

ORIGINAL

REVISED OPEN MEETING



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MEMORANDUM

Arizona Corporation Commission

DOCKETED

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AZ CORP COMMISSION  
DOCKET CONTROL

TO: THE COMMISSION

FROM: Utilities Division

DATE: January 20, 2016

DOCKETED BY 

RE: 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)

**I. Introduction**

This Docket was opened to consider possible revisions to the Arizona Corporation Commission's ("Commission") Affiliated Interest Rules. Subsequently an application was filed in the Docket on August 19, 2015 by several telecommunications providers to amend the Rules based upon and supported by changes made by the Arizona Legislature to A.R.S. §40-285 in 2013. Informal comments were requested by Staff on the proposed change. No party opposed the proposed change. Staff recommends the commencement of a rulemaking as discussed below to amend the Affiliated Interest Rules to reflect the change requested by the Applicants.

**II. Background**

On July 2, 2015, the Utilities Division Staff of the Commission requested that a Docket be opened for the purpose of considering possible revisions to Arizona Administrative Code ("A.A.C.") R14-2-801 et seq., the Affiliated Interest rules ("Rules"). As a result, this docket was opened.

On August 19, 2015, Cox Communications ("Cox"), Qwest Corporation dba CenturyLink QC ("CenturyLink"), tw telecom of arizona llc ("tw telecom") and AT&T Inc. ("AT&T") (collectively, the "Applicants"), filed an Application for Rulemaking to Amend A.A.C. R14-2-802(A).

At the Commission Staff Meeting held on October 20, 2015, the Commission<sup>1</sup> authorized Staff to proceed with a more narrowly focused rulemaking at this time to reflect the changes proposed by the Applicants which are based upon and supported by the changes made to A.R.S. §40-285 by the Arizona Legislature in 2013. The Commission directed Staff to move forward with a review of the Applicants' proposed rule language for purposes of the rulemaking.

On November 16, 2015, Staff requested informal comment from interested parties concerning the Applicants' proposed Rule change. Written comments were received from the Arizona Local Exchange Carriers Association ("ALECA"); AT&T; Windstream and its certificated subsidiaries ("Windstream")<sup>2</sup>; Integra Telecom ("Integra")<sup>3</sup>; Arizona Public Service ("APS"); and

<sup>1</sup> Chairman Susan Bitter Smith did not participate.

<sup>2</sup> Windstream Communications, Inc., Talk America, Inc., McLeodUSA Telecommunications Services, LLC and Paetec Communications, Inc.

Qwest Corporation d/b/a CenturyLink QC, CenturyLink Communications, L.L.C. and CenturyLink Public Communications, Inc. ("CenturyLink and certain of its affiliates").

### III. Discussion

The Applicants propose to amend the Rules to exempt telecommunications carriers, whose retail telecommunications services have all been determined to be competitive, from application of the Rules, except as may otherwise be determined by a future Commission order. The specific change proposed is based upon and supported by the changes to A.R.S. §40-285 made by the Arizona Legislature in 2013<sup>4</sup>. The specific language change proposed by the Applicants is as follows:

#### R14-2-802(A). Applicability

- A. These rules are applicable to all Class A investor-owned utilities under the jurisdiction of the Commission and are applicable to all transactions entered into after the effective date of these rules. **Notwithstanding the preceding sentence, these rules shall not apply to a telecommunications utility whose retail telecommunications services have been classified as competitive by the Commission pursuant to A.A.C. R14-2-1101 et seq., except as may otherwise be determined by a future Commission order.**

The Applicants state that "the Rules will continue to apply to all Class A investor-owned utilities including all telecommunications carriers unless the carrier either (1) holds a Certificate of Convenience and Necessity issued by the Commission pursuant to A.A.C. R14-2-1105 or 1106 or (2) has had all of its retail telecommunications services classified as competitive by the Commission pursuant to A.A.C. R14-2-1108."<sup>5</sup> Further, the Applicants state the proposed amendment acknowledges and expressly preserves the Commission's authority to require individual utilities (otherwise exempt under the amended Rules) to comply with the Rules, if the Commission so orders."<sup>6</sup>

No party filing informal comments opposed the proposed Rule change. All of the telecommunications providers filing informal comments supported the proposed Rule change. Windstream states that the Legislature's exemption of competitive telecom providers from a review of asset transfers or dispositions, supports the requested change to the Rules. Given the addition of Subpart (F) to A.R.S. §40-285, Commission approval should not be required if that carrier's affiliate (or holding company) chooses to reorganize, merge, consolidate or refinance<sup>7</sup>. AT&T states that although the Rules provide for a waiver process, applying for and receiving waivers still ties up resources and because waivers are subject to interpretation, they do not provide the type of certainty

<sup>3</sup> Eschelon Telecom of Arizona, Inc., Electric Lightwave, LLC and Mountain Telecommunications of Arizona, Inc. all dba under Integra Telecom.

<sup>4</sup> In 2013, the legislature added Subpart (F) to the statute which reads as follows: F: "This section does not apply to a telecommunications corporation whose retail telecommunications services are all classified as competitive by the commission, except as may otherwise be determined by a commission order after the effective date of this amendment to this section."

<sup>5</sup> Application at p.5.

<sup>6</sup> Id.

