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MEMORANDUM

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

EA for SMO

DATE: August 11, 2010

RE: IN THE MATTER OF THE APPLICATION OF COMTECH21, LLC FOR APPROVAL OF A TRANSACTION WHEREBY UNITED SYSTEMS ACCESS TELECOM, INC. TRANSFERS ITS CUSTOMER BASE TO COMTECH21, LLC (DOCKET NOS. T-04080A-04-0510 AND T-04058A-04-0510)

IN THE MATTER OF THE APPLICATION OF UNITED SYSTEMS ACCESS TELECOM, INC. TO CANCEL THEIR CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE RESOLD LONG DISTANCE TELECOMMUNICATIONS SERVICES (DOCKET NO. T-04058A-04-0715)

Attached is the Staff Report for the above Applications to transfer United Systems Access Telecom, Inc.'s customer base to ComTech21, LLC and cancel United Systems Access Telecom, Inc.'s Certificate of Convenience and Necessity ("CC&N"). Staff recommends approval of the transfer of United Systems Access Telecom, Inc.'s customers to ComTech21, LLC and the cancellation of United Systems Access Telecom, Inc.'s CC&N.

SMO:JFB:tdp

Originator: John F. Bostwick

Arizona Corporation Commission
DOCKETED

AUG 11 2010

DOCKETED BY *[Signature]*

Service list for: Comtech21, LLC and United Systems Access Telecom, Inc.
Docket Nos.: T-04080A-04-0510, T-04058A-04-0510 and T-04058A-04-0715

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**STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**

**COMTECH21, LLC AND UNITED SYSTEMS ACCESS TELECOM, INC.
DOCKET NOS. T-04080A-04-0510, T-04058A-04-0510 AND T-04058A-05-0715**

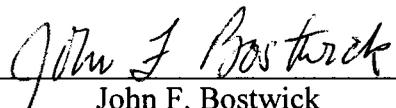
**IN THE MATTER OF THE APPLICATION OF COMTECH21, LLC FOR
APPROVAL OF A TRANSACTION WHEREBY UNITED SYSTEMS ACCESS
TELECOM, INC. TRANSFER ITS CUSTOMERS TO COMTECH21, LLC**

**IN THE MATTER OF THE APPLICATION OF UNITED SYSTEMS
ACCESS TELECOM, INC. TO CANCEL THEIR CERTIFICATE OF
CONVENIENCE AND NECESSITY TO PROVIDE RESOLD LONG
DISTANCE TELECOMMUNICATIONS SERVICES**

AUGUST 11, 2010

STAFF ACKNOWLEDGMENT

The Staff Report for ComTech21, LLC and United Systems Access Telecom, Inc. Docket Nos. T-04080A-04-0510, T-04058A-04-0510 and T-04058A-04-0715 were the responsibility of the Staff member listed below. John F. Bostwick was responsible for the review and analysis of ComTech21, LLC's request to transfer United Systems Access Telecom, Inc.'s customers to ComTech21, LLC and cancel United Systems Access Telecom, Inc.'s Certificate of Convenience and Necessity.



John F. Bostwick
Administrative Services Officer II

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INTRODUCTION

On July 16, 2004, ComTech21, LLC ("ComTech21") filed an application requesting approval of a transaction to transfer customers of United Systems Access ("USA") to ComTech21 in Docket Nos. T-04080A-04-0510 and T04058A-04-0510. On October 29, 2004, Staff filed its Staff Report and recommended approval of the transfer of USAT's customers to ComTech21. On December 7, 2004, the Hearing Division issued a Procedural Order instructing Staff to file an Addendum to its Staff Report to transfer a customer base. Staff filed an Addendum to its Staff Report on December 27, 2004.

On September 30, 2004, United Systems Access Telecom, Inc. ("USAT") filed a letter to inform the Commission that it ceased doing business in Arizona on June 30, 2004.¹ In the filing under Docket No. T-04058A-04-0715, USAT requested the withdrawal of its authority to provide telecommunications services in Arizona. Staff considered the filing to be insufficient. On October 18, 2004, Staff sent its First Set of Data Requests to USAT. USAT responded to Staff's First Set of Data Request on November 1, 2004. Staff sent its Second Set of Data Requests to USAT on December 1, 2004.

