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MEMORANDUM

TO: Docket Control

FROM: Ernest G. Johnson
Director
Utilities Division

EA for EGT

THRU: Wilfred Shand, Jr.
Manager, Telecommunications Section
Utilities Division

MR for US

Matthew Rowell
Chief, Telecommunications & Energy Section
Utilities Division

MR

DATE: September 29, 2005

RE: IN THE MATTER OF THE JOINT APPLICATION OF MCIMETRO ACCESS TRANSMISSION SERVICES, LLC AND INTERMEDIA COMMUNICATIONS, INC. FOR APPROVAL OF REORGANIZATIONS, TRANSFER OF CERTAIN ASSETS, AND CANCELLATION OF INTERMEDIA COMMUNICATIONS, INC.'S CERTIFICATES OF CONVENIENCE AND NECESSITY FOR LOCAL EXCHANGE AN INTEREXCHANGE TELECOMMUNICATIONS SERVICE (DOCKET NOS. T-03574A-05-0038 AND T-03291A-05-0038)

Attached is the Staff Report on the application of MCImetro Access Transmission Services, LLC and Intermedia Communications, Inc. for approval of the reorganization, transfer of certain assets and cancellation of Intermedia Communications, Inc.'s Certificate of Convenience and Necessity.

Originator: Adam Lebrecht

Attachment: Original and Sixteen Copies

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Service List for: Intermedia Communications, Inc. and MCImetro Access Transmission Services,
LLC

Docket Nos. T-03574A-05-0038 and T-03291A-05-0038

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STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

INTERMEDIA COMMUNICATIONS, INC. AND MCIMETRO ACCESS TRANSMISSION
SERVICES, LLC
DOCKET NOS. T-03574A-05-0038 AND T-03291A-05-0038

IN THE MATTER OF THE JOINT APPLICATION OF MCIMETRO ACCESS
TRANSMISSION SERVICES, LLC AND INTERMEDIA COMMUNICATIONS, INC. FOR
APPROVAL OF REORGANIZATIONS, TRANSFER OF CERTAIN ASSETS, AND
CANCELLATION OF INTERMEDIA COMMUNICATIONS, INC.'S CERTIFICATES OF
CONVENIENCE AND NECESSITY FOR LOCAL EXCHANGE AND INTEREXCHANGE
TELECOMMUNICATIONS SERVICE

SEPTEMBER 29, 2005

STAFF ACKNOWLEDGEMENT

The Staff Report for MCImetro Access Transmission Services, LLC and Intermedia Communications, Inc. Docket Nos. T-03574A-05-0038 and T-03291A-05-0038, was the responsibility of the staff member listed below. Adam Lebrecht was responsible for the review and analysis of the Company's application to cancel its Certificate of Convenience and Necessity.

A handwritten signature in black ink, appearing to read 'AL', is written over a horizontal line.

ADAM LEBRECHT
Executive Consultant I

Introduction

On January 19, 2005, MCImetro Access Transmission Services, LLC ("MCImetro") and Intermedia Communications, Inc. ("Intermedia") filed with the Arizona Corporation Commission ("Commission"), an application for approval of the merger and transfer of assets between the two companies. This application also requested cancellation of Intermedia's Certificate of Convenience and Necessity ("CC&N") to provide telecommunications service in the State of Arizona.

Background

On January 16, 1997, the Commission in Decision No. 59983, granted MCImetro Access Transmission Services, Inc. a CC&N to provide local exchange and intraLATA private line service in the State of Arizona. On July 7, 1998, in Decision No. 61014, the Commission approved the merger of MCImetro Access Transmission Services, Inc. with and into MCImetro. Through this merger, MCImetro was granted the authority to provide both resold and facilities-based local exchange service.

On April 21, 1999, the Commission, in Decision No. 61665, originally granted a CC&N to Intermedia to provide resold and facilities based local exchange services in the State of Arizona. On February 1, 2000, the Commission, in Decision No. 62278 approved Intermedia's application to additionally provide resold interexchange service in the State of Arizona.

Transfer of Assets

On January 19, 2005, Intermedia submitted an application requesting Commission approval to transfer certain local exchange telecommunications assets, including its local exchange telecommunications switch, to MCImetro. Pursuant to Arizona Revised Statute 40-285, the Commission has jurisdiction over this matter. Although it was not requested, Staff believes the Commission's Slamming and Cramming rules should be waived in this matter. Staff believes these rules should be waived because Intermedia stated that it does not have any customers in Arizona.

CC&N Cancellation

Intermedia indicated that it does not have any Arizona customers and that it is no longer providing resold interexchange or resold or facilities-based local exchange telecommunications services in Arizona.

Consumer Services Staff has indicated that there are no open complaints, inquiries or opinions concerning Intermedia. Intermedia informed Staff that customer deposits and/or prepayments were never collected. Consequently, there is no risk that an advance, deposit and/or prepayment of funds from Arizona customers would be lost by canceling Intermedia's CC&N.

Intermedia has advised Staff that it no longer serves any customers in Arizona and that as of September, 2002, all of its customers were migrated to other Commission

authorized telecommunications providers. On February 11, 2005, Intermedia provided the Commission with an affidavit of publication indicating that it has published notification of its request to cancel its CC&N in the county where service was provided. Staff believes Intermedia has submitted information that meets the obligations of the rules related to the discontinuance of local service described in R14-2-1107 of the Arizona Administrative Code ("A.A.C.")

Since there are numerous other carriers offering similar services, Staff believes granting this application for cancellation of Intermedia's CC&N is in the public interest.

Upon cancellation of its CC&N, Intermedia will no longer be authorized to provide competitive intrastate telecommunications service as a provider of resold interexchange service or as a provider of resold or facilities-based local exchange service in the state of Arizona. Therefore, Intermedia will no longer be subject to the requirements of Decision nos. 61665 or 62278.

Because Intermedia did not collect deposits and is no longer providing telecommunications service in Arizona, Staff recommends approval of Intermedia's request to cancel its performance bond.

Recommendations

1. Staff recommends the approval of Intermedia's request to transfer its local telecommunications service assets to MCImetro.
2. Staff recommends the cancellation of Intermedia's CC&N.
3. Staff recommends the cancellation of Intermedia's performance bond.