BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF COX ARIZONA TELCOM, L.L.C. DBA
COX COMMUNICATIONS TARIFF FILING
TO INCREASE MAX RATES FOR
BUSINESS LOCAL ACCESS LINE FLAT-RATE SERVICE AND MEASURED-RATE SERVICE.

Open Meeting
April 8 and 9, 2014
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 16, 2014, Cox filed revisions to its Local Exchange Service Tariff to increase maximum recurring rates for certain business services.

3. On January 27, 2014, Cox filed Amended Tariff Revisions to include proposed maximum rate increases for its Cox Unlimited Call Plan.

4. Although Arizona Corporation Commission ("Commission") approval of the proposed tariff revisions would authorize Cox to increase its customers' rates, Cox does not propose to increase any recurring rate that it currently charges any of its customers at this time.

5. 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 and rate change provision of
A.A.C. R14-2-1109 and A.A.C. R14-2-1110 apply to changes in either the price levels or
maximum rates 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 (marginal) cost of providing the service.
Pursuant to A.A.C. R14-2-1110, Cox is required to submit the following information in order to
increase the maximum rates for a competitive telecommunications service:

A. A statement setting forth the reasons for which a rate increase is required;

B. A schedule of current rates and proposed rates and the additional revenues to be derived
   from the proposed rates; and

C. An affidavit verifying that appropriate notice of the proposed rate increase has been
   provided to customers of the service.

6. In its Amended Tariff Revisions, Cox proposes to increase maximum recurring rates
   for 15 business services. Cox does not propose to increase any that it currently charges its
   customers at this time.

Background

7. On January 29, 2014, Staff issued its First Set of Data Requests. On February 24, 2014,
a Confidentiality Agreement was signed between Staff and Cox. On February 26, 2014,
Cox provided responses to Staff's First Set of Data Requests.

8. Cox states that approval of the proposed maximum recurring rate increases are being
   sought for the following reason:

   Cox's recurring services are priced to reflect the competitive market in which Cox
   operates. Since market prices fluctuate, Cox is seeking the ability to price its services
   based on competitive reactions which it is unable to do at its current maximum rates.
   Cox is seeking higher maximum rates to enable it to react to market forces and price its
   services accordingly, something it cannot do with the current maximum rate pricing in
   its tariff today.

...
Staff's Analysis

9. On February 26, 2014, Cox provided Staff with a copy of the Customer Notice that informs the impacted customers of the proposed rate changes. The Customer Notice is in the form of a bill message, one paragraph in length, informing customers of the application filed with the Commission and directing customers with questions to contact Cox at 1-877-982-5907. In addition, those customers with further questions are directed to contact the Consumer Services Section of the Commission at 602-542-4251 or 800-222-7000 or by visiting the Commission’s website. Cox also provided Staff with an Affidavit of Mailing indicating that the bill message is being sent out to all of Cox Arizona Telcom, LLC’s affected business customers through the billing period of February 19 – March 19, 2014. If approved by the Commission, Cox indicated in its response to Staff that the maximum rates will become effective on April 19, 2014, sixty (60) days after first notifying customers of the proposed maximum rate increases.

10. Since this filing increases the maximum rates for services that have been classified as competitive under the Commission’s Competitive Telecommunications Services Rules, A.A.C. R14-2-1110 applies to Cox’s proposal. Cox provided the information required by A.A.C. R14-2-1110.

Staff's Conclusions

11. The proposed rate increases contained in this filing are for services that have been classified as competitive by the Commission and that are now subject to the Commission’s Competitive Telecommunications Services Rules. Under those Rules, rates for competitive services are not set according to rate of return regulation standards. Staff requested information from Cox to allow it to determine the potential effects of approval of the filing. Cox provided information indicating that if it raised all of its rates to the new maximum rates requested in this docket, the expected effect of this filing would be an increase to Cox’s annualized Arizona revenues of less than 4 percent. Since Cox will not be raising the actual or current rates corresponding to the 15 services in this application, the initial market impact will be zero.

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

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

Staff’s Recommendation

14. Staff recommends approval of this application.

CONCLUSIONS OF LAW

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

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

3. The Commission, having reviewed the filing and Staff’s Memorandum dated March 20, 2014, concludes that the proposed tariff revisions as discussed herein are reasonable, fair and equitable and therefore in the public interest.
ORDER

IT IS THEREFORE ORDERED that the proposed tariff revisions requested by Cox Arizona Telcom, L.L.C. and shown on the attached Exhibit 1 be and hereby are approved.

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

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

[Signatures of Commissioners]

IN WITNESS WHEREOF, I, JODI JERICH, 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 18th day of April, 2014.

JODI JERICH
EXECUTIVE DIRECTOR

Decision No. 74455
SERVICE LIST FOR: Cox Arizona Telcom, L.L.C.
DOCKET NO. T-03471A-14-0015

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

Mr. Steven M. Olea
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Janice M. Alward
Chief Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
EXHIBIT 1
<table>
<thead>
<tr>
<th>Service</th>
<th>Current Rate</th>
<th>Present Maximum Rate</th>
<th>Proposed Maximum Rate</th>
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