

ORIGINAL



0000104307

MEMORANDUM

TO: Docket Control
FROM: Steven M. Olea
Director
Utilities Division

EA for SMD

DATE: October 28, 2009

RE: IN THE MATTER OF THE APPLICATION OF NETWORK PTS, INC. TO CANCEL ITS CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE ALTERNATIVE OPERATOR SERVICES AND TARIFF NO. 1 (DOCKET NO. T-04223A-08-0188)

Attached is the Staff Report for the above referenced Application to cancel the Certificate of Convenience and Necessity ("CC&N"). Staff recommends cancellation of Network PTS, Inc.'s CC&N to provide Alternative Operator Services.

SMO:JFB:tdp

Originator: John F. Bostwick

Attachment: Original and Thirteen Copies

Arizona Corporation Commission
DOCKETED

OCT 28 2009

DOCKETED BY	<i>[Signature]</i>
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SERVICE LIST FOR: NETWORK PTS, INC.
DOCKET NO.: T-04223A-08-0188

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STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

NETWORK PTS, INC.
DOCKET NO. T-04223A-08-0188

IN THE MATTER OF THE APPLICATION OF NETWORK PTS, INC.
TO CANCEL ITS CERTIFICATE OF CONVENIENCE AND NECESSITY
TO PROVIDE ALTERNATIVE OPERATOR SERVICES AND TARIFF NO. 1

OCTOBER 28, 2009

STAFF ACKNOWLEDGMENT

The Staff Report for Network PTS, Inc., Docket No. T-04223A-08-0188 was the responsibility of the Staff member listed below. John F. Bostwick was responsible for the review and analysis of Network PTS, Inc.'s Application to cancel its Certificate of Convenience and Necessity.



John F. Bostwick
Administrative Services Officer II

TABLE OF CONTENTS

	PAGE
INTRODUCTION	1
BACKGROUND	1
STAFF'S ANALYSIS.....	1
RECOMMENDATIONS.....	2

INTRODUCTION

On April 8, 2008, Network PTS, Inc. ("Applicant" or "Company") submitted an Application to cancel its Certificate of Convenience and Necessity ("CC&N").

BACKGROUND

On April 6, 2004, the Commission, in Decision No. 66889, originally granted a CC&N to the Applicant to provide alternative operator services ("AOS) within Arizona. The Company was not required to procure either a performance bond or an irrevocable sight draft Letter of Credit.

STAFF'S ANALYSIS

The Applicant stated in its Application that it does not have customers and has ceased operations in Arizona. It does not offer AOS telecommunications services in Arizona or in any other state. The Applicant further states that it has ceased telecommunications operations nationwide.

According to its Arizona Corporation Commission Utilities Division Confidential Annual Reports, the Company provided intrastate interexchange services in 2004, 2005, 2006, and 2007. The Company did not file an annual report with the Utilities Division in 2008.

On June 10, 2009, the Arizona Corporation Commission Staff ("Staff") inquired about the status of the Company's customers. Specifically, Staff asked Ms. Byrnes of Technologies Management Inc., the consultant to Network PTS, Inc., the reason the Company reported revenue and did not report the number of customers in its annual reports to the Utilities Division. On June 10, 2009, Ms. Byrnes sent a non-docketed e-mail response to Staff's telephone inquiry. According to Ms. Byrnes, the Company was an operator services provider to pay telephones in Arizona and other states. The Company never had presubscribed customers and all of its pay telephone customers in Arizona selected other operator service providers. The Company ceased operations in December 2008.

In its Application, the Company stated that it did not provide a copy of the legal notice to cancel its CC&N because no counties were affected by the application to discontinue service. The Applicant stated that it did not have any customers. Also, the Applicant indicated that it has never collected advances, deposits, and/or prepayments from customers. On August 28, 2009, Staff received a copy of a signed Affidavit stating that the Applicant had no customers in Arizona as of April 7, 2008. Because the Applicant did not have any customers in Arizona, the Arizona Administrative Code Rule R14-2-1107 does not apply to the Applicant.

The Applicant also indicated in its Application that there were no service contracts with customers and no customers have been transferred to other telecommunication carriers. The Applicant does not have any affiliate companies currently offering telecommunications services

in Arizona. In addition, the Applicant stated that it does not have any employees and does not have facilities in Arizona.

The Consumer Services Section of the Utilities Division reports that the Company had one complaint in 2006 but no complaints, inquiries, or opinions have been filed against the Company from 2007 through June 25, 2009. In addition, Consumer Services stated that the Corporation Division reported that the Company is not in good standing. The Company's authority to do business in Arizona was revoked on April 8, 2009 for failure to file its Annual Report with the Corporation Division.

On June 24, 2009, the Compliance and Enforcement Section of the Utilities Division responded to Staff's request for a compliance report on the Applicant. A review of the compliance database indicates that there are no delinquencies for the Applicant.

Because the Company does not have any customers, Staff believes that approval of the Company's request to discontinue service is in the public interest. There are other carriers in Arizona that provide operator services.

RECOMMENDATIONS

Staff recommends approval of the Company's Application to discontinue its CC&N to provide AOS telecommunications services. Staff further recommends the cancellation of the Company's Arizona Tariff No. 1 on file with the Commission. Upon cancellation of its CC&N, the Company will no longer be authorized to provide AOS telecommunications services in Arizona and therefore, will no longer be subject to the requirements of Decision No. 66889.