

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

FROM: LISA NORDSTROM

DATE: JANUARY 9, 2004

RE: IN THE MATTER OF THE APPLICATION OF VOLO COMMUNICATIONS OF IDAHO, INC. FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES. CASE NO. VOL-T-03-1.

On November 17, 2003, Volo Communications of Idaho, Inc. (“Volo” or “Company”) filed an Application for a Certificate of Public Convenience and Necessity to provide facilities-based and resold competitive local exchange and interexchange services within the State of Idaho. In the Notice of Application and Modified Procedure issued December 15, 2003, the Commission solicited comments regarding Volo’s Application. Order No. 29400. No comments were received other than those submitted by Commission Staff.

THE APPLICATION

Principally located in Altamonte Springs, Florida, Volo is a subsidiary of Volo Communications, Inc., which is a wholly owned subsidiary of Caerus, Inc. Volo is incorporated in the State of Delaware. Volo requests authority to provide competitive local exchange carrier (“CLEC”) services through a combination of facilities owned by it and the resale of exchange services of other carriers in the service territories of Qwest and Verizon. According to its Application, Volo has completed interconnection agreement negotiations with BellSouth, Sprint, and is currently completing negotiations with Verizon.

Volo plans to offer both voice and data communications services to carrier and business customers in select Idaho locations, although the Company’s initial marketing efforts will be focused on the carrier market. Prior to offering services as a certificated telecommunications provider, Volo

stated it would submit a signed copy of an escrow account with a bonded escrow agent or a security bond to meet customer deposit refunds in case of company default.

STAFF COMMENTS

Staff has reviewed Volo's Application and additional supporting material. Staff believes it satisfies the requirements of the Commission's Rule of Procedure 111, IDAPA 31.01.01.111, and Procedural Order No. 26665 issued November 7, 1996, which sets out the necessary information to be included with an application for a certificate.

The Company provided resumes for the key individuals in the Company indicating significant experience in the telecommunications field, in both management and technical positions. Staff believes the Company has demonstrated sufficient expertise for the types of services they intend to provide. The Company does not intend to require deposits.

The parent company, Volo Communications, is a relatively new business that began operation in March 2002. The Application included confidential unaudited financial information for Volo Communications for January through August 2003. As expected for a company in the early stages of start up, this information did not indicate a strong financial position. However, the risk to any individual basic local exchange customer would be limited to the cost of one, and possibly two months worth of service, which Staff believes is minimal. Therefore, Staff finds that the benefits of a bond or other financial security instrument would be outweighed by the cost of distributing the proceeds and other administrative functions. Therefore, Staff does not recommend imposing a financial security requirement.

Volo specifically indicated in its Application it will comply with all Commission rules. It has provided an illustrative tariff that demonstrates an understanding of tariffing requirements and processes. Staff recommends that a Certificate of Public Convenience and Necessity to provide competitive local exchange service be issued to Volo Communications of Idaho, Inc.

COMMISSION DECISION

Does the Commission wish to approve Volo Communications of Idaho's Application for a Certificate of Public Convenience and Necessity?


Lisa Nordstrom

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