<sup>7</sup> Windstream informal comments at p. 1

desired by carriers.<sup>8</sup> Integra believes that the Rules are unnecessary for competitive carriers.<sup>9</sup> APS does not oppose the change but would oppose any other amendments to the Rules that would have the effect of increasing the affiliate regulation of electric utilities or affect any waivers granted to APS by the Commission.<sup>10</sup> CenturyLink states that the telecommunications market has changed dramatically and that competitive telecom providers cannot make up for their bad business diversification decisions by passing the losses through to utility customers in the form of rate increases. Thus, there is no longer a need to require competitive providers to comply with the Rules.<sup>11</sup>

#### IV. Staff Recommendations

Staff recommends that the Commission direct Staff to file, by February 12, 2016, with the Office of the Secretary of State, for publication in the *Arizona Administrative Register* no later than March 4, 2016, (1) a Notice of Proposed Rulemaking Docket opening and (2) a Notice of Proposed Rulemaking that includes the text of the proposed rules set forth in Exhibit A. Staff further recommends that the Commission direct Staff to include a preliminary Economic, Small Business and Consumer Impact statement with respect to the proposed rules.

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Based on consultation with the Hearing Division, Staff further recommends that the Commission direct the Hearing Division to hold oral proceedings to receive public comment on the Notice of Proposed Rulemaking on April 14, 2016, at 10:00 a.m., or as soon as practicable thereafter, in Hearing Room No. 1 of the Commission's offices in Phoenix, Arizona.

Staff further recommends that interested parties be requested to provide written comments concerning the Notice of Proposed Rulemaking by filing any comments with the Commission's Docket Control by April 4, 2016. Staff further recommends that the Commission direct Staff to file, by April 11, 2016, a summary of formal written comments received by April 4, 2016 along with Staff responses. The Staff should also be directed to file a summary of all formal comments including comments filed after April 4, 2016, (both written and oral) with Staff responses by May 6, 2016.

Staff further recommends that the Commission direct the Utilities Division/Legal Division to file with Docket Control by April 28, 2015 an Economic, Small Business and Consumer Impact Statement which conforms to A.R.S. §41-1057 (A)(2) that address' the economic impact of the recommended changes to the Rules.

Finally, Staff recommends that the Commission establish additional procedural deadlines and requirements as may be necessary consistent with the Administrative Procedures Act and Commission rulemaking procedure.

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8 AT&T Informal Comments at 2.

9 Integra Informal Comments at p.1.

10 APS Informal Comments at 1-2.

11 CenturyLink Informal Comments at 3.

THE COMMISSION

January 20, 2016

Page 4



Thomas M. Broderick

Director

Utilities Division

TMB:MAC:nr\MAS

ORIGINATOR: Matt Connolly

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

DOUG LITTLE  
Interim Chairman  
BOB STUMP  
Commissioner  
BOB BURNS  
Commissioner  
TOM FORESE  
Commissioner

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

DECISION NO. \_\_\_\_\_

**ORDER**

Open Meeting  
February 2 and 3, 2016  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

**I. Introduction**

1. This Docket was opened to consider possible revisions to the Arizona Corporation Commission's ("Commission") Affiliated Interest Rules. Subsequently an application was filed in the Docket on August 19, 2015 by several telecommunications providers to amend the Rules based upon and supported by changes made by the Arizona Legislature to A.R.S. §40-285 in 2013. Informal comments were requested by Staff on the proposed change. No party opposed the proposed change. Staff recommends the commencement of a rulemaking as discussed below to amend the Affiliated Interest Rules to reflect the change requested by the Applicants.

**II. Background**

2. On July 2, 2015, the Commission's Utilities Division Staff requested that a Docket be opened for the purpose of considering possible revisions to Arizona Administrative Code ("A.A.C.") R14-2-801 et seq., the Affiliated Interest Rules ("Rules"). As a result, this Docket was opened.

...

1           3.       On August 19, 2015 representatives on behalf of Cox Communications (“Cox”),  
2 Qwest Corporation dba CenturyLink QC (“CenturyLink”), tw telecom of arizona llc (“tw telecom”)  
3 and AT&T Inc. (“AT&T”) (collectively, the “Applicants”), filed an Application for Rulemaking to  
4 Amend A.A.C. R14-2-802(A).

5           4.       At the October 20, 2015 Commission Staff Meeting, the Commission<sup>1</sup> authorized Staff  
6 to proceed with a more narrowly focused rulemaking intended to reflect the changes proposed by the  
7 Applicants which are based upon and supported by the changes made to A.R.S. §40-285 by the  
8 Arizona Legislature in 2013.<sup>2</sup> The Commission directed Staff to move forward with a review of the  
9 Applicants’ proposed Rule language for purposes of the rulemaking.

10          5.       On November 16, 2015, Staff requested informal comment from interested parties  
11 concerning the Applicants’ proposed Rule language.

12          6.       Written comments were received from the Arizona Local Exchange Carriers  
13 Association (“ALECA”); AT&T; Windstream and its certificated subsidiaries (“Windstream”)<sup>3</sup>; Integra  
14 Telecom (“Integra”)<sup>4</sup>; Arizona Public Service Company (“APS”); and Qwest Corporation d/b/a  
15 CenturyLink QC, CenturyLink Communications, L.L.C. and CenturyLink Public Communications,  
16 Inc. (“CenturyLink and certain of its affiliates”).

17 **III. Discussion.**

18          7.       The Applicants propose to amend the Rules to exempt telecommunications carriers,  
19 whose retail telecommunications services have all been determined to be competitive from application  
20 of the Rules, except as may otherwise be determined by a future Commission Order. The specific  
21 change proposed is based upon and supported by the changes to A.R.S. §40-285 made by the Arizona  
22 Legislature in 2013. The specific language change proposed by the Applicants is as follows:

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<sup>1</sup> Chairman Susan Bitter Smith did not participate.

