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Via Overnight Delivery

July 17, 2012

Docket Control Center  
Arizona Corporation Commission  
1200 W. Washington Street, Room 108  
Phoenix, Arizona 85007-2996

Re: Staff's Second Set of Data Requests to Preferred Long Distance, Inc., Docket No.  
T-04308A-12-0118

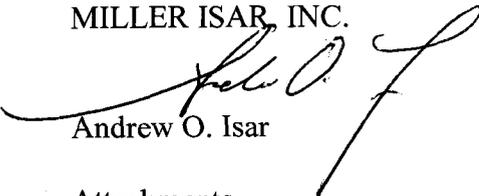
Dear Sir/Madam:

Pursuant to Staff's June 29, 2012 Second Set of Data Requests in the above-referenced matter, Preferred Long Distance, Inc. ("Preferred" or the "Company"), provides the attached responses. An original and thirteen (13) copies of this letter and attachments are enclosed.

Please acknowledge receipt of this filing by file-stamping and returning the additional copy of this Application and transmittal letter in the self-addressed, postage-paid envelope provided for this purpose. Questions may be directed to the undersigned.

Sincerely,

MILLER ISAR, INC.

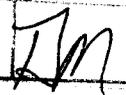
  
Andrew O. Isar

Attachments

Regulatory Consultants to  
Preferred Long Distance, Inc.

cc: Ms. Pam Genung via electronic delivery (PGenung@azcc.gov)

Arizona Corporation Commission  
**DOCKETED**  
JUL 17 2012

DOCKETED BY 

STAFF'S SECOND SET OF DATA REQUESTS TO  
PREFERRED LONG DISTANCE, INC.  
DOCKET NO. T-04308A-12-0118

Each of the following responses was prepared by:

Keith Nussbaum  
Executive Vice President  
Preferred Long Distance, Inc.  
16830 Ventura Boulevard, Suite 350  
Encino, California 91436  
Telephone: 818.380.9090

and

Andrew O. Isar,  
Miller Isar, Inc.  
4423 Point Fosdick Drive, NW  
Gig Harbor, Washington 98335  
Telephone: 253.851.6700

Regulatory Consultants to  
Preferred Long Distance, Inc. ("Preferred")

PJG 2.1 In reference to Preferred Long Distance's response to item (A-19) in its Application, please identify how Preferred Long Distance intends to provide customer service to its facilities-based Arizona customers. (e.g. any maintenance and repair issues will be addressed by CenturyLink and coordinated with Preferred Long Distance's qualified technical staff based in California)

**Response:** Preferred's "facilities-based" local exchange service refers to service provided through leased unbundled network elements ("UNEs"), provisioned through, and maintained by, Qwest Corporation dba CenturyLink QC ("CenturyLink").<sup>1</sup> Preferred maintains a dedicated in-house customer service organization to support all subscribers, and employs trained and experienced individuals responsible for direct coordination with CenturyLink for resolution of technical issues.

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<sup>1</sup> Preferred is not a "facilities-based" carrier in the sense that it has deployed and maintains its own physical network in Arizona or elsewhere.

STAFF'S SECOND SET OF DATA REQUESTS TO  
PREFERRED LONG DISTANCE, INC.  
DOCKET NO. T-04308A-12-0118

PJG 2.2 In reference to Preferred Long Distance's response to item (A-11) of its Application, regarding past or present formal or informal complaint proceedings, please provide the following information 1.) Why the following items were not disclosed; 2.) A status on any complaints that remain unresolved; 3.) Any change in operations of Preferred Long Distance resulting from the following complaints:

- a. In Wisconsin, 4 slamming related complaints (3 long distance and 1 local service) over the last 12 months;
- b. In Oregon, 14 complaints for unauthorized switch of service (slamming) over the last 12 months, 2 of the 14 complaints are still open;
- c. In Indiana, 19 complaints, (16 slamming related and 3 "high bill" related) over the last 12 months.

**Response:** Preferred interpreted the term "proceedings" in Application item A-11 as entailing an actionable regulatory matter. Preferred acknowledges that despite its constant, affirmative scrutiny of independent third party verifications and compliant account transfer procedures, there are instances where inquiries and complaints do occur, consistent with the experience of all telecommunications service providers. Preferred is not immune. In each of the aforementioned matters, all issues were resolved and no further regulatory inquiry or action was taken or deemed necessary. Preferred is one of the few carriers employing live, rather than automated, independent third party verification and voluntarily imposes an obligation on to its third party verifier to place an immediate callback to the customer. This extra procedure is costly and time sensitive, but has dramatically reduced unauthorized account transfers allegations. A review of the matters raised by individuals and the Company's account transfer procedures has confirmed the viability of the Company's current procedures, though Preferred strives to ensure that customer communications remain clear and understandable. Preferred notes that the number of inquiries and complaints has decreased dramatically in 2012 as a result of its continued efforts to mitigate the potential for complaints.

