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0000158813



STUART R. BRACKNEY
ACTING EXECUTIVE SECRETARY

ARIZONA CORPORATION COMMISSION

DATE: MARCH 18, 1999
DOCKET NO: T-03139A-96-0188
TO ALL PARTIES:

Enclosed please find the recommendation of Hearing Officer Jane Rodda. The recommendation has been filed in the form of an Order on:

EQUALNET CORPORATION
(CC&N/RESELLER)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Hearing Officer by filing an original and ten (10) copies of the exceptions with the Commission's Docket Control at the address listed below by 4:00 p.m. on or before:

MARCH 29, 1999

The enclosed is NOT an order of the Commission, but a recommendation of the Hearing Officer to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Working Session and Open Meeting to be held on:

MARCH 30, 1999 and MARCH 31, 1999

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250.


STUART R. BRACKNEY
ACTING EXECUTIVE SECRETARY

Staff Report. Staff amended its Staff Report on January 26, 1999.

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7. In the amended Staff Report, Staff stated that Applicant had provided unaudited financial statements for its parent company, EqualNet Holding Corp. for the nine months ended March 31, 1998, which showed assets of \$30.5 million and stockholders equity of \$8.8 million. Based on the foregoing, Staff believed that Applicant has adequate financial resources to make necessary plant additions or incur operating losses.

8. The Staff Report stated that Applicant has no market power and the reasonableness of its rates would be evaluated in a market with numerous competitors.

9. Staff recommended that:

(a) Applicant's application for a Certificate should be approved without a hearing subject to A.A.C. R14-2-1106.B;

(b) Applicant's intrastate toll service offerings should be classified as competitive pursuant to A.A.C. R14-2-1108;

(c) Applicant's competitive services should be priced at the effective rates set forth in Applicant's tariffs and the maximum rates for these services should be the maximum rates proposed by Applicant in its tariffs. The minimum rates for applicant's competitive services should be Applicant's long run incremental costs of providing those services as set forth in A.A.C. R14-2-1109; and

(d) Applicant should be required to comply with the Commission's rules and modify its tariffs to conform with the rules if it is determined there is a conflict between Applicant's tariffs and the Commission's rules.

10. By Procedural Order dated January 12, 1999, the Commission set a deadline of February 19, 1999, for filing exceptions to the Staff Report; requesting that a hearing be set; or requesting intervention as interested parties.

11. No exceptions were filed to the Staff Report, nor did any party request that a hearing be set.

CONCLUSIONS OF LAW

1. Applicant is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

2. The Commission has jurisdiction over Applicant and the subject matter of the

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application.

- 3. Notice of the application was given in accordance with the law.
- 4. Applicant's provision of resold intrastate toll services is in the public interest.
- 5. Applicant is a fit and proper entity to receive a Certificate for providing competitive intrastate toll services as a reseller in Arizona.
- 6. Staff's recommendations in Findings of Fact No. 9 are reasonable and should be adopted.

ORDER

IT IS THEREFORE ORDERED that the Application of EqualNet Corporation for a Certificate of Convenience and Necessity for authority to provide competitive intrastate toll services shall be, and the same is hereby granted.

IT IS FURTHER ORDERED that EqualNet Corporation shall comply with the Staff recommendations set forth in Findings of Fact No. 9.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

COMMISSIONER-CHAIRMAN COMMISSIONER COMMISSIONER

IN WITNESS WHEREOF, I, STUART R BRACKNEY, Acting Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this ____ day of ____, 1999.

STUART R. BRACKNEY
ACTING EXECUTIVE SECRETARY

DISSENT _____
JR:bbs

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SERVICE LIST FOR:

EQUALNET CORPORATION

DOCKET NO.

T-03139A-96-0188

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