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ShawPittm

A Law Partnership Including Professional Corporations

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2000 NOV 14 A 11:00

AZ CORP COMMISSION
DOCUMENT CONTROL

November 13, 2000

Via Federal Express

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

Arizona Corporation Commission
DOCKETED

NOV 14 2000

DOCKETED BY JM

**Re: Application of Comm South Companies, Inc.
Docket No. T-03466A-00-0811**

Dear Sir or Madam:

On behalf of Applicant Comm South Companies, Inc. ("Comm South"), we enclose for filing an original and 10 copies of Comm South's Response to the October 20, 2000 letter of Mr. Anthony Gatto.

I. Financial Resources: Surety Bond

As an alternative to foregoing the collection of prepayments or advances, Mr. Gatto has requested that Comm South establish and maintain for a minimum one-year period an escrow account and/or surety bond equal to the total amount of any prepayments, advances, or deposits that the Applicant may collect from its customers. Attached hereto please find proof of a surety bond in the amount of \$50,000.00.

II. Asset Valuation Information

In addition, in compliance with a recent Arizona Superior Court Ruling, Mr. Gatto requested information regarding the following questions:

A. Please provide the value of all plant and equipment currently held by the Company, intended to be used to provide telecommunications service to Arizona customers.

Response: None. Comm South is a reseller and holds no plant and/or equipment in Arizona that is intended to be used to provide telecommunications service to Arizona customers.

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- B. Please provide a description of each asset in response to Item A, including the asset's cost and location.*

Response: Not applicable. No assets were identified in response to Item A.

- C. Please provide the projected value of all plant and equipment to be used to provide telecommunications service to Arizona customers at the time the Company begins serving its first customer.*

Response: None. The Applicant will be providing its services through the purchase and resale of telecommunications services provided by other certificated carriers. The Applicant neither holds nor intends to acquire plant and/or equipment in Arizona to provide telecommunications service to Arizona customers.

- D. Please provide a description of each asset in response to Item C, including the asset's cost and location.*

Response: Not applicable. No assets were identified in response to Item C.

- E. Please explain how the value of the Company's plant and equipment is related to the Company's proposed rates.*

Response: Not applicable. The Company is a reseller and holds no plant and/or equipment in Arizona.

Please date-stamp the "Receipt" copy and return it in the self-addressed, stamped envelope enclosed. Please contact either of the undersigned should you have any questions.

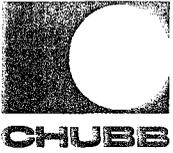
Sincerely,



Glenn S. Richards
Susan M. Hafeli
Counsel for Comm South Companies, Inc.

Enclosures

cc Mr. Anthony Gatto (with enclosure)



CHUBB GROUP OF INSURANCE COMPANIES

Surety Department, 15 Mountain View Road, P.O. Box 1815, Warren, NJ 07061-1815
Phone: (908) 903-3485 • Facsimile: (908) 903-3656

BOND FOR UTILITY USERS

Bond No. 8302-83-90

KNOW ALL MEN BY THESE PRESENTS: That we Comm South Companies Inc. as Principal, and VIGILANT INSURANCE COMPANY, as Surety are jointly and severally bound unto the users of Principal in the sum of FIFTY THOUSAND AND 00/100 (\$50,000) DOLLARS lawful money of the United States of America, to be paid as hereinafter provided for which payment will and truly to be made, we bind ourselves, and each of our successors and assigns, jointly and severally by these presents.

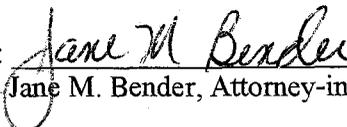
THE CONDITIONS OF THIS OBLIGATION ARE THAT: Whereas, the above bounden Principal has contracted with the users of the Principal for the furnishing of telecommunications service.

NOW THEREFORE, if the said Principal, or any assigns of his fails to provide telecommunications services so furnished, the said Surety will pay the same to the users of the Principal with the consent of the Arizona Corporation Commission as Trustee, an amount not exceeding the sum hereinabove specified.

THE BOND SHALL REMAIN IN FULL FORCE and effect until cancelled by mutual agreement of the Arizona Corporation Commission, the Principal and the Surety. The Surety's liability shall be terminated and bond cancelled upon written notice of the cancellation by the Surety to the Principal with a copy to the Arizona Corporation Commission no less than thirty days prior to the cancellation date. Notice of the Principal shall be certified mail in a sealed envelope with the postage prepaid. Proof of notice to the Principal shall be made available to the Arizona Corporation Commission upon request. IN WITNESS Whereof, we have caused these presents to be executed this 2nd day of October, 2000.

COMM SOUTH COMPANIES, INC.

