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BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

CARL J. KUNASEK
CHAIRMAN
JIM IRVIN
COMMISSIONER
WILLIAM A. MUNDELL
COMMISSIONER

APR 28 2000

DOCKETED *sd*

IN THE MATTER OF THE APPLICATION OF
PROMISE-NET INTERNATIONAL, LTD. FOR A
CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE COMPETITIVE
INTRASTATE TELECOMMUNICATIONS
SERVICES AS A RESELLER, EXCEPT LOCAL
EXCHANGE SERVICES.

DOCKET NO. T-03737A-99-0253

DECISION NO. 62491

ORDER

Open Meeting
April 25 and 26, 2000
Phoenix, Arizona

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 May 14, 1999, Promise-Net International, Ltd. ("Promise-Net" or "Applicant") filed with Docket Control of the Arizona Corporation Commission ("Commission") an application for a Certificate of Convenience and Necessity ("Certificate") to provide competitive intrastate telecommunications services as a reseller within the State of Arizona.

2. In Decision No. 58926 (December 22, 1994), the Commission found that resold telecommunications providers ("resellers") were public service corporations subject to the jurisdiction of the Commission.

3. In Decision No. 59124 (June 23, 1995), the Commission adopted A.A.C. R14-2-1101 through R14-2-1115 to regulate resellers.

4. Applicant is a Georgia corporation, authorized to do business in Arizona since 1999.

5. Applicant is a switchless reseller, which purchases telecommunications services from TeleHub and USLD/LCI.

6. On November 22, 1999, the Commission's Utilities Division Staff ("Staff") filed a

1 Staff Report.

2 7. In the Staff Report, Staff stated that the Applicant provided financial statements for
3 the year ended December 31, 1998. These financial statements indicate that Promise-Net had assets
4 of \$529,930 and shareholders' equities of \$405,149 as of December 31, 1998. In addition, for the
5 year ended December 31, 1998, Promise-Net had a net income of \$17,392 on revenues of \$625,600.
6 Based on the foregoing, Staff believes that Applicant lacks adequate financial resources. Since this
7 Applicant does not appear to have sufficient financial resources, on August 26, 1999, Promise-Net
8 filed a letter stating that it will not charge its customers for any prepayments, advances, or deposits.
9 If, at some future date, the Applicant wants to charge customers any prepayments, advances, or
10 deposits, it must file information with the Commission that demonstrates the Applicant's financial
11 viability. Staff believes that if the Applicant experiences financial difficulty, there should be minimal
12 impact to its customers. Customers are able to dial another reseller or switch to another facilities-
13 based provider.

14 8. The Staff Report stated that the Applicant has no market power and the reasonableness
15 of its rates would be evaluated in a market with numerous competitors.

16 9. Staff recommended that:

17 (a) the Applicant's application for a Certificate should be approved without a
18 hearing and subject to any conditions listed in A.A.C. R14-2-1106(B);

19 (b) if at some future date, the Applicant wants to charge customers any
20 prepayments, advances, or deposits, it must file information with the Commission that
21 demonstrates the Applicant's financial viability. Staff will review the information and
22 the Commission will make a determination concerning the Applicant's financial
23 viability;

24 (c) the Applicant's intrastate toll service offerings should be classified as
25 competitive pursuant to A.A.C. R14-2-1108;

26 (d) the Applicant's competitive services should be priced at the rates proposed by
27 the Applicant in its most recently filed tariffs. The maximum rates for these services
28 should be the maximum rates proposed by the Applicant in its tariffs. The minimum
rates for the Applicant's competitive services should be the Applicant's long run
incremental costs of providing those services as set forth in A.A.C. R14-2-1109;

(e) in the event that the Applicant states only one rate in its tariff for a competitive
service, the rate stated should be the effective (actual) price to be charged for the
service as well as the service's maximum rate;

(f) the Applicant should be required to comply with the Commission's rules and

1 modify its tariffs to conform with the rules if it is determined there is a conflict
2 between Applicant's tariffs and the Commission's rules; and

3 (g) the Applicant should be required to file its tariffs within 30 days of an Order in
4 this matter, and in accordance with the Decision.

