

OPEN MEETING ITEM



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COMMISSIONERS
BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DATE: February 10, 2014

DOCKETED

DOCKET NO.: T-20639A-13-0405

FEB 10 2014

TO ALL PARTIES:

DOCKETED BY

AZ
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RECEIVED

Enclosed please find the recommendation of Administrative Law Judge Scott M. Hesla. The recommendation has been filed in the form of an Order on:

INETWORKS GROUP, INC.
(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:

FEBRUARY 19, 2014

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:

MARCH 11, 2014 and MARCH 12, 2014

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.

ORIGINAL

JODI JERICH
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.

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP – Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

IN THE MATTER OF THE APPLICATION OF
INETWORKS GROUP, INC. FOR APPROVAL
TO CANCEL ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY TO
PROVIDE RESOLD LOCAL EXCHANGE
TELECOMMUNICATIONS SERVICES AND
RETAIN ITS CC&N TO PROVIDE RESOLD
LONG DISTANCE TELECOMMUNICATIONS
SERVICES.

DOCKET NO. T-20639A-13-0405

DECISION NO. _____

ORDER

Open Meeting
March 11 and 12, 2014
Phoenix, Arizona

BY THE COMMISSION:

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

* * * * *

FINDINGS OF FACT

1. In Decision No. 71219 (August 6, 2009), the Commission granted iNetworks Group, Inc. (“iNetworks” or “Company”) a Certificate of Convenience and Necessity (“CC&N”) to provide competitive resold local exchange and resold long distance telecommunications services within the State of Arizona.

2. On November 25, 2013, the Company filed an application with the Commission requesting approval to cancel its CC&N to provide resold local exchange telecommunications services and retain its CC&N to provide resold long distance telecommunications services in Arizona.

3. On January 13, 2014, the Commission’s Utilities Division (“Staff”) filed a Staff Report in response to the Company’s application. Staff recommends that the Company’s application to cancel its CC&N to provide resold local exchange telecommunications services be approved; that

1 the legal notice requirement in A.A.C. R14-2-1107(A)(2) be waived; and that the Company no longer
2 be required to maintain a performance bond or irrevocable sight draft letter of credit ("ISDLC") as a
3 condition of its CC&N to provide resold long distance telecommunications services.

4 4. The Consumer Services Section of the Commission's Utilities Division reports no
5 complaints, opinions, or inquiries filed against the Company. The Consumer Services Section also
6 reports that the Company is in good standing with the Commission's Corporations Division.

7 **Notice Requirement**

8 5. In its application, the Company states that it does not have any operations or
9 customers of resold local exchange services in Arizona and has no plans to do so in the future. As a
10 result, the Company states that it did not issue customer notice. According to the Company, the
11 notice requirement in A.A.C. R14-2-1107(A)(2) only requires legal notice to be filed in counties in
12 which there are affected customers and there are no such counties to notice in this matter. To the
13 extent that legal notice is required in this matter, the Company requests a waiver of that requirement.

14 6. Staff indicates that in response to Staff Data Request STF 1.1(b), the Company stated
15 that no customers would be affected by the request to cancel the CC&N because the Company has no
16 local customers served under the authority of local resale. Staff recommends that the notice
17 requirement in A.A.C. R14-2-1107(A)(2) be waived because the Company is not currently providing
18 resold local telecommunications services to any customers in Arizona.

19 7. The provisions of A.A.C. R14-2-1107 require, among other things, that a certificated
20 telecommunication company publish notice of the application prior to cancellation of its CC&N. As
21 discussed in Decision No. 67404 (November 2, 2004), it would render A.A.C. R14-2-1107
22 meaningless and would run afoul of the rule's intent and plain language to exempt a company from
23 the requirements of the rule because it has no customers due to its discontinuation of service.
24 However, as discussed in that Decision, the intent of the rule is to ensure that existing customers have
25 advance notice of a telecommunications provider's pending plan to discontinue service so they will
26 have an opportunity to procure service through an alternative provider prior to such discontinuance.

27 8. Since the Company has no resold local exchange service customers in Arizona,
28 requiring the Company to comply with the notice provisions of A.A.C. R14-2-1107 serves no

1 practical purpose. Accordingly, we find that the notice requirements of A.A.C. R14-2-1107 should
2 be waived.

3 **Bond Requirement**

4 9. In Decision No. 71219, the Commission required the Company to acquire a performance
5 bond or ISDLC for the Company's resold local exchange services in an amount equal to \$25,000. In doing
6 so, the Commission recognized that it was not recommending a performance bond or ISDLC for the
7 Company's resold long distance services because the Company's tariff indicated that it would not collect
8 advance payments, deposits, or prepayments from its resold long distance customers. The Commission
9 ordered that the performance bond or ISDLC must remain in effect until further order of the Commission
10 ("bond requirement").

11 10. Since the Company is requesting cancellation of its authority to provide resold local
12 exchange telecommunication services, the reason for requiring a bond in Decision No. 71219 as a condition
13 of the Company's CC&N no longer exists. Accordingly, we agree with Staff that the Company should not
14 be required to maintain a performance bond or ISDLC as a condition of its CC&N to provide resold long
15 distance telecommunications services.

16 11. The Compliance Section of the Commission's Utilities Division reports that the
17 Company is currently out of compliance with the bond requirement in Decision No. 71219 because
18 the ISDLC provided to the Commission expired on December 31, 2012. In light of Staff's
19 recommendation to eliminate the bond requirement, Staff does not recommend that the Commission
20 take action against the Company for this outstanding compliance item. However, Staff believes that
21 the Company should be put on notice that it may be subject to Commission proceedings if the
22 Company fails to comply with any other order, rule, or regulation of the Commission.

23 12. Staff's recommendations are reasonable and should be adopted.

24 **CONCLUSIONS OF LAW**

25 1. iNetworks Group, Inc. is a public service corporation within the meaning of Article
26 XV of the Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

27 2. The Commission has jurisdiction over iNetworks Group, Inc. and the subject matter of
28 the application.

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IT IS FURTHER ORDERED that the outstanding compliance item from Decision No. 71219, Docket No. T-20639A-08-0579, stated in Finding of Fact No. 11, is withdrawn.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JODI. A. JERICH, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2014.

JODI A. JERICH
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____
SMH:ru

1 SERVICE LIST FOR:

INETWORKS GROUP, INC.

2 DOCKET NO.:

T-02639A-13-0405

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5 President and CEO
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