commission") an application requesting authority to increase its
7 residential monthly basic local access line rate from \$14.00 to the lower of \$19.00, or the Federal
8 Communications Commission's ("FCC") approved residential rate floor.

9 On November 18, 2011, the FCC issued a comprehensive new Order. Among other things, the
10 FCC's Order establishes that in order for the Company to continue receiving federal support funds,
11 the Company's local residential monthly service rates must be increased to floor rates. The FCC
12 determines the floor rate annually. If the Company's rates are not increased to the floor rate, the
13 amount of federal support funds the Company receives will be reduced dollar-for-dollar for each
14 customer by the difference between the existing local rate and the new FCC floor rate. The new FCC
15 floor rate was not available at the time the application was filed, but is expected to be known in the
16 first quarter of 2014.

17 The Commission's Utilities Division ("Staff") is in the process of analyzing the application, and has
18 not yet made any recommendations regarding the Company's proposed rates. The Commission will
19 determine the appropriate relief to be granted based on the evidence presented by the parties. The
20 Commission is not bound by the proposals made by the Company, Staff, or any intervenors.
21 Therefore, the final rates approved by the Commission may be higher or lower than the rates
22 requested by the Company.

23 **How You Can View or Obtain a Copy of the Rate Application**

24 Copies of the application and proposed rates are available by contacting [**Company insert contact
25 information here**], at the Commission's Docket Control Center at 1200 West Washington, Phoenix,
26 Arizona, 85007, for public inspection during regular business hours, and on the Internet via the
27 Commission's website (www.azcc.gov) using the e-Docket function and Docket No. T-01072A-13-
28 0412.

29 **Arizona Corporation Commission Public Hearing Information**

30 The Commission will hold a hearing on this matter beginning **March 25, 2014, at 2:00 p.m.**, at the
31 Commission's offices, 1200 West Washington Street, Phoenix, Arizona. Public comments will be
32 taken at the beginning of the hearing. Written public comments may be submitted by mailing a letter
33 referencing **Docket No. T-01072A-13-0412** to: Arizona Corporation Commission, Consumer
34 Services Section, 1200 West Washington, Phoenix, AZ 85007. If you require assistance, you may
35 contact the Consumer Services Section at 602.542.4251 or 1.800.222.7000.

36 Interested parties may participate in this matter by (1) filing for intervention and becoming a formal
37 party to the proceeding; or (2) submitting written or oral public comment. Any interested person may
38 file written public comments regarding the Company's application in **Docket No. T-01072A-13-0412**
39 at any time.

1 If you do not intervene in this proceeding, you will receive no further notice of the proceedings in this
2 docket. **However, all documents filed in this docket are available online** (usually within 24 hours
3 after docketing) at the Commission's website www.azcc.gov using the e-Docket function, located at
4 the bottom of the website homepage. RSS feeds are also available through e-Docket.

5 **About Intervention**

6 You do not need to intervene if you want to appear at the hearing and provide public comment on the
7 application, or if you want to file written comments in the record of the case.

8 Any person or entity entitled by law to intervene and having a direct substantial interest in the matter
9 will be permitted to intervene. The granting of intervention entitles a party to present sworn evidence
10 at hearing and to cross-examine other witnesses. **If you wish to intervene, you must file an original
11 and 13 copies of a written motion to intervene with the Commission's Docket Control Center
12 no later than March 7, 2014, and send a copy of the motion to the Company or its counsel and
13 to all parties of record.**

14 Contact information for the Company and parties of record may be obtained using the Commission's
15 e-Docket Function and Docket No. T-01072A-13-0412. Your motion to intervene must contain the
16 following:

- 17 1. Your name, address, and telephone number, and the name, address, and telephone number of
18 any party upon whom service of documents is to be made, if not yourself;
- 19 2. A short statement of your interest in the proceeding (e.g., a customer of the Company, a
20 shareholder of the Company, etc.); and
- 21 3. A statement certifying that you have mailed a copy of the motion to intervene to the Company
22 or its counsel and to all parties of record in the case.