5 10. By Procedural Order dated February 17, 2000, the Commission set a deadline of April
6 3, 2000, for filing exceptions to the Staff Report; requesting that a hearing be set; or requesting
7 intervention as interested parties.

8 11. On March 28, 2000, the Applicant filed affidavits indicating that it published notice of
9 its filing in all counties where service is to be provided pursuant to A.A.C. R14-2-1104.

10 12. No exceptions were filed to the Staff Report, nor did any party request that a hearing
11 be set.

12 **CONCLUSIONS OF LAW**

13 1. Applicant is a public service corporation within the meaning of Article XV of the
14 Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

15 2. The Commission has jurisdiction over Applicant and the subject matter of the
16 application.

17 3. Notice of the application was given in accordance with the law.

18 4. Applicant's provision of intrastate resold telecommunications services, except local
19 exchange services, is in the public interest.

20 5. Applicant is a fit and proper entity to receive a Certificate for providing competitive
21 intrastate telecommunications services, except local exchange services, as a reseller in Arizona.

22 6. Staff's recommendations in Findings of Fact No. 9 are reasonable and should be
23 adopted.

24 **ORDER**

25 IT IS THEREFORE ORDERED that the Application of Promise-Net International, Ltd. for a
26 Certificate of Convenience and Necessity for authority to provide competitive intrastate resold
27 telecommunications services, except local exchange services, shall be, and the same is hereby
28 granted, except that Promise-Net shall not be authorized to charge customers any prepayments,
advances, or deposits. In the future, if Promise-Net International, Ltd. desires to initiate such

1 charges, including, but not limited to prepaid calling cards, it must file information with the
2 Commission that demonstrates the Company's financial viability or establish an escrow account
3 equal to the amount of any prepayments, advances, or deposits. Staff shall review the information
4 provided and file its recommendation concerning financial viability within thirty days of receipt of
5 the financial information, for Commission approval.

6 IT IS FURTHER ORDERED that Promise-Net International, Ltd. shall comply with all Staff
7 recommendations set forth in Findings of Fact No. 9.

8 IT IS FURTHER ORDERED that Promise-Net International, Ltd. shall file a complete set of
9 tariffs, consistent with this order, within 30 days from the effective date of this Decision.

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

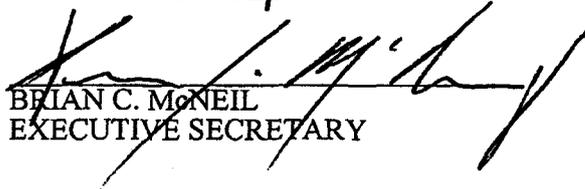
11 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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14 CHAIRMAN

COMMISSIONER


COMMISSIONER

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17 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
18 Secretary of the Arizona Corporation Commission, have
19 hereunto set my hand and caused the official seal of the
20 Commission to be affixed at the Capitol, in the City of Phoenix,
21 this 28th day of April, 2000.


22 BRIAN C. McNEIL
23 EXECUTIVE SECRETARY

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1 SERVICE LIST FOR:

PROMISE-NET INTERNATIONAL, LTD.

2 DOCKET NO.

T-03737A-99-0253

3 Ara F. Kalpak

4 PROMISE-NET INTERNATIONAL, LTD.

2671 Centerville Highway

5 Snellville, Georgia 30078

6 Brent Dille

Harbor Consulting Group

7 3220 Uddenberg Lane, Suite 4

8 Gig Harbor, Washington 98335

9 Lyn Farmer, Chief Counsel

Legal Division

10 ARIZONA CORPORATION COMMISSION

1200 West Washington Street

11 Phoenix, AZ 85007

12 Deborah Scott, Director

Utilities Division

13 ARIZONA CORPORATION COMMISSION

1200 West Washington Street

14 Phoenix, AZ 85007

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