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BEFORE  THE  IDAHO  PUBLIC  UTILITIES  COMMISSION

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| IN THE MATTER OF THE APPLICATION OF MAX-TEL COMMUNICATIONS, INC. FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE AS A RESELLER OF TELECOMMUNICATIONS SERVICES WITHIN THE STATE OF IDAHO. | )  )  )  )  )  )  ) | CASE NO. GNR-T-97-2  COMMENTS OF THE COMMISSION STAFF |

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its attorney of record, Brad Purdy, Deputy Attorney General, and in response to the Notice of Application issued on March 13, 1997, submits the following comments.

On February 1, 1997, Max-Tel Communications, Inc. (Max-Tel), a Texas Corporation, submitted an application seeking authority to operate as a reseller of local telecommunications services within the service areas of U S WEST and GTE in Idaho.  The application included a copy of a price list of the residential service the Company proposes to sell, and a copy of an interconnection agreement with U S WEST.  The Company indicates it is negotiating an interconnection agreement with GTE.

DISCUSSION

At the time Staff prepared these comments, no other parties had submitted any comments in response to the Notice of Modified Procedure.

Max-Tel seeks authority to operate as a reseller of basic local exchange service in Idaho.  The Company would provide service on a monthly “pre-paid” basis.  Staff understands that the Company’s target market would be those consumers who presently do not have service, presumably due to unpaid bills with the existing local exchange carrier.

Idaho Code §61-528 states that “[t]he Commission shall have power, after hearing involving the financial ability and good faith of the applicant and necessity of additional service in the community to issue said certificate as prayed for, or to refuse to issue the same...”  Rule 111(07) of the Commission’s Rules of Procedure, IDAPA 31.01.01, states that an application for a Certificate of Convenience and Necessity shall include “a financial statement of the applicant.”  The financial statement submitted by Max-Tel consists of the unverified financial statement of “Craig Bolin Trucking,” a separate business owned by one of the principals in Max-Tel, showing a net worth of $271,000, and a copy of a letter of credit from the Texas National Bank to

Max-Tel for $20,000.

Staff expressed concern about the financial ability of Max-Tel to provide the services identified in its application to a Company representative in a telephone conversation, and the Company representative indicated that since all services were paid for in advance, and all services were provided on a reseller basis, the Company did not anticipate any problems in this regard.

STAFF RECOMMENDATION

Although Staff remains concerned about the financial and technical ability of this firm, the financial and technical requirements of a reseller of prepaid services are largely unknown and, at this juncture, Staff does not believe there is sufficient justification to deny the application.  Staff recommends that the Commission grant Max-Tel a Certificate of Convenience and Necessity and approve the interconnection agreement between Max-Tel and U S WEST.  As the effective date on the tariff originally submitted by Max-Tel is no longer appropriate, Staff recommends that the Company be directed to file a revised tariff with an effective date no earlier than May 1, 1997.

DATED  at Boise, Idaho, this               day of April 1997.

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Brad Purdy

Deputy Attorney General

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Wayne Hart

Telecommunications Analyst

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