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MEMORANDUM

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FROM: Steven M. Olea
for Director
Utilities Division

Ameyce S.

2015 JUN 18 A 8:19

AZ CORP COMMISSION
DOCKET CONTROL

DATE: June 18, 2015

RE: STAFF REPORT IN THE MATTER OF THE APPLICATION OF TABLE TOP TELEPHONE COMPANY FOR APPROVAL TO EXTEND ITS CERTIFICATE OF CONVENIENCE AND NECESSITY BY REMOVING K-4 RANCH FROM QWEST AND MIDVALE SERVICE TERRITORIES SO THAT THE COMPANY COULD EXTEND INTO THOSE AREAS. (DOCKET NOS. T-02724A-14-0412, T-01051B-14-0412 AND T-20741A-14-0412)

Attached is the Staff Report for the joint Application of Table Top Telephone Company, Inc., Qwest Corporation dba CenturyLink QC and Midvale Telephone Company, Inc. to extend Table Top's Certificate of Convenience and Necessity to provide facilities-based local exchange telecommunications services. Staff recommends that the Application be approved with conditions.

SMO:LLM:nr\RWG

Originator: Lori Morrison

Arizona Corporation Commission
DOCKETED
JUN 18 2015

DOCKETED BY *[Signature]*

ORIGINAL

SERVICE LIST FOR: TABLE TOP TELEPHONE COMPANY, INC., QWEST CORPORATION DBA CENTURYLINK QC AND MIDVALE TELEPHONE COMPANY, INC.

Docket Nos. T-02724A-14-0412, T-01051B-14-0412 and T-20741A-14-0412

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**STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**

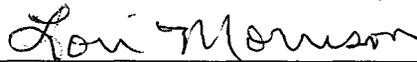
**TABLE TOP TELEPHONE COMPANY, INC., QWEST CORPORATION DBA
CENTURYLINK QC AND MIDVALE TELEPHONE COMPANY, INC.
DOCKET NOS. T-02724A-14-0412, T-01051B-14-0412 AND T-20741A-14-0412**

**IN THE MATTER OF THE APPLICATION OF TABLE TOP TELEPHONE
COMPANY FOR APPROVAL TO EXTEND ITS CERTIFICATE OF CONVENIENCE
AND NECESSITY BY REMOVING K-4 RANCH FROM QWEST AND MIDVALE
SERVICE TERRITORIES SO THAT THE COMPANY COULD EXTEND INTO
THOSE AREAS**

JUNE 18, 2015

STAFF ACKNOWLEDGMENT

The Staff Report for the joint Application of Table Top Telephone Company ("Table Top"), Qwest Corporation dba CenturyLink QC and Midvale Telephone Company, Inc. to extend Table Top's Certificate of Convenience and Necessity ("CC&N") to include seven parcels in Yavapai County and one in Maricopa County, Arizona, was the responsibility of the Staff member listed below.



Loti Morrison
Utilities Consultant

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I. INTRODUCTION AND PROCEDURAL HISTORY

On December 16, 2014, Table Top Telephone Company (“Table Top”), Qwest Corporation dba CenturyLink QC (“CenturyLink”) and Midvale Telephone Company, Inc. (“Midvale”) (jointly, “the Parties”) filed a joint Application (“Application”) to amend Table Top’s Certificate of Convenience and Necessity (“CC&N”) to include seven parcels in Yavapai County and one in Maricopa County, Arizona. With the extension, Table Top will be able to provide facilities-based local exchange services, toll services and broadband services to customers residing on eight properties that are not being served by other Incumbent Local Exchange Carriers (“ILECs”).

On February 19, 2015, Staff sent its First Set of Data Requests to Table Top. On March 23, 2015, Table Top sent its responses to Staff.

II. BACKGROUND

Table Top was granted a CC&N by the Arizona Corporation Commission (“Commission”) in Decision No. 58763, dated September 1, 1994, to provide local exchange carrier services for the Aguila, Ajo, Bagdad, Sanders and Seligman Exchanges. Table Top has since amended its CC&N twice. In Decision No. 60849 and Decision No. 60852, both dated April 30, 1998, the Commission granted Table Top’s request to extend its Aguila exchange to include the Escapees at North Ranch subdivision as well as other surrounding areas located near Congress, Arizona and a subdivision known as Inscription Canyon Ranch, located approximately fifteen miles north of Prescott, Arizona, respectively. In Decision No. 62984, dated November 2, 2000, the Commission granted Table Top a CC&N to provide intrastate long distance telecommunications services to its customers.

Table Top currently provides telecommunications services to approximately 1,110 business customer lines¹ and 2,355 residential customer lines² located in six Arizona exchanges: Aguila, Ajo, Bagdad, Inscription Canyon Ranch, Sanders, and Seligman. Table Top’s rural service area covers 2,840 square miles in these six noncontiguous exchanges, with an average density of approximately 1.23 access lines per square mile.

III. THE APPLICATION

A. The Extended Territory

The Parties’ Application requests Commission authorization for Table Top to provide facilities-based, basic local exchange services and toll services to currently unserved customers to include seven parcels in Yavapai County and one in Maricopa County, Arizona (the “Extended Territory”). One of the parcels, K-4 Ranch, is located partially within CenturyLink’s Chino Valley exchange and another portion of the K-4 Ranch lies within Midvale’s service territory. The remaining parcels are outside the service territory of any Arizona incumbent local exchange carrier.

¹ Response to Staff Data Request STF 1.1.a., total business customers as of December 31, 2014.

