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ORIGINAL

MEMORANDUM

TO: Docket Control

FROM: Steven M. Olea
Director
Utilities Division

EA for SMD

DATE: October 23, 2009

RE: **AMENDED STAFF REPORT**-IN THE MATTER OF THE APPLICATION OF CI²,
INC. FOR APPROVAL TO CANCEL THEIR CERTIFICATE OF CONVENIENCE
AND NECESSITY TO PROVIDE TELECOMMUNICATIONS SERVICES
(DOCKET NO. T-03762A-07-0276)

Attached is the Amended 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:

- Resold Local Exchange

Staff recommends cancellation of the CC&N.

SMO:CLA:tdp

Originator: Candrea Allen

Attachment: Original and Thirteen Copies

Arizona Corporation Commission
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SERVICE LIST FOR: CI², Inc.
DOCKET NO. T-03762A-07-0276

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Ms. Lyn Farmer
Chief Administrative Law Judge, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

AMENDED STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

CI², INC.
DOCKET NO. T-03762A-07-0276

IN THE MATTER OF THE APPLICATION OF CI², INC.
FOR APPROVAL TO CANCEL THEIR CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE TELECOMMUNICATIONS SERVICES

OCTOBER 23, 2009

STAFF ACKNOWLEDGEMENT

The Amended Staff Report for the application of CI², Inc., Docket No.T-03762A-07-0276, for approval to cancel its Certificate of Convenience and Necessity to provide 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', written over a horizontal line.

Candrea Allen
Public Utilities Analyst

INTRODUCTION

On May 7, 2007, CI², Inc. ("CI²" or "Applicant") filed an application to cancel its Certificate of Convenience and Necessity ("CC&N") to provide telecommunications services within the State of Arizona.

BACKGROUND

On November 30, 2000, the Commission, in Decision No. 63188 granted CI² a CC&N to provide competitive local exchange telecommunications services as a reseller within the state of Arizona. CI² requests Commission approval to discontinue its authority to provide telecommunications services and cancel its CC&N.

STAFF'S ANALYSIS

CI² filed its application to cancel its CC&N on May 7, 2007, stating that it never conducted business in Arizona. In its responses to Staff's Data Requests, CI² also stated that it 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 CI²'s CC&N. CI² also stated in its responses that it does not have any employees or facilities in Arizona.

Consumer Services Staff has indicated that since January 1, 2004, there have been no complaints, inquiries, or opinions filed for CI². The Corporations Division reports that as of March 7, 2006, CI² has been administratively revoked for failure to file their 2005, 2006, and 2007 Annual Reports and no statutory agent. Since there are numerous other carriers offering the same or similar services as CI² and CI² does not have any customers in Arizona, Staff believes that approval of CI²'s request to cancel its CC&N and withdraw its tariff is in the public interest.

RECOMMENDATIONS

Staff recommends the approval of CI²'s application to cancel its CC&N. CI² is not providing services to customers in Arizona. Because CI² has never provided service to customers in Arizona, Staff recommends a waiver of Arizona Administrative Code R14-2-1107. In addition, Staff recommends that the performance bond that CI² was ordered to procure in Decision No. 63188 be cancelled. Upon cancellation of its CC&N, CI² will no longer be authorized to provide telecommunications services in Arizona. Therefore, CI² will no longer be subject to the requirements of Decision No. 63188.