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1 BEFORE THE ARIZONA CORPORATIO

2

3 IN THE MATTER OF THE AMENDED )  
APPLICATION OF CVC CLEC, LLC, )  
4 FOR APPROVAL OF A CERTIFICATE )  
OF CONVENIENCE AND NECESSITY TO )  
5 PROVIDE RESOLD LOCAL EXCHANGE )  
AND FACILITIES-BASED LOCAL )  
6 EXCHANGE TELECOMMUNICATIONS )  
SERVICES. )

DOCKET NO.  
T-20646A-09-0005

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EVIDENTIARY  
HEARING

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10 At: Phoenix, Arizona  
11 Date: September 30, 2009  
12 Filed: **OCT 15 2009**

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Prepared for:

By: Kate E. Baumgarth, RPR  
Certified Reporter  
Certificate No. 50582

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17 NO. DESCRIPTION IDENTIFIED ADMITTED

18 A-1 Amended Application and 6 7  
Amended Tariff

19 S-1 Staff report 24 27

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1 BE IT REMEMBERED that the above-entitled and  
2 numbered matter came on regularly to be heard before the  
3 Arizona Corporation Commission, in Hearing Room 1 of said  
4 Commission, 1200 West Washington Street, Phoenix, Arizona,  
5 commencing at 10:00 a.m., on the 30th day of September,  
6 2009.

7

8

9 BEFORE: MARC E. STERN, Administrative Law Judge

10

11 APPEARANCES:

12

13 For the Applicant:

14 LEWIS AND ROCA, LLP  
15 By: Mr. Michael T. Hallam  
16 40 North Central Avenue  
Phoenix, Arizona 85004

17 For the Arizona Corporation Commission Staff:

18 Mr. Kevin Torrey  
19 Staff Attorney, Legal Division  
20 1200 West Washington Street  
Phoenix, Arizona 85007

21

22 KATE E. BAUMGARTH, RPR  
23 Certified Reporter  
Certificate No. 50582

24

25

1 ALJ STERN: This hearing is now open in the  
2 matter of the amended application of CVC CLEC, LLC for  
3 approval of a Certificate of Convenience and Necessity to  
4 provide resold local exchange and facilities-based local  
5 exchange telecommunications services in Docket  
6 No. T-20646A09-0005.

7 My name is Marc Stern, and I will preside over  
8 the proceeding today in place of Judge Martin who isn't  
9 here.

10 At this time we will take appearances.

11 And on behalf of the applicant?

12 MR. HALLAM: Thank you, Judge. Michael Hallam  
13 from the law firm of Lewis and Roca appearing on behalf of  
14 CVC CLEC. And I'm joined by Jordy Tessler of the company.

15 ALJ STERN: All right.

16 And for Commission Staff, Utilities Division?

17 MR. TORREY: Your Honor, Kevin Torrey on behalf  
18 of Commission Staff. The witness today will be  
19 Ms. Lori Morrison.

20 ALJ STERN: All right.

21 Any opening statements, Mr. Hallam?

22 MR. HALLAM: No, Judge, no opening.

23 ALJ STERN: Thank you.

24 Mr. Torrey, any opening statements?

25 MR. TORREY: No, Your Honor.

1 ALJ STERN: Thank you.

2 Mr. Hallam, I guess the ball is in your court.

3 MR. HALLAM: Thank you, Judge.

4 CVC CLEC would call Jordy Tessler to the stand.

5 ALJ STERN: Okay. Mr. Tessler, you want to come  
6 up and be sworn in.

7

8

JORDY TESSLER,

9 called as a witness herein, appearing on behalf of the  
10 Applicant, having been first duly sworn by the certified  
11 court reporter, was examined and testified as follows:

12

13

DIRECT EXAMINATION

14

15 Q (BY MR. HALLAM) Mr. Tessler, could you please  
16 provide your name and business address for the record?

17 A It's Jordy Tessler, and the business address is  
18 2922 South Roosevelt, Tempe, Arizona 85282.

19 Q And what is your relationship to CVC CLEC?

20 A I'm one of the principals and operators of the  
21 company.

22 Q And, Mr. Tessler, are you familiar with the  
23 amended application that was filed by the company and  
24 docketed on February 27, 2009, and the amended tariff that  
25 was filed by the company docketed on April 3, 2009, both

1 of which have been marked as Exhibit A-1 and should be in  
2 front of you today?