² Response to Staff Data Request STF 1.1.b., total residential customers as of December 31, 2014.

B. CenturyLink

Exhibit A of the Application is dedicated to describing and identifying the K-4 Ranch. Within Exhibit A is a letter of support from CenturyLink for the transfer of the parcels of the K-4 Ranch located in CenturyLink's Chino Valley exchange to Table Top. Currently, CenturyLink is providing service to K-4 Ranch from a point of demarcation within CenturyLink's Chino Valley exchange that is approximately 15 miles from the housing/building structures on the K-4 Ranch. From the customer's side of the point of service demarcation, the customer installed private radio equipment, which is located on the customer's property, to send the service to some other point(s) on the K-4 Ranch. As part of this application, CenturyLink requests that the portion of the K-4 Ranch property currently located in CenturyLink's service area be deleted from its service area and transferred to Table Top.

C. Midvale

Also in Exhibit A of the Application is a letter of support from Midvale for the transfer of the parcels of the K-4 Ranch from Midvale's service area in its Mill Site exchange to Table Top. According to Midvale, there is a single home within the K-R Ranch which is located approximately 15 miles from Midvale's nearest customer in Williamson Valley. Midvale states that it would take considerable time to obtain the necessary federal land permits to build facilities to the K-4 Ranch home structure and the wireless options it explored are problematical due to the terrain. Therefore, Midvale supports the transfer of this location to Table Top. Midvale believes it is in the customer's best interest to be served by Table Top, due to the fact that Table Top's facilities are close to this location and service could be provided quickly and efficiently. As part of this application, Midvale requests that the portion of the K-4 Ranch property currently located in Midvale's service area be deleted from its service area and transferred to Table Top.

D. Construction, Financing and Facilities

In the Application, Table Top states, in Decision No. 66945, dated April 21, 2004, the Commission authorized Table Top to borrow up to \$11,235,000 from the Rural Utilities Service and \$6,540,450 from the Rural Telephone Bank to fund network improvements including fiber-optic connections between its six exchanges. In addition, in Decision No. 70513, dated September 30, 2008, the Commission authorized Table Top to borrow an additional \$8,342,000 from the Rural Utilities Service to fund these improvements. Table Top states it has now completed these network upgrades and its fiber-optic lines now traverse the Extended Territory to be transferred and served with approval of this application. Within the Extended Territory are seven ranches and a United States Border Patrol office. Table Top has received Requests for Service from nine residential customers (five in 2013 and four in 2014³) and four business customers (two in 2013 and two in 2014⁴). Table Top believes it will be able to provide service to all of the current requests for service

³ Response to Staff Data Request STF 1.10.a.

⁴ Response to Staff Data Request STF 1.10.b.

within 60 days after the Commission issues a Decision. Any new requests for service received after the first 60 days should be fulfilled within 30 days afterwards⁵.

E. Services, Rates and Charges

The Extended Territory is outside of Table Top's base rate area. Therefore, the applicable monthly rate for the service subscribed to will be the monthly rate for the services subscribed to by the customer plus the Zone 2 monthly rate. According to Table Top's current Arizona Local Exchange Tariff, the tariffed monthly rate for residential basic local exchange service is \$16.00⁶ plus the Zone 2 residential monthly rate of \$0.80 and the monthly rate for basic business local exchange service is \$33.15⁷ plus the Zone 2 business monthly rate of \$3.25. Table Top also offers a variety of vertical services such as caller identification, call forwarding, call waiting, 3-way calling, etc. Table Top's tariff provides for a \$.50 per feature discount if a customer subscribes to more than one of these features. Table Top also states it has broadband service available to its customers and will provide it on demand in the Extended Territory.

Table Top maintains an 800 number for all its customers for customer service related issues and is located in Ajo, Arizona. This line is attended to by Table Top personnel from 8:00 am to 5:00 pm Monday through Friday. Table Top also utilizes designated personnel to monitor network alarms and customer calls to repair, which are captured on voice mail after regular business hours. Repair personnel are dispatched as necessary⁸.

F. Complaints and Compliance

The Corporations Division reported on May 11, 2015, that Table Top is in good standing. According to the Utilities Division Consumer Services Section, from January 1, 2011 to May 11, 2015, all complaints regarding Table Top have been resolved and closed⁹. The Utilities Division Compliance Section stated that Table Top is in compliance.

⁵ Response to Staff Data Request STF 1.6.

⁶ Table Top Telephone Company, Inc. Local Exchange Tariff, Pages 24 and 47.

⁷ Ibid.

⁸ Response to Staff Data Request STF 2.3(c).

⁹ 2011 – 1 complaint; 2012 – 0 complaints; 2013 – 1 complaint; 2014 – 2 complaints and 2015-0 complaints.

IV. STAFF RECOMMENDATIONS

Staff recommends that the Commission find that approval of the Application to amend Table Top's CC&N is in the public interest. Staff also recommends that the Commission authorize Table Top to utilize its current rates, charges, and other terms and conditions in the Extended Territory. Staff further recommends that transfer of the Extended Territory from CenturyLink to Table Top and from Midvale to Table Top be approved subject to the following conditions that:

1. Table Top, Midvale and CenturyLink be required to update their service area maps on file with the Commission within sixty (60) days of a Decision granting the Application, and
2. Table Top be authorized to include the Extension Territory as part of its service area and that it apply its currently authorized tariffed rates and charges to the Extended Territory until further Order by the Commission.