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MEMORANDUM
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Arizona Corporation Commission

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TO: Docket Control

FROM: Steven M. Olea
Director
Utilities Division

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

DOCKETED BY *[Signature]*

DATE: February 17, 2011

RE: IN THE MATTER OF THE APPLICATION OF NOVATEL LTD., INC. FOR
APPROVAL TO ELIMINATE BOND REQUIREMENTS
(DOCKET NO. T-20601A-10-0447)

Attached is the Staff Report for the above referenced application. The Applicant is requesting the Arizona Corporation Commission ("Commission") to eliminate the \$10,000 performance bond or irrevocable sight draft letter of credit ("ISDLC") requirement ordered in Decision No. 71911. The Applicant states it will not require deposits from its resold long distance customers.

Staff recommends the Applicant's request to eliminate the bond requirement be approved with conditions.

SMO:LLM:tdp

Originator: Lori L. Morrison

SERVICE LIST FOR: NOVATEL LTD., INC.
DOCKET NO.: T-20601A-10-0447

Ms Alicia McKay
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STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

NOVATEL LTD., INC.
DOCKET NO. T-20601A-10-0447

IN THE MATTER OF THE APPLICATION OF
NOVATEL LTD., INC. FOR APPROVAL
TO ELIMINATE BOND REQUIREMENTS

FEBRUARY 17, 2011

STAFF ACKNOWLEDGEMENT

The Staff Report NovaTel Ltd., Inc., Docket No. T-20601A-10-0447, was the responsibility of the staff member listed below. Lori Morrison was responsible for the review and analysis of the Application. To Eliminate the Performance Bond or Irrevocable Sight Draft Letter Of Credit Requirement Contained In Decision No. 71911


Lori Morrison
Utilities Consultant

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INTRODUCTION

On November 1, 2010, NovaTel Ltd., Inc. ("NovaTel" or "Applicant") submitted an Application to eliminate the \$10,000 performance bond or irrevocable sight draft letter of credit ("ISDLOC") requirement contained in Decision No. 71911. In its Request, the Applicant states it will not require advances, prepayments or deposits from its customers.

BACKGROUND

On September 28, 2010, in Decision No. 71911, the Commission granted NovaTel a CC&N to provide resold long distance telecommunications services within the State of Arizona, provided NovaTel comply with conditions outlined in the Decision. NovaTel's proposed tariff, as amended by NovaTel, indicated that it would collect deposits from customers and as such, Staff recommended a \$10,000 performance bond or irrevocable sight draft Letter of Credit ("ISDLC") be required.

STAFF'S ANALYSIS

In its November 1, 2010 Application to eliminate the performance bond or ISDLC requirement, NovaTel states that its October 28, 2008 amendment to its proposed tariff was filed in error. NovaTel indicated that this revision included language, which states that deposits would be required, had been removed in an earlier amendment to the proposed tariff. NovaTel states it does not collect advances, deposits or prepayments from its customers and requests the \$10,000 performance bond or ISDLC requirement be eliminated. On January 20, 2011, in response to Staff Data Request ("SDR") STF 1.3, NovaTel provided a revised tariff page that reflects its policy of not collecting deposits from customers. In its responses to SDR STF 1.2 (a) and (b), the Applicant states it has not begun to provide service in Arizona and it has not collected any advances, deposits or prepayments from any potential customers.

RECOMMENDATION

Since NovaTel will not collect advances, deposits or prepayments from any of its resold long distance telecommunications customers, Staff recommends approval of NovaTel's request to remove the \$10,000 performance bond or ISDLC requirement and NovaTel be required to file conforming tariff sheets as a compliance item. If NovaTel wants to collect advances, deposits and/or prepayments from its resold long distance customers in the future, Staff recommends that NovaTel be required to file an application with the Commission for approval and that the application reference the decision in this docket.