25 <sup>2</sup> In 2013, the legislature added Subpart (F) to the statute which reads as follows: F: “This section does not apply to a  
26 telecommunications corporation whose retail telecommunications services are all classified as competitive by the  
27 commission, except as may otherwise be determined by a commission order after the effective date of this amendment to  
this section.”

27 <sup>3</sup> Windstream Communications, Inc., Talk America, Inc., McLeodUSA Telecommunications Services, LLC and Paetec  
Communications, Inc.

28 <sup>4</sup> Eschelon Telecom of Arizona, Inc., Electric Lightwave, LLC and Mountain Telecommunications of Arizona, Inc. all dba  
under Integra Telecom.

1           **R14-2-802(A). Applicability.**

2           A.     These rules are applicable to all Class A investor-owned utilities under the  
3           jurisdiction of the Commission and are applicable to all transactions entered  
4           into after the effective date of these rules. Notwithstanding the preceding  
5           sentence, these rules shall not apply to a telecommunications utility  
6           whose retail telecommunications services have been classified as  
7           competitive by the Commission pursuant to A.A.C. R14-2-1101 et seq.  
8           except as may otherwise be determined by a future commission order.

9           7.     The Applicants state that “the Rules will continue to apply to all Class A investor-  
10          owned utilities, including all telecommunications carriers, unless the carrier either (1) holds a  
11          Certificate of Convenience and Necessity issued by the Commission pursuant to A.A.C. R14-2-1105  
12          or 1106 or (2) has had all of its retail telecommunications services classified as competitive by the  
13          Commission pursuant to A.A.C. R14-2-1108.”<sup>5</sup> Further, the Applicants state that the proposed  
14          amendment acknowledges and expressly preserves the Commission’s authority to require individual  
15          utilities (otherwise exempt under the amended Rules) to comply with the Rules, if the Commission so  
16          orders.”<sup>6</sup>

17          8.     No party filing informal comments opposed the proposed rule change. All of the  
18          telecommunications providers filing informal comments supported the proposed rule change.  
19          Windstream states that the Legislature’s exemption of competitive telecom providers from a review of  
20          asset transfers or dispositions, supports the requested change to the Rules. Given the addition of  
21          Subpart (F) to A.R.S. §40-285, Commission approval should not be required if that carrier’s affiliate  
22          (or holding company) chooses to reorganize, merge, consolidate or refinance<sup>7</sup>. AT&T states that  
23          although the Rules provide for a waiver process, applying for and receiving waivers still ties up  
24          resources and because waivers are subject to interpretation, they do not provide the type of certainty  
25          desired by carriers.<sup>8</sup> Integra believes that the Rules are unnecessary for competitive carriers.<sup>9</sup> APS

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27 <sup>5</sup> Application at p. 5.

<sup>6</sup> Id.

28 <sup>7</sup> Windstream Informal comments at 1.

<sup>8</sup> AT&T Informal Comments at 2.

1 does not oppose the change but would oppose any other amendments to the Rules that would have  
2 the effect of increasing the affiliate regulation of electric utilities or affect any waivers granted to APS  
3 by the Commission.<sup>10</sup> CenturyLink states that the telecommunications market has changed  
4 dramatically and that competitive telecom providers cannot make up for their bad business  
5 diversification decisions by passing the losses through to utility customers in the form of rate  
6 increases. Thus, there is no longer a need to require competitive providers to comply with the Rules.<sup>11</sup>

#### 7 **IV. Staff Recommendations**

8 9. Staff recommends that the Commission direct Staff to file, by February 12, 2016 with  
9 the Office of the Secretary of State, for publication in the *Arizona Administrative Register* no later than  
10 March 4, 2016, (1) a Notice of Proposed Rulemaking Docket opening and (2) a Notice of Proposed  
11 Rulemaking that includes the text of the proposed rules set forth in Exhibit A. Staff further

12 recommends that the Commission direct Staff to include a preliminary Economic, Small Business and  
13 Consumer Impact statement with respect to the proposed rules.

14 10. Based on consultation with the Hearing Division, Staff further recommends that the  
15 Commission direct the Hearing Division to hold oral proceedings to receive public comment on the  
16 Notice of Proposed Rulemaking on April 14, 2016, at 10:00 a.m., or as soon as practicable thereafter,  
17 in Hearing Room No. 1 at the Commission's offices in Phoenix, Arizona.

18 11. Staff further recommends that interested parties be permitted to provide written  
19 comments concerning the Notice of Proposed Rulemaking by filing any comments with the  
20 Commission's Docket Control by April 4, 2016.

21 12. Staff further recommends that the Commission direct Staff to file, by April 11, 2016, a  
22 summary of formal written comments received by April 4, 2016 along with Staff responses. Staff  
23 should also be directed to file by May 6, 2016 a summary of all formal comments (both written and  
24 oral) including those received after April 4, 2016 with Staff responses.

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28 <sup>9</sup> Integra Informal Comments at 1.

<sup>10</sup> APS Informal Comments at 1-2

<sup>11</sup> CenturyLink Informal Comments at 3.



1 IT IS FURTHER ORDERED that the Hearing Division shall hold oral proceedings to  
2 receive public comment on the Notice of Proposed Rulemaking on April 14, 2016, at 10:00 a.m., or as  
3 soon as practicable thereafter, in Hearing Room No. 1 at the Commission's offices in Phoenix,  
4 Arizona.

5 IT IS FURTHER ORDERED that interested parties are requested to provide written  
6 comments concerning the Notice of Proposed Rulemaking by filing any comments with the  
7 Commission's Docket Control by April 4, 2016; and to provide oral comments at the proceeding to be  
8 held on April 14, 2016.

