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BEFORE THE ARIZONA CORPORATION

COMMISSIONERS

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ARIZONA CORPORATION COMMISSION
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Arizona Corporation Commission
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SEP 11 2009

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IN THE MATTER OF THE APPLICATION OF STi PREPAID, LLC AND DIALAROUND ENTERPRISES, INC. FOR APPROVAL OF A TRANSFER OF ASSETS AND CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE INTRASTATE TELECOMMUNICATIONS SERVICES AND APPROVAL OF TERMINATION OF SERVICE BY DIALAROUND ENTERPRISES, INC.

DOCKET NO. T-20517A-07-0135

DOCKET NO. T-04045A-07-0135

STAFF'S RESPONSE TO PROCEDURAL ORDER

On August 6, 2009, the Arizona Corporation Commission ("Commission") Hearing Division issued a Procedural Order directing Commission Utilities Division Staff ("Staff") to analyze Post-Hearing Exhibit 1 ("PHE-1") and LFE-1 ("LFE-1"), to test 14 prepaid calling cards provided to Staff by STi Prepaid, LLC ("STi" or "Applicant"), and to make a filing containing Staff's analysis and recommendations thereon by August 27, 2009.

On August 26, 2009, Staff filed a request for an extension of time to comply with the August 6 procedural order.

On August 26, 2009, the Hearing Division issued a Procedural Order extending the deadline for Staff's filing to September 24, 2009. The Order further directed that if Staff desired to have the filing requirements of the August 6 Procedural Order modified, that Staff was to promptly make a filing setting forth Staff's suggested modifications, explaining the purpose of the modifications, and indicating why the modified filing requirement would provide sufficient analysis of the information provided in PHE-1 and LFE-1.

Staff hereby provides its filing as directed.

The August 26, 2009 Procedural Order directed Staff to analyze information in PHE-1 as it relates to 39 different telecommunications companies, which appear offer prepaid calling card services, as STi proposes to do. Similarly, LFE-1 contained information on 14 additional companies who offer prepaid calling card services, and Staff was directed to analyze that information, as well.

1 When the two documents were reviewed by Staff, it was determined that two of the companies
2 listed in PHE-1 and LFE-1 are duplicated. Therefore, Staff has concluded that information related to
3 51 companies in total is to be analyzed and is preparing documentation of those findings. Staff does
4 not anticipate any difficulty accomplishing nearly everything in the August 6, 2009 Procedural Order
5 in a timely fashion.

6 However, the Order directs Staff to “test 14 prepaid calling cards purchased in Arizona and
7 setting forth the results of their testing regarding whether it was possible to complete an intrastate
8 long-distance call using each card.” For the reasons expressed below, Staff is requesting that the
9 Hearing Division modify its previous order and waive this requirement.

10 While the Applicant has stated that the prepaid calling cards it used in preparing LFE-1 were
11 provided to Staff, Staff has not, to the best of its knowledge, been provided the cards. Staff believes
12 the testing of the cards is not essential to the resolution of the issues at hand.

13 Numerous calling card companies market and sell their products in numerous jurisdictions. But
14 these companies have no control over where their cards will be used or the nature of the call that will
15 be made. For example, a company in New York could market and sell its cards in New York for
16 international or interstate long distance calls. If the call is made from New York to California, clearly
17 that would constitute interstate call. However, there is no way to prevent that same customer from
18 thereafter traveling to California and then calling the same party using the same card, which might
19 then constitute a local call.

20 For this reason, Staff has no reason to dispute the veracity of the STi’s findings. Staff believes
21 that its filing, which will contain all of the analysis the Hearing Division directed with the exception
22 of the calling card testing, will provide adequate analysis for the resolution of the issues at hand.

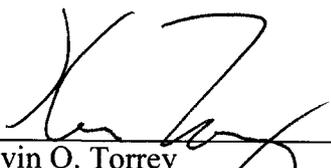
23 WHEREFORE, Staff respectfully requests that the Hearing Division modify the August 6th
24 Procedural Order to remove the requirement that Staff test the 14 prepaid calling cards provided by
25 the Applicant.

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1 RESPECTFULLY SUBMITTED this 11th day of September, 2009.

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8 Original and thirteen (13) copies
9 of the foregoing were filed this
10 11th day of September, 2009 with:

10 Docket Control
11 Arizona Corporation Commission
12 1200 West Washington Street
13 Phoenix, Arizona 85007

13 Copy of the foregoing mailed this
14 11th day of September, 2009 to:

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