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MEMORANDUM RECEIVED

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FROM: Ernest G. Johnson
Director
Utilities Division
DATE: December 10, 2002

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AZ CORP COMMISSION
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RE: IN THE MATTER OF THE APPLICATIONS OF (I) CEO TELECOMMUNICATIONS, INC. FKA L. D. SERVICES, INC., COMPASS TELECOMMUNICATIONS, INC., CHERNOW COMMUNICATIONS DBA C-COM, AND A VOICESTREAM PCS III CORPORATION FKA WESTERN PCS III CORPORATION DBA VOICE STREAM WIRELESS FOR CANCELLATION OF THEIR CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE RESOLD INTEREXCHANGE SERVICES; (II) TELECONCEPTS INTERNATIONAL, INC., DUNPAT CORPORATION DBA UNOCAL MERMAID, AND MR. NEIL LEIBMAN DBA Z-MAIL, INC. FOR CANCELLATION OF THEIR CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE CUSTOMER OWNED PAY TELEPHONE SERVICES; AND (III) CS COMMUNICATIONS, INC. AND SCHLUMBERGERSEMA, INC. FOR CANCELLATION OF THEIR CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE COMPETITIVE RETAIL ELECTRIC SERVICES (DOCKET NOS. C-00000A-02-0671, T-03152A-02-0587, T-03581A-02-0708, T-03760A-02-0705, T-03667A-02-0704, T-03617A-02-0710, T-02970A-02-0799, T-03982A-02-0688, E-03791A-02-0714 AND E-03704A-02-0753)

Attached is the Staff Report of the above described applications to cancel Certificate of Convenience and Necessity ("CC&N") of companies in group (I) that provide resold long distance services; (II) that provide customer owned pay telephone services; and (III) that provide competitive retail electric services. Staff recommends cancellation of the CC&N held by each company in each group.

Originator: John Bostwick

Attachment: Original and Twenty Three Copies

Arizona Corporation Commission
DOCKETED
DEC 10 2002

DOCKETED BY *GAH*

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

DOCKET NOS. C-00000A-02-0671, T-03152A-02-0587, T-03581A-02-0708, T-03760A-02-0705, T-03667A-02-0704, T-03617A-02-0710, T-02970A-02-0799, T-03982A-02-0688, E-03791A-02-0714 AND E-03704A-02-0753

IN THE MATTER OF THE APPLICATIONS OF (I) CEO TELECOMMUNICATIONS, INC. FKA L. D. SERVICES, INC., COMPASS TELECOMMUNICATIONS, INC., CHERNOW COMMUNICATIONS DBA C-COM, AND A VOICESTREAM PCS III CORPORATION FKA WESTERN PCS III CORPORATION DBA VOICE STREAM WIRELESS FOR CANCELLATION OF THEIR CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE RESOLD INTEREXCHANGE SERVICES; (II), TELECONCEPTS INTERNATIONAL, INC., DUNPAT CORPORATION DBA UNOCAL MERMAID, AND MR. NEIL LEIBMAN DBA Z-MAIL, INC. FOR CANCELLATION OF THEIR CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE CUSTOMER OWNED PAY TELEPHONE SERVICES; AND (III) CS COMMUNICATIONS, INC. AND SCHLUMBERGERSEMA, INC. FOR CANCELLATION OF THEIR CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE COMPETITIVE RETAIL ELECTRIC SERVICES

DECEMBER 10, 2002

STAFF ACKNOWLEDGMENT

The Staff Reports for the applications described in Docket No. C-00000A-02-0671 was the responsibility of the Staff member listed below. John Bostwick was responsible for the review and analysis of each company's application to cancel its Certificate of Convenience and Necessity in Docket Nos. T-03152A-02-0587, T-03581A-02-0708, T-03760A-02-0705, T-03667A-02-0704, T-03617A-02-0710, T-02970A-02-0799, T-03982A-02-0688, E-03791A-02-0714 and E-03704A-02-0753.