9 IT IS FURTHER ORDERED that the Utilities Division/Legal Division shall ensure that the  
10 Preamble to the Notice of Proposed Rulemaking conforms to the requirements of A.R.S. §41-1001  
11 (16) and states that (1) written comments on the Notice of Proposed Rulemaking should include a  
12 reference to Docket No. AU-00000A-15-0246; (2) written comments should be filed with the  
13 Commission's Docket Control by April 4, 2016; and (3) oral comments may be provided at the  
14 proceeding to be held on April 14, 2016.

15 IT IS FURTHER ORDERED that the Utilities Division/Legal Division shall ensure that any  
16 written comments filed with the Utilities Division rather than the Commission's Docket Control are  
17 filed with the Commission's Docket Control.

18 IT IS FURTHER ORDERED that the Utilities Division/Legal Division shall, on or before  
19 April 28, 2016, file with Docket Control an Economics, Small Business and Consumer Impact  
20 Statement which conforms to A.R.S. §41-1057 (A)(2) that addresses the economic impacts of the  
21 recommended changes to Rules.

22 IT IS FURTHER ORDERED that the Utilities Division/Legal Division shall, on or before  
23 April 11, 2016, file with the Commission's Docket Control a document which includes a summary of  
24 any written comments filed by interested persons between the effective date of this Order and April 4,  
25 2016, and the Utilities Division's responses to those comments.

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1 IT IS FURTHER ORDERED that the Utilities Division/Legal Division shall, by May 6, 2016,  
 2 file a document which includes a summary of all written comments filed by interested persons  
 3 including those filed after April 4, 2016, and oral comments received at the oral proceedings in this  
 4 matter and the Utilities Division's responses to those comments.

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

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**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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CHAIRMAN

COMMISSIONER

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COMMISSIONER

COMMISSIONER

COMMISSIONER

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IN WITNESS WHEREOF, I, JODI JERICH, Executive  
 Director 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 \_\_\_\_\_, 2016.

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\_\_\_\_\_  
 JODI JERICH  
 EXECUTIVE DIRECTOR

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DISSENT: \_\_\_\_\_

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DISSENT: \_\_\_\_\_

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TMB:MAC:nr\MAS

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1 SERVICE LIST FOR: COMMISSION INQUIRY INTO POSSIBLE MODIFICATION OF THE  
 2 COMMISSION'S HOLDING COMPANIES AND AFFILIATED INTEREST RULES, A.A.C.  
 3 ARTICLE 8, R14-2-801 ET. SEQ.  
 4 DOCKET NO. AU-00000A-15-0246

4	Shawn Lanier ATC Outdoors DAS, LLC 10 Presidential Way Woburn, Massachusetts 01801	Peter Goldberg Telco Experts, LLC 169 Ramapo Valley Drive, Floor 3, Suite 303 Oakland, New Jersey 07436	Robert Millar 2000 Corporate Drive Canonsburg, Pennsylvania 15317
6	Ellen Schmidt 20 Second Avenue Burlington, Massachusetts 01803	Jonathan Kaufman Network Billing Systems, LLC 155 Willowbrook Boulevard Wayne, New Jersey 07470	Jarrod Harper Broadview Networks, Inc. 1018 West Ninth Avenue King of Prussia, Pennsylvania 19406
8	Richard Wurman Granite Telecommunications, LLC 100 Newport Avenue Extension Quincy, Massachusetts 02171	Joseph Pugliese Custom Network Solutions 210 Route 4 East, Suite 201 Paramus, New Jersey 07652	Michael Quinn 13820 Sunrise Valley Drive Herndon, Virginia 20171
10	Glen Nelson 420 Bedford Street, Suite 250 Lexington, Massachusetts 02420	Ed Kazar Spectrotel, Inc 3535 State Highway 66, Suite 7 Neptune, New Jersey 07753	Neomi Groman France Telecom Corporate Solutions, LLC 13775 McLearen Road Mail Stop 1100 Oak Hill, Virginia 20171
12	Mark Salomone Grasshopper Group, LLC 197 First Avenue, Suite 200 Needham, Massachusetts 02494	Marie Cataldo One Verizon Way, MC VC21E027A Basking Ridge, New Jersey 07920	Joe Londeree BetterWorld Telecom 11951 Freedom Drive 13th Floor Reston, Virginia 20190
14	David Shorey Telecom Management, Inc. 39 Darling Avenue South Portland, Maine 04106	Karl Tucker One Verizon Way Baskin Ridge, New Jersey 7920	Linda Cicco BT Communications Sales, LLC 11440 Commerce Park Drive Suite 1000 Reston, Virginia 20191
16	Robert Cleary 800 Response Information Services, LLC 1795 Williston Road Suite 200 South Burlington, Vermont 05403	Tina Tecce 270 South Main Street Flemington, New Jersey 08822	Bruce White NextGen Communications, Inc. 275 West Street, Suite 400 Annapolis, Maryland 21401
18	Richard Minervino ComTech21, LLC One Barnes Park South Wallingford, Connecticut 06492	Metropolitan Telecommunications of Arizona, Inc. Ralph Dichy 55 Water Street, 32nd Floor New York, New York 10041	Tammy Ferber AmeriVision Communications, Inc. 999 Waterside Drive Suite 1910 Norfolk, Virginia 23510
21	Jeff Daniels Teledata Solutions, Inc. 1767 Route 22 West Union, New Jersey 07083	Sadie Mendez BCM One, Inc. 521 Fifth Avenue 14th Floor New York, New York 10175	Abigail Tucker Access Point, Inc. 1100 Crescent Green Suite 109 Cary, North Carolina 27518
23	Carl Billek 550 Broad Street Newark, New Jersey 07102	Anna Sokolin-Maimon MCC Telephony of the West, LLC One Mediacom Way Mediacom Park, New York 10918	Lisa Freeman 900 Main Campus Drive Raleigh, North Carolina 27606
25	Donna Palumbo IPC Network Services, Inc. 3 Second Street 15th Floor Jersey City, New Jersey 07311	Anna Sokolin-Maimon 100 Crystal Run Rd Middletown, New York 10941	Jeff Myers ACN Communications Services, Inc. 1000 Progress Place Concord, North Carolina 28025-2449
27		Jane Mulvehill Globalinx Enterprises, Inc. 5LINX Enterprises, Inc. 275 Kenneth Drive Rochester, New York 14623	
28			

