



State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THAD LEVAR
Deputy Director

CONSTANCE B. WHITE
Director, Division of Public Utilities

JON HUNTSMAN Jr.
Governor
GARY HERBERT
Lieutenant Governor

MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities

Constance B. White, Director
Laura Scholl, Telecommunications Manager
Chris Luras, Technical Consultant

Date: September 19, 2007

Re: Docket No. 07-2482-01

In the Matter of the Application of Affinity Network, d/b/a ANI Networks, to provide Facilities Based Wholesale Interexchange Telecommunications Services Within the State of Utah

Recommendation: Approve

The Division has reviewed the technical, managerial, and financial abilities of Affinity Network; it has provided the necessary information to fulfill the requirements as stated in the existing Commission rules. The Division believes that the public interest will be promoted by granting Affinity Network a Certificate of Public Convenience and Necessity (CPCN) as requested under the same terms and conditions allowed by other CPCNs. The Division also recommends that the \$100,000 bond be waived on the basis that the Applicant will not require customer deposits or prepayments of any kind.

The Division further recommends that the CPCN be limited to local exchanges with more than 5,000 access lines that are owned or controlled by incumbent local exchange carriers (ILEC) with more than 30,000 access lines. Rural ILECs have not objected to this application because they would not be affected unless Affinity Network intended to serve in their territories. If Affinity Network decides to serve in any rural ILECs' territory, a hearing may be necessary before the Commission, pursuant to Section 251(f)(1) of the Telecommunications Act of 1996. The Division's review of Affinity Network's application established the following:

Proposed Service Area: Affinity Network plans to operate as a provider of wholesale interexchange telecommunications services as a facilities based interexchange carrier throughout Utah excluding those exchanges with fewer than 5,000 access lines and served by incumbent local exchange carriers with fewer than 30,000 access lines.

Proposed Service Offerings: Affinity Network plans to offer a suite of interexchange and long distance services on both a switched and a non-switched basis in order to serve as an underlying carrier to other carriers on an interstate and intrastate basis.

Current Areas of Telecommunications Operations: Affinity Network is currently authorized to provide interexchange services in the following states: Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Vermont, Washington, West Virginia, and Wyoming.

Managerial & Technical Expertise: Summaries of professional experience and education of its managerial personnel demonstrate that the Affinity Network has considerable experience in the telecommunications industry.

Financial Analysis: Affinity Network has a positive net worth and ample working capital. Affinity Network should also have sufficient cash flow to meet cash needs, assuming the accuracy of its five-year projection of expected operations.

Complaint Analysis: Affinity Network has no pending complaints or investigations.

Waivers: Affinity Network requests that the \$100,000 bond requirement be waived because it will not require customer deposits or prepayments of any kind.

Attachment:

cc: Katherine E. Barker Marshall
Kelley, Drye and Warren, LLP
3050 K Street NW, Suite 400
Washington D.C. 20007