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MEMORANDUM

TO: Docket Control

FROM: Steven M. Olea
Director
Utilities Division

EA for SMD

DATE: November 07, 2013

Arizona Corporation Commission

DOCKETED

NOV 07 2013

DOCKETED BY 

RE: IN THE MATTER OF THE APPLICATION OF GLOBALCOM, INC DBA FIRST COMMUNICATIONS OF ILLINOIS FOR APPROVAL TO CANCEL THEIR CERTIFICATE OF CONVENIENCE AND NECESSITY.
(DOCKET NO. T-03854A-13-0315)

Attached is the Staff Report for the above referenced application. The applicant is applying for approval to cancel its Certificate of Convenience and Necessity ("CC&N") to provide the following services:

- Resold Interexchange Services

Staff recommends cancellation of the CC&N.

SMO:LLM:tdp\ML

Originator: Lori L. Morrison

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DOCKET CONTROL

SERVICE LIST FOR: GLOBALCOM, INC. dba GCI GLOBALCOM, INC. dba FIRST
COMMUNICATIONS OF ILLINOIS
DOCKET NO.: T-03854A-13-0315

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STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

GLOBALCOM, INC. dba GCI GLOBALCOM, INC.
dba FIRST COMMUNICATIONS OF ILLINOIS
DOCKET NO. T-03854A-13-0315

IN THE MATTER OF THE APPLICATION OF GLOBALCOM, INC DBA FIRST
COMMUNICATIONS OF ILLINOIS FOR APPROVAL TO CANCEL THEIR CERTIFICATE
OF CONVENIENCE AND NECESSITY

NOVEMBER 07, 2013

STAFF ACKNOWLEDGEMENT

The Staff Report for the application of Globalcom, Inc. dba GCI Globalcom, Inc. dba First Communications of Illinois, Docket No. T-03854A-13-0315, for approval to cancel its Certificate of Convenience and Necessity to provide resold interexchange telecommunications services was the responsibility of the staff member listed below. Lori Morrison was responsible for the review and analysis of the application.

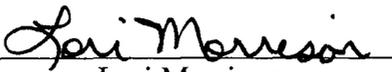

Lori Morrison
Utilities Consultant

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INTRODUCTION

On September 16, 2013, Globalcom, Inc. dba GCI Globalcom, Inc. dba First Communications of Illinois (“Globalcom” or “Company”) submitted a letter requesting withdrawal of its Certificate of Convenience and Necessity (“CC&N”) to provide resold interexchange telecommunications services within the State of Arizona effective immediately. Globalcom also requested the cancellation of its tariffs.

BACKGROUND

On November 30, 2000, in Decision No. 63189, the Commission granted Globalcom a CC&N to provide resold interexchange telecommunications services within the State of Arizona. First Communications, LLC was certificated to provide resold interexchange telecommunications services within the State of Arizona in Decision No. 69419, dated April 16, 2007.

On April 30, 2013, in Docket Nos. T-03854A-13-0122 and T-20473A-13-0122, Globalcom and First Communications, LLC (“FCL”) filed a joint letter notifying the Commission of an intra-corporation *pro forma* transaction. The Globalcom and FCL merger would result in Globalcom ceasing to exist and FCL being the surviving entity. In addition, the joint letter also requested the Commission to cancel Globalcom’s CC&N and tariff. Based on Staff’s review of revenues reported in the 2012 Annual Reports on file with the Commission, FCL and Globalcom are not Class A investor-owned utilities subject to the Commission’s Affiliated Interest Rules, Staff recommended administrative closure of that above listed dockets without acting on the request to cancel Globalcom’s CC&N and tariff. On August 12, 2013, the joint parties filed a letter in the above listed dockets which stated that the *pro forma* merger was completed on July 31, 2013.

STAFF’S ANALYSIS

In its September 16, 2013 letter requesting withdrawal of its CC&N, Globalcom states that as a result of the intra-corporate *pro forma* merger of Globalcom into FCL, Globalcom no longer exists as a separate corporation and FCL provides services to its customers pursuant to FCL’s CC&N authority. On October 22, 2013, in response to Staff Data Request (“SDR”) STF 1.1(A), Globalcom stated that it transferred its customers to FCL on July 31, 2013. The merger did not change any aspect of the affected customers’ services, including rates, terms and condition, the format of their bills or the customers’ contacts, including toll free numbers.¹ Additional, Globalcom’s customers have been billed under FCL’s name and logo since FCL purchased Globalcom in October 2008. The only reference to Globalcom on customer bills is the payment mailing address.² Therefore, the transfer of Globalcom’s customers to FCL’s network is transparent to the affected customers. Given the information above and that the

¹ June 20, 2013 Staff Memorandum requesting Administrative Closure, Docket Nos. T-03854A-13-0122 and T-20473A-13-0122.

² Response to SDR STF 1.1(b).

customer transfer of Globalcom's customers to FCL's network has already been completed, Staff recommends the Commission grant Globalcom a waiver of the notice requirements in Arizona Administrative Code ("A.A.C.") R14-2-1107(A)(2).

Globalcom did not collect advances, deposits, and/or prepayments from customers in Arizona as specified in Decision No. 63189.³

The Consumer Services Section of the Utilities Division reports that there have been zero (0) complaints, inquiries, or opinions against Globalcom from January 1, 2010 to September 23, 2013. According to the Corporations Division, GCI Globalcom, Inc. is in good standing. Globalcom's 2012 utility annual report is currently on file with the Commission. The Compliance Section reports that there that there are no current compliance delinquencies for Globalcom.

RECOMMENDATION

Globalcom is not currently providing resold interexchange telecommunications services to any customers in Arizona and it never collected deposits, advances or prepayments from Arizona customers. Staff recommends that Globalcom's CC&N to provide resold interexchange telecommunications services be cancelled. As Globalcom customers were transferred to FCL as a result of an intra-corporation *pro forma* transaction and the transfer of affected customers was transparent to those customers, Staff further recommends a waiver of the requirement to publish notice contained in A.A.C. R14-2-1107(A)(2). In addition, Staff recommends that the cancellation not become effective until a decision is issued by the Commission authorizing such cancellation. Upon cancellation of its CC&N, Globalcom will no longer be authorized to provide resold interexchange telecommunications services in Arizona. Therefore, Globalcom will no longer be subject to the requirements of Decision No. 63189. In addition, Staff recommends approval of Globalcom's request to cancel and withdraw its Arizona tariff.

³ Page 4, lines 25-28.