1	Eric Burgess Conterra Ultra Broadband, LLC 2101 Rexford Road Suite 200 E Charlotte, North Carolina 28211	Jennifer DePinto 3001 Aloma Avenue, Suite 304 Winter Park, Florida 32792	Ryan Tackett 75 Erieview Plaza, Suite 400 Cleveland, Ohio 44114
2		Oyebimpe-Oyewale Smith Telmex USA, LLC 3350 SW 148th Avenue, Suite 400 Miramar, Florida 33027	Robert Mocas 3046 Brecksville Road Richfield, Ohio 44286
3	Michael Ruziska EnTelegent Solutions, Inc. 3800 Arco Corporate Dr. Suite 310 Charlotte, North Carolina 28273	Natalia Rodrigues Wholesale Carrier Services, Inc. 12350 NW 39th Street Coral Springs, Florida 33067	Shannon Dieringer First Communications 3340 West Market Street Akron, Ohio 44333
4	Susan Cockerham 1725 Windward Concourse, Suite 150 Alpharetta, Georgia 30005	Avelino Iglesia TeleUno, Inc 2754 West Atlantic Boulevard, Suite 8 Pompano Beach, Florida 33069	Julie Barlow Cincinnati Bell Any Distance, Inc. 221 East Fourth Street Room 103-1070 Cincinnati, Ohio 45202
5	Keith Cummings Voicecom Telecommunications, LLC 5900 Windward Parkway, Suite 500 Alpharetta, Georgia 30005	Enrique Martinez OneLink Communications, Inc. 8400 North University Drive Suite 204 Tamarac, Florida 33321	Sharon Porter PNG Telecommunications, Inc. 8805 Governor's Hill Drive Cincinnati, Ohio 45249
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7	Melissa Driskell Telrite Corporation 4113 Monticello Street Covington, Georgia 30014	H. Jay Hill Go Solo Technologies, Inc. 5410 Mariner Street Suite 175 Tampa, Florida 33609	Joy Hornkohl BullsEye Telecom 25925 Telegraph Road Suite 210 Southfield, Michigan 48033
8	Karyn Bartel New Century Telecom, Inc. 3050 Royal Boulevard South, Suite 175 Alpharetta, Georgia 30022	Elena Thomasson Primus Telecommunication, Inc. 3903 Northdale Boulevard Suite 220E Tampa, Florida 33624	Eric Blackford 107 West Michigan Avenue, 4th Floor Kalamazoo, Michigan 49007
9	Kenny Perkins 3075 Breckinridge Boulevard, Suite 425 Duluth, Georgia 30096-4981	Gina Wybel Netwolves Network Services, LLC 4710 Eisenhower Boulevard, Suite E8 Tampa, Florida 33634	Rebecca West 2851 Charlevoix Drive SE, Suite 209 Grand Rapids, Michigan 49546
10	Ashar Syed Tele Circuit Network Corporation 1815 Satellite Boulevard, Suite 504 Duluth, Georgia 30097	Thomas P. Margavio Bellsouth Long Distance 675 West Pechtree Street NE Atlanta, Georgia 30308	William Linsmeier 13400 Bishops Lane, Suite 295 Brookfield, Wisconsin 53005
11	Thomas P. Margavio Bellsouth Long Distance 675 West Pechtree Street NE Atlanta, Georgia 30308	Tower Cloud, Inc. Patricia Morrison 9501 International Court N. St. Petersburg, Florida 33716	Phil Berry TDS Long Distance Corporation 525 Junction Road Madison, Wisconsin 53717
12	Mark Lammert Intellicall operator Services, Inc. 740 Florida Central Parkway Suite 2028 Longwood, Florida 32750	Colin Wood 255 Pine Avenue N Oldsmar, Florida 34677	Sarah Oistad LoTel 4946 Devonshire Circle Shorewood, Minnesota 55331
13	Scott Howsare First Choice Technology, Inc. 903 Lake Lilly Drive, Suite A125 Maitland, Florida 32751	Vincent Petrescu 4969 US Highway 42, Suite 2700 Louisville, Kentucky 40222	Donna Heaston 6160 Golden Hills Drive Golden Valley, Minnesota 55416
14	Sharon Thomas Post Office Drawer 200 Winter Park, Florida 32790-0200	Thomas Speed, Jr. National Directory Assistance, LLC 12700 Townepark Way Louisville, Kentucky 40243	Karrie Willis POPP.com, Inc. 620 Mendelssohn Avenue North Golden Valley, Minnesota 55427
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1	Scott Sawyer Onvoy, LLC 10300 6th Avenue North Plymouth, Minnesota 55441	Lakisha Taylor Budget Prepay 1325 Barksdale Boulevard Suite 200 Bossier City, Louisiana 71111	Natalie Verette TeleQuality Communications, Inc. 21232 Gathering Oaks, Suite 107 San Antonio, Texas 78260
3	Orbitcom, Inc. Brad VanLeur 1701 N. Louise Drive Sioux Falls, South Dakota 57107	Judith Riley Post Office Box 720128 Oklahoma City, Oklahoma 73172	Sharon Mullin 2003 Point Bluff Austin, Texas 78746
5	Daniel L. Timm ExteNet Systems, Inc. 3030 Warrenville Road Suite 340 Lisle, Illinois 60532	Bruce Summers Enhanced Communications Group, LLC 312 SE Delaware Avenue Bartlesville, Oklahoma 74005	Brian Bothroyd Westel, Inc 8303 North Mopac Expressway Suite C-400 Austin, Texas 78759-8370
8	Bill Gabor BCE Nexxia Corporation 138 East Randolph Suite 500 Chicago, Illinois 60601	Alex Valencia Matrix Telecom, Inc. 433 East Las Colinas Boulevard Suite 500 Irving, Texas 75039	Don Pittman NTS Communications, Inc. 1220 Broadway Lubbock, Texas 79401
10	Bethany Becker GC Pivotal 200 South Wacker Drive Suite 1650 Chicago, Illinois 60606	Robert McCausland Hypercube Telecom, LLC 3200 West Pleasant Run Road Suite 300 Lancaster, Texas 75146	Hugo Olivares Transtelco, Inc. 500 West Overland Avenue, Suite 310 El Paso, Texas 79901
13	Kevin Fennell Access One, Inc. 820 West Jackson Street, Suite 650 Chicago, Illinois 60607	Terry Pavsek Telscape Communications, Inc. 10440 North Central Expressway Suite 700 Dallas, Texas 75231	Christy Bodaness Telemanagement Systems, Inc. 8135 South Algonquian Circle Aurora, Colorado 80016
15	Julie Oost 840 South Canal, 7th Floor Chicago, Illinois 60607	Terry Pavsek Sage Telecom Communications, LLC 10440 North Central Expressway Suite 700 Dallas, Texas 75231	Nancy McCarty 1025 Eldorado Boulevard Broomfield, Colorado 80021
17	Richard Monto Neutral Tandem- Arizona, LLC 550 West Adams Street, Suite 900 Chicago, Illinois 60661		Tim Gentry Zayo Group, LLC 400 Centennial Pkwy. - 200 Louisville, Colorado 80027
19	Heidi Huffman Stratus Networks, Inc. 4700 North Prospect Road Peoria Heights, Illinois 61616	Sarah Baker Encompass Communications, LLC 119 West Tyler Street Suite 286 Longview, Texas 75601	Michael Nelson 183 Inverness Drive West Englewood, Colorado 80112
21	Matthew Myers Unite Private Networks, LLC 120 South Stewart Road Liberty, Missouri 64068	Stephanie Jackson Network Communications International Corp. 606 East Magrill Street Longview, Texas 75601	Tamara Volmer Director of Tax dishNet Wireline L.L.C. 9601 S. Meridian Boulevard Englewood, Colorado 80112
23	Angela Hoke Inonex Communications North, Inc. 2323 Grand Boulevard Suite 925 Kansas City, Missouri 64108	Amanda Harris NetworkIP, LLC 119 West Tyler Street, Suite 100 Longview, Texas 75601	Colleen Lockett Intrado Communications Inc. 1601 Dry Creek Drive Longmont, Colorado 80503
25	Joshua Jobe C'eyond Communications 2323 Grand Boulevard Suite 925 Kansas City, Kansas 64108	Susan Freeman Network Operator Services, Inc. Post Office Box 3529 Longview, Texas 75606	Deborah Baker 102 South Tejon Street - 11th Floor Colorado Springs, Colorado 80903
27	James MacKenzie 13515 I Circle Omaha, Nebraska 68137	Timothy A. Thompson Mercury Voice and Data, LLC 311 NNW Loop 323 Tyler, Texas 75702	John Stuart 2205 Keithley Creek Road Midvale, Idaho 83645



