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MEMORANDUM

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TO: Docket Control Center

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Arizona Corporation Commission

FROM: Ernest G. Johnson
Director
Utilities Division

AZ CORP COMMISSION
DOCUMENT CONTROL

DOCKETED

OCT 31 2006

DATE: October 30, 2006

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RE: **UPDATE** - IN THE MATTER OF THE APPLICATION OF TELIGENT SERVICES, INC. NOTIFICATION OF A PROPOSED TRANSACTION WHEREBY TELIGENT SERVICES, INC. WILL TRANSFER ITS COMMERCIAL LONG DISTANCE CUSTOMER BASE AND ASSOCIATED CUSTOMER ACCOUNT INFORMATION TO STARTEC GLOBAL LICENSING COMPANY (DOCKET NOS. T-03794A-04-0710 AND T-03761A-04-0710)

On September 30, 2004, Startec Global Licensing Company ("Startec") and Teligent Services, Inc. ("Teligent") (collectively, the "Parties") filed a Joint Notification of Proposed Transfer of Long Distance Customer Accounts ("Notification"), which indicated that Teligent intended to transfer its long distance customer base and associated customer account information to Startec. The Notification indicated that transfer of Teligent's Certificate of Convenience and Necessity is not contemplated and not required given Startec's authority to provide resold interexchange telecommunications services in Arizona pursuant to Decision No. 63370 (February 16, 2001).

On October 29, 2004, the Commission's Utilities Division Staff ("Staff") filed its Staff Report, which recommended approval of the customer base transfer and a waiver of A.A.C. R14-2-1904 and R14-2-1905. By Procedural Order dated December 7, 2004, Staff was ordered to submit an Addendum to its Staff Report setting forth its position with regard to (1) the statutory authority or Commission rule, if any, pursuant to which Commission approval of the transfer of a customer base is required; and (2) the extent to which R14-2-1107 applies to the transfer of a customer base.

On December 27, 2004, Staff filed an Addendum to its October 29, 2004 Staff Report by which Staff indicated that: (1) the transfer of a customer base does not require Commission approval as a transfer of assets; (2) a waiver of A.A.C. R14-2-1904 and 1905 is necessary to effectuate the transfer of a customer base and should be approved in this matter; and (3) the transfer of a customer base does not qualify as a discontinuance of service or abandonment of a service area such that A.A.C. R14-2-1107 does not apply.

On February 23, 2005, Teligent filed in this docket notification of its voluntary surrender of its CC&N to provide local and long distance telecommunications services in the State of Arizona given the cessation of Arizona operations subsequent to the transfer of its long distance

customer base to Startec. By Procedural Order issued March 23, 2005, Staff was ordered to submit a response to Teligent's February 23, 2005 filing. On April 6, 2005, Staff issued a memorandum indicating that Teligent should publish notification of its surrender of its CC&N. On July 20, 2005, Teligent filed proof of publication of its application to cancel its CC&N. By Procedural Order issued October 3, 2006, Staff was ordered to file an update on Teligent Services, Inc's application with any appropriate recommendation no later than October 30, 2006.

Staff now believes Teligent has complied with A.A.C. R14-2-1107(B) which requires that legal notice of its application to surrender its CC&N be published in all counties affected by the application. Because Staff believes Teligent has complied with this rule, Staff recommends approval of Teligent's application to surrender its CC&N in Arizona. Staff also continues to support its recommendations from its October 29, 2004 Staff Report and the Addendum to that Staff Report that was filed on December 27, 2004.

EGJ:WMS:lmh

Originator: Wilfred Shand, Jr.

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SERVICE LIST FOR: Startec Global Licensing Company and Teligent Services, Inc.
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