3 A. Yes, I am.

4 Q. Okay. And at this time do you have any changes  
5 to make to the amended application or the amended tariff?

6 A. No, I do not.

7 Q. As part of your direct testimony do you adopt the  
8 application and the tariff?

9 A. Yes, sir.

10 MR. HALLAM: Your Honor, I would move for the  
11 admission of what has been marked as Exhibit A-1, which is  
12 both the amended application filed by the company and  
13 the -- which was dated February 27, 2009, and an amended  
14 tariff dated April 3, 2009.

15 ALJ STERN: Okay. The amended tariff was filed  
16 April 3rd; right?

17 MR. HALLAM: Yes, Your Honor.

18 ALJ STERN: And the amended application  
19 March 2nd?

20 MR. HALLAM: I apologize. Yes, I think this was  
21 dated the 27th, but it was docketed March 2nd of 2009.

22 ALJ STERN: Okay. Go ahead. That is A-1?

23 MR. HALLAM: Yes. I move for the admission of  
24 A-1.

25 ALJ STERN: All right.

1 Mr. Torrey, any objection?

2 MR. TORREY: None, Your Honor.

3 ALJ STERN: All right. Court reporter have a  
4 copy of A-1?

5 THE WITNESS: Yes.

6 ALJ STERN: All right. Exhibit A-1 is admitted  
7 without objection.

8 (Exhibit A-1 was admitted into evidence.)

9 Q (BY MR. HALLAM) And, Mr. Tessler, have you  
10 reviewed the Staff report that was docketed on July 6,  
11 2009?

12 A. Yes, I have.

13 Q And as part of that review, did you review the  
14 conditions that were recommended by Staff in the report?

15 A. Yes, I have.

16 Q And is CVC CLEC willing to abide by those  
17 conditions?

18 A. Yes, they are.

19 MR. HALLAM: That is all I have, Your Honor.  
20 Mr. Tessler is available for cross-examination.

21 ALJ STERN: All right. Mr. Torrey?

22 MR. TORREY: Thank you, Your Honor.

23

24

25

1

## CROSS-EXAMINATION

2

3 Q. (BY MR. TORREY) Good morning, Mr. Tessler.

4 A. Good morning.

5 Q. Could you just briefly for the record give us a  
6 little bit of background information of what it is that  
7 the company is seeking to do with the approval of this  
8 application?

9 A. What we are trying to do, CVC CLEC, is resell  
10 business to business. The local marketplace is the  
11 Phoenix marketplace. The whole goal of the company here  
12 is building our infrastructure, not just in Arizona, but  
13 actually in other states also.

14 Can you hear me? I think I was further away from  
15 there.

16 To answer your question, to build our  
17 infrastructure here locally and in our hometown and then  
18 resell business to business.

19 Q. And when you say a reseller business to business,  
20 can you sort of give us an indication of what the market  
21 for those services is here in Phoenix?

22 A. The markets that we have here in Phoenix would be  
23 reselling of minute providers and routes and for  
24 best-provided applications for other businesses to use our  
25 switches and sonuses to help their business

1 communications.

2 Q Who would be the target audience, so to speak,  
3 for your service?

4 A There is a wide variety, but it's small- to  
5 medium-size businesses that would be needing our switches  
6 and being able to, you know, communicate easier and use  
7 more newer technologies in the telecom business to help  
8 their business.

9 So it wouldn't be a specific target; it would  
10 just be a small, 10 to 20 employees, as high in other  
11 markets where there are thousands of employees with  
12 companies with bigger statures and larger businesses.

13 Anyone that has need to better their telecom we  
14 believe is our customer.

15 Q You mentioned specifically small to medium  
16 businesses. Right now in this state what other providers  
17 are there that cater to that particular segment of the  
18 community?