1	Mark Holmquist Inmark, Inc 3595 South Town Center Drive Las Vegas, Nevada 89135	Andrew Rasura TCAST Communications, Inc. 24251 Town Center Drive, 2nd Floor Velencia, California 91355	Omesh Sharma Greenfly Networks, Inc. 450 Townsend Street San Francisco, California 94107
3	Jim Holmquist Inmark, Inc. 3595 South Town Center Drive Suite 112 Las Vegas, Nevada 89135	Cynthia Firstman Airespring, Inc. 6060 Sepulveda Boulevard, Suite 220 Van Nuys, California 91411	Kristen Henzi MegaPath Corporation 6800 Koll Center Parkway Suite 200 Pleasanton, California 94566
6	Erla Erlingsdottir Wide Voice, LLC 410 South Rampart, Suite 390 Las Vegas, Nevada 89145	Keith Nussbaum Preferred Long Distance, Inc. 16830 Ventura Boulevard Suite 350 Encino, California 91436	Arnold Marasigan Ainex Communications, Inc. 5000 Hopyard Suite 240 Pleasanton, California 94577
8	William Perna Custom Teleconnect, Inc. 6242 West Desert Inn Road Las Vegas, Nevada 89146	Thomas J. Haluskey Enhanced Communications Networkd, Inc 1031 South Glendora Avenue West Covina, California 91790	Jenna Brown QuantumShift Communications, Inc. 12657 Alcosta Boulevard, Suite 418 San Ramon, California 94583
10	Carmen Asorey TeleDias Communications, Inc. 1100 California Avenue, Suite 220 Reno, Nevada 89509	Colleen Guffey NobelTel, LLC 5973 Avenida Encinas, Suite 202 Carlsbad, California 92008	Brenda Crosby 303 SW Zobrist Estacada, Oregon 97023
12	Faisal Aziz America Net, LLC 3850 Wilshire Boulevard 17th Floor Los Angeles, California 90010	Lyndall Nipps 655 West Broadway, Suite 850 San Diego, California 92101	Ben Coker Buehner-Fry, Inc. 389 SW Scalehouse Court Suite 100 Bend, Oregon 97702
14	Rick Ramirez Curatel 1605 West Olympic Boulevard 8th Floor Los Angeles, California 90015	Todd Lesser 3802 Rosecrans Street, Suite 485 San Diego, California 92110	Phillip Koen AccessLine Communications Corporation 3310 146th Place, SE Bellevue, Washington 98007
17	ZhenHui Lin ComNet(USA), LLC 700 South Flower Street Suite 950 Los Angeles, California 90017	Maritza Morales 1800 Collect, Inc. 1685 Gailes Boulevard San Diego, California 92154	Raymond Lee 1800 41st Street Everett, Washington 98203
18	Yasunori Matsuda Total Call International, Inc. 1411 West 190th Street, Suite 650 Gardena, California 90248	James Mancuso Clear World Communications Corporation 2901 West MacArthur Boulevard, Suite 204 Santa Ana, California 92704	Shala Yazdani Gold Line Telemanagement, Inc. 300 Allstate Parkway Markham, Ontario, Canada L3R OP2
21	Rueben Quinones Legacy Long Distance International, Inc. 10833 Valley View Street Suite 150 Cypress, California 90630	Collin Greene TNCI Operating Company, LLC 114 East Haley Street, Suite A Santa Barbara, California 93101	Thomas Broderick Director, Utilities Division Arizona Corporation Commission 1200 W. Washington St. Phoenix, Arizona 85007
23	Bruce Li 3777 Long Beach Boulevard Suite 300 Long Beach, California 90807	Jennifer Cabania ABC-CBN Telecom North America Incorporated 150 Shoreline Drive Redwood City, California 94065	Janice Alward Chief Counsel, Legal Division Arizona Corporation Commission 1200 W. Washington Phoenix, Arizona 85007
26	Craig Konrad One World Trade Center - 800 Long Beach, California 90831	Stephen Kukta 201 Mission Street, Suite 1500 San Francisco, California 94105	Dwight Nodes Chief Administrative Law Judge, Hearing Division Arizona Corporation Commission 1200 W. Washington Phoenix, Arizona 85007-2927
27		Jean Parker Working Assets Funding Services 101 Market Street, Suite 700 San Francisco, California 94105	
28			