23 The granting of motions to intervene is governed by A.A.C. R14-3-105, except that all motions to
24 intervene must be filed on or before March 7, 2013. For a sample intervention request form, go to
25 <http://www.azcc.gov/divisions/utilities/FORMS/interven.pdf>. All parties must comply with Arizona
26 Supreme Court Rules 31 and 38 and A.R.S. § 40-243 with respect to the practice of law.

27 **If you do intervene, and wish to present direct testimony and associated exhibits at the hearing,
28 you must, on or before March 18, 2014: (1) reduce your direct testimony and associated
exhibits to writing, (2) file the original and 13 copies with the Commission's Docket Control
Center by 4:00 p.m., and (3) mail a copy to each party.**

29 **Americans with Disabilities Act ("ADA")/Equal Access Information**

30 The Commission does not discriminate on the basis of disability in admission to its public meetings.
31 Persons with a disability may request reasonable accommodations such as a sign language interpreter,
32 as well as request this document in an alternative format, by contacting the ADA Coordinator,
33 Shaylin Bernal, E-mail sabernal@azcc.gov, voice phone number 602-542-3931. Requests should be
34 made as early as possible to allow time to arrange the accommodations.

35 IT IS FURTHER ORDERED that **Southwestern shall mail** to each of its residential
36 customers a copy of the above notice no later than **February 14, 2014**.

1 IT IS FURTHER ORDERED that **Southwestern shall file certification of mailing** as soon
2 as possible after the mailing has been completed.

3 IT IS FURTHER ORDERED that notice shall be deemed complete upon mailing,
4 notwithstanding the failure of an individual customer to read or receive the notice.

5 IT IS FURTHER ORDERED that all parties must comply with Arizona Supreme Court Rules
6 31, 38, and 42 and A.R.S. § 40-243 with respect to the practice of law and admission *pro hac vice*.

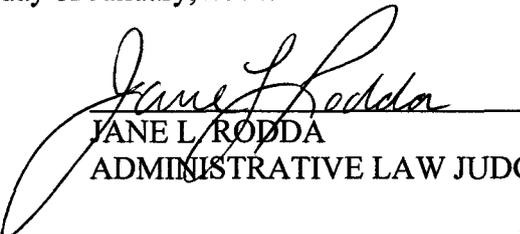
7 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance
8 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Arizona
9 Supreme Court Rule 42). Representation before the Commission includes appearances at all hearings
10 and procedural conferences, as well as all Open Meetings for which the matter is scheduled for
11 discussion, unless counsel has previously been granted permission to withdraw by the Administrative
12 Law Judge or the Commission.

13 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized
14 Communications) applies to this proceeding and shall remain in effect until the Commission's
15 Decision in this matter is final and non-appealable.

16 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended
17 pursuant to Rule 6(a) or (e) of the Rules of Civil Procedure.

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

21 DATED this 23rd day of January, 2014.

22
23 
24 JANE L. RODDA
25 ADMINISTRATIVE LAW JUDGE
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27
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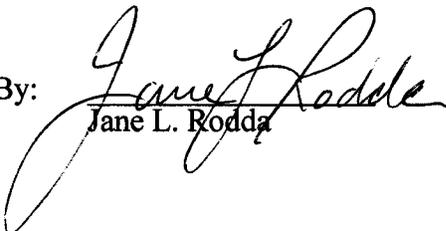
1 Copies of the foregoing mailed/delivered
this 23rd day of January, 2014, to:

2 Craig A. Marks
3 Craig A Marks, PLC
4 10645 N. Tatum Blvd, Ste. 200-676
5 Phoenix, AZ 85028
6 Attorney for Southwestern Telephone Co.

7 Janice Alward, Chief Counsel
8 Legal Division
9 ARIZONA CORPORATION COMMISSION
10 1200 West Washington Street
11 Phoenix, AZ 85007

12 Steven M. Olea, Director
13 Utilities Division
14 ARIZONA CORPORATION COMMISSION
15 1200 West Washington Street
16 Phoenix, AZ 85007

17 COASH & COASH, INC.
18 COURT REPORTING, VIDEO & VIDEOCONFERENCING
19 1802 N. 7th Street,
20 Phoenix, AZ 85006
21

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27
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By: 
Jane L. Rodda