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Arizona Corporation Commission

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MAR 17 2014

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AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION OF ARIZONA 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-02063A -13-0411

RESPONSE TO STAFF REQUEST TO SUSPEND PROCEDURAL SCHEDULE

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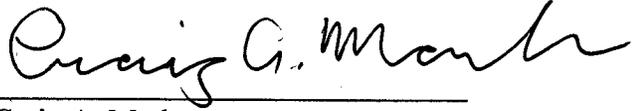
1 Arizona Telephone Company ("Arizona Telephone") hereby responds to Staff's Request
2 for a Suspension of the Procedural Schedule, filed on March 14, 2014.

3 Arizona Telephone greatly appreciates Staff's consideration and cooperation in working
4 out a streamlined process for Arizona's small telephone companies to deal with the potentially
5 catastrophic loss of federal high-cost-loop support as a result of the FCC's Transformation
6 Order. Arizona Telephone understands that there has been a motion filed with the FCC that
7 could mean, if granted, that the FCC will delay setting a benchmark rate floor and requiring
8 compliance therewith by June 1, 2014. However, there is no certainty that the FCC will grant
9 any relief. The FCC could still soon set the benchmark and require Arizona Telephone to raise
10 rates to that level or face dollar-for-dollar losses of federal funding.

11 For these reasons, Arizona Telephone can only support Staff's request based on an
12 understanding that, if the FCC does require compliance with a new benchmark by June 1 or
13 shortly thereafter, Staff will work with the affected companies and Hearing Division to resume
14 the hearings as expeditiously as necessary so as to avoid any potential loss of federal funds.

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Respectfully submitted on March 17, 2014.



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