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MEMORANDUM

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2004 MAY 26 P 1:52

TO: Docket Control

FROM: Ernest G. Johnson  
Director  
Utilities Division

AZ CORP COMMISSION  
DOCUMENT CONTROL

THRU: Wilfred Shand, Jr.  
Manager, Telecommunications & Energy Section  
Utilities Division

Matthew Rowell  
Chief, Telecommunications & Energy Section  
Utilities Division

DATE: May 28, 2004

RE: IN THE MATTER OF THE APPLICATION OF CONSOLIDATED COMMUNICATIONS NETWORK SERVICES, INC. REQUESTING CANCELLATION OF ITS PERFORMANCE BOND REQUIREMENT IN ARIZONA. (DOCKET NO. T-04227A-03-0893; Decision No. 66901)

Attached is the Staff Report of the application of Consolidated Communications Network Services, Inc. for cancellation of its performance bond requirement. Staff recommends cancellation of the performance bond requirement.

Originator: Adam Lebrecht

Attachment: Original and Sixteen Copies

Arizona Corporation Commission

**DOCKETED**

MAY 26 2004

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STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION

CONSOLIDATED COMMUNICATIONS NETWORK SERVICES, INC.  
DOCKET NO. T-04227A-03-0893

IN THE MATTER OF THE APPLICATION OF CONSOLIDATED COMMUNICATIONS  
NETWORK SERVICES, INC. FOR CANCELLATION OF ITS PERFORMANCE BOND  
REQUIREMENT IN ARIZONA

## STAFF ACKNOWLEDGEMENT

The Staff Report for Consolidated Communications Network Services, Inc., Docket No T-04227A-03-0893, was the responsibility of the staff member listed below. Adam Lebrecht was responsible for the review and analysis of the Company's application to cancel its performance bond requirement.

A handwritten signature in black ink, appearing to read 'AL', is positioned above a horizontal line.

ADAM LEBRECHT  
Executive Consultant I

## **Background**

On April 6, 2004, the Arizona Corporation Commission ("Commission"), in Decision No. 66901, originally granted a CC&N to Consolidated Communications Network Services, Inc. ("CCNSI") to provide competitive intrastate telecommunications service in Arizona as a long distance reseller. CCNSI indicated, in its proposed tariff, that advances, prepayments or deposits would be collected. Because of this, the Commission determined that a performance bond in the amount of \$10,000 would need to be procured before CCNSI could begin to offer service.

## **Staff Analysis**

On Page 3 of Decision No. 66901, Section 12(C) states "that, if at some time in the future, CCNSI does not collect from its customers any advances, prepayments or deposits that CCNSI should be allowed to file with the Commission a request for cancellation of its established performance bond, which references the decision in this docket. Staff stated that after Staff review of such filing, Staff will forward its recommendation on the matter to the Commission for a Decision."

On April 16, 2004, CCNSI filed a request for Commission approval to discontinue its performance bond requirement in Arizona as the company has submitted a tariff which indicates that advances, prepayments or deposits are no longer collected from its resold long distance customers.

CCNSI indicated that it has never collected advances, prepayments or deposits from its resold long distance customers. Based on this, Staff believes there is no risk that an advance, deposit or prepayment of funds would be lost from CCNSI's customers if CCNSI failed to provide service. Because this danger has been eliminated, Staff does not believe the continued maintenance of a performance bond is necessary.

## **Recommendations**

Staff recommends the cancellation of CCNSI's performance bond requirement.

If at some future date, CCNSI wants to collect from its resold interexchange customers an advance, prepayment or deposit, Staff recommends that the Applicant be required to file an application with the Commission for Commission approval. Such application must reference the decision in this docket and must explain the applicant's plans for procuring a performance bond.

SERVICE LIST FOR: CONSOLIDATED COMMUNICATIONS NETWORK SERVICES,  
INC.

