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COMMISSIONERS
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RECEIVED Chief Administrative Law Judge

ARIZONA CORPORATION COMMISSION

2014 OCT 10 P 2:04

October 10, 2014

ARIZONA CORPORATION COMMISSION
BUCKET CONTROL

TO: ALL PARTIES OF RECORD

ORIGINAL

RE: IN THE MATTER OF THE APPLICATION OF VALLEY TELEPHONE COOPERATIVE, INC. 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-01847A-13-0457

The Recommended Opinion and Order in the above-captioned matter that was mailed to you on September 29, 2014, contained a typographical error. The following change is being made to the original Recommended Opinion and Order:

Page 2, line 22 (Footnote 1):

DELETE: "2001"
INSERT: "2011"

Please make a note of this change on your copy of the Recommended Opinion and Order. The deadline for filing exceptions is unchanged.

Arizona Corporation Commission

DOCKETED

OCT 10 2014

DOCKETED BY

Sincerely,

Jane L. Rodda
Administrative Law Judge

SERVICE LIST FOR:

VALLEY TELEPHONE COOPERATIVE, INC.

DOCKET NO.:

T-01847A-13-0457

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1 *Order*.¹ In its Application, Valley Telephone requested that the Commission approve a basic local
 2 access line rate of the lesser of \$19.00, or the floor rate to be set by the FCC. In order to avoid the
 3 loss of federal funding for high-cost loop support, Valley Telephone requested that the new rates go
 4 into effect by June 1, 2014.²

5 2. On January 6, 2014, Valley Telephone filed copies of the schedules that were
 6 inadvertently omitted from the docketed copy of its Application.

7 3. In a Special Open Meeting on January 14, 2014, the Commission agreed to adopt the
 8 proposal by the Commission's Utilities Division ("Staff") that would not require Valley Telephone to
 9 file all of the schedules normally required under A.A.C. R14-2-103 for rate applications because of
 10 the short time frame when new rates must be in effect under the FCC directive.³

11 4. By Procedural Order dated January 15, 2014, a Procedural Conference was held on
 12 January 22, 2014, to discuss the timing of the hearing in this matter and other procedural matters.
 13 Valley Telephone and Staff appeared through counsel and agreed on a process to govern this matter.

14 5. By Procedural Order dated January 23, 2014, the matter was set for hearing on March
 15 27, 2014, and other procedural guidelines established.

16 6. On January 29, 2014, Valley Telephone docketed a "Supplemental Filing" that shows
 17 the effect on Valley Telephone's rate of return if the FCC's Wireline Competition Bureau were to set
 18 \$17.50 as the monthly residential rate floor to be in effect for June 1, 2014.⁴

19 ...

20 ...

21 _____
 22 ¹ FCC 11-161, Connect America Fund, WC Docket No. 10-90 et al., *Report and Order and Further Notice of Proposed Rulemaking*, 26 FCC Rcd 17663 (November 18, 2011) ("*USF/ICC Order*").

23 ² Six rural Arizona incumbent local exchange carriers ("ILECs") filed similar rate case applications around the same time
 24 period in order to comply with the FCC's *USF/ICC Order*. All six were represented by the same legal counsel and several
 25 of the carriers have common ownership. Although separate hearings were held for each entity, the proceedings were
 26 coordinated to promote efficiency. The dockets are: Docket No. T-02063A-13-0411 (Arizona Telephone Company);
 Docket No. T-01072A-13-0412 (Southwestern Telephone Company); Docket No. T-01923A-13-0428 (South Central
 Utah Telephone Association, Inc.); Docket No. T-02724A-13-0416 (Table Top Telephone Company, Inc.); Docket No.
 T-01847A-13-0457 (Valley Telephone Cooperative, Inc.); and Docket No. T-02727A-13-0458 (Copper Valley
 Telephone, Inc.). Arizona Telephone Company and Southwestern Telephone Company have the same parent company,
 and Valley Telephone Cooperative, Inc. owns Copper Valley Telephone, Inc.

27 ³ The streamlined filing, as recommended by Staff, included schedules showing: adjusted test year results; adjustments;
 year 2 *USF/ICC Order* impacts; rate base; working capital; and rate design.

28 ⁴ On January 30, 2014, Valley Telephone filed a Notice of Errata to correct the calculated return at the estimated \$17.50
 rate floor. At that time, the ILECs expected that the FCC's new rate floor would be close to \$17.50.