DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

COMMISSIONER NELSON

COMMISSIONER SMITH

MYRNA WALTERS

TONYA CLARK

DON HOWELL

STEPHANIE MILLER

DAVE SCHUNKE

DAVID SCOTT

WORKING FILE

FROM:BRAD PURDY

DATE:MAY 22, 1997

RE:CASE NO. GNR-T-97-2.  APPLICATION OF MAX-TEL COMMUNICATIONS FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE AS A RESELLER OF TELECOMMUNICATIONS SERVICES.

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 the price list of the residential service Max-Tel proposes to sell and a copy of an interconnection agreement with U S WEST.  Max-Tel indicates that it is negotiating an interconnection agreement with GTE.

On April 1, 1997, the Commission issued a Notice of Modified Procedure soliciting comments or response to Max-Tel’s Application and Order No. 26868 suspending the April 15, 1997 effective date of Max-Tel’s proposed tariff.  The only party to submit comments in response to the Notice was the Commission Staff.

Staff notes that Max-Tel proposes to provide service on a monthly “prepaid” basis.  Max-Tel’s target market would be those customers who presently do not have service presumably due to unpaid bills with the existing local exchange carrier.  The only concern expressed by Staff regarding Max-Tel’s Application relates to Max-Tel’s financial ability to provide service.  Max-Tel supported its Application with an 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 concluded that although it has concerns about the financial and technical ability of Max-Tel to provide service, the financial and technical requirements of a reseller of prepaid services are largely unknown.  Staff concluded, therefore, that there is not sufficient justification to deny Max-Tel’s Application and recommended that the Commission grant Max-Tel’s Certificate of Public Convience and Necessity and approve the interconnection agreement between Max-Tel and U S WEST.

Idaho Code § 61-528 states that “the 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 ....”  Furthermore, Rule 111(07) of the Commission’s Rules of Procedure, IDAPA 31.01.01, states that an Application for a Certificate of Public Convience and Necessity shall include a “financial statement of the Applicant.”

Commission Decision

How does the Commission wish to rule on Max-Tel’s Application?

Brad Purdy

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