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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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August 24, 2001

VIA HAND DELIVERY

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, SW
The Portals
Washington, DC 20554

Re: Saddleback Communications and Qwest Corporation, Joint Petition for Expedited
Waivers – CC Docket No. 96-45

Dear Ms. Salas:

On June 12, 2001, Saddleback Communications (“Saddleback”) and Qwest Corporation (“Qwest”) filed a Joint Petition for Expedited Waivers with the Commission. The Joint Petition encompasses a joint petition for waiver of the definition of “study area” contained in Part 36, Appendix, of the Commission’s Rules and Saddleback’s petition for waiver of Sections 61.41(c) and (d) and 69.3(e)(11) of the Commission’s Rules. As explained in the Joint Petition, Qwest has agreed to sell part of its Phoenix, Arizona telephone exchange to Saddleback, and the Joint Petition relates to that portion of the telephone exchange being sold by Qwest to Saddleback.

By this letter, Saddleback advises the Commission that the Arizona Corporation Commission has approved Qwest’s sale of facilities to Saddleback by Order dated August 24, 2001. Enclosed please find a copy of the Order. Please associate this letter and the enclosed Order with the above-captioned Joint Petition. If you have any questions regarding this matter, please contact me.

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DATE 8/24/01

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Ms. Salas
August 24, 2001
Page 2

Sincerely,



Debra McGuire Mercer
Counsel for Saddleback Communications

Enclosure

cc: Dorothy T. Attwood
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Sheryl Todd
Kenneth P. Moran
Adrian Wright
Jane E. Jackson
Sharon Webber
Jeffrey W. Crocket
James A. Casey
International Transcription Services, Inc.

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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

AUG 24 2001

DOCKETED BY *sd*

IN THE MATTER OF THE APPLICATION OF
QWEST CORPORATION FOR APPROVAL OF
THE SALE AND TRANSFER OF CERTAIN
TELEPHONE FACILITIES AND THE DELETION
OF THE SALT RIVER PIMA INDIAN
RESERVATION FROM ITS SERVICE
TERRITORY.

DOCKET NO. T-01051B-01-0342

DECISION NO. 63959

ORDER

BY THE COMMISSION:

Having considered the entire record herein and being fully advised in the premises, the Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. On April 20, 2001, Qwest Corporation ("Qwest") filed an application with the Commission requesting approval for the sale and transfer of certain telephone facilities to Saddleback Communications Company ("Saddleback") and the deletion of the Salt River Pima-Maricopa Indian Community (SRPMIC) Reservation from its service territory.

2. On February 13, 2001, Qwest and Saddleback entered into an Agreement for the Purchase and Sale of Telephone Assets ("Agreement"). Pursuant to the Agreement, the assets being sold to Saddleback include property, equipment, rights of way, easements, local exchange, and access services for the Reservation. Portions of the Scottsdale Main, Fort McDowell, Mesa Superstition Springs West, Thunderbird, and Tempe exchanges are included in the sale, as well as certain payphone stations and all operating contracts. Qwest currently serves approximately 3,200 customers on the SRPMIC Reservation.

3. On August 16, 2001, Staff filed its Staff Report recommending approval of the application without a hearing. On August 20, 2001, Staff filed an Addendum to the Staff Report

Saddleback is a division of the Salt River Pima-Maricopa Indian Community.

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1 ("Addendum"). The Addendum indicates that Staff does not oppose Qwest's relinquishment of its
2 status as an Eligible Telecommunications Carrier ("ETC") within the reservation boundaries at the
3 same time as the transfer is completed.² The Addendum also states that customers affected by the
4 sale of assets were notified directly by a letter describing the transaction. Staff claims that no
5 comments were received from any of the affected customers.

6 4. On August 21, 2001, Qwest filed a letter indicating that it waived the right to file
7 exceptions to the Recommended Order.

8 5. The SRPMIC Reservation is located in Maricopa County adjacent to the boundaries of
9 Mesa, Tempe, Scottsdale, Fountain Hills, and Phoenix. Saddleback was formed in 1997 to improve
10 and enhance business and residential telecommunications on the Reservation. Saddleback currently
11 provides local and long distance service, fiber optic transport, call center solutions, central office
12 facilities, and other telecommunications services to customers on the Reservation. Saddleback has an
13 agreement with Mountain Telecommunications, Inc., a certified competitive local exchange carrier,
14 whereby Mountain Telecommunications manages and operates Saddleback's telephone network on
15 the Reservation. Saddleback currently has over 300 customers and, with the addition of the
16 customers currently served by Qwest, hopes to achieve economies of scale and a reduction of its
17 current negative operating position.