On March 29, 2005, the Hearing Division issued a Procedural Order. The Procedural Order referred to Staff's Addendum report of December 27, 2004, in which Staff recommended approval of the transfer of commercial customer base from USAT to ComTech21. In addition, the order consolidated Docket Nos. T-04080A-04-0510, T-04058A-04-0510, and T-04058A-04-0715 and instructed Staff to address the cancellation of USAT's Certificated of Convenience and Necessity ("CC&N").

Staff's Third Set of Data Requests and Fourth Set of Data Requests were sent to USAT respectively on April 5, 2006 and June 4, 2008. USAT did not respond to Staff's third data requests.

BACKGROUND

USAT was granted a CC&N to provide resold long distance telecommunications services in Arizona on November 20, 2002, in Decision No. 65409. In Decision No. 65409, USAT was not authorized to charge its customers any prepayments, advances or deposits and was not ordered to obtain a performance bond.

STAFF'S ANALYSIS

Based on USAT's Response of November 1, 2004, to Staff's Data Request No. 2, USAT did not collect advances, deposits, or prepayments from its customers in Arizona. Therefore, it did not need to file a plan to refund deposits. In addition, ComTech21 notified USAT's

¹ According to the *e-Docket System*, both United Systems Access and United Systems Access Telecom, Inc. are the same company because they have the same Identification No. T-04058.

customers of the proposed transfer transaction and informed the customers that they had the right to select an alternative long distance provider if they chose to do. Staff is unable to locate a copy of USAT's filed legal notice and list of alternative providers that was to be sent to the Commission. As a result, USAT did not comply with the requirements of A.C.C. R14-2-1107.

According to Staff's internet search, Alan Silver is the CFO ("Chief Financial Officer") of United Systems Access Telecom, Inc. On March 11, 2008, Staff spoke to Mr. Silver and inquired about the cancellation of USAT's CC&N in Arizona. Mr. Silver told Staff that he is currently a Consultant to USAT and that the CEO ("Chief Executive Officer") is the only officer of USAT. The CEO works offsite and Mr. Silver refused to provide Staff with the CEO's address or phone number. Mr. Silver informed Staff that four years ago USAT operated in forty (40) states, but now operates in ten (10) states. Mr. Silver stated that USAT has not done any business in Arizona in the last four years and that he filed legal notice as required. Mr. Silver stated "We are going through a major crisis right now for survival and don't have time to go through four years of archive records."²

As a result of Staff's internet search, Staff located Benjamin E. Marcus, Esq., the Clerk/Registered Agent for USAT in the State of Maine. Staff's Fourth Set of Data Requests was sent to Mr. Marcus on June 4, 2008 and received by Mr. Marcus on June 10, 2008. Staff contacted Mr. Marcus on January 20, 2009 and resent Staff's Fourth Set of Data Request. On February 4, 2009, Steve Gilbert, founder and owner of USAT, contacted Staff by phone. Mr. Gilbert confirmed that USAT does not do any business or have any customers in Arizona and did not answer Staff's Fourth Set of Data Requests.

Consumer Services Section of the Utilities Division reports that there have been no complaints, inquiries, or opinions filed against USAT from January 1, 2004 through May 4, 2010. Also, Consumer Services states that, according to the Corporations Division, USAT is not in good standing with the Corporations Division of the Commission. USAT's authority to do business in Arizona was revoked on June 2, 2005, for failure to file the Corporations Division 2008 Annual Report. According to the Compliance and Enforcement Section of the Utilities Division, there are no outstanding compliance items or issues that need to be addressed by USAT.

Since there are other carriers in Arizona offering similar services as USAT, Staff believes that USAT's request to cancel its authority to provide resold long distance telecommunications service is in the public interest. Because USAT has no customers and has no authority to conduct business in Arizona, Staff believes the Commission should cancel USAT's CC&N to provide telecommunications services in Arizona.

² The information about USAT is based on Staff's phone conversation with Mr. Silver former Chief Financial Officer of USAT on March 11, 2008.

RECOMMENDATIONS

Since USAT has no customers and lacks authority to conduct business in Arizona, Staff recommends that the Commission cancel USAT's CC&N to provide resold interexchange services in Arizona. In addition, Staff further recommends the cancellation of USAT's Arizona Corporation Commission Tariff No. 1 on file with the Commission. Upon cancellation of its CC&N, USAT will no longer be authorized to provide resold interexchange telecommunications services in Arizona and therefore, will no longer be subject to the requirements of Decision No. 65409.