DOCKET NO. T-04227A-03-0893

Mr. Craig Neeld  
Technologies Management, Inc.  
210 North Park Avenue  
Winter Park, Florida 32789

Mr. Ernest G. Johnson  
Arizona Corporation Commission  
Utilities Division  
1200 West Washington  
Phoenix, Arizona 85007

Mr. Christopher C. Kempley  
Arizona Corporation Commission  
Legal Division  
1200 West Washington  
Phoenix, Arizona 85007

Ms. Lyn Farmer  
Chief Administrative Law Judge  
Arizona Corporation Commission  
Hearing Division  
1200 West Washington  
Phoenix, Arizona 85007



210 N. Park Ave.  
Winter Park, FL  
32789

May 4, 2004  
*Via Facsimile*

P.O. Drawer 200  
Winter Park, FL  
32790-0200

Mr. Adam Lebrecht  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Tel: 407-740-8575  
Fax: 407-740-0613  
tmi@tminc.com

RE: **Consolidated Communications Network Services, Inc.**  
Docket No. T-04227A-03-0893; Decision No. 66901

Dear Adam:

Per your voice mail message from earlier today, this letter is to confirm that Consolidated Communications Network Services, Inc. has not collected deposits from Arizona customers, and therefore does not owe any refunds.

Any questions you may have regarding this information may be directed to me at (407) 740-3008 or via email at [cneeld@tminc.com](mailto:cneeld@tminc.com).

Sincerely,

Craig Neeld  
Consultant to Consolidated Communications Network Services, Inc.





*Lebrecht*

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AZ CORP COMMISSION  
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*P.3 (Sec. 4)*

210 N. Park Ave.  
Winter Park, FL  
32789

April 15, 2004  
*Via Overnight Delivery*

AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

P.O. Drawer 200  
Winter Park, FL  
32790-0200

Docket Control Center  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Tel: 407-740-8575  
Fax: 407-740-0613  
tmi@tminc.com

RE: **Consolidated Communications Network Services, Inc.**  
Docket No. T-04227A-03-0893; Decision No. 66901

Dear Sir/Madam:

Enclosed for filing are the original and thirteen (13) copies of Consolidated Communications Network Services, Inc.'s request for a cancellation of its Performance Bond Requirement. The Company's tariff no longer contains any reference to Advance Payments, or any other requirement that would cause it to maintain a performance bond.

Please acknowledge receipt of this filing by date stamping the extra copy of this cover letter and returning it in the enclosed, self-addressed, and stamped-envelope that is provided for this purpose. Any questions you may have regarding this filing may be directed to me at (407) 740-3008 or via email at [cneeld@tminc.com](mailto:cneeld@tminc.com).

Sincerely,

Craig Neeld  
Consultant to Consolidated Communications Network Services, Inc.

Enclosures

cc: T. McMinn - CCNSI  
Compliance Section - Arizona Corporation Commission  
file: CCNSI - AZ  
tms: AZi0401a

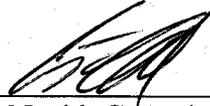
**BEFORE THE ARIZONA CORPORATION COMMISSION**

**In the Matter of the Application of )  
Consolidated Communications Network Services, Inc. )  
For a Certificate of Convenience and Necessity )  
To Provide Competitive Resold )  
Interexchange Telecommunications Services )  
Except Local Exchange Services )**

**COMPANY'S REQUEST FOR CANCELLATION OF ITS PERFORMANCE  
BOND REQUIREMENT**

Per the Commission's Order No. 66901 in Docket No. T-04227A-03-0893, dated April 6, 2004, Consolidated Communications Network Services, Inc. ("CCNS") hereby requests that the Commission cancel the performance bond requirement. CCNS has removed all references to deposits and advance payments from its filed tariff, and has never held a deposit or advance payment from one of its customers in Arizona. In the Commission's Order, Finding of Fact No. 12(c) permits the Company to make this request.

Respectfully submitted,

By:   
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Craig Neeld, Consultant to  
Spectrotel, Inc.