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BEFORE THE ARIZONA CORPORATION COMMISSION

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

Arizona Corporation Commission

DOCKETED

JUN 22 2017

DOCKETED BY
SB

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. 76142
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) – 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 FORESE



COMMISSIONER DUNN



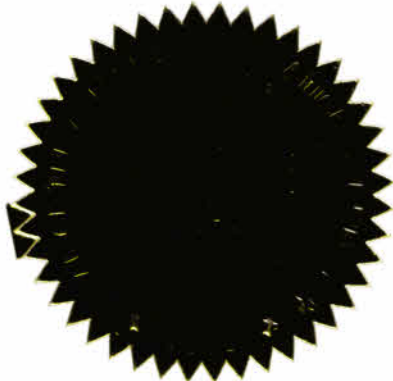
COMMISSIONER TOBIN



COMMISSIONER LITTLE



COMMISSIONER BURNS



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 22nd day of June, 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

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