19 A Well, I think there is a lot of providers that  
20 segment to the community. I mean, with our network and  
21 our technical support and our group that we have put  
22 together, I believe our services are better than the rest.

23 I hope I don't come off too cocky, but we provide  
24 great service and a one-on-one approach. Everyone would  
25 have an account manager. We know the situation that

1 people run into in telecom: My line was down; there's a  
2 card that wasn't looked at yet. We have certain things in  
3 our tariff that we are going to do to our customers to be  
4 sure to provide good service to them day after day in a  
5 hands-on approach and not talking to a machine all the  
6 time and talking to the live operators and a live person.  
7 So we can provide those services to our customers.

8 Q In terms of the service itself, you mentioned  
9 specifically customers.

10 What I would like to ask you is, what  
11 infrastructure specifically will your company have  
12 available to provide this service?

13 A What infrastructure I have today -- and I sit on  
14 a few different boards. And telecom has always been an  
15 interesting and fantastic thing for myself and for the  
16 growth of my businesses.

17 So I sit on the board of directors with Home  
18 Depot and some of the large companies, and I've seen what  
19 their problems have always been for telecom. So our  
20 infrastructure is based off a local company that I have  
21 right here, which is called American Home Maintenance,  
22 which has roughly 500 employees and two different  
23 facilities, about a 40,000-square-foot facility here and a  
24 20,000-square-foot facility in Tucson.

25 So we are using the same infrastructure that I

1 have before for telecom. So I have the support already  
2 for that, from inbound call center techniques to taking on  
3 100 stations. So we have provided 50 stations of that  
4 already for the growth and the exceptions of CVC CLEC.

5 So we will be using the same backbone that we  
6 have already developed. So we are not redeveloping any  
7 new infrastructure; it's there. We are just ready to  
8 expand it and grow.

9 Q. And you mentioned your other business interests,  
10 but as it pertains strictly to this company and the  
11 provision of telecom service, what sort of technical  
12 expertise or staff and technical expertise does this  
13 company have -- will this company have?

14 A. One of the parties that we have -- his name is  
15 Tom Wish. He is also on the board of directors. Tom has  
16 been in the telecom business over 25 years. He has worked  
17 along with the governments on a few developments in the  
18 VOIP area and also in telecom.

19 And another partner has been -- Ron Schuman has  
20 been in the industry for over ten years.  
21 Jennifer Gilliland has been in the industry for, I think,  
22 about six years or seven years. And then our IT  
23 development has all been around telecom for many years.

24 So the technical support and the infrastructure,  
25 when you talk about the technical side -- you know, we

1 combine them -- we probably have 50 or 60 years'  
2 experience in the telecom experience.

3 Q. If this application is approved by the  
4 Commission, how long would it be before the company could  
5 be up and running and providing service?

6 A. Within 30 to 60 days.

7 Q. And how long would it take before you started to  
8 hire employees?

9 A. 30 to 60 days.

10 Q. And how many would that be?

11 A. We expect we would need anywhere from 6 to 15  
12 right from the get-go.

13 ALJ STERN: Did you say you would hire 30 to 60  
14 employees?

15 THE WITNESS: No, about 6 to 15 to start.

16 ALJ STERN: Okay.

17 MR. TORREY: Your Honor, I have no further  
18 questions for Mr. Tessler.

19

20

EXAMINATION

21

22 Q. (BY ALJ STERN) Okay. I have a couple.

23 How many -- so the company right now has just  
24 yourself as the sole employee?

25 A. There is actually -- there is four of us as of

1 right now. My answer was, the 6 and 15 would not be  
2 included with the four today.

3 Q. So assume if the Commission approves your  
4 application, you will be hiring 15 people to start putting  
5 things together?

6 A. Yes, sir.

7 Q. And ultimately, once you get the system  
8 operating, say when you plug in your system or something,  
9 about how many employees do you think will be working for  
10 the company?

11 A. We believe about 50 employees.

12 Q. 50?

13 A. 50.

14 Q. And these people will also be representatives of  
15 your managers, your account managers to deal with your  
16 customers?

17 A. Yes, it would.

18 Q. And I know Mr. Torrey asked you some questions  
19 about the types of business you are going to be in, and  
20 you said you have experience.

