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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

SEP 29 2014

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AZ CORP COMMISSION

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2014 SEP 29 PM 3 53

IN THE MATTER OF THE APPLICATION OF TABLE TOP TELEPHONE COMPANY, INC., A NEVADA 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-02724A-13-0416

ORIGINAL

PROCEDURAL ORDER

BY THE COMMISSION:

On December 4, 2013, Table Top Telephone Company, Inc. ("Table Top" or "Company") 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 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"). Table Top requested that the rates be in effective as of June 1, 2014, in order to avoid the loss of federal high cost loop support ("FHCLS").

On March 17, 2014, Linda Sharp, a customer of Table Top, was granted intervention.

A hearing in this matter was held on March 25, 2014. Table Top, Ms. Sharp and Staff appeared at the hearing.

Subsequent to the hearing, the FCC met in open meeting and adopted a *Seventh Order on Reconsideration of its USF/ICC Order*.¹ Statements made during the FCC's open meeting indicated that the FCC was going to adopt a lower rate floor than previously announced, waive that portion of

¹ Report and Order, Declaratory Ruling, Order, Memorandum and Order, Seventh Order on Reconsideration, and Further Notice of Proposed Rulemaking, WC Docket No. 10-90, WT Docket No. 10-208, WT Docket No. 14-58, WC Docket No. 07-135, CC Docket No. 01-92 ("Seventh Reconsideration Order").

1 its rules that would have required the new rate floor go into effect on June 1, 2014, and phase-in the
2 rates over a number of years, but the FCC did not issue its order to provide the specifics of its
3 decision.

4 On April 1, 2014 Table Top filed a Notice of Filing Post-Hearing Exhibits. The record does
5 not show that the document was mailed to the parties.

6 By Procedural Order dated April 21, 2014, Table Top was directed to clarify the information
7 provided concerning the salaries or benefits paid to officers and directors.

8 By email dated April 25, 2014, sent to all parties, the parties were requested to appear at a
9 telephonic Procedural Conferences on April 28, 2014 to discuss the impact of the FCC's actions in
10 open meeting. Staff and Table Top appeared. No one present at the April 25, 2014 Procedural
11 Conference had information concerning the specifics of the FCC's order. As a result, a Procedural
12 Order dated April 28, 2014, mailed to all parties, set a second telephonic procedural conference on
13 May 7, 2014. On May 7, 2014, Staff and Table Top appeared telephonically. By that time the FCC
14 had still not issued its *Seventh Reconsideration Order*. Staff recommended delaying issuance of the
15 Recommended Opinion and Order in this matter until the FCC's Order was known, but Table Top
16 was reluctant to risk not having rates in place by June 1, 2014. On May 8, 2014, Table Top contacted
17 the Commission's Hearing Division informing it that based on additional information it had received,
18 that the Commission could delay acting on the Application until the FCC issued its *Seventh*
19 *Reconsideration Order*.

20 On April 28, 2014, Table Top filed a Revised Post-hearing Exhibit A-6, providing the total test
21 year compensation paid to officers and directors of the Company. The record does not indicate if it
22 was mailed to the parties.

23 The FCC's *Seventh Reconsideration Order* was released on June 10, 2014. This Order grants
24 a waiver of the provision that would cut FHCLS for carriers if their local residential rates are \$14.00
25 or higher as of June 1, 2014. In addition, it establishes a phase-in of the floor rate that calls for
26 residential local exchange rates to be at or above \$16.00 by December 1, 2014, at or above \$18.00 by
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1 June 1, 2016, and at or above \$20.00 by June 1, 2017, in order to preserve current levels of FHCLS.²

2 By Procedural Order dated July 1, 2014, the parties were directed to provide revised
3 substantive and procedural recommendations given the FCC's *Seventh Reconsideration Order*.

4 On July 31, 2014, Table Top and Staff each filed Responses to the July 1, 2014 Procedural
5 Order. Both Staff and Table Top revised their recommendations to conform to the FCC's phase-in of
6 benchmark rates, such that the Commission should authorize Table Top to increase its residential
7 rates to \$16.00 effective December 1, 2014; to the lower of \$18.00 or the new national benchmark
8 effective June 1, 2016; and to the lower of \$20.00 or any new national benchmark by June 1, 2017.
9 Neither Staff nor Table Top believed that the hearing needed to be re-opened based on the FCC's
10 *Seventh Reconsideration Order*.

11 By Procedural Order dated August 7, 2014, parties were requested to provide additional
12 information about their revised positions.

13 On August 22, 2014, Table Top filed a Response to the August 7, 2014 Procedural Order,
14 attaching updated schedules reflecting the effect of the FCC's revised directive for the phase-in of
15 local service rates.

16 On August 29, 2014, Staff filed its Response to the August 7, 2014 Procedural Order,
17 addressing the reasonableness of the proposed rate phase-in schedule.

18 It was subsequently discovered that Ms. Sharp was inadvertently omitted from the service list
19 for the July 1, 2014 and August 7, 2014 Procedural Orders. Staff mailed copies of its July 31, 2014
20 and August 29, 2014 Responses to Ms. Sharp, but the record does not reflect that Table Top sent
21 copies of its April 1, 2014 Late-Filed Exhibit, its April 28, 2014 revised Late-filed Exhibit, its July
22 31, 2014 Response to Procedural Order, or its August 22, 2014 Response to Procedural Order.

23 Due process requires that Ms. Sharp be given an opportunity to file updated recommendations
24 given the FCC's *Seventh Reconsideration Order*. Consequently, Ms. Sharp should file by October 15,
25 2014, any updated recommendations. To assist Ms. Sharp, copies of the filings in this matter that do
26 not indicate that they were mailed to her address-of-record are being mailed to her with this

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28 ² *Seventh Reconsideration Order* at ¶ 80.

1 Procedural Order. Those documents include: Table Tops' April 1, 2014 Notice of Filing Post-Hearing
2 Exhibits; Table Top's April 28, 2014 Notice of Filing Revised Post-Hearing Exhibit A-6; Procedural
3 Order dated July 1, 2014; Procedural Order dated August 7, 2014; Table Top's July 31, 2014
4 Response to Procedural Order; and Table Top's August 22, 2014 Response to Procedural Order.

5 IT IS THEREFORE ORDERED that Ms. Sharp **shall file updated recommendations, if**
6 **any, no later than October 10, 2014.**

7 IT IS FURTHER ORDERED that any **Responses to Ms. Sharp's recommendations, if any,**
8 **shall be filed no later than October 15, 2014.**

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

12 DATED this 29th day of September, 2014.

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14 
15 JANE L. RODDA
ADMINISTRATIVE LAW JUDGE

16 Copies of the foregoing mailed/delivered
17 this 29th day of September, 2014, to:

18 Craig A. Marks
19 Craig A Marks, PLC
10645 N. Tatum Blvd, Ste. 200-676
Phoenix, AZ 85028
Attorney for Table Top Telephone Company, Inc.

20 Linda J. Sharp
21 Box 865
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22 Janice Alward, Chief Counsel
23 Legal Division
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24 1200 West Washington Street
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25 Steven M. Olea, Director
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1 Copies of the foregoing also emailed
This 29th day of September, 2014, to:

2 lsharp@alaska.net
3 Craig.marks@azbar.org

4 By: Rebecca Unquera
5 Rebecca Unquera
6 Assistant to Jane L. Rodda
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