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0000026743

BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

SEP 24 2002

DOCKETED BY [Signature]

- 1
- 2 WILLIAM A. MUNDELL
Chairman
- 3 JIM IRVIN
Commissioner
- 4 MARC SPITZER
Commissioner
- 5

6 IN THE MATTER OF BROADWING COMM-) DOCKET NO. T-03114A-02-0422
 7 UNICATIONS SERVICES INC. APPLICATION)
 7 FOR AUTHORITY TO TRANSFER CERTAIN) DECISION NO. 65220
 8 REAL PROPERTY ASSEST TO A WHOLLY)
 8 OWNED SUBSIDIARY.)
) ORDER

9 Open Meeting
 September 17 and 18, 2002
 10 Phoenix, Arizona

11 BY THE COMMISSION:

FINDINGS OF FACT

13 1. On July 2, 1997, the Arizona Corporation Commission ("Commission") granted a
 14 Certificate of Convenience and Necessity ("CC&N") to IXC Long Distance, Inc. ("IXC") in Decision
 15 No. 60274. IXC later changed its name to IXC Communications Services, Inc. and then later to
 16 Broadwing Communications Services Inc. ("Broadwing-CSI" and "Company") The CC&N authorizes
 17 the Company to provide competitive resold interexchange telecommunications services throughout
 18 Arizona.

19 2. On June 5, 2002, Broadwing-CSI filed an application (Application") with the
 20 Commission requesting expedited approval to transfer certain real property to a wholly owned
 21 subsidiary, Broadwing Communications Real Estate Services LLC ("subsidiary").

22 3. The Company states that the subsidiary will remain under the exclusive control of
 23 Broadwing-CSI.

24 4. The real property to be transferred is listed in the Exhibit C of the Application. This
 25 property is currently being used in the performance of the Company's telephone services.
 26 Administrative and sales offices are located on some of the listed properties and storage facilities
 27 located on the other parcels store switching equipment.

28 5. Administrative and sales offices and switching equipment currently on or attached to the

1 real property assets being transferred, they will remain in the possession and name of Broadwing-CSI.

2 Also, All customer contracts as well as other personal property will remain with Broadwing-CSI.

3 6. The Company indicated that the transfer request would not change any aspect of the
4 current service to customers.

5 7. Broadwing-CSI will continue to hold its CC&N and perform the day-to-day operations of
6 providing telecommunications services.

7 8. Staff believes the transfer of the real property assets will not adversely affect the provision
8 of telecommunications services.

9 9. Staff recommends of the Broadwing-CSI's request to transfer its Arizona real property or
10 land assets to its wholly owned subsidiary, Broadwing Communications Real Estate Services LLC,
11 as part of financing arrangements involving its Credit Agreement, pursuant to A.R.S. § 40-285.A.

12 Staff further recommends approval with the following conditions:

- 13 (a) Staff further recommends that Broadwing-CSI procure a performance bond of
14 \$10,000 or an amount sufficient to cover advances, deposits and/or
15 prepayments collected from its customers in Arizona whichever is greater.
- 16 (b) Staff further recommends that the bond amount should be increased in
17 increments of \$5,000 or 50 percent of the total minimum bond amount
18 whichever is greater. Also, Staff further recommends that the increase should
19 occur when the total amount of the advances, deposits, and prepayments is
20 within \$1,000 of the total amount or within 10 percent of the total minimum
21 bond amount whichever is greater.
- 22 (c) Staff further recommends that proof of the above mentioned performance bond
23 be docketed within 60 days of the effective date of an Order in this matter and
24 must remain in effect until further order of the Commission.
- 25 (d) Staff further recommends that if at some time in the future Broadwing-CSI does
26 not collect from its customers an advance, deposit and/or prepayment, that
27 Broadwing-CSI be allowed to file a request for cancellation of its established
28 performance bond. Such request should be filed with the Commission for Staff
review. Upon receipt of such filing and after Staff review, Staff will forward
its recommendation to the Commission.
- (e) Staff further recommends that failure by Broadwing-CSI to comply with the
performance bond requirements shall render Broadwing-CSI's approval for the
transfer of certain real property assets to a wholly owned subsidiary void
without further order of the Commission and no time extensions for
compliance shall be granted.

65220

Decision No. _____

CONCLUSIONS OF LAW

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2 1. Broadwing-CSI is an Arizona public service corporation within the meaning of Article
3 XV, Section 2, of the Arizona Constitution.

4 2. The Commission has jurisdiction over Broadwing-CSI and over the subject matter of the
5 application.

6 3. The Commission, having reviewed the Application and Staff's Memorandum dated
7 September 5, 2002, concludes the transfer of the real property assets will not adversely affect the
8 provision of telecommunications services.

ORDER

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10 IT IS THEREFORE ORDERED that the filing be and hereby is approved.

11 IT IS THEREFORE ORDERED that Staff's recommendations set forth in Finding of Facts No.
12 8 (a) through (e) are reasonable and shall be adopted.

13 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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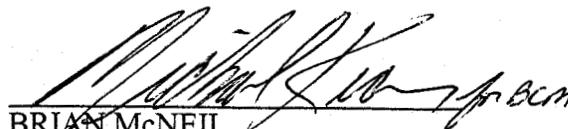
18 CHAIRMAN

COMMISSIONER



COMMISSIONER

19
20 IN WITNESS WHEREOF, I, BRIAN McNEIL, Executive
21 Secretary of the Arizona Corporation Commission, have
22 hereunto, set my hand and caused the official seal of this
23 Commission to be affixed at the Capitol, in the City of
24 Phoenix, this 20TH day of SEPT., 2002.



BRIAN McNEIL
Executive Secretary

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26
27 DISSENT: 

28 EGJ:AMG/LAV

1 SERVICE LIST FOR BROADWING COMMUNICATIONS SERVICES INC.
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