21 You are on the board of Home Depot or something?

22 A. I sit on the board of directors for Home Depot,  
23 on their at-home service.

24 Q. Okay. And now you said -- is it -- would Home  
25 Depot be the kind of business that would need your

1 service?

2 A. Yes. Home Depot is the kind of business that  
3 would need our services. There are 40 divisions under  
4 Home Depot, in their at-home services, that would be  
5 willing to look at our services.

6 That is one of the exciting parts of my  
7 relationship with my other companies, is that they all  
8 have the same interest; they all need telecom. So being a  
9 provider and partnering with Home Depot for as many years  
10 as I have been, they are looking forward to it also. So,  
11 yes.

12 Q. And what is the name -- you said you're on the  
13 board of American Home Service?

14 A. American Home Maintenance.

15 Q. What does that business do?

16 A. It's heating and air-conditioning business here  
17 locally established in 1993.

18 Q. All right. That is an Arizona company?

19 A. Yes, it is.

20 Q. Now, CVC CLEC, LLC, is that a local company too?

21 A. Yes, it is.

22 Q. That is quite a lot of letters.

23 A. Yes.

24 Q. Does it have any other places where it does  
25 business?

1           A.     Yes, it does.  Prior to the application we have  
2 infrastructure and CLECs in three states, and I believe we  
3 have CLECs now in another three states.  So I believe we  
4 are in six states.  We are not doing business in those  
5 states yet because we are asking for the infrastructure to  
6 be put in.

7                     Arizona is a key to our infrastructure due to  
8 that we are based here in Arizona and the local businesses  
9 here, I believe, will be our strongest growth in 2010,  
10 2011.

11           Q.     I mean, essentially you are going to be using, I  
12 assume -- I don't know a lot about telephone  
13 communication -- but I assume you will be using Qwest  
14 wires or Cox wires?

15           A.     There is a blend.  There is a lot of -- how do  
16 I -- I don't know how detailed I want to get -- but yes,  
17 we would be using some of Qwest and some level 3s and a  
18 lot of other carriers' switches would be set up.  And  
19 visa-versa, they would be using our switches also for  
20 certain things.

21           Q.     Let's say I have a 50-employee travel agency,  
22 would I come to you for service?

23           A.     You could come to us for service, yes.

24           Q.     And essentially we would be using the same phones  
25 and same lines, but service would be provided by you; I

1 would be billed by your company?

2 A. We would be providers and taking care of your  
3 actual switch.

4 Q. All right. So at this point you say you're  
5 licensed or certificated in three other states?

6 A. I believe it's six.

7 Q. You actually are up to six now?

8 A. Six now, yes.

9 Q. Because our Staff report, I think, says you are  
10 at three.

11 A. I believe we were at three prior to the  
12 application, and now we are at six.

13 Q. Montana, North Dakota, and Washington?

14 A. Yes.

15 Q. And there are three other states?

16 A. Texas -- you put me under a little pressure.  
17 There are two more. Actually I could look at Jennifer,  
18 and I am sure that Jennifer could tell you. I cannot  
19 think off the top of my head.

20 Q. But approximately six?

21 A. Yes. South Carolina.

22 Q. The Dakotas?

23 A. Yes.

24 Q. Yes, that sort of puts you around six.

25 A. Yes. Uh-huh.

1 Q Or close to it.

2 And you are going to be offering the same service  
3 in all of these states; correct?

4 A Yes, I am.

5 Q Okay. And you said the difference between your  
6 service and let's say a large provider like Qwest or Cox  
7 or something like that is that you will have individual  
8 managers working with your clientele versus the often  
9 found mechanical push button No. 1, 2, 3, 4, et cetera?

10 A And certain amount of counsel, certain amount of  
11 minutes provided we will have a manager for that. It will  
12 not go over a certain amount. Then it will go to the next  
13 one.

14 But also with the sonus that we have, the newer  
15 technology that we have, it makes things a lot easier in  
16 the telecom world to communicate. When trouble tickets  
17 come through, we see problems before the customer sees the  
18 problems and we already have our own ticket and repair  
19 ticket put in most of the time -- we should -- 90 percent  
20 of the time before the customers even know there's a  
21 problem.