18 6. Saddleback received approval as an ETC from the Federal Communications
19 Commission ("FCC") on November 4, 1998 (CC Docket No. 96-45). After completion of the
20 purchase of assets from Qwest, Saddleback expects to expand the availability of its services on the
21 Reservation to households not currently being served by Qwest. The transaction will enable
22 Saddleback to have exclusive control of the telecommunications services provided on the
23 Reservation. Saddleback stated that no existing service will be discontinued, reduced, or impaired as
24 a result of the purchase. In addition, Saddleback has agreed not to increase any rate, fee or charge
25 above the corresponding rates and charges in Qwest's tariffs for at least 6 months following the
26

27 ² On June 11, 2001, the Director of the Commission's Utilities Division sent a letter to the FCC stating that the
28 Arizona Corporation Commission does not object to the FCC commencing its review of Qwest's and Saddleback's
petition for waiver of study area boundaries, subject to the Commission's approval of the Application submitted in this
docket.

DOCKET NO. T-01051B-01-0342

1 closing date of the transaction.

2 7. Qwest and Saddleback have agreed to a price that is in excess of Qwest's book value
3 for the assets. However, the sales price, book value of the assets being transferred, and transaction
4 costs are subject to a protective agreement between Staff and Qwest. Financial information
5 concerning Saddleback and SRPMIC was not provided as requested by Staff because the purchasing
6 entities claim that SRPMIC is a sovereign nation and Saddleback is not subject to the Commission's
7 jurisdiction. However, the buyers claim that they have sufficient funds available to complete the
8 purchase of the assets. All customers affected by the transaction are enrolled members of the
9 SRPMIC, spouses of enrolled members, or others residing on the Reservation.

10 8. In conjunction with the sale of facilities to Saddleback, Qwest seeks to delete the
11 Reservation from its service territory and relinquish its ETC status on the Reservation, pursuant to
12 Section 214 of the 1996 Telecommunications Act. As indicated above, Saddleback has previously
13 been designated as an ETC within the boundaries of the Reservation (CC Docket No. 96-45).

14 9. Based on the information reviewed in this docket, Staff recommends: approval of the
15 sale of assets from Qwest to Saddleback; that the SRPMIC Reservation be deleted from Qwest's
16 service territory; and that the parties be required to file, within 12 months of the date of this Order, an
17 updated legal description of the Reservation for Staff review and approval.

18 CONCLUSIONS OF LAW

19 1. Qwest is a public service corporation within the meaning of Article XV of the Arizona
20 Constitution and A.R.S. §40-201.

21 2. The Commission has jurisdiction over Qwest and the subject matter of the application
22 pursuant to A.R.S. Sections 40-252, 40-281, 40-282, and 40-285.

23 3. Notice of the application was provided in the manner prescribed by law.

24 4. The sale of certain of Qwest's assets to Saddleback, and the concomitant cancellation
25 of Qwest's Certificate within the boundaries of the SRPMIC Reservation, are in the public interest.

26 5. Staff's recommendations in Finding of Fact No. 9 are reasonable and shall be adopted.

27 ORDER

28 IT IS THEREFORE ORDERED that the application of Qwest Corporation to sell certain

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1 assets to Saddleback Communications Company is approved, as described herein.

2 IT IS FURTHER ORDERED that Qwest be, and hereby is, authorized to transfer its assets
3 located within the SRPMIC Reservation to Saddleback Communications Company.

4 IT IS FURTHER ORDERED that, upon consummation of the sale of assets on the SRPMIC
5 Reservation to Saddleback Communications Company, Qwest's Certificate of Convenience and
6 Necessity will be modified to reflect the deletion of the SRPMIC Reservation from Qwest's service
7 territory.

8 IT IS FURTHER ORDERED that Qwest Corporation shall file written documentation with
9 the Commission confirming consummation of the sale within 30 days of the sale's completion.

10 IT IS FURTHER ORDERED that Qwest be authorized to relinquish its ETC designation
11 under Section 214 of the 1996 Telecommunications Act for the SRPMIC Reservation, upon
12 consummation of the transfer of assets to Saddleback Communications Company.

13 IT IS FURTHER ORDERED that Qwest and Saddleback shall file, within 12 months of the
14 date of this Order, an updated legal description of the Reservation for Staff review and approval.

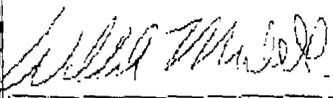
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DOCKET NO. P-01051B-01-03-42

1 IT IS FURTHER ORDERED that nothing contained herein implies approval or disapproval
2 by the Commission of any particular expenditure/expense for the purposes of establishing just and
3 reasonable rates.

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

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

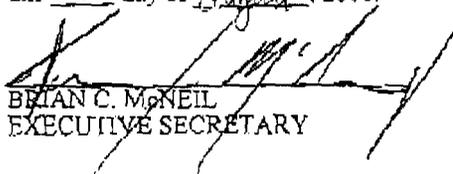
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8 CHAIRMAN COMMISSIONER COMMISSIONER

9

10 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
11 Secretary of the Arizona Corporation Commission, have
12 hereunto set my hand and caused the official seal of the
13 Commission to be affixed at the Capitol, in the City of Phoenix,
14 this ~~24~~ day of August, 2001.

13 

14 BRIAN C. McNEIL
15 EXECUTIVE SECRETARY

16 DISSENT _____
17 DDN:dap

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