

**ORIGINAL**

**OPEN MEETING**



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**MEMORANDUM**

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AZ CORP COMMISSION  
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Arizona Corporation Commission

2017 MAY 31 P 12:00

TO: THE COMMISSION

**DOCKETED**

FROM: Utilities Division

**MAY 31 2017**

DATE: May 31, 2017

**DOCKETED BY**

CB

RE: IN THE MATTER OF THE APPLICATION OF COX ARIZONA TELCOM, L.L.C. FILING FOR APPROVAL OF ADDITION OF PAYMENT ASSISTANCE FEE (DOCKET NO. T-03471A-17-0005)

Enclosed are the Commission Staff's memorandum and proposed order for Cox Arizona Telcom, L.L.C.'s filing for approval of the addition of a payment assistance fee (Docket No. T-03471A-17-0005). This is only a Staff recommendation to the Commission; it has not yet become an order of the Commission. The Commission can decide to accept, amend or reject Staff's proposed order.

You may file comments to the recommendation(s) of the proposed order by filing an original and thirteen (13) copies of the comments with the Commission's Docket Control Center at 1200 W. Washington St., Phoenix, AZ 85007 by 4:00 p.m. on or before **June 6, 2017**.

This matter may be scheduled for Commission deliberation at its Open Meetings scheduled **June 13, 2017**, at 10:00 a.m. and **June 14, 2017**, at **10:00 a.m.**

If you have any questions about this matter, please contact Pamela Genung of our Staff at (602) 542-0664, or Elijah O. Abinah, Director, at (602) 542-6935.

**INTRODUCTION**

On January 6, 2017, Cox Arizona Telcom, L.L.C. ("Cox" or "Company") filed a revision to its Local Exchange Service Tariff to add a Payment Assistance Fee ("PAF") to its tariff. The PAF will be assessed when a Cox Customer Service Representative ("CSR") assists in processing payments via telephonic means. The customer will be advised that a PAF of \$10.00 will be assessed if a CSR assists with the recording/processing of the payment. The customer will also be advised of the other bill payment options that are available to the customer where the customer would not incur a charge. Cox has indicated that it will encourage its customers to use the free bill payment options which include: Interactive Voice Response ("IVR") (automated phone system); Online ([www.cox.com](http://www.cox.com)) – View/Pay Bill; EasyPay (automatic debit); Cox retail locations; and U.S. Mail.

In Decision No. 60285, dated July 2, 1997, the Commission concluded that the local exchange company and intraLATA/interLATA services which Cox provides are competitive pursuant to Arizona Administrative Code ("A.A.C.") R14-2-1108 of the Commission's Competitive Telecommunications Services Rules. The pricing provision of A.A.C. R14-2-1109 applies to the

price levels for services provided by Cox. A.A.C. R14-2-1109 allows Cox to price a competitive telecommunications service at any level at or below the maximum rate stated in the Company's tariff on file with the Commission, provided that the price for the service is not less than the Company's total service long-run incremental cost of providing the service.

In its January 6, 2017 filing, Cox proposes to add the PAF to its tariff at the rate of \$10.00 when a Cox CSR assists in processing a payment via telephonic means.

## BACKGROUND

On January 9, 2017, Staff emailed Cox a series of data request questions pertaining to the PAF. On February 6, 2017, Cox filed to suspend the 30-day effective date of the tariff filing. On February 14, 2017, Cox provided responses to Staff's emailed questions. On March 17, 2017, Staff issued its First Set of Data Requests. On March 22, 2017, a Confidentiality Agreement was signed between Staff and Cox. On March 31, 2017, Cox provided responses to Staff's First Set of Data Requests. On April 18, 2017, Cox provided supplemental responses to Staff's First Set of Data Requests. On April 21 and April 24, 2017, Staff issued its Second and Third Set of Data Requests. On May 3, 2017, Cox provided responses to Staff's additional Data Requests.

## STAFF ANALYSIS

Cox has several bill payment methods available to its customers. Five of those methods, as noted above, are free for customers to use. Cox also has a payment method available wherein a live agent/CSR assists with processing a customer's payment via telephonic means. Cox currently charges \$10.00 to residential and business customers each time this payment method is utilized. Cox has indicated to Staff that it has been charging the \$10.00 PAF since 2010. The total amount of PAF collected from Arizona residential and business customers with regulated services during the time period 2010 – 2017 was \$8,790. In 2016, approximately 0.13% of all Arizona phone-only customers paid a bill using payment assistance via a live agent/CSR. Cox indicated to Staff that the \$10.00 PAF has been an effective deterrent to customers utilizing a live agent/CSR to process a payment.

