

Docket No.: 11-0552
Bench Date: 11/2/11
Deadline: 11/2/11

MEMORANDUM

TO: The Commission

FROM: Katina Haloulos Baker, Administrative Law Judge

DATE: October 25, 2011

SUBJECT: Verizon South Inc.
Petition for Cancellation of Certificate of Interexchange Service Authority.
Petition for Rehearing

RECOMMENDATION: Grant Rehearing

Law

The Public Utilities Act provides, in pertinent part, that:

Within 30 days after the service of any . . . order or decision of the Commission any party to the action or proceeding may apply for a rehearing in respect to any matter determined in said action or proceeding and specified in the application for rehearing.

(220 ILCS 5/10-113). This statute further provides that the Commission shall receive and consider such application and it “shall grant or deny such application in whole or in part within 20 days from the date of the receipt thereof by the Commission.” (*Id.*) Further, no appeal is allowed from any order or decision “unless and until an application for a rehearing thereof shall first have been filed with and finally disposed of by the Commission.” Therefore, no party can appeal a Commission order without filing an application for rehearing. (*Id.*) Additionally, Applications for rehearing must state with specificity the issues for which rehearing is sought. (83 Ill. Adm. Code 200.880(b)).

History

Verizon South Inc.’s certificate of interexchange service authority was effective July 1, 2010, concurrent with the cancellation of its certificate of local exchange authority (pursuant to the April 21, 2010 final Order in the

Frontier/Verizon Merger Proceeding). The Order included the generic language found in routine certificate cancellation orders that requires the filing of an annual report within 60 days. Instead, as requested in the Petition, the 2010 annual report filed by Frontier Communications of the Carolinas Inc. would satisfy Verizon South Inc.'s annual reporting obligation for 2010. As such no separate 2010 annual report would be due from Verizon South Inc.

In support of its application for rehearing Verizon South Inc. explained that Verizon South Inc. was among the applicants initiating the Frontier/Verizon Merger Proceeding by filing a Joint Application for approval of reorganization pursuant to Section 7-204 of the Public Utilities Act with the Commission on June 4, 2009. As part of Joint Application, all existing Verizon South Inc. certificates of authority were either to be transferred to Frontier, or cancelled, with equivalent new authority granted to Frontier.

Due to an administrative oversight, the Frontier/Verizon Merger Order explicitly referenced cancellation of Verizon South Inc.'s certificate of local exchange service authority, but omitted reference to the simultaneous cancellation of Verizon South Inc.'s certificate of interexchange service authority, even though Joint Applicants intended that all Verizon South Inc. certificates be cancelled simultaneously. Verizon South Inc. became aware of this issue only after Commission staff asserted that Verizon South Inc.'s 2010 annual report was overdue. However, Frontier had already filed a 2010 annual report on behalf of Frontier Communications of the Carolinas Inc., the entity that acquired the Illinois holdings of Verizon South Inc. pursuant to the Frontier/Verizon Merger Order. That annual report covered the former Verizon South Inc.'s Illinois operations for all of 2010. Any separate 2010 annual report filed by Verizon South Inc. would be duplicative.

In order to rectify this administrative issue, Verizon South Inc. filed a Petition for Rehearing, requesting the Commission enter an order cancelling Verizon South Inc.'s certificate of interexchange service authority effective as of the cancellation of its certificate of local exchange service authority on July 1, 2010 and confirming that the 2010 annual report filed by Frontier Communications of the Carolinas Inc. had already satisfied the former Verizon South Inc.'s annual reporting obligation for 2010. Therefore, no 2010 annual report was due from Verizon South Inc. While granting the Petition, the Order omitted to state that the effective date of the cancellation of the certificate of interexchange service authority was July 1, 2010. This is concurrent with the cancellation of Verizon South Inc.'s certificate of local exchange service authority (pursuant to the Frontier/Verizon Merger Proceeding Order). Verizon South Inc. believes that this was an administrative error, as it does not believe that the Commission intended to require duplicative and erroneous "double-reporting."

Accordingly, I recommend the petition for rehearing be granted.

KB:fs