22 Q Now, you said you're licensed in approximately  
23 six states.

24 You are not actually providing service there, are  
25 you?

1 A. Not at this point.

2 Q. So will Arizona, assuming you get certificated  
3 here, be the first state you will actually provide  
4 service?

5 A. Yes, it would be.

6 Q. And you have never had any applications denied or  
7 anything?

8 A. No, I haven't.

9 Q. And, well, obviously you wouldn't have any types  
10 of regulatory problems with regard to telephone services  
11 since you haven't provided any service?

12 A. No.

13 Q. Have any of your directors or partners been  
14 involved in any civil or criminal investigations or any  
15 type of complaint proceedings previously in the last  
16 10 years?

17 A. No.

18 Q. What is the telecommunication experience of your  
19 other employees? Do they have a variety of backgrounds?

20 A. We have a lot of variety of background. We put  
21 or team together. Tom is one of our head operations in  
22 technical. Not only can he control it from actually  
23 hooking every wire to make the sonics work, but he can  
24 actually program a lot of it. So a lot of it is our  
25 proprietary software that we use. We write our own

1 software.

2 Q So essentially you have a computer someplace  
3 where your office is or somewhere that all calls will be  
4 routed through that -- and that will be the way that the  
5 system works?

6 A Right. We will have a colo right here. It's a  
7 colo where I will provide all of our servers.

8 Q How do you spell that?

9 A Good question. Exactly, I can get that for you.  
10 I can get that.

11 It's a colo where all the servers will be set.  
12 And it's in a building that is secured where all the big  
13 companies would have their stuff, for instance, Go Daddy  
14 will be there, USA Today, Hotels.com, Qwest, Cox, all the  
15 big colos.

16 Q And they are servers?

17 A They are servers and switches, and they have  
18 back-up battery rooms to, say, 200 batteries. So if the  
19 building would happen to go down, we have battery backup.  
20 We have four diesel generators that would run it for  
21 another 60 days. If you have never seen one, they are  
22 pretty interesting.

23 Q I imagine.

24 A So that is not our exact office. That is where  
25 are servers will be. Our office is in Tempe.

1           Our main colo is the old Phoenix water plant  
2 station. We used to be in the Phoenix data exchange. Now  
3 we are going to be working in the new colo, which is right  
4 here in Phoenix.

5           Q     Where will the -- excuse me. I think I reviewed  
6 the Staff report. I noticed that the company's assets,  
7 since you haven't been up in business, consists of  
8 essentially \$100,000 in a bank account?

9           A     Yes.

10          Q     And how much do you anticipate in the way of  
11 income in the first year of operations?

12          A     We believe first year of operations we will be  
13 doing annually about \$12 million.

14          Q     You will be able to do that the first year of  
15 business?

16          A     First year of business.

17          Q     Are there -- is there any other -- how were these  
18 funds put into your company's account? Were they  
19 deposited by its member?

20          A     The board of directors and their shares were  
21 divided up and a capital call through the board of  
22 directors.

23          Q     Okay. There is no larger company overall having  
24 any interest in your LLC at the present time?

25          A     No.

1 Q And I believe I noted you are not going to  
2 require any advances, deposits, prepayments, et cetera?

3 A No.

4 Q And one of the conditions of the Staff  
5 recommendations is that you post a performance bond.

6 Is the company going to go forward with that and  
7 secure the necessary bond?

8 A We are not going to do a bond but a letter of  
9 credit from the bank.

10 Q Okay. That's fine. That is one of their  
11 recommendations also.

12 And you will be willing to file your -- a copy of  
13 your bond or site draft letter from the bank immediately  
14 after the proceeding pretty much?

15 A Yes.

16 Q And your rates that the company is going to use,  
17 are they essentially competitive rates, in your opinion,  
18 to meet with your competitors and secure business?

19 A I believe 100 percent.

20 Q And will customers be able to access 911 or  
21 enhanced 911?

22 A Yes.

23 Q And are you willing to abide by the Commission's  
24 rules, any orders that it makes, or any other legal  
25 requirements, whether from the Corporation Commission or

1 the federal requirements, for telecommunication service?

