



BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

APR 16 2007

MIKE GLEASON, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

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IN THE MATTER OF THE APPLICATION OF
ACCERIS MANAGEMENT AND ACQUISITION
LLC AND FIRST COMMUNICATIONS, LLC FOR
APPROVAL OF THE TRANSFER OF ASSETS,
INCLUDING CUSTOMERS, OF ACCERIS
MANAGEMENT AND ACQUISITION LLC TO
FIRST COMMUNICATIONS, LLC.

DOCKET NO. T-20376A-06-0536
DOCKET NO. T-20473A-06-0536

DECISION NO. 69420

ORDER

Open Meeting
April 11 and 12, 2007
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 August 24, 2006, First Communications, LLC ("First Communications") and Acceris Management and Acquisition, LLC ("AMA"), (collectively "Applicants") filed with the Arizona Corporation Commission ("Commission") an application granting them authority necessary to consummate a transaction involving the transfer of certain assets of AMA. First Communications is concurrently filing to become authorized to provide telecommunication services as a reseller in the State of Arizona. See Docket No. T-20473A-06-0537.

2. On June 29, 2005, Acceris filed an application with the Commission for a Certificate of Convenience and Necessity ("CC&N")(Docket No. T-20376A-05-0478). Acceris' CC&N application is pending. Acceris, also doing business as Acceris Communications or WorldxChange, is a direct wholly owned subsidiary of North Central Equity LLC ("North Central"). North Central is a privately held holding company established in 2004. Acceris' headquarters are

1 located in San Diego, California where it is authorized to provide telecommunications services.
2 Acceris is currently providing telecommunications services to residential and business customers
3 throughout the United States.

4 3. First Communications filed an application with the Commission for a CC&N on
5 August 25, 2006 (Docket No. T-20473A-06-0537). First Communications, formed on July 1, 1998,
6 is a privately held limited liability company headquartered in Akron, Ohio, serving approximately
7 100,000 customers. First Communications provides telecommunications service to residential and
8 business customers in several states.

9 4. Acceris and First Communications request approval to transfer certain assets,
10 including customers, from Acceris' large business customer enterprise operations to First
11 Communications.

12 5. On February 9, 2007, the Commission's Utilities Division ("Staff") filed a Staff
13 Report recommending approval of the transfer of assets and customers without a hearing.

14 6. The Applicants propose to transfer seven business customers with 69 distinct
15 locations, two routers located in Arizona (one in Tempe and one in Phoenix), and personal property
16 (including equipment and switches). First Communications, upon approval of its CC&N, will
17 provide telecommunications services that mirror the services, rates, terms and conditions of Acceris'
18 large business portion of its operations. There are no foreseen layoffs of Acceris' employees as a
19 result of this transaction.

20 7. Acceris will continue its application for approval of a CC&N to provide
21 telecommunications services to its customers not related to the large business enterprise aspect of its
22 operations in Arizona. Thus, Acceris does not wish to close its pending CC&N application.

23 8. Based on the financial information that First Communications submitted in its
24 application for CC&N, Staff believes that the company will have sufficient financial resources to
25 offer telecommunications services in Arizona. With its CC&N application, First Communications
26 provided unaudited financial statements for the year ending December 31, 2005, which indicates
27 assets of \$30,512,269, equity of \$7,514,971 and net income of \$1,296,468

28 9. First Communications states that no changes will be made to the services provided

1 to the customers involved in this transaction. Also, First Communications ensures that a written
2 notice will be provided to the affected customers within 30 days of a Commission Order.

3 10. Staff believes that this transaction will not have a negative impact on the
4 customers involved in this transaction nor will it negatively impact the competitive nature of the
5 market.

6 11. Staff recommends that the joint application be approved pursuant to A.R.S. § 40-
7 285 and R14-2-1107 with the condition that the current Acceris business customers have 90 days
8 following the date of the Commission’s Order to transfer to another carrier without penalty if they so
9 choose.

10 12. Staff’s recommendations are reasonable and should be adopted.

11 **CONCLUSIONS OF LAW**

12 1. Applicants are public service corporations within the meaning of Article XV of the
13 Arizona Constitution and A.R.S. §§ 40-281 and 40-285.

14 2. The Commission has jurisdiction over Applicants and the subject matter of the
15 application.

16 3. Applicants’ request to transfer assets is a transaction that requires Commission
17 approval pursuant to A.R.S. § 40-285.

18 4. Notice of the application was given in accordance with the law.

19 5. Staff’s recommendations are reasonable and should be adopted.

20 **ORDER**

21 IT IS THEREFORE ORDERED that the application by First Communications, LLC and
22 Acceris Management and Acquisition, LLC to transfer assets from Acceris Management and
23 Acquisition, LLC to First Communications, LLC, is approved as conditioned herein.

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1 IT IS FURTHER ORDERED that existing Acceris Management and Acquisition, LLC
2 customers as of the effective date of this Order shall have at least 90 days from the effective date of
3 this Order to transfer to another carrier without penalty if they so choose.

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

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

6

7 *Samuel S. Blanton* *William M. ...*
 8 CHAIRMAN COMMISSIONER

9 *Stephen Hatch-Miller* *R. M. ...* *Greg ...*
 10 COMMISSIONER COMMISSIONER COMMISSIONER

11
12 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
13 Director of the Arizona Corporation Commission, have
14 hereunto set my hand and caused the official seal of the
15 Commission to be affixed at the Capitol, in the City of Phoenix,
16 this 16th day of April, 2007.

17 *Brian C. McNeil*
18 BRIAN C. McNEIL
19 EXECUTIVE DIRECTOR

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SERVICE LIST FOR:

ACCERIS MANAGEMENT AND ACQUISITION,
LLC and FIRST COMMUNICATIONS, LLC

DOCKET NOS.:

T-20376A-06-0536 and T-20473A-06-0536

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