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MEMORANDUM

2013 MAR 26 P 3: 17

TO: Docket Control Center

FROM: Steven M. Olea
Director
Utilities Division

[Handwritten signature]
ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

DATE: March 26, 2013

RE: **STAFF REPORT - IN THE MATTER OF THE APPLICATION OF NETWORK US, INC. DBA CA AFFINITY NOTIFICATION OF AN ASSET PURCHASE AGREEMENT WHEREBY NETWORK US, INC. WILL PURCHASE SUBSTANTIALLY ALL OF THE TELECOMMUNICATIONS ASSETS OF MOTION TELECOM, INC., INCLUDING BUT NOT LIMITED TO MOTION'S CUSTOMER ACCOUNTS (DOCKET NOS. T-04013A-04-0564 AND T-04186A-04-0564)**

Attached is the Staff Report for the above referenced application. Staff recommends that the transfer of assets portion of this matter be administratively closed and recommends approval of the application to cancel of Motion Telecom, Inc.'s Certificate of Convenience and Necessity.

SMO:JFB:red

Originator: John F. Bostwick

Attachment: Original and Thirteen Copies

Arizona Corporation Commission
DOCKETED

MAR 26 2013

DOCKETED BY *JFM*

SERVICE LIST FOR: NETWORK US, INC. DBA CA AFFINITY AND MOTION TELECOM,
INC.
DOCKET NOS. T-04013A-04-0564 AND T-04186A-04-0564

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STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

NETWORK US, INC. DBA CA AFFINITY AND MOTION TELECOM, INC.
DOCKET NOS. T-04013A-04-0564 AND T-04186A-04-0564

IN THE MATTER OF THE APPLICATION OF NETWORK US, INC. DBA CA AFFINITY
NOTIFICATION OF AN ASSET PURCHASE AGREEMENT WHEREBY NETWORK US,
INC. WILL PURCHASE SUBSTANTIALLY ALL OF THE TELECOMMUNICATIONS
ASSETS OF MOTION TELECOM, INC., INCLUDING BUT NOT LIMITED TO MOTION'S
CUSTOMER ACCOUNTS

MARCH 26, 2013

STAFF ACKNOWLEDGMENT

The Staff Report for Network US, Inc. dba CA Affinity and Motion Telecom, Inc., Docket Nos. T-04013A-04-0564 and T-04186A-04-0564 was the responsibility of the Staff member listed below. John F. Bostwick was responsible for the review and analysis of Network US, Inc. dba CA Affinity's Application to purchase substantially all the telecommunications assets of Motion Telecom, Inc.



John F. Bostwick
Administrative Services Officer II

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INTRODUCTION

On August 2, 2004, EllenAnn G. Sands filed a Notification of an Asset Purchase Agreement (“Agreement”) on behalf of Network US, Inc. dba CA Affinity (“Network”) and Motion Telecom, Inc. (“Motion”). Under the terms of the Agreement, Network would purchase substantially all of the telecommunication assets of Motion, including but not limited to Motion’s customer accounts.

BACKGROUND

Motion was granted a Certificate of Convenience and Necessity (“CC&N”) to provide resold long distance telecommunications services in Arizona on October 24, 2003 in Decision No. 66448. In the decision, Motion was ordered to maintain a performance bond in the minimum amount of \$10,000 and file its conforming tariff.

Network has not been granted a CC&N to provide telecommunications service in Arizona. On October 8, 2002, Network filed an Application for CC&N to request authority to provide resold long distance telecommunications services (Docket No. T-04013A-02-0949). In that docket, Network did not provide specific information requested by the Hearing Division. Therefore, the docket was administratively closed¹ and, as a result, Network did not receive a CC&N.

STAFF’S ANALYSIS

On December 13, 2004, Barbara H. Vonderheid, legal counsel for Motion, filed a letter to inform the Commission that substantially all of Motion’s assets, including all of its customers in Arizona, had been transferred to Network. Ms. Vonderheid stated in the letter that Motion was no longer doing business in Arizona and requested that Motion’s authority to provide resold telecommunications services be cancelled.

During August 2011, Staff made several telephone calls, sent an e-mail and certified mail to Ms. Vonderheid, and sent certified mail to Motion’s Statutory Agent. Staff has been unable to contact Ms. Vonderheid or Motion’s Management Contact of Record.

Consumer Services states that the Corporations Division of the Commission reported that Network US, Inc.’s authority to do business in Arizona was revoked for failure to file an annual report on July 12, 2010. In addition, Motion’s authority to do business in Arizona was revoked on June 22, 2009 for failure to file annual reports. In researching the Consumer Services database for complaints for these two companies, there have been no complaints, opinions or inquiries filed against either company for the period January 1, 2010 to the current date.

¹ Administrative Closure No. 72782, dated on February 1, 2012.

Network lacks authority to provide telecommunications services in Arizona. Motion also lacks authority to conduct business in Arizona and in addition has no customers in Arizona. Staff believes the Commission should administratively close the transfer of assets portion of this filing and approve Motion's application to cancel its CC&N.

RECOMMENDATIONS

Because Network lacks authority to provide telecommunications services in Arizona and Motion also lacks authority to conduct business in Arizona and, in addition has no customers in Arizona, Staff recommends that the transfer of assets portion of this filing be administratively closed. Staff further recommends approval of Motion's application to cancel its CC&N. Upon cancellation of its CC&N, Motion will no longer be authorized to provide resold long distance telecommunications services in Arizona and, therefore, will no longer be subject to the requirements of Decision No. 66448.