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MEMORANDUM

TO: Docket Control
FROM: Ernest G. Johnson
Director
Utilities Division
DATE: March 26, 2008

EA for EGJ

RE: IN THE MATTER OF THE APPLICATION OF COVISTA, INC. FOR CANCELLATION OF THEIR CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE FACILITIES BASED AND RESOLD LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES (DOCKET NO. T-03490A-07-0332)

Attached is the Staff Report for the above referenced application. The applicant is applying for approval to cancel its Certificate of Convenience and Necessity ("CC&N") to provide the following services:

- Facilities-Based Local Exchange Services
- Resold Local Exchange Services

Staff recommends cancellation of the CC&N.

EGJ:CLA:red

Originator: Candrea Allen

Attachment: Original and Thirteen Copies

Arizona Corporation Commission
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DOCKET NO. T-03490A-07-0332

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STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

COVISTA, INC.
DOCKET NO. T-03490A-07-0332

IN THE MATTER OF THE APPLICATION OF COVISTA, INC. FOR CANCELLATION OF
THEIR CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE FACILITIES
BASED AND RESOLD LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

MARCH 26, 2008

STAFF ACKNOWLEDGEMENT

The Staff Report for the application of Covista, Inc., Docket No.T-03490A-07-0332, for approval to cancel its Certificate of Convenience and Necessity to provide Facilities-Based and Resold Local Exchange Telecommunications Services was the responsibility of the Staff member listed below. Candrea Allen was responsible for the review and analysis of the application.

A handwritten signature in black ink, appearing to read 'Candrea Allen', is written over a horizontal line.

Candrea Allen
Executive Consultant I

INTRODUCTION

On May 25, 2007, Covista, Inc. ("Covista" or "Applicant") filed an application to cancel its Certificate of Convenience and Necessity ("CC&N") to provide facilities-based and resold local exchange telecommunications services within the State of Arizona. Covista currently provides resold long distance telecommunications services to customers in Arizona pursuant to Decision No. 62638. Therefore, Covista does not wish to cancel its CC&N to provide resold long distance service at this time.

BACKGROUND

On June 9, 2000, the Commission, in Decision No. 62638, granted Covista a CC&N to provide resold long distance telecommunications services within the state of Arizona. On December 18, 2003, the Commission, in Decision No. 66641, granted Covista a CC&N to provide facilities-based and resold local exchange telecommunications services within the state of Arizona. Covista requests Commission approval to discontinue its authority to provide facilities-based and resold local exchange telecommunications services.

STAFF'S ANALYSIS

Covista filed its application to cancel its CC&N on May 25, 2007, stating that it had never provided service to any local exchange customers in Arizona nor did Covista plan to provide local exchange service to Arizona customers in the future. On January 3, 2008, Covista filed a copy of the legal notice of the application to cancel its CC&N. Pursuant to Decision No. 66641, Covista was required to procure a performance bond in the amount of \$125,000. According to the Compliance Section, Covista does not have a bond on file with the Commission. In Covista's 2006 Annual Report and its responses to Staff's Data Requests, Covista has never collected any advanced payments, deposits, and/or prepayments from customers. Therefore, there is no risk that any advanced payments, deposits, and /or prepayments would be lost by canceling Covista's CC&N. Covista also stated in its responses to Staff's Data Requests that it does not have any employees in Arizona.

Consumer Services Staff has indicated that since January 1, 2004, there have been no open complaints, inquiries, or opinions filed for Covista. The Corporations Division reports that Covista is in good standing. Since there are numerous other carriers offering the same or similar services as Covista and Covista does not have any local exchange customers in Arizona, Staff believes that approval of Covista's request to cancel its CC&N to provide facilities-based and resold local exchange telecommunications services and withdraw its tariff is in the public interest.

RECOMMENDATIONS

Staff recommends the approval of Covista's application to cancel its CC&N to provide facilities-based and resold local exchange telecommunications services granted in Decision No.

Covista, Inc.

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66641. Covista is not providing facilities-based or resold long distance telecommunications services to customers in Arizona. Upon cancellation of its CC&N, Covista will no longer be authorized to provide facilities-based and resold local exchange telecommunications services in Arizona. Therefore, Covista will no longer be subject to the requirements of Decision No. 66641.