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AZ CORP COMMISSION
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MEMORANDUM

TO: Docket Control
Arizona Corporation Commission

FROM: Deborah R. Scott
Director
for Utilities Division

DATE: March 23, 2001

RE: **APPLICATION CANCELLATION - IN THE MATTER OF THE APPLICATION OF INTERROUTE-RETAIL, INC. FOR CANCELLATION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY. (DOCKET NO. T-03194A-00-0955)**

Attached is the Staff Report for the above referenced application. Staff is recommending cancellation of the CC&N without a hearing.

Originator: Marta Kalleberg

Attachment: Original and Ten Copies

Arizona Corporation Commission
DOCKETED

MAR 23 2001

DOCKETED BY *sd*

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

INTERROUTE-RETAIL, INC.
DOCKET NO. T-03194A-00-0955

IN THE MATTER OF THE APPLICATION OF
INTERROUTE-RETAIL, INC. FOR CANCELLATION OF ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY

MARCH 23, 2001

STAFF ACKNOWLEDGEMENT

The Staff member designated below contributed elements of this Staff Report.



Marta Kalleberg
Economist II

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Introduction:

On December 8, 2000, Interoute-Retail, Inc. ("Interoute" or "Applicant") filed with the Commission a letter requesting cancellation of its Certificate of Convenience and Necessity ("Certificate").

Background and Staff Analysis:

Interoute was approved to offer competitive telecommunications services in Arizona as a reseller of interexchange service in Decision No. 61216. Interoute was ordered to not collect prepayments, advances, or deposits from customers. Therefore, Interoute was not ordered to obtain a bond or escrow account. On December 8, 2000, Interoute filed a letter stating its intention to discontinue regulated telecommunications services. Interoute stated that it has notified all customers and has provided a copy of the customer notification letter.

Since Interoute has notified its Arizona customers, and there are numerous other carriers offering similar services, Staff believes that granting this application for cancellation is in the public interest.

Recommendations:

Staff recommends cancellation of Interoute's Certificate of Convenience and Necessity.

Staff further recommends that the application be approved without a hearing.

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DEC 8 2000

COPY

LAW OFFICES OF THOMAS K. CROWE, P.C. RECEIVED

2300 M STREET, N.W.
SUITE 800
WASHINGTON, D.C. 20037

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TELEPHONE (202) 973-2890
FAX (202) 973-2891
E-MAIL tkcrowe@bellatlantic.net

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December 7, 2000

BY OVERNIGHT DELIVERY

Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007-2996

DOCKET NO. T-03194A-00-0955

Re: Request for Approval of Discontinuance of Services of Interoute-Retail, Inc.

Dear Sir or Madam:

By this letter, Interoute-Retail, Inc. ("IRI"), pursuant to the Arizona Corporation Commission's ("Commission's") policy regarding discontinuance of services, hereby notifies the Commission of IRI's discontinuance of services, effective January 15, 2001.

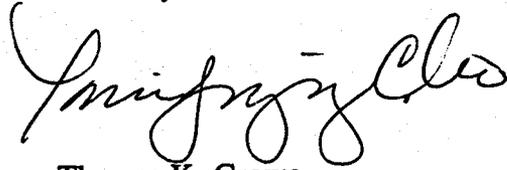
IRI was authorized to provide resold interexchange telecommunications services in the State of Arizona pursuant to the Commission's Decision No. 61216 in Docket No. T-03194A-96-0319 dated October 29, 1998.

Due to decreasing sales margins, IRI has made a business decision to discontinue regulated telecommunications services. IRI has notified all affected customers in writing of the discontinuance of services. A copy of the notification letter is annexed as an Exhibit.

Docket Control Center
December 7, 2000
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Please find enclosed an original and eleven (11) copies of this letter for filing. Please stamp the extra copy of this letter and return it in the prepaid, self-addressed envelope enclosed for that purpose. Should you have any questions regarding this request, please contact the undersigned.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tania J. Cho".

Thomas K. Crowe
Tania J. Cho,
Counsel for Interoute-Retail, Inc.

Exhibit

Notice of Service Discontinuance



November 10, 2000

Dear Customer:

We regret to inform you that we are going to suspend the retail business of our company with respect to domestic and international service for commercial and residential customers located in all states. To ensure continuity of service, you should call the substitute long distance carrier of your choice as soon as possible to arrange for alternative service. We will suspend service as soon as applicable regulations permit, and our target date for the complete discontinuance of service is **January 15, 2001**.

All of our retail customers for long distance interexchange services, including switched and dedicated 1+, toll-free, dial-around, casual, travel card and prepaid calling card services, will be affected.

The FCC will normally authorize this proposed discontinuance of service (or reduction or impairment) unless it is shown that customers would be unable to receive service or a reasonable substitute from another carrier, or that the public convenience and necessity is otherwise adversely affected. If you wish to object, you should file your comments within 15 days after receipt of this notification. Address them to the Federal Communications Commission, Washington, DC 20554, referencing the Sec.63.71 Application of Interoute-Retail, Inc., formerly known as American International Telephone, Inc. Comments should include specific information about the impact of this proposed discontinuance (or reduction or impairment) upon you or your company, including any inability to acquire reasonable substitute service.

Please accept our thanks for your business, and our apologies for the inconvenience of having to select another carrier. If we can provide any further assistance, please call our Customer Service Department at 800-707-4685.

Interoute-Retail, Inc.
formerly known as
American International Telephone, Inc.
22 Cortlandt Street, 33rd Floor
New York, NY 10007