



0000148360

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

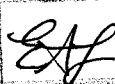
BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP
Chairman
GARY PIERCE
Commissioner
BRENDA BURNS
Commissioner
BOB BURNS
Commissioner
SUSAN BITTER SMITH
Commissioner

Arizona Corporation Commission

DOCKETED

OCT 25 2013

DOCKETED BY 

IN THE MATTER OF THE APPLICATION)
OF COX ARIZONA TELCOM, L.L.C.)
TARIFF FILING TO INCREASE)
MAXIMUM RATES ON VARIOUS)
SERVICES.)

DOCKET NO. T-03471A-13-0244
DECISION NO. 74150
ORDER

Open Meeting
October 16 and 17, 2013
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 July 12, 2013, Cox filed revisions to its Local Exchange Service Tariff to increase maximum recurring, non-recurring, and per minute rates for residential services.
3. Although Arizona Corporation Commission ("Commission") approval of the proposed tariff revisions would authorize Cox to increase its customers' rates (per A.A.C. R14-2-1110), Cox does not propose to increase any recurring, non-recurring, or per minute rate that it currently charges any of its customers at this time.
4. On September 16, 2013, Cox provided Staff with a copy of its Customer Notice and Affidavit of Mailing indicating that the bill message is being sent out to all of Cox Arizona Telcom, LLC's residential customers through the billing period of September 13 – October 13,

1 2013. In addition, on September 23, 2013, Cox filed an Affidavit of Publication indicating that the
2 same Customer Notice was published in The Arizona Republic on September 20, 2013.

3 5. In Decision No. 60285, dated July 2, 1997, the Commission concluded that the local
4 exchange company and the intraLATA/interLATA services which Cox provides are competitive
5 pursuant to Arizona Administrative Code ("A.A.C.") R14-2-1108 of the Commission's
6 Competitive Telecommunications Services Rules. The pricing and rate change provisions of
7 A.A.C. R14-2-1109 and A.A.C. R14-2-1110 apply to changes in either the price levels or
8 maximum rates for services provided by Cox. A.A.C. R14-2-1109 allows Cox to price a
9 competitive telecommunications service at any level at or below the maximum rate stated in the
10 Company's tariff on file with the Commission, provided that the price for the service is not less
11 than the Company's total service long-run incremental cost of providing the service. Pursuant to
12 A.A.C. R14-2-1110, Cox is required to submit the following information in order to increase the
13 maximum rates for a competitive telecommunications service:

- 14 A. A statement setting forth the reasons for which a rate increase is required;
15 B. A schedule of current rates and proposed rates and the additional revenues to be derived
16 from the proposed rates; and
17 C. An affidavit verifying that appropriate notice of the proposed rate increase has been
18 provided to customers of the service.

19 6. In its July 12, 2013 filing, Cox proposes to increase maximum recurring, non-recurring,
20 and per minute rates for 23 residential services and add one new service, a telephone number
21 change charge. The proposed increases are listed in Exhibit 1 attached to this Memorandum. Cox
22 does not propose to increase any recurring, non-recurring, or per minute rate that it currently
23 charges its customers at this time. On July 31, 2013, Cox filed an amended tariff revision to
24 remove the telephone number change charge from this filing. On September 16, 2013, Cox filed
25 an amended tariff revision changing the effective date to October 16, 2013.

26 ...

27 ...

28 ...

1 Background

2 7. On July 26, 2013, Staff issued its First Set of Data Requests. On August 1, 2013, a
3 Confidentiality Agreement was signed between Staff and Cox. On August 1, 2013, Cox provided
4 responses to Staff's First Set of Data Requests.

5 8. In its response, Cox explained that approval of the proposed maximum recurring and
6 non-recurring rate increases are being sought for two reasons:

7 A. Specifically for the non-recurring items, the reason is due in part to Cox moving to a
8 standardized rate approach across all of its markets. Cox is seeking to have one rate
9 (e.g., installation charge) for each of the products that it provides. For purposes of
10 efficiency in its nationwide marketing efforts, it is more cost effective to advertise one
11 installation rate across the country than have multiple rates for the same service; and

12 B. In regards to the recurring items, these services are priced to reflect the competitive
13 market in which Cox operates. Since market prices fluctuate, Cox is seeking the ability
14 to price its services based on competitive reactions. Cox is seeking higher maximum
15 rates to enable it to react to market forces and process its services accordingly,
16 something it has limited ability to do with the services that are part of this application.