**Exhibit A**

**TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND  
ASSOCIATIONS; SECURITIES REGULATION  
CHAPTER 2. CORPORATION COMMISSION  
FIXED UTILITES  
ARTICLE 8. PUBLIC UTILITY HOLDING COMPANIES  
AND AFFILIATED INTERESTS**

Section

- R14-2-801. Definitions
  - R14-2-802. Applicability
  - R14-2-803. Organization of Public Utility Holding Companies
  - R14-2-804. Commission Review of Transactions Between Public Utilities and Affiliates
  - R14-2-805. Annual Filing Requirements of Diversification Activities and Plans
  - ~~R14-2-806. Waiver from the Provisions of this Article~~
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## Exhibit A

**ARTICLE 8. PUBLIC UTILITY HOLDING COMPANIES  
AND AFFILIATED INTERESTS**

**R14-2-801. Definitions**

In this Article, unless the context otherwise requires:

1. "Affiliate," with respect to the public utility, shall mean any other entity directly or indirectly controlling or controlled by, or under direct or indirect common control with, the public utility. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any entity, shall mean the power to direct the management policies of such entity, whether through ownership of voting securities, or by contract, or otherwise.
2. "Commission." The Arizona Corporation Commission.
3. "Entity." A corporation, partnership, limited partnership, joint venture, trust, estate, or natural person.
4. "Holding Company" or "Public Utility Holding Company." Any affiliate that controls a public utility.
5. "Reorganize" or "Reorganization." The acquisition or divestiture of a financial interest in an affiliate or a utility, or reconfiguration of an existing affiliate or utility's position in the corporate structure or the merger or consolidation of an affiliate or a utility.
6. "Subsidiary." Any affiliate controlled by a utility.
7. "System of Accounts. The accounting system or systems prescribed for utilities by the Commission.
8. "Utility" or "Public Utility. Any Class A investor-owned public service corporation subject to the jurisdiction of the Arizona Corporation Commission.

**R14-2-802. Applicability**

- A. These rules are applicable to all Class A investor-owned utilities under the jurisdiction of the Commission and are applicable to all transactions entered into after the effective date of these rules. Notwithstanding the preceding sentence, these rules shall not apply to a telecommunications utility whose retail telecommunications services have been classified as competitive pursuant to A.A.C. R14-2-1101 et seq., except as may otherwise be determined by a future Commission order.

**Exhibit A**

**B.** Information furnished to the Commission in compliance with these rules will not be open to public inspection, or made public, except on order of the Commission, or by the Commission, or a Commissioner in the course of a hearing or proceeding.