2 A. Yes.

3 Q. And would you ever interfere with any alternative  
4 local exchange carriers if you were in the situation where  
5 you were the only provider of local exchange in Arizona?

6 A. Allow them, yes.

7 Q. And I assume you would let the Commission know  
8 where you are conducting business if you change your  
9 address?

10 A. Yes, I will.

11 Q. And you will comply with the rest of the  
12 conditions that Staff is recommending; correct?

13 A. Yes, I will.

14 ALJ STERN: Okay. I don't have any questions.

15 Any redirect?

16 MR. HALLAM: No redirect, Judge.

17 ALJ STERN: Okay, sir.

18 THE WITNESS: Thank you.

19 ALJ STERN: All right. Any other witnesses,  
20 Mr. Hallam?

21 MR. HALLAM: No, Your Honor.

22 ALJ STERN: Is the person aware how to spell colo  
23 or whatever Mr. Tessler said?

24 MR. HALLAM: Yes, I believe she is, and I believe  
25 it is c-o-l-o. It's short for colocation.

1 ALJ STERN: Okay. Thank you.

2 Staff, any witnesses?

3 MR. TORREY: Yes, Your Honor. Staff will call

4 Ms. Lori Morrison.

5 ALJ STERN: Okay. You want to come forward and

6 be sworn in.

7

8 LORI MORRISON,

9 called as a witness herein, appearing on behalf of Staff,

10 having been first duly sworn by the certified court

11 reporter, was examined and testified as follows:

12 ALJ STERN: Go ahead, Mr. Torrey.

13 MR. TORREY: Thank you, Your Honor.

14

15 DIRECT EXAMINATION

16

17 Q (BY MR. TORREY) Ms. Morrison, would you please  
18 state your full name and business address for the record.

19 A Yes. My name is Lori Morrison. My business  
20 address is 1200 West Washington Street, Phoenix, Arizona  
21 85007.

22 Q And you're employed by the Arizona Corporation  
23 Commission; is that correct?

24 A That's correct.

25 Q And what is it that you do for the Commission?

1           A.     I'm a public utilities analyst in the utilities  
2 division.

3           Q.     In the matter of the application of CVC CLEC that  
4 we have been hearing evidence on today, did you have any  
5 responsibility with regard to that application?

6           A.     Yes, sir. I did the analysis on the application.

7           Q.     And after your analysis did you prepare a written  
8 report?

9           A.     Yes, I did.

10          Q.     On the stand in front of you do you have an  
11 exhibit that has been marked S-1 for identification  
12 purposes?

13          A.     Yes, sir.

14          Q.     And could you please identify that document for  
15 the record?

16          A.     That is the Staff report that I prepared.

17          Q.     And that was prepared either by you or under your  
18 direct supervision; is that correct?

19          A.     Yes, sir.

20          Q.     If I were to ask you a series of questions to  
21 illicit the information indicated in that report, would  
22 your answers today be the same or substantially similar to  
23 the way the information appears in the Staff report?

24          A.     Yes.

25          Q.     Do you have any additions or corrections to

1 Exhibit S-1 that you would like to make today?

2 A. I have two corrections.

3 Q. All right. What is the first one?

4 A. The first one is located on page 2. It is the  
5 second full paragraph, and the first word right underneath  
6 the indentation where it says "credit."

7 Q. And what is the correction?

8 A. Delete that word.

9 Q. All right. And your second correction?

10 A. It's on page 8.

11 Q. All right.

12 A. And it's condition No. 1 or we are looking at the  
13 last word of the first sentence. It should be, instead of  
14 "are," "area."

15 Q. So the sentence ends with the word "area"?

16 A. Right.

17 ALJ STERN: You lost me. What page?

18 THE WITNESS: Page 8.

19 ALJ STERN: Where are we at?

20 THE WITNESS: No. 9. It's condition 9, end of  
21 the first line where it says "service," add an A so it's  
22 "area."

