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MEMORANDUM

TO: Docket Control  
Arizona Corporation Commission

FROM: Ernest G. Johnson  
Director  
Utilities Division

*EA for EGJ*

Arizona Corporation Commission  
DOCKETED

JUN 29 2007

DATE: June 29, 2007

DOCKETED BY *AM*

RE: IN THE MATTER OF THE APPLICATION OF COMM SOUTH COMPANIES, INC. TO CANCEL THEIR CERTIFICATES OF CONVENIENCE AND NECESSITY TO PROVIDE RESOLD LOCAL EXCHANGE AND INTERCHANGE TELECOMMUNICATIONS SERVICES (DOCKET NO. T-03466A-06-0275)

Attached is the Staff Report of the above Application to cancel the Certificates of Convenience and Necessity ("CC&N") held by Comm South Companies, Inc. Staff recommends cancellation of Comm South Companies, Inc.'s CC&Ns and tariffs.

EGJ:JFB:tdp

Originator: John F. Bostwick

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DOCKET NO. T-03466A-06-0275

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**STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION**

**COMM SOUTH COMPANIES, INC.  
DOCKET NO. T-03466A-06-0275**

**IN THE MATTER OF THE APPLICATION OF COMM SOUTH COMPANIES, INC. TO  
CANCEL THEIR CERTIFICATES OF CONVENIENCE AND NECESSITY TO  
PROVIDE RESOLD LOCAL EXCHANGE AND INTERCHANGE  
TELECOMMUNICATIONS SERVICES**

**JUNE 29, 2007**

## STAFF ACKNOWLEDGMENT

The Staff Report for Comm South Companies, Inc. Application to Cancel its Certificate of Convenience and Necessity to Provide Resold Local Exchange and Interexchange Telecommunications Services (Docket No. T-03466A-06-0275) was the responsibility of the Staff member listed below. John F. Bostwick was responsible for the review and analysis of Comm South Companies, Inc.'s application to cancel its Certificates of Convenience and Necessity.

  
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John F. Bostwick  
Administrative Services Officer II

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## **INTRODUCTION**

On April 26, 2006, Comm South Companies, Inc. ("Comm South") filed an Application with the Commission requesting approval of the cancellation of its Certificate of Convenience and Necessity ("CC&N") to provide resold local exchange and long distance telecommunications services in Arizona. Attached to the Application were two letters dated December 14, 2005 and February 1, 2006.

The December 14, 2005, letter stated that Comm South is in Chapter 7 bankruptcy protection and is in the process of liquidating its business and its assets, including discontinuing telecommunications service. Also attached to the letter was a copy of the notice dated September 9, 2005, that was mailed to Comm South's 57 residential customers informing them that residential service will be discontinued in thirty days, effective October 9, 2005.

In the February 1, 2006, letter Comm South indicated it had published legal notice of its application in the Arizona Republic newspaper.

## **BACKGROUND**

On November 19, 1999, the Commission, in Decision No. 62085, originally granted Comm South a CC&N to provide resold local exchange telecommunications services within Arizona. Comm South was also ordered to procure a performance bond to cover 60 days of expenses to serve its customers.

On March 30, 2001, Comm South was authorized to provide resold interexchange telecommunications services in Decision No. 63542. In Decision No. 63542, Comm South was also ordered to file a surety bond of \$50,000.

## **STAFF'S ANALYSIS**

On May 2, 2006, Staff called Comm South's Director of Regulatory Affairs, Ms. Sheri Pringle. Staff was informed that Ms. Pringle had left Comm South and that Ms. Marla C. Reynolds C.P.A. of Lain, Faulkner & Co., P.C. is the Court Appointed Chapter 7 Trustee.

In its letter dated December 14, 2005, Comm South reported that it had 57 residential customers and provided service to a single pay telephone provider in Arizona at the time it sent a discontinuance notice to its customers. Comm South sent the discontinuance notice and a list of alternative service providers to its customers on September 9, 2005. Comm South acknowledged that it does not have any residential or business customers in Arizona at this time.

Since Comm South was required to have a performance bond, it was authorized to collect advances, deposits, or prepayments. Comm South provided prepaid local and interexchange services to its customers. In its notification letter to its customer, Comm South stated that its prepaid customers are free to discontinue Comm South's service at any time by simply not pre-

paying Comm South for service and choosing another provider. Comm South stated in its letter that prepaid customers do not maintain deposits with Comm South.

On May 3, 2006, Staff received a copy of the legal notice of the Application to cancel its CC&Ns in all counties affected by the Application from Marla Reynolds, Comm South's Court Appointed Chapter 7 Trustee. The legal notice of the Application to discontinue service appeared in The Arizona Republic newspaper on January 2, 2006. On the same day, Ms. Reynolds confirmed that Comm South does not have any affiliates operating in Arizona.

The Consumer Services Section of the Utilities Division reports that there were no complaints against Comm South from January 1, 2004 through May 23, 2007. In addition, the Consumer Services Section stated that Comm South is not in good standing with the Records Section of the Corporation Division of the Commission. Since Comm South failed to provide the names and addresses of officers and directors, the 2005 and 2006 Annual Reports were returned to the Comm South.

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

Since there are numerous other carriers offering similar services, Staff believes that Comm South Companies, Inc.'s request to discontinue service is in the public interest.

## **RECOMMENDATIONS**

Since Comm South Companies, Inc. does not have customers in Arizona, Staff recommends cancellation of Comm South Companies, Inc.'s CC&Ns and tariffs to provide resold local exchange and interexchange telecommunications services in Arizona.

Upon cancellation of its CC&Ns, Comm South Companies, Inc. will no longer be authorized to provide resold local exchange and interexchange telecommunications services in Arizona and therefore, will no longer be subject to the requirements of Decision Nos. 62085 and 63542.