John Bostwick
Administrative Services Officer II

EXECUTIVE SUMMARY

IN GROUP (I) CEO TELECOMMUNICATIONS, INC. FKA L. D. SERVICES, INC., COMPASS TELECOMMUNICATIONS, INC., CHERNOW COMMUNICATIONS DBA C-COM, AND A VOICESTREAM PCS III CORPORATION FKA WESTERN PCS III CORPORATION DBA VOICE STREAM WIRELESS REQUESTS CANCELLATION OF THEIR CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE RESOLD INTEREXCHANGE SERVICES; (II), TELECONCEPTS INTERNATIONAL, INC., DUNPAT CORPORATION DBA UNOCAL MERMAID, AND MR. NEIL LEIBMAN DBA Z-MAIL, INC. REQUESTS CANCELLATION OF THEIR CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE CUSTOMER OWNED PAY TELEPHONE SERVICES; AND (III) CS COMMUNICATIONS, INC. AND SCHLUMBERGERSEMA, INC. REQUESTS CANCELLATION OF THEIR CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE COMPETITIVE RETAIL ELECTRIC SERVICES

DOCKET NOS. C-00000A-02-0671, T-03152A-02-0587, T-03581A-02-0708, T-03760A-02-0705, T-03667A-02-0704, T-03617A-02-0710, T-02970A-02-0799, T-03982A-02-0688, E-03791A-02-0714 AND E-03704A-02-0753

- Company applications are in one of three groups. Companies in Group (I) are CEO Telecommunications, Inc. fka L. D. Services, Inc., Compass Telecommunications, Inc., Chernow Communications dba C-COM, and A VoiceStream PCS III Corporation fka Western PCS III Corporation dba Voice Stream Wireless. Companies in Group (II) are Teleconcepts International, Inc., Dunpat Corporation dba Unocal Mermaid, and Mr. Neil Leibman dba Z-Mail, Inc. Companies in Group (III) are CS Communications, Inc. and SchlumbergerSema, Inc.
- Each company in each group is requesting cancellation of its Certificate of Convenience and Necessity.
- Each company in each group is authorized to provide a competitive service in Arizona. Companies in Group (I) are authorized to provide resold interexchange telecommunications services. Companies in Group (II) are authorized to provide customer owned pay telephone services. Companies in Group (III) are authorized to provide competitive retail electric services.
- Each company in each group wants to discontinue service, abandon its authority, and revoke its tariffs in Arizona.

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INTRODUCTION

On November 13, 2002, an Amended Procedural Order was issued under Docket No. C-00000A-02-0671. This order pointed out that on September 4, 2002, the Utilities Division of the Arizona Corporation Commission ("Commission") filed a Complaint for failure of numerous utility companies to file their 2001 Utilities Division Annual Reports ("Annual Reports").

By Procedural Order, a pre-hearing conference was held on November 7, 2002. At the pre-hearing conference, Staff appeared with counsel. None of the Respondents appeared. Staff pointed out that, nine Respondents had filed for cancellation of their Certificate of Convenience and Necessity ("CC&N"). These CC&N cancellation applications were filed before November 1, 2002.

At the conclusion of the pre-hearing conference, it was ordered that the applications of the nine Respondents requesting cancellation of their CC&N shall be consolidated for purposes of a hearing. The hearing shall be held on December 12, 2002 at 9:30 a.m. In addition, it was ordered that Staff shall file a report which contains its recommendations on the nine cancellation applications.

Staff's recommendations on each of the nine cancellation applications are submitted herein this report.

Since CEO provided notice to its customers, and there are numerous carriers that offer similar services, Staff believes that granting this application for cancellation of CEO's CC&N is in the public interest. Also, Staff believes that CEO's request to transfer its customer base and related non-tangible assets to Legent should be granted by the Commission.

Recommendations

Staff recommends cancellation of CEO's CC&N.

Staff further recommends that CEO's customer base and related non-tangible assets be transferred to Legent.

Upon obtaining approval to transfer CEO's customer base and related assets to Legent, Docket Nos. T-04084A-02-0551 and T-03152A-02-0551 should be closed.

Upon cancellation of its CC&N, CEO will no longer be authorized to provide competitive resold interexchange telecommunications services in Arizona and will no longer be subject to any of the requirements of Decision No. 60477.

APPLICATION BY CHERNOW COMMUNICATIONS DBA C-COM TO
CANCEL ITS CERTIFICATE OF CONVENIENCE AND NECESSITY TO
PROVIDE RESOLD INTEREXCHANGE SERVICES (DOCKET NOS. T-
03760A-02-0705 AND C-00000A-02-0671)

Introduction

On September 16, 2002, Chernow Communications dba C-COM ("Chernow" or "Company") filed an application with the Commission requesting approval to cancel its Certificate of Convenience and Necessity ("CC&N").

Background

On June 30, 2000, the Commission, in Decision No. 62720, originally granted a CC&N to Chernow to provide competitive resold interexchange telecommunications services in Arizona.

