

OPEN MEETING ITEM



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COMMISSIONERS
GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

ORIGINAL



ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
DOCKET CONTROL

DATE: JULY 25, 2011
DOCKET NO.: T-02580A-11-0155

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Sarah N. Harpring. The recommendation has been filed in the form of an Order on:

NATIONAL BRANDS, INC. dba
SHARENET COMMUNICATIONS COMPANY
(CANCEL CC&N)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by 4:00 p.m. on or before:

AUGUST 3, 2011

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

AUGUST 16, 2011 and AUGUST 17, 2011

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602) 542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

Arizona Corporation Commission
DOCKETED

JUL 25 2011

DOCKETED BY

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

1200 WEST WASHINGTON STREET, PHOENIX, ARIZONA 85007-2927 / 400 WEST CONGRESS STREET, TUCSON, ARIZONA 85701-1347
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This document is available in alternative formats by contacting Shaylin Bernal, ADA Coordinator, voice phone number 602-542-3931, E-mail SABernal@azcc.gov

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 GARY PIERCE – Chairman
4 BOB STUMP
5 SANDRA D. KENNEDY
6 PAUL NEWMAN
7 BRENDA BURNS

8 IN THE MATTER OF THE APPLICATION OF
9 NATIONAL BRANDS, INC. DBA SHARENET
COMMUNICATIONS COMPANY FOR
APPROVAL TO CANCEL ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY.

DOCKET NO. T-02580A-11-0155

DECISION NO. _____

ORDER

10 Open Meeting
11 August 16 and 17, 2011
12 Phoenix, Arizona

BY THE COMMISSION:

13 * * * * *

14 Having considered the entire record herein and being fully advised in the premises, the
15 Arizona Corporation Commission (“Commission”) finds, concludes, and orders that:

16 FINDINGS OF FACT

17 1. On February 23, 2006, in Decision No. 68489, issued in Docket No. T-02580A-05-
18 0383 (“CC&N Docket”), National Brands, Inc. dba Sharenet Communications Company (“Sharenet”)
19 was granted a Certificate of Convenience and Necessity (“CC&N”) to provide resold long distance,
20 resold local exchange, facilities-based local exchange, and alternative operator services in Arizona.

21 2. On December 10, 2010, in Decision No. 72018, issued in Docket No. T-20527A-10-
22 0427 et al. (“Integra Docket”), the Commission granted Integra Telecom Holding, Inc. and its
23 subsidiary Eschelon Telecom of Arizona, Inc., dba Integra Telecom (jointly “Integra”) and Sharenet a
24 waiver of the Commission’s Slamming Rules, specifically Arizona Administrative Code (“A.A.C.”)
25 R14-2-1904, for purposes of allowing execution of an Asset Purchase Agreement under which
26 Integra would purchase Sharenet’s customer base, consisting of approximately 150 business local
27 exchange service customers, some of whom also subscribed to Sharenet’s long distance services. In
28

1 Decision No. 72018, the Commission found that Sharenet had not requested cancellation of its
2 CC&N in the Integra Docket because it desired to preserve its authority to provide local exchange
3 and long distance services.

4 3. On April 7, 2011, in this Docket, Sharenet filed a letter requesting immediate
5 cancellation of its authority to provide telecommunications services in Arizona and withdrawal of its
6 Arizona tariffs. Sharenet stated that it intended to cease all operations nationwide by June 1, 2011;
7 that its remaining Arizona operations, after the transfer of its Arizona customers to Integra under the
8 Integra Docket, were limited to Alternative Operator Services ("AOS"); and that it had no
9 presubscribed customers. Sharenet also explained that it had filed with the Federal Communications
10 Commission ("FCC") an Application for Discontinuance, which included notice to the hotels and pay
11 telephone aggregators who facilitated use of Sharenet services for transient end users. Sharenet
12 attached to the letter a copy of such notice. In the letter, Sharenet also requested a waiver of the
13 newspaper publication requirement in A.A.C. R14-2-1107.

14 4. On May 10, 2011, in this Docket, the Commission's Utilities Division ("Staff") filed a
15 Staff Report recommending approval of Sharenet's request for cancellation of its CC&N, effective
16 after issuance of a Decision by the Commission, and approval of Sharenet's requested waiver of the
17 notice requirement in A.A.C R14-2-1107(B). Staff explained that the transfer of Sharenet's customer
18 base to Integra had been completed on April 15, 2011, after FCC approval of the transfer had been
19 obtained on April 5, 2011. Staff further stated that Sharenet had sent its 147 AOS customers, all of
20 whom are business customers, letters dated April 4, 2011, explaining that Sharenet services would
21 cease on June 1, 2011; explaining service options available to customers; and providing contact
22 information. Staff stated that Sharenet has not received any complaints and has not received any
23 requests for service to be extended beyond June 21, 2011. Staff also observed that after CC&N
24 cancellation, Sharenet will no longer be authorized to provide telecommunications services in
25 Arizona and thus will no longer be subject to the requirements of Decision No. 68489.

