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MEMORANDUM

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Director
Utilities Division

Thomas M. Broderick

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

DATE: August 28, 2015

ORIGINAL

RE: IN THE MATTER OF THE APPLICATION OF ARIZONA TELEPHONE COMPANY FOR APPROVAL TO OFFER DEREGULATED VOICEMAIL SERVICES. (DOCKET NO. T-02063A-14-0207)

Attached is the Staff Report for the Arizona Telephone Company's Application requesting approval to offer deregulated voice mail services.

Staff is recommending approval of the Application with conditions.

TMB:LLM:nr/MAS

Originator: Lori Morrison

Attachment: Original and Thirteen copies

Arizona Corporation Commission
DOCKETED

AUG 28 2015

DOCKETED BY *[Signature]*

SERVICE LIST FOR: ARIZONA TELEPHONE COMPANY
DOCKET NO.: T-02063A-14-0207

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STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

ARIZONA TELEPHONE COMPANY

DOCKET NO. T-02063A-14-0207

IN THE MATTER OF THE APPLICATION OF ARIZONA TELEPHONE COMPANY FOR
APPROVAL TO OFFER DEREGULATED VOICEMAIL SERVICES

AUGUST 28, 2015

STAFF ACKNOWLEDGMENT

The Staff Report for Arizona Telephone Company, Docket No. T-02063A-14-0207, was the responsibility of the Utilities Division Staff listed below. Lori Morrison was responsible for the review and analysis of Arizona Telephone Company's Application requesting approval to deregulate Arizona Telephone Company's provision of voice mail services.

Lori Morrison
Utilities Consultant

Application

On June 25, 2014, Arizona Telephone Company (“ATC” or “the Company”) filed an Application with the Arizona Corporation Commission (“Commission”) for authority to offer deregulated voice mail services, on a deregulated basis, to its Arizona customers. ATC does not currently offer voice mail services to its customers.

Statute and Requirements

Arizona Revised Statute (“A.R.S.”) § 40-281(E) states:

When the Commission determines after notice and hearing that any product or service of a telecommunications corporation is neither essential nor integral to the public service rendered by such corporation, it shall declare that such product or service is not subject to regulation by the commission.

In its Application, ATC states that voice mail services are neither essential nor integral to the public service rendered by ATC and it currently provisions public basic telephone service to residential and business customers without voice mail services. ATC states the provision of voice mail service would not constitute “transmitting messages or furnishing public telegraph or telephone service” under Article 15, § 2 of the Arizona Constitution because instead of transmitting messages or furnishing telephone service, voice mail permits (1) callers to record their transmitted message and (2) recipients (subscribers) to store and retrieve the recorded message. Therefore, the Company states that voice mail service is totally independent of basic telephone service.

In addition, ATC states that unregulated voice mail services are currently available through independent voice mail providers, competitive local exchange carriers, and cellular carriers and marketers. Further, customers may also purchase answering machines rather than purchase voice mail services. ATC believes that given the multitude of voice mail alternatives available to customers, the Commission should allow it to offer voice mail services, on a deregulated basis, to its customers without the burden of regulation.

Staff Analysis and Recommendation

In Decision No. 68604, dated March 23, 2006, the Commission approved a Settlement Agreement in Docket No. T-01051B-03-0454, et al., in which the parties agreed that Qwest Corporation had met the criteria for deregulation of voice mail service. In its Direct Testimony¹ in that docket, Staff analyzed voice messaging service and concluded that voice messaging services is not essential and integral to basic telephone service, that it is a discrete and separable from the public switched telephone network and that it is subject to private contracts.

Given the above, Staff recommends ATC’s application be approved.

¹ November 18, 2004, Direct Testimony of Matthew Rowell at Page 46, line 22 through Page 51, line 25, filed in Docket Nos. T-01051B-03-0454 and T-00000D-00-0672.