Other regulated service providers in Arizona also charge a PAF or convenience fee for utilizing a live CSR when making a payment. The following providers currently charge as follows:

- Frontier Navajo Communications Company \$4.50
- Frontier Communications of the White Mountains \$4.50
- Frontier Communications of the Southwest, Inc. \$4.50
- Frontier Citizens Utilities Rural Company \$4.50
- Qwest Corporation (dba CenturyLink) \$4.00
- Graham County Electric Cooperative \$3.50

Cox provided Staff with confidential cost information associated with processing payments via a live agent/CSR. The Company indicated for payments made over the phone with a Cox CSR,

approximately 14% of customers make a payment using a credit card while 75% of payments are made using a debit card. For payments made in person at a Cox retail location, approximately 11% of payments are made using a credit card and 17% of payments are made using a debit card. In general, for payments made via credit card, Cox stated that over half of those payments are made using Visa. The cost information provided indicates that debit cards are the least costly to process and Visa has the second lowest processing cost of the four credit cards accepted by Cox. Based on the cost justification provided by Cox, consisting of the Cox CSR cost per call plus the processing fees associated with debit or credit usage, a PAF of \$6.00 rather than \$10.00, is appropriate.

The proposed maximum non-recurring rate, as modified by Staff, is comparable to the rate for a similar service provided by other regulated service providers operating in the State of Arizona. Staff believes it is just and reasonable.

### STAFF RECOMMENDATIONS

Staff recommends approval of this application with a maximum payment assistance fee of \$6.00.



Elijah O. Abinah  
Director  
Utilities Division

EOB: PJG: vsc\BH

ORIGINATOR: Pamela J. Genung

THE COMMISSION

May 31, 2017

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On this 31<sup>th</sup> day of May, 2017, the foregoing document was filed with Docket Control as a Utilities Division Memorandum & Proposed Order, and copies of the foregoing were mailed on behalf of the Utilities Division to the following who have not consented to email service. On this date or as soon as possible thereafter, the Commission's eDocket program will automatically email a link to the foregoing to the following who have consented to email service.

Mr. Mark DiNunzio  
Cox Arizona Telcom, L.L.C.  
1550 W. Deer Valley Road  
Phoenix, Arizona 85027

Mr. Andy Kvesic  
Director, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Mr. Elijah O. Abinah  
Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

By:   
Valorie S Carrico  
Executive Assistant

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

TOM FORESE  
Chairman  
BOB BURNS  
Commissioner  
DOUG LITTLE  
Commissioner  
ANDY TOBIN  
Commissioner  
BOYD DUNN  
Commissioner

IN THE MATTER OF THE APPLICATION )  
OF COX ARIZONA TELCOM, L.L.C. )  
FILING FOR APPROVAL OF ADDITION )  
OF PAYMENT ASSISTANCE FEE. )

DOCKET NO. T-03471A-17-0005  
DECISION NO. \_\_\_\_\_  
ORDER

Open Meeting  
June 13 and 14, 2017  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Cox Arizona Telcom, L.L.C. ("Cox" or "Company") is certificated to provide intrastate telecommunications service as a public service corporation in the State of Arizona.
2. On January 6, 2017, Cox Arizona Telcom, L.L.C. ("Cox" or "Company") filed a revision to its Local Exchange Service Tariff to add a Payment Assistance Fee ("PAF") to its tariff. The PAF will be assessed when a Cox Customer Service Representative ("CSR") assists in processing payments via telephonic means.
3. The customer will be advised that a PAF of \$10.00 will be assessed if a CSR assists with the recording/processing of the payment. The customer will also be advised of the other bill payment options that are available to the customer where the customer would not incur a charge.

1           4. Cox has indicated that it will encourage its customers to use the free bill payment options  
2 which include: Interactive Voice Response (“IVR”) (automated phone system); Online  
3 ([www.cox.com](http://www.cox.com)) – View/Pay Bill; EasyPay (automatic debit); Cox retail locations; and U.S. Mail.

4           5. In Decision No. 60285, dated July 2, 1997, the Commission concluded that the local  
5 exchange company and intraLATA/interLATA services which Cox provides are competitive pursuant  
6 to Arizona Administrative Code (“A.A.C.”) R14-2-1108 of the Commission’s Competitive  
7 Telecommunications Services Rules. The pricing provision of A.A.C. R14-2-1109 applies to the price  
8 levels for services provided by Cox. A.A.C. R14-2-1109 allows Cox to price a competitive  
9 telecommunications service at any level at or below the maximum rate stated in the Company’s tariff  
10 on file with the Commission, provided that the price for the service is not less than the Company’s  
11 total service long-run incremental (marginal) cost of providing the service.

12           6. In its January 6, 2017 filing, Cox proposes to add the PAF to its tariff at the rate of \$10.00  
13 when a Cox CSR assists in processing a payment via telephonic means.