26 5. The provision of AOS is regulated under A.A.C. Title 14, Chapter 2, Article 10, while
27 the provision of competitive intrastate telecommunications services other than AOS is regulated
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1 under A.A.C. Title 14, Chapter 2, Article 11.¹ Sharenet continues to provide AOS, but no longer
2 provides competitive intrastate telecommunications services other than AOS.

3 6. A.A.C. R14-2-1107(A)(2) requires that an application to discontinue competitive local
4 exchange or interexchange service include verification that all affected customers have been notified
5 of the proposed discontinuance and that all affected customers will have access to an alternative
6 provider. Because Sharenet no longer has any local exchange or long distance customers, due to the
7 transfer of its customer base (other than for AOS) to Integra, it no longer has any such affected
8 customers to notify. We note, however, that Sharenet has provided its AOS customers notice of
9 Sharenet's planned discontinuance of service and information regarding available service options.

10 7. A.A.C. R14-2-1107(A)(4) requires that an application to discontinue competitive local
11 exchange or interexchange service include a list of all alternative utilities providing the same or
12 similar service within the affected geographic area. Sharenet no longer provides any competitive
13 local exchange or interexchange service, so there is no practical use for such a list if produced.
14 However, we note that Sharenet has provided its AOS customers information regarding available
15 service options.

16 8. A.A.C. R14-2-1107(B) requires a provider of competitive local exchange or
17 interexchange service to publish legal notice of its application to discontinue service in all counties
18 affected by its application within 20 days after filing the application. Because Sharenet no longer
19 provides competitive local exchange or interexchange service in Arizona, it appears that there is
20 currently no benefit to be gained from requiring Sharenet to publish notice of its application for
21 cancellation of its CC&N.

22 9. Staff's recommendation to cancel Sharenet's CC&N to provide resold long distance,
23 resold local exchange, facilities-based local exchange, and AOS in Arizona is reasonable and
24 appropriate and should be adopted. In addition, it is reasonable and appropriate to cancel any
25 remaining Sharenet tariffs that are on file with the Commission and to close the CC&N Docket.

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28 ¹ Local exchange service is also regulated under A.A.C. Title 14, Chapter 2, Article 5. Like the regulation of AOS, the regulation of customer-owned pay telephone service is dealt with in a different Article.

CONCLUSIONS OF LAW

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1. Sharenet is a CC&N holder authorized to provide service as a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

2. The Commission has jurisdiction over Sharenet and the subject matter of the application.

3. Because Sharenet no longer provides resold long distance, resold local exchange, or facilities-based local exchange services to any Arizona customers, it is reasonable and appropriate and in the public interest to grant Sharenet waivers of the requirements of A.A.C. R14-2-1107(A)(2), (A)(4), and (B), to the extent that they apply.

4. It is reasonable and appropriate and in the public interest to cancel Sharenet's CC&N to provide resold long distance, resold local exchange, facilities-based local exchange, and alternative operator services in Arizona and to cancel any tariff that Sharenet has filed with the Commission for such services.

5. It is also reasonable and appropriate and in the public interest to close the CC&N Docket.

ORDER

IT IS THEREFORE ORDERED that National Brands, Inc. dba Sharenet Communications Company's Certificate of Convenience and Necessity to provide resold long distance, resold local exchange, facilities-based local exchange, and alternative operator services in the State of Arizona, granted in Decision No. 68489 (February 23, 2006), is hereby cancelled.

IT IS FURTHER ORDERED that any National Brands, Inc. dba Sharenet Communications Company tariffs on file with the Commission are hereby cancelled.

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1 IT IS FURTHER ORDERED that Docket No. T-02580A-05-0383 is hereby closed.

2 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

3 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.
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5

6 CHAIRMAN

COMMISSIONER

8 COMMISSIONER

COMMISSIONER

COMMISSIONER

9
10 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
11 Executive Director of the Arizona Corporation Commission,
12 have hereunto set my hand and caused the official seal of the
13 Commission to be affixed at the Capitol, in the City of Phoenix,
14 this ____ day of _____, 2011.

15 _____
16 ERNEST G. JOHNSON
17 EXECUTIVE DIRECTOR

18 DISSENT _____

19 DISSENT _____

20 SNH:db

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SERVICE LIST FOR:

NATIONAL BRANDS, INC. DBA SHARENET
COMMUNICATIONS COMPANY

DOCKET NO.:

T-02580A-11-0155

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