**R14-2-803. Organization of Public Utility Holding Companies**

**A.** Any utility or affiliate intending to organize a public utility holding company or reorganize an existing public utility holding company will notify the Commission's Utilities Division in writing at least 120 days prior thereto. The notice of intent will include the following information:

1. The names and business addresses of the proposed officers and directors of the holding company;
2. The business purposes for establishing or reorganizing the holding company;
3. The proposed method of financing the holding company and the resultant capital structure;
4. ~~The resultant effect on the capital structure of the public utility;~~
5. An organization chart of the holding company that identifies all affiliates and their relationships within the holding company;
6. The proposed method for allocating federal and state income taxes to the subsidiaries of the holding company;
7. The anticipated changes in the utility's cost of service and the cost of capital attributable to the reorganization;
8. A description of diversification plans of affiliates of the holding company; and
9. Copies of all relevant documents and filings with the United States Securities and Exchange Commission and other federal or state agencies.
10. The contemplated annual and cumulative investment in each affiliate for the next five years, in dollars and as a percentage of projected net utility plant, and an explanation of the reasons supporting the level of investment and the reasons this level will not increase the risks of investment in the public utility.
11. An explanation of the manner in which the utility can assure that adequate capital will be available for the construction of necessary new utility plant and for improvements in existing utility plant at no greater cost than if the utility or its affiliate did not organize or reorganize a public utility holding company.

**Exhibit A**

- B. The Commission staff will, within 30 days after receipt of the notice of intent, notify the Applicant of any questions which it has concerning the notice or supporting information. The Commission will, within 60 days from the receipt of the notice of intent, determine whether to hold a hearing on the matter or approve the organization or reorganization without a hearing.
- C. At the conclusion of any hearing on the organization or reorganization of a utility holding company, the Commission may reject the proposal if it determines that it would impair the financial status of the public utility, otherwise prevent it from attracting capital at fair and reasonable terms, or impair the ability of the public utility to provide safe, reasonable and adequate service.

**R14-2-804. Commission Review of Transactions Between Public Utilities and Affiliates**

- A. A utility will not transact business with an affiliate unless the affiliate agrees to provide the Commission access to the books and records of the affiliate to the degree required to fully audit, examine or otherwise investigate transactions between the public utility and the affiliate. In connection therewith, the Commission may require production of books, records, accounts, memoranda and other documents related to these transactions.
- B. A utility will not consummate the following transactions without prior approval by the Commission:
  - 1. Obtain a financial interest in any affiliate not regulated by the Commission, or guarantee, or assume the liabilities of such affiliate;
  - 2. Lend to any affiliate not regulated by the Commission, with the exception of short-term loans for a period less than 12 months in an amount less than \$100,000; or
  - 3. Use utility funds to form a subsidiary or divest itself of any established subsidiary.
- C. The Commission will review the transactions set forth in subsection (B) above to determine if the transactions would impair the financial status of the public utility, otherwise prevent it from attracting capital at fair and reasonable terms, or impair the ability of the public utility to provide safe, reasonable and adequate service.
- D. Every transaction in violation of subsection (A) or (B) above is void, and the transaction shall not be made on the books of any public service corporation.
- E. The system of accounts used by the public utility will include the necessary accounting records needed to record and compile transactions with each affiliate.

**Exhibit A****R14-2-805. Annual Filing Requirements of Diversification Activities and Plans**

A. On or before April 15th of each calendar year, all public utilities meeting the requirements of R14-2-802 and public utility holding companies will provide the Commission with a description of diversification plans for the current calendar year that have been approved by the Boards of Directors. As part of these filings, each public utility meeting the requirements of R14-2-802 will provide the Commission the following information:

1. The name, home office location and description of the public utility's affiliates with whom transactions occur, their relationship to each other and the public utility, and the general nature of their business;
2. A brief description of the business activities conducted by the utility's affiliates with whom transactions occurred during the prior year, including any new activities not previously reported;
3. A description of plans for the utility's subsidiaries to modify or change business activities, enter into new business ventures or to acquire, merge or otherwise establish a new business entity;
4. Copies of the most recent financial statements for each of the utility's subsidiaries;
5. An assessment of the effect of current and planned affiliated activities on the public utility's capital structure and the public utility's ability to attract capital at fair and reasonable rates;
6. The bases upon which the public utility holding company allocates plant, revenue and expenses to affiliates and the amounts involved; an explanation of the derivation of the factors; the reasons supporting that methodology and the reasons supporting the allocation;
7. An explanation of the manner in which the utility's capital structure, cost of capital and ability to raise capital at reasonable rates have been affected by the organization or reorganization of the public utility holding company;
8. The dollar amount transferred between the utility and each affiliate during the annual period, and the purpose of each transfer;
9. Contracts or agreements to receive, or provide management, engineering, accounting, legal, financial or other similar services between a public utility and an affiliate;
10. Contracts or agreements to purchase or sell goods or real property between a public utility and an affiliate; and

**Exhibit A**

11. Contracts or agreements to lease goods or real property between a public utility and an affiliate.

- B.** After reviewing the diversification plans, the Commission may, within 90 days after plans have been provided, request additional information, or order a hearing, or both, should it conclude after its review that the business activities would impair the financial status of the public utility, otherwise prevent it from attracting capital at fair and reasonable terms, or impair the ability of the public utility to provide safe, reasonable and adequate service.

**R14-2-806. Waiver from the Provisions of this Article**

- A.** The Commission may waive compliance with any of the provisions of this Article upon a finding that such waiver is in the public interest.
- B.** Any affected entity may petition the Commission for a waiver by filing a verified application for waiver setting forth with specificity the circumstances whereby the public interest justifies noncompliance with all or part of the provisions of this Article.
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- C.** If the Commission fails to approve, disapprove, or suspend for further consideration an application for waiver within 30 days following filing of a verified application for waiver, the waiver shall become effective on the 31st day following filing of the application.