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MEMORANDUM

TO: Docket Control  
Arizona Corporation Commission

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Manager, Telecommunications and Energy Section  
Utilities Division

Arizona Corporation Commission

DOCKETED

DEC 21 2006

DOCKETED BY	<i>WS</i>
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DATE: December 21, 2006

RE: IN THE MATTER OF THE APPLICATION OF TRANSCOMMUNICATIONS, INC. TO CANCEL THEIR CERTIFICATE OF CONVENIENCE AND NECESSITY FOR COMPETITIVE INTEREXCHANGE TELECOMMUNICATIONS SERVICES AS A RESELLER (DOCKET NO. T-03232A-05-0209)

Attached is the Staff Report of the above Application to cancel the Certificate of Convenience and Necessity ("CC&N") held by Transcommunications, Inc. Staff recommends cancellation of the CC&N.

EGJ:JFB:tdp

Originator: John F. Bostwick

AZ CORP COMMISSION  
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SERVICE LIST FOR: Transcommunications, Inc.  
DOCKET NO. T-03232A-05-0209

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STAFF REPORT  
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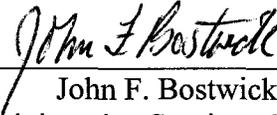
TRANSCOMMUNICATIONS, INC.  
DOCKET NO. T-03232A-05-0209

IN THE MATTER OF THE APPLICATION OF TRANSCOMMUNICATIONS,  
INC. TO CANCEL THEIR CERTIFICATE OF CONVENIENCE AND  
NECESSITY FOR COMPETITIVE INTEREXCHANGE  
TELECOMMUNICATIONS SERVICES AS A RESELLER

DECEMBER 2006

## STAFF ACKNOWLEDGMENT

The Staff Report for the Application of Transcommunications, Inc. to cancel their Certificate of Convenience and Necessity for Competitive Interexchange Telecommunications Services as a Reseller (Docket No. T-03232A-05-0209) was the responsibility of the Staff member listed below. John F. Bostwick was responsible for the review and analysis of Transcommunications, Inc.'s application to cancel its Certificate of Convenience and Necessity.



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John F. Bostwick  
Administrative Services Officer II

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## **Introduction**

On March 21, 2005, Transcommunications, Inc. ("TI" or "Company"), through its regulatory consultants, Miller Isar Inc., filed an application with the Commission requesting approval to cancel its Certificate of Convenience and Necessity ("CC&N") to provide resold long distance telecommunications services in Arizona. TI also requested cancellation of its tariff.

## **Background**

On March 30, 2001, the Commission, in Decision No. 63525, originally granted a CC&N to the Company to provide resold long distance telecommunications services within Arizona. The Company was not authorized to collect advances, deposits or prepayments from its customers.

## **Staff's Analysis**

In its application, TI indicated that it intended to discontinue provision of discretionary prepaid, interexchange telecommunications service in Arizona on May 1, 2005. TI stated that it did not serve residential subscribers. TI also stated that it provided discretionary prepaid, interexchange telecommunications services to a very limited, targeted segment of the transportation industry, long haul truck drivers. Prepaid calling services were made through card distribution arrangements with trucking companies who supply cards to their drivers from centrally located distribution points in certain states. The Company reported that it ceased making new prepaid calling cards available on November 8, 2004.

A user's prepaid calling card could be used until the earlier of one year from the date the card was activated or the minutes are exhausted. In its Application, Transcommunications stated that it had "entered into a management agreement with Innovative Processing Solutions, LLC. ("IPS"), a Nevada Limited Liability Company, for the continued provision of service to the limited customer accounts that may remain active. IPS assumed responsibility for honoring outstanding service commitments to remaining users and underlying carriers after Transcommunications ceases to provide service. IPS was to continue to maintain Transcommunications' customer service number upon Transcommunications' market exit, to field any potential remaining user calls.

Since TI provided prepaid calling card services that were limited in duration and user identities were not known, the Company did not provide written notice of the proposed discontinuance of services to customers. Also, the Company did not provide a copy of the legal notice of the application to cancel its CC&N as required by A.A.C. R14-2-1107.

Since the Company was not allowed to collect advances, deposits or prepayments from its customers, the Company was not ordered to obtain a performance bond at the time it was granted a CC&N. However, it was ordered to file information with the Commission that

demonstrates its financial viability if it desired to collect advances, deposits or prepayments from its customers in the future.

On April 3, 2006, Staff sent its first set of data requests to the Company's regulatory consultants, Miller Isar Inc. Mr. Andrew O. Isar of Miller Isar Inc. contacted Staff by phone on April 6, 2006 to respond to Staff's data requests. Mr. Isar stated that he is unable to answer Staff's questions in the data request. He has not dealt with TI in over a year and his contact at TI left the Company. Since Mr. Isar believes the Company may have relocated, changed its name and phone numbers; he provided Staff with the relocated address, name change and last known phone number of TI.

On July 27, 2006, Staff contacted a Company named Innovative Processing Solutions, LLC at the phone number provided by Mr. Isar. Staff spoke with Ms. Sandra Dellinger, Vice President of Fleet Services, According to Ms. Dellinger, Transcommunications, Inc. filed bankruptcy on December 30, 2003. On November 8, 2004, Transcommunications, Inc. was purchased out of bankruptcy and renamed Innovative Processing Solutions, LLC. IPS does not provide any telephone service or sell prepaid cards for telephone service. Currently, IPS processes fuel and banking transactions for long-haul drivers in the trucking industry.

The Consumer Services Section of the Utilities Division reports that there have been no complaints against TI from January 1, 2002 through April 4, 2006. In addition, Consumer Services stated that TI is not in good standing for failure to file its 2005 Annual Report with the Corporations Division of the Commission.

According to the Compliance and Enforcement Section of the Utilities Division, the Company does not have any compliance delinquencies.

Since there are numerous other carriers offering similar services as TI, Staff believes that approval of TI's request to discontinue service is in the public interest.

### **Recommendations**

Staff recommends cancellation of Transcommunications, Inc.'s CC&N authority and tariff to provide resold long distance telecommunications services in Arizona.

Staff further recommends that the Commission not require that Transcommunications, Inc. file an affidavit of publication that legal notice was provided.

Upon cancellation of its CC&N, Transcommunications, Inc. will no longer be authorized to provide resold long distance telecommunications services in Arizona and therefore, will no longer be subject to the requirements of Decision No. 63525.