14 Staff's Analysis

15 9. On September 16, 2013, Cox provided Staff with a copy of its Customer Notice that
16 informs the impacted customers of the proposed rate changes. The Customer Notice will be in the
17 form of a bill message, in both English and Spanish, of two paragraphs in length, informing
18 customers of the application filed with the Commission and directing customers to Cox's website
19 for detailed information regarding the proposed maximum recurring and non-recurring rate
20 increases. Customers unable to use the Cox website are able to receive paper copies of the
21 proposed maximum recurring, non-recurring, and per minute rate increases by contacting Cox
22 using information provided in the bill message. Cox also provided Staff with an Affidavit of
23 Mailing indicating that the bill message is being sent out to all of Cox Arizona Telecom, LLC's
24 residential customers through the billing period of September 13 – October 13, 2013. In addition,
25 on September 23, 2013, Cox filed an Affidavit of Publication indicating that the same Customer
26 Notice was published in The Arizona Republic on September 20, 2013.

27 10. Since this filing increases the maximum rates for services that have been classified as
28 competitive under the Commission's Competitive Telecommunications Services Rules, A.A.C.

1 R14-2-1110 applies to Cox's proposal. Cox provided the information required by A.A.C. R14-2-
2 1110.

3 Staff's Conclusions

4 11. The proposed rate increases contained in this filing are for services that have been
5 classified as competitive by the Commission and that are now subject to the Commission's
6 Competitive Telecommunications Services Rules. Under those Rules, rates for competitive
7 services are not set according to rate of return regulation standards. Staff requested information
8 from Cox to allow it to determine the potential effects of approval of the filing. Cox provided
9 information indicating that if it raised all of its rates to the new maximum rates requested in this
10 docket, the expected effect of this filing would be an increase to Cox's annualized Arizona
11 revenues of less than 17 percent. Since Cox will not be raising the actual or current rates
12 corresponding to the 23 services in this application, the initial market impact will be zero.

13 12. Staff obtained information regarding Cox's fair value rate base. Due to the nature of
14 the competitive market and other factors, a fair value analysis is not necessarily representative of
15 the Company's operations. Therefore, while Staff considered the fair value rate base information
16 of Cox, it did not accord that information substantial weight in its analysis of this matter.

17 13. The proposed maximum recurring, non-recurring, and per minute rates are comparable
18 to the rates for similar services provided by other telecommunications companies operating in the
19 State of Arizona. Staff believes they are just and reasonable. In addition, the rates ultimately
20 charged by Cox will be heavily influenced by the market.

21 Staff's Recommendation

22 14. Staff recommends approval of this application.

23 CONCLUSIONS OF LAW

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

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

28 . . .

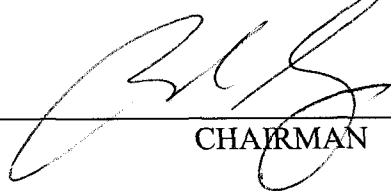
1 3. The Commission, having reviewed the filing and Staff's Memorandum dated
2 October 2, 2013, concludes that the proposed tariff revisions as discussed herein are reasonable,
3 fair and equitable and therefore in the public interest.

4 ORDER

5 IT IS THEREFORE ORDERED that Cox Arizona Telcom, LLC's proposed tariff revisions
6 for the 23 services discussed herein are approved.

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

8
9 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

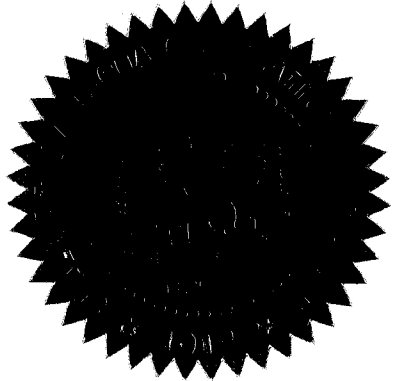
10
11 
12 CHAIRMAN

10
11 
12 COMMISSIONER

13
14 
15 COMMISSIONER

13
14 
15 COMMISSIONER

13
14 
15 COMMISSIONER



16 IN WITNESS WHEREOF, I, JODI JERICH, Executive
17 Director of the Arizona Corporation Commission, have
18 hereunto, set my hand and caused the official seal of this
19 Commission to be affixed at the Capitol, in the City of
20 Phoenix, this 25th day of October, 2013.

20
21 
22 JODI JERICH
23 EXECUTIVE DIRECTOR

23 DISSENT: _____

24
25 DISSENT: _____

26 SMO:PJG:sms\MAS

27
28

1 SERVICE LIST FOR: Cox Arizona Telcom, L.L.C.
2 DOCKET NO. T-03471A-13-0224

3 Mr. Mark DiNunzio
4 Director, AZ Regulatory Affairs
5 Cox Arizona Telcom, L.L.C.
6 1550 West Deer Valley Road
7 Phoenix, Arizona 85027

8 Mr. Steven M. Olea
9 Director, Utilities Division
10 Arizona Corporation Commission
11 1200 West Washington Street
12 Phoenix, Arizona 85007

13 Ms. Janice M. Alward
14 Chief Counsel, Legal Division
15 Arizona Corporation Commission
16 1200 West Washington Street
17 Phoenix, Arizona 85007

18
19
20
21
22
23
24
25
26
27
28