#### 14 **Background**

15           7. On January 9, 2017, Staff emailed Cox a series of data request questions pertaining to the  
16 PAF. On February 6, 2017, Cox filed to suspend the 30-day effective date of the tariff filing. On  
17 February 14, 2017, Cox provided responses to Staff’s emailed questions. On March 17, 2017, Staff  
18 issued its First Set of Data Requests.

19           8. On March 22, 2017, a Confidentiality Agreement was signed between Staff and Cox. On  
20 March 31, 2017, Cox provided responses to Staff’s First Set of Data Requests. On April 18, 2017,  
21 Cox provided supplemental responses to Staff’s First Set of Data Requests. On April 21 and April 24,  
22 2017, Staff issued its Second and Third Set of Data Requests. On May 3, 2017, Cox provided  
23 responses to Staff’s additional Data Requests.

#### 24 **Staff Analysis**

25           9. Cox has several bill payment methods available to its customers. Five of those methods,  
26 as noted above, are free for customers to use. Cox also has a payment method available wherein a live  
27 agent/CSR assists with processing a customer’s payment via telephonic means. Cox currently charges  
28 \$10.00 to residential and business customers each time this payment method is utilized. Cox has

1 indicated to Staff that it has been charging the \$10.00 PAF since 2010. The total amount of PAF  
2 collected from Arizona residential and business customers with regulated services during the time  
3 period of 2010 – 2017 was \$8,790. In 2016, approximately 0.13% of all Arizona phone-only customers  
4 paid a bill using payment assistance via a live agent/CSR. Cox indicated to Staff that the \$10.00 PAF  
5 has been an effective deterrent to customers utilizing a live agent/CSR to process a payment.

6 10. Other regulated service providers in Arizona also charge a PAF or convenience fee for  
7 utilizing a live representative when making a payment. The following providers currently charge as  
8 follows:

- 9 • Frontier Navajo Communications Company \$4.50
- 10 • Frontier Communications of the White Mountains \$4.50
- 11 • Frontier Communications of the Southwest, Inc. \$4.50
- 12 • Frontier Citizens Utilities Rural Company \$4.50
- 13 • Qwest Corporation (dba CenturyLink) \$4.00
- 14 • Graham County Electric Cooperative \$3.50

15  
16 11. Cox provided Staff with confidential cost information associated with processing  
17 payments via a live agent/CSR. The Company indicated for payments made over the phone with a  
18 Cox CSR, approximately 14% of customers make a payment using a credit card while 75% of  
19 payments are made using a debit card. For payments made in person at a Cox retail location,  
20 approximately 11% of payments are made using a credit card and 17% of payments are made using a  
21 debit card. In general, for payments made via credit card, Cox stated that over half of those payments  
22 are made using Visa. The cost information provided indicates that debit cards are the least costly to  
23 process and Visa has the second lowest processing cost of the four credit cards accepted by Cox.  
24 Based on the cost justification provided by Cox, consisting of the Cox CSR cost per call plus the  
25 processing fees associated with debit or credit usage, a PAF of \$6.00 rather than \$10.00, is appropriate.

26 12. The proposed maximum non-recurring rate, as modified by Staff, is comparable to the rate  
27 for a similar service provided by other regulated service providers operating in the State of Arizona.  
28 Staff believes it is just and reasonable.

1 **Staff Recommendations**

2 13. Staff recommends approval of this application with a maximum payment assistance fee of  
3 \$6.00.

4 CONCLUSIONS OF LAW

5 1. Cox Arizona Telcom, L.L.C. is a public service corporation within the meaning of  
6 Article XV of the Arizona Constitution.

7 2. The Commission has jurisdiction over Cox Arizona Telcom, L.L.C and the subject  
8 matter in this filing.

9 3. The Commission, having reviewed the filing and Staff's Memorandum dated May 30,  
10 2017, concludes that the proposed tariff revision as discussed herein is reasonable, fair and equitable  
11 and therefore in the public interest.

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ORDER

IT IS THEREFORE ORDERED that the proposed tariff revision, as modified by Staff for a maximum Payment Assistance Fee of \$6.00, be and hereby is approved.

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

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

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, TED VOGT, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

\_\_\_\_\_  
TED VOGT  
EXECUTIVE DIRECTOR

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

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

EOA: PJG:vsc\BH

1 SERVICE LIST FOR: Cox Arizona Telcom, L.L.C.  
2 DOCKET NO. T-03471A-17-0005

3 Mr. Mark DiNunzio  
4 Cox Arizona Telcom, L.L.C.  
5 1550 W. Deer Valley Road  
6 Phoenix, Arizona 85027

7 Mr. Andy Kvesic  
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9 Arizona Corporation Commission  
10 1200 West Washington Street  
11 Phoenix, Arizona 85007

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