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MEMORANDUM

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FROM: Steven M. Olea  
Director  
Utilities Division

2015 JUL 28 A 10: 27

AZ CORP COMMISSION  
DOCKET CONTROL

DATE: July 28, 2015

RE: IN THE MATTER OF THE APPLICATION OF CYPRESS COMMUNICATION OPERATING COMPANY, LLC FOR APPROVAL TO CANCEL ITS CERTIFICATE OF CONVENIENCE AND NECESSITY (DOCKET NO. T-04109A-15-0101)

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 local exchange and interexchange telecommunications services

Staff recommends cancellation of the CC&N.

SMO: PJG/nr/ML

Originator: Pamela J. Genung

Arizona Corporation Commission  
DOCKETED  
JUL 28 2015

DOCKETED BY 

SERVICE LIST FOR: CYPRESS COMMUNICATION OPERATING COMPANY, LLC.  
DOCKET NO. T-04109A-15-0101

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STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION

CYPRESS COMMUNICATION OPERATING COMPANY, LLC.  
DOCKET NO. T-04109A-15-0101

IN THE MATTER OF THE APPLICATION OF CYPRESS COMMUNICATION  
OPERATING COMPANY, LLC FOR APPROVAL TO CANCEL THEIR CERTIFICATE OF  
CONVENIENCE AND NECESSITY

JULY 28, 2015

STAFF ACKNOWLEDGEMENT

The Staff Report for Cypress Communication Operating Company, LLC, Docket No. T-04109A-15-0101, was the responsibility of the Staff member listed below. Pamela Genung was responsible for the review and analysis of Cypress Communication Operating Company, LLC's Application to cancel its Certificate of Convenience and Necessity.

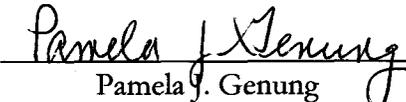
  
Pamela J. Genung  
Executive Consultant III

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## INTRODUCTION

On March 26, 2015, Cypress Communication Operating Company, LLC (“Cypress” or “Applicant”) submitted an Application to cancel its Certificate of Convenience and Necessity (“CC&N”) to provide competitive resold local exchange and interexchange telecommunications services.

## BACKGROUND

On November 21, 2002, the Arizona Corporation Commission (“Commission”), in Decision No. 65414, granted Cypress a CC&N to provide competitive resold local exchange and interexchange telecommunications services within the State of Arizona. Cypress also has a CC&N<sup>1</sup> to provide facilities-based local exchange and long distance telecommunications services in Arizona. Cypress has submitted an application to cancel its CC&N to provide facilities-based local exchange and long distance telecommunications services in Arizona in Docket No. T-04109A-15-0041 that should be processed simultaneously with this Application.

## STAFF’S ANALYSIS

In its Application, Cypress indicated that due to changing market conditions Cypress will cease operations. In the customer notices<sup>2</sup> that were sent out to all customers, Cypress notified its customers that it was discontinuing operations effective April 1, 2015, the second notice specified March 31, 2015, as the effective date that operations would cease and that Cypress would no longer be offering phone or data service. Cypress also provided customers with a toll free number for questions and offered to assist customers with porting their telephone numbers to new service providers.

Pursuant to Arizona Administrative Code (“A.A.C.”) R14-2-1107(B), Cypress is required to publish legal notice of an Application to discontinue or abandon local exchange or interexchange services in all counties affected by the Application. In its Application, Cypress requested a waiver of the legal notice requirement. At the time of its Application, Cypress stated that it was currently providing service to six (6) business customers<sup>3</sup> in Arizona, and no residential customers. Cypress indicated that it notified all customers on or about February 2, 2015, and again on or around February 27, 2015, of its departure from Arizona. Cypress also notified customers via billing inserts.

In its Application, Cypress stated that it is currently holding approximately \$7,666.17 in customer deposits in Arizona. Cypress specified that it intends to refund all customer deposits

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<sup>1</sup> Decision No. 66938, dated April 21, 2004, Docket No. T-04109A-03-0324.

<sup>2</sup> Copies of customer notices are located in Docket No. T-04109A-15-0041.

<sup>3</sup> The six (6) business customers in Arizona are served via leased facilities through a third party.

within ninety (90) days of exiting the state. Cypress also stated that it will waive all existing termination liabilities and penalties for existing customers.

The Consumer Services Section of the Utilities Division report that there were zero (0) complaints or opinions filed against Cypress from January 1, 2012 through April 2, 2015. Consumer Services also reports that Cypress is in Good Standing with the Corporations Division of the Commission.

In Decision No. 65414, the Commission required Cypress to procure a performance bond in the initial amount of \$25,000 with incremental performance bond increases. On August 15, 2006, Cypress filed bond 12BSBED2323 in the amount of \$25,000 with the Commission. Effective August 3, 2011, the performance bond number changed to 45BSBED2323. Effective August 3, 2012, the Commission received notification that performance bond number 45BSBED2323 was cancelled. Therefore, Cypress does not currently have an active performance bond in place. Staff has confirmed that the Business Office is in possession of the performance bond documents as discussed above.

In its Application, Cypress indicated that it has no affiliates offering telecommunications services in Arizona. There are other carriers offering services in Arizona that are similar to those previously provided by Cypress. Therefore, Staff believes that approval of Cypress' request to cancel its CC&N is in the public interest.

## RECOMMENDATIONS

For the above stated reasons, Staff recommends approval of Cypress' Application to cancel its CC&N to provide competitive resold local exchange and interexchange telecommunications services in Arizona.

In addition, Staff recommends that the legal notice requirement contained in A.A.C. R14-2-1107 be waived. Staff further recommends cancellation of Cypress' tariffs that are on file with this Commission.

Upon the effective date of the cancellation of the CC&N, Staff recommends that the Business Office return all performance bond related documents to Cypress. The Applicant indicated to Staff that the bonds and all associated documents should be returned to the following name and address

Jeffrey Caso, Esq.  
Deputy General Counsel  
Cypress Communications, LLC  
75 Erieview Plaza  
Suite 400  
Cleveland, Ohio 44114

Staff recommends that the cancellation of the CC&N not become effective until all customer deposits have been returned to Cypress' customers. Staff recommends that Cypress file a notice in the docket notifying the Commission when all customer deposits have been returned to Cypress' customers.

Upon cancellation of its CC&N, Cypress will no longer be authorized to provide competitive resold local exchange and interexchange telecommunications services in Arizona and therefore, will no longer be subject to the requirements of Decision No. 65414.