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BEFORE THE ARIZONA CORPORATION COMMISSION

2015 DEC 16 P 12: 46

COMMISSIONERS

Arizona Corporation Commission

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AZ CORP COMMISSION
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IN THE MATTER OF THE COMMISSION
INQUIRY INTO POSSIBLE MODIFICATION OF
THE COMMISSION'S HOLDING COMPANIES
AND AFFILIATED INTEREST RULES, A.A.C.
ARTICLE 8, R14-2-801 ET SEQ.

Docket No. AU-00000A-15-0246

**AT&T'S COMMENTS IN
SUPPORT OF AMENDMENT TO
A.A.C. R14-2-802(A)**

AT&T Inc. ("AT&T") hereby submits its comments in support of the Application for Rulemaking that was filed in this docket on August 19, 2015.

As indicated in the Application, the proposed amendment to exclude competitive telecommunications carriers from the Affiliated Interest Rules (the "Rules") is appropriate in light of the changes in the industry since the Commission's adoption of the Rules in 1990. Since that time, the telecommunications industry has grown and become much more competitive. As a result, customers have more options and, therefore, have more protection from the harms that could result from corporate diversification and affiliate transactions. In recognition of this development, in 2013, the Arizona Legislature amended A.R.S. § 40-285 to exempt competitive telecommunications carriers from having to seek Commission approval of asset transfers, encumbrances and system mergers. The language of the Application's amendment is based on and consistent with the 2013 statutory amendment.

Amending the Rules to exclude competitive telecommunications carriers will benefit both the telecommunications industry and the Commission. In their current form, the Rules are

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1 incredibly broad and potentially applicable to numerous transactions having no substantive
2 connection to Arizona. As a result, utilities and the Commission are often forced to spend time
3 and resources on matters of little, if any, Arizona relevance. Although the Rules provide for a
4 waiver process, applying for and receiving waivers still ties up resources and, because the
5 waivers are subject to interpretation, may not provide the kind of certainty required by carriers
6 with multi-jurisdictional operations. For example, AT&T's Arizona operating subsidiaries have
7 held forward-looking waivers for a number of years, but have made transaction-specific filings
8 on numerous occasions in order to avoid the risk of uncertainty. Amending the Rules to exclude
9 competitive carriers will reduce the Commission's workload and provide certainty to the industry
10 without any detriment to Arizona consumers, who will continue to benefit from the protections
11 afforded by the competitive market.

12 Finally, AT&T supports the Application's request to process the telecommunications
13 amendment quickly and separately from any other revisions to the Rules that may be proposed in
14 this docket. The proposed amendment is narrowly tailored and involves only a slight
15 modification to one section of the Rules. Therefore, to the extent that other parties suggest
16 revisions to other provisions of the Rules or regarding utilities generally, AT&T requests that a
17 separate docket and Notice of Proposed Rulemaking ("NPRM") be issued concerning only the
18 proposed telecommunications exemption from A.A.C. R14-2-802(A). As to timing, AT&T
19 supports Staff's proposal to submit the NPRM for Commission consideration at the February
20 2016 Open Meeting and requests that the publication and formal comment period proceed as
21 promptly as possible thereafter.

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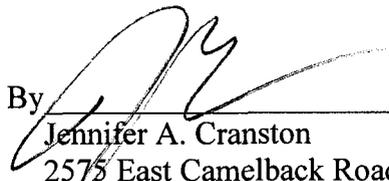
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RESPECTFULLY SUBMITTED this 16th day of December, 2015.

GALLAGHER & KENNEDY, P.A.

By 
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Original and 13 copies filed this
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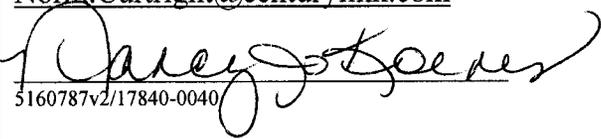
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