Chernow filed an application with the Commission seeking approval to cancel its CC&N in Arizona. Chernow requests Commission approval to discontinue providing resold interexchange telecommunications services, abandon its CC&N, and revoke its tariffs in Arizona. In its application, Chernow stated that it ceased business on November 21, 2001, and is no longer providing service in the state of Arizona.

Staff Analysis

Chernow indicated to Staff that it ceased providing service in Arizona. Consumer Services Staff indicates that there are no complaints against Chernow. As a result, there is very little risk that an advance, deposit, and/or prepayment of funds from Arizona customers would be lost by canceling Chernow's CC&N. Chernow has not served any customers in Arizona in the past year.

Since Chernow is not serving customers in Arizona and there are numerous other carriers offering similar services, Staff believes that granting this application for cancellation of Chernow's CC&N is in the public interest.

Recommendations

Staff recommends cancellation of Chernow's CC&N.

Upon cancellation of its CC&N, Chernow will no longer be authorized to provide competitive resold interexchange telecommunications services in Arizona and will no longer be subject to any of the requirements of Decision No. 62720.

APPLICATION BY A VOICESTREAM PCS III CORPORATION FKA WESTERN PCS III CORPORATION DBA VOICE STREAM WIRELESS TO CANCEL ITS CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE RESOLD INTEREXCHANGE SERVICES (DOCKET NOS. T-03667A-02-074 AND C-00000A-02-0671)

Introduction

On September 16, 2002, A VoiceStream PCS III Corporation fka Western PCS III Corporation dba Voice Stream Wireless ("VoiceStream" or "Company") filed an application with the Commission requesting approval to cancel its Certificate of Convenience and Necessity ("CC&N").

Background

On August 27, 1999, the Commission, in Decision No. 61920, originally granted a CC&N to VoiceStream to provide competitive resold interexchange telecommunications services in Arizona.

VoiceStream filed an application with the Commission seeking approval to cancel its CC&N in Arizona. VoiceStream requests Commission approval to discontinue providing resold interexchange telecommunications services, abandon its CC&N, and revoke its tariffs in Arizona. In its application, VoiceStream stated that it never conducted business and had zero revenues.

Staff Analysis

VoiceStream indicated to Staff that it never provided service in Arizona. Consequently, it does not hold any advances, deposits and/or prepayments. As a result, there are no funds from Arizona customers that would be at risk by cancellation of VoiceStream's CC&N. VoiceStream has never served any customers in Arizona.

Since VoiceStream has never served customers in Arizona and there are numerous other carriers offering similar services, Staff believes that granting this application for cancellation of VoiceStream's CC&N is in the public interest.

Recommendations

Staff recommends cancellation of VoiceStream's CC&N.

Upon cancellation of its CC&N, VoiceStream will no longer be authorized to provide competitive resold interexchange telecommunications services in Arizona and will no longer be subject to any of the requirements of Decision No. 61920.

APPLICATION BY TELECONCEPTS INTERNATIONAL, INC. TO CANCEL ITS CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE CUSTOMER OWNED PAY TELEPHONE SERVICES (DOCKET NOS. T-03617A-02-0710 AND C-00000A-02-0671)

On September 18, 2002, Teleconcepts International, Inc. ("Applicant") filed an application to cancel its Certificate of Convenience and Necessity ("CC&N") for a customer owned pay telephone ("COPT"). As a provider of COPT services, the Applicant does not collect from its customers an advance, deposit, and/or prepayments. The Applicant indicated in its application that it no longer provides COPT service in the State of Arizona. Therefore, Staff recommends that the Applicant's application be approved.

Staff confirmed that the Applicant is not requesting authority to sell its COPT assets. Also, Staff verified that the Applicant gives up its right to a hearing and to receive notice of a hearing date to cancel its CC&N.

Upon cancellation of its CC&N, Teleconcepts International, Inc. will not be authorized to provide COPT telecommunications services in Arizona and will not have to meet any of the requirements of Decision No. 61140.

APPLICATION BY DUNPAT CORPORATION DBA UNOCAL MERMAID
TO CANCEL ITS CERTIFICATE OF CONVENIENCE AND NECESSITY TO
PROVIDE CUSTOMER OWNED PAY TELEPHONE SERVICES (DOCKET
NOS. T-02970A-02-0799 AND C-00000A-02-0671)

On October 23, 2002, Dunpat Corporation dba Unocal Mermaid ("Applicant") filed an application to cancel its Certificate of Convenience and Necessity ("CC&N") for a customer owned pay telephone ("COPT"). As a provider of COPT services, the Applicant does not collect from its customers an advance, deposit, and/or prepayments. The Applicant is requesting authority to sell its COPT assets.