23 ALJ STERN: Okay. Anything else?

24 Q. (BY MR. TORREY) Is there anything else that  
25 needs to be corrected on the Staff report?

1 A. No.

2 Q. And could you just briefly for the record  
3 summarize what the Staff's position is regarding this  
4 application?

5 A. We recommend -- I recommended approval of the  
6 application as amended.

7 Q. If the -- do you believe it would be in the  
8 public interest for the Commission to approve this  
9 application?

10 A. Yes, sir.

11 Q. Do you believe that the company is a fit and  
12 proper entity to provide these services that are requested  
13 in the application?

14 A. Yes, sir.

15 Q. And do you believe that the company has the  
16 technical expertise to provide those services?

17 A. Yes, sir.

18 Q. And provided that the company agrees, as their  
19 witness has this morning, to comply with Staff's  
20 recommendations as they appear in the Staff report, do you  
21 believe that the Commission should approve this  
22 application?

23 A. Yes.

24 Q. Is there anything else that you would like to  
25 comment or explain on the stand this morning?

1 A. No, sir.

2 MR. TORREY: Your Honor, Staff would move to  
3 admit Exhibit S-1.

4 ALJ STERN: Any objection to Exhibit S-1?

5 MR. HALLAM: No objection, Judge.

6 ALJ STERN: No objections noted, Exhibit S-1 is  
7 admitted.

8 MR. TORREY: Thank you.

9 (Exhibit S-1 was admitted into evidence.)

10 MR. TORREY: And Ms. Morrison is available for  
11 cross-examination.

12 ALJ STERN: Okay. Mr. Hallam, any questions?

13 MR. HALLAM: No. No, questions, Judge.

14 ALJ STERN: Okay. You guys make my job easy  
15 today.

16 Let me just ask one question or two or three or  
17 twelve.

18

19

EXAMINATION

20

21 Q. (BY ALJ STERN) Ms. Morrison, the recommendation  
22 with respect to the performance bond or a site draft  
23 letter of credit, you state that it be a bond of \$125,000  
24 for the company or a site draft letter of credit again.

25 I know in some prior decisions I have looked over

1 there has been verbiage to the effect that it would be a  
2 certain amount but in the event -- well, I know there are  
3 no deposits, prepayments or advances, but I guess it's  
4 been some sort of a condition to increase it. This isn't  
5 recommended in this case.

6           Could you tell me why?

7       A.    Yes, because there are no advances, prepayments  
8 or deposits required.

9       Q.    So Staff isn't concerned if the company is doing  
10 a tremendous amount of business? We don't assume they  
11 will need to have more than that amount posted; right?

12       A.    Yes, sir.

13       Q.    Let's see if I have any other questions for you.

14           And based on your experiences, this company -- in  
15 your recommendations, too, does this company appear to  
16 be -- will it be competitive in the field of providing the  
17 services it's seeking Commission approval to provide?

18       A.    Yes, sir.

19           ALJ STERN:   Okay.   Any redirect, Mr. Torrey?

20           MR. TORREY:   None, Your Honor.

21           ALJ STERN:   Thank you, ma'am.

22           THE WITNESS:  You are welcome.

23           ALJ STERN:   Any other witnesses?

24           MR. TORREY:   None, Your Honor.

25           ALJ STERN:   Any closing statements?

1 MR. HALLAM: No closing, Judge.  
2 MR. TORREY: No closing, Your Honor.  
3 ALJ STERN: Okay. That is it. Thank you for  
4 your time today. We will issue a Recommended Opinion and  
5 Order for Commission action, and it will be sent out in  
6 the usual manner.

7 Thank you.

8 MR. HALLAM: Thank you.

9 (The hearing concluded at 10:32 a.m.)

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I, KATE E. BAUMGARTH, RPR, Certified Reporter  
 No. 50582, for the State of Arizona, do hereby certify  
 that the foregoing printed pages constitute a full, and  
 accurate transcript of the proceedings had in the  
 foregoing matter, all done to the best of my skill and  
 ability.

WITNESS my hand this 8th day of October, 2009.

  
 \_\_\_\_\_  
 Kate E. Baumgarth, RPR  
 Certified Reporter, No. 50582