BY: 
VIGILANT INSURANCE COMPANY

BY: 
Jane M. Bender, Attorney-in-Fact

Attest:



COUNTERSIGNED

BY: 

VIGILANT INSURANCE COMPANY

STATEMENT OF ASSETS, LIABILITIES AND SURPLUS TO POLICYHOLDERS

Statutory Basis

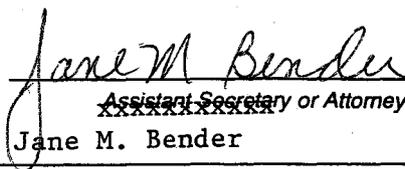
DECEMBER 31, 1999

(in thousands of dollars)

ASSETS		LIABILITIES AND SURPLUS TO POLICYHOLDERS	
Cash	\$ 2,189	Outstanding Losses and Loss Expenses	\$ 429,579
United States Government, State and Municipal Bonds	606,373	Unearned Premiums	122,962
Other Bonds	144,863	Provision for Reinsurance	3,317
Stocks	4,594	Other Liabilities	<u>39,983</u>
Short Term Investments	<u>36,451</u>		
 TOTAL INVESTMENTS	 794,470	 TOTAL LIABILITIES	 <u>595,841</u>
 Investments in Affiliates	 45,006	Capital Stock	4,000
Net Premiums Receivable	63,533	Paid-In Surplus	25,669
Other Assets	<u>22,716</u>	Unassigned Funds	267,878
		Unrealized Appreciation of Investments	<u>32,337</u>
		 SURPLUS TO POLICYHOLDERS	 <u>329,884</u>
 TOTAL ADMITTED ASSETS	 <u>\$ 925,725</u>	 TOTAL LIABILITIES AND SURPLUS TO POLICYHOLDERS	 <u>\$ 925,725</u>

Investments are valued in accordance with requirements of the National Association of Insurance Commissioners.
Investments valued at \$7,620 are deposited with government authorities as required by law.

A CORRECT STATEMENT:


~~Assistant Secretary or Attorney-in-Fact~~
 Jane M. Bender



**POWER
OF
ATTORNEY**

**Federal Insurance Company
Vigilant Insurance Company
Pacific Indemnity Company**

**Attn.: Surety Department
15 Mountain View Road
Warren, NJ 07059**

Know All by These Presents, That FEDERAL INSURANCE COMPANY, an Indiana corporation, VIGILANT INSURANCE COMPANY, a New York corporation, and PACIFIC INDEMNITY COMPANY, a Wisconsin corporation, do each hereby constitute and appoint Gerardo G. Mauriz, Frank E. Robertson, James E. Altman, F. Jay Scribner, Scott W. Bishop, John B. Fuoss, John P. Smith, Kenneth C. Wendel, Patricia S. Artinian, Edward J. French, Donna M. Powers, Christopher T. Parker, J. M. Fairweather, Jane M. Bender, Dekker Buckley, Richard W. Barnett, Edward J. Reilly, Helen S. Brown and Fred Spielberger of Warren, New Jersey-----

-----each as their true and lawful Attorney-in-Fact to execute under such designation in their names and to affix their corporate seals to and deliver for and on their behalf as surety thereon or otherwise, bonds and undertakings and other writings obligatory in the nature thereof (other than bail bonds) given or executed in the course of business, and any instruments amending or altering the same, and consents to the modification or alteration of any instrument referred to in said bonds or obligations.

In Witness Whereof, said FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY have each executed and attested these presents and affixed their corporate seals on this 31st day of March, 2000.


Peter Fitterer, Assistant Secretary


Amelia C. Lynch, Vice President

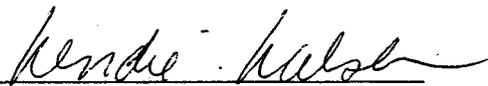
STATE OF NEW JERSEY }
County of Somerset } ss.

On this 31st day of March, 2000, before me, a Notary Public of New Jersey, personally came Peter Fitterer, to me known to be Assistant Secretary of FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY, the companies which executed the foregoing Power of Attorney, and the said Peter Fitterer being by me duly sworn, did depose and say that he is Assistant Secretary of FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY and knows the corporate seals thereof, that the seals affixed to the foregoing Power of Attorney are such corporate seals and were thereto affixed by authority of the By-Laws of said Companies; and that he signed said Power of Attorney as Assistant Secretary of said Companies by like authority; and that he is acquainted with Amelia C. Lynch, and knows her to be Vice President of said Companies; and that the signature of Amelia C. Lynch, subscribed to said Power of Attorney is in the genuine handwriting of Amelia C. Lynch, and was thereto subscribed by authority of said By-Laws and in deponent's presence.

Notarial Seal



WENDIE . WALSH
Notary Public, State of New Jersey
No.0054504
Commission Expires April 10, 2003


Notary Public

CERTIFICATION

Extract from the By-Laws of FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY:

"All powers of attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman or the President or a Vice President or an Assistant Vice President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed. The signature of each of the following officers: Chairman, President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached."

I, the undersigned, Assistant Secretary of FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY (the "Companies") do hereby certify that

- (i) the foregoing extract of the By-Laws of the Companies is true and correct,
- (ii) the Companies are duly licensed and authorized to transact surety business in all 50 of the United States of America and the District of Columbia and are authorized by the U. S. Treasury Department; further, Federal and Vigilant are licensed in Puerto Rico and the U. S. Virgin Islands, and Federal is licensed in American Samoa, Guam, and each of the Provinces of Canada except Prince Edward Island; and
- (iii) the foregoing Power of Attorney is true, correct and in full force and effect.

Given under my hand and seals of said Companies at Warren, NJ this 2nd day of October, 2000




Assistant Secretary

IN THE EVENT YOU WISH TO NOTIFY US OF A CLAIM, VERIFY THE AUTHENTICITY OF THIS BOND OR NOTIFY US OF ANY OTHER MATTER, PLEASE CONTACT US AT ADDRESS LISTED ABOVE, OR BY Telephone (908) 903-3485 Fax (908) 903-3656 e-mail: surety@chubb.com