Staff confirmed that the Applicant no longer provides COPT service in the State of Arizona and requests cancellation of its CC&N. Staff verified that the Applicant gave up its right to a hearing and to receive notice of a hearing date to cancel its CC&N. Also, the Applicant acknowledged that it is authorized to make the application for the cancellation of the CC&N.

According to the Applicant, the sale of COPT assets will be done after it receives approval from the Arizona Corporation Commission ("Commission"). Staff recommends that the Commission approve the sale of Applicant's COPT assets. A re-deployment of telephone assets helps to ensure telephone services can be made available to the general public.

Staff further recommends that the Applicant's application be approved. Upon cancellation of its CC&N, Dunpat Corporation dba Unocal Mermaid will not be authorized to provide COPT telecommunications services in Arizona and will not have to meet any of the requirements of Decision No. 59338.

APPLICATION BY MR. NEIL LEIBMAN DBA ZMAIL MEDIA, INC. TO
CANCEL ITS CERTIFICATE OF CONVENIENCE AND NECESSITY TO
PROVIDE CUSTOMER OWNED PAY TELEPHONE SERVICES (DOCKET
NOS. T-03982A-02-0688 AND C-00000A-02-0671)

On September 11, 2002, Mr. Neil Leibman dba Zmail Media, Inc. ("Applicant") filed an application to cancel its Certificate of Convenience and Necessity ("CC&N") for a customer owned pay telephone ("COPT"). As a provider of COPT services, the Applicant does not collect from its customers an advance, deposit, and/or prepayments. The Applicant indicated in its application that it no longer provides COPT service in the State of Arizona. Therefore, Staff recommends that the Applicant's application be approved.

Staff confirmed that the Applicant sold its COPT assets to Affordable Telecommunications Technology dba ATT ("ATT"). According to the Applicant, ATT does not exist as a going concern. The Applicant did not comply with the Arizona Revised Statutes § 40-285. The Arizona Corporation Commission ("Commission") needs to approve the sale of COPT assets. Staff verified that the Applicant gave up its right to a hearing and to receive notice of a hearing date to cancel its CC&N. Also, the Applicant acknowledged that he is authorized to make the application for the cancellation of the CC&N.

Staff recommends that the Commission grant retroactive approval of the sale of Applicant's COPT assets. A re-deployment of telephone assets helps to ensure telephone services can be made available to the general public.

Staff further recommends that the Applicant's application be approved. Upon cancellation of its CC&N, Mr. Neil Leibman dba Zmail Media, Inc. will not be authorized to provide COPT telecommunications services in Arizona and will not have to meet any of the requirements of Decision No. 63428.

APPLICATIONS BY CS COMMUNICATIONS, INC. AND
SCHLUMBERGERSEMA, INC. TO CANCEL ITS CERTIFICATES OF
CONVENIENCE AND NECESSITY TO PROVIDE COMPETITIVE
RETAIL ELECTRIC SERVICES (DOCKET NOS. E-0391A-02-0714
AND E-03704-02-0753 AND C-00000A-02-0671)

The Staff report recommending cancellation of the Certificate of Convenience and Necessity held by CS Communications, Inc. was filed before the Procedural Order, Docket No. C-00000A-02-0671, was filed. The Staff report recommending cancellation of the Certificate of Convenience and Necessity held by SchlumbergerSema, Inc. was filed on November 15, 2002 shortly after the above Procedural Order was filed.

SERVICE LIST FOR: CEO TELECOMMUNICATIONS, INC. FKA L. D. SERVICES,
INC., COMPASS TELECOMMUNICATIONS, INC., CHERNOW
COMMUNICATIONS DBA C-COM, A VOICESTREAM PCS III
CORPORATION FKA WESTERN PCS III CORPORATION DBA
VOICE STREAM WIRELESS, TELECONCEPTS INTERNATIONAL,
INC., DUNPAT CORPORATION DBA UNOCAL MERMAID, MR.
NEIL LEIBMAN DBA Z-MAIL, INC., CS COMMUNICATIONS, INC.
AND SCHLUMBERGERSEMA, INC.

DOCKET NOS.C-00000A-02-0671, T-03152A-02-0587, T-03581A-02-0708,T-03760A-
02-0705, T-03667A-02-0704, T-03617A-02-0710, T-02970A-02-0799,T-
03982A-02-0688, E-03791A-02-0714 AND E-03704A-02-0753

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