STAFF'S SECOND SET OF DATA REQUESTS TO  
PREFERRED LONG DISTANCE, INC.  
DOCKET NO. T-04308A-12-0118

PJG 2.3 Please provide the name, address, and telephone number of each marketing organization that Preferred Long Distance has hired or plans to hire to sell/market its services in Arizona.

**Response:** Preferred has no immediate intention to hire an outside marketing organization, relying instead on its in-house sales and marketing team. To the extent that Preferred determines that it may become more effective to engage an outside marketing organization in Arizona once it gains Arizona operating experience, it may pursue reputable entities.

PJG 2.4 Please provide a copy of the current script used by Preferred Long Distance's Sales/Marketing group to solicit Preferred Long Distance's services to customers.

**Response:** Please see attached.

PJG 2.5 Please provide the name address, and telephone number of Preferred Long Distance's Third-Party Verification Vendor.

**Response:** Preferred's third-party verification vendors are DCC Solutions, LLC, dba Capitol Verification; 69 N. 28th Street, Suite 200, Superior, WI 54880; telephone (715) 392-7253 and BSG TPV, LLC dba VoiceLog; 7411 John Smith Drive, Suite 1500, San Antonio, TX 78229; telephone (888) 505-9871

PJG 2.6 Please provide a copy of the current script used by Preferred Long Distance's Third- Party Verification Vendor when validating orders to change a customer's long distance carrier.

**Response:** Please see attached.

Response to PJG 2.4  
Sales/Marketing Script

Hi (customers name), my name is \_\_\_\_\_, I am calling on behalf of Preferred Long Distance, Inc., one of the fastest growing telecommunications companies in the country, to quickly tell you how Preferred Long Distance can provide you with better, more cost-effective local and long distance calling and to give you an opportunity to experience for yourself.

Before I tell you about the benefits of switching to Preferred, can I get your name and your title within the company?

And are you authorized to make changes to the phone account?

Are you over the age of 18?

Thank you.

Preferred offers highly competitive rates, U.S.-based Customer Service with trained and experienced representative, and an easy to read bill. Preferred is a growing business like yours with a passion for helping other growing companies succeed.

Switching to Preferred provides benefits of keeping your same phone number(s), without interrupting your current phone service or the service quality of service you have today. Yet you can enjoy additional benefits of lower pricing, more immediate and personal customer service, and ongoing support.

We also offer alternative affordable price plans that small and medium size businesses can benefit from. **(Agent quotes rates)**

If you don't like the service for any reason you may switch away at any time without any penalty or switch fees from Preferred.

Do you have any questions so far on how this works? If no, then ask:

Would you like to try the service... If yes, then state:

Alright, to get you started with Preferred it is required for us to go through a quick independent third party verification of your decision to join thousands of subscribers that have switched to Preferred. The verifier will ask a few questions to make sure you are the authorized decision maker; that I have given you the correct prices; and, you understand that my company is in no way, shape, or form, a branch, division or a subsidiary of CenturyLink. You do understand all of this, correct?

Great, hang on and I will transfer you to a third party verifier to complete your order?

**Response to PJG 2.6**  
**PREFERRED LD VERIFICATION SCRIPT**  
**FOR LOCAL AND LD SERVICE**  
**CALL IN NUMBER IS (210) 418-7891**

**REP WILL USE THEIR TOUCH TONE KEY PAD TO INPUT THE CUSTOMER'S TELEPHONE NUMBER:**

”

*(REP MUST give the following information in order)*

1. My Rep. ID# is \_\_\_\_ with **(state your room name)**
2. My Product Code is xxx B-AZ
3. I have *(contact's first and last name)* on line with us.

VERIFIER NOW ASKS THE FOLLOWING QUESTIONS TO THE REPRESENTATIVE:

Representative please state the full name of the customer's business \_\_\_\_ (Enter Name)

How many total lines are at this location? \_\_\_\_ (Enter# in box)

Are there any Existing Toll Free Numbers? \_\_\_\_ (If Yes,mark box)

Does the customer have or want VOICEMAIL SERVICE?

Are there any Additional Locations: (up to 4) Repeat question 1-4 for each additional location.

Thank you, Representative you may now clear the line (REP IS NOT ALLOWED TO SPEAK AFTER THIS POINT OR CALL WILL BE TERMINATED).

Hello, Mr./Mrs.\_\_\_\_\_. My name is \_\_\_\_\_ with Voicelog. We are an independent third party retained to verify Preferred Long Distance, Inc. orders. This conversation is being recorded to avoid any unauthorized changes to your phone service.

Today's date is (date). If anything I ask is different than what the representative discussed with you, please feel free to stop me at any time, OK?. (Yes/No)

Is your main billing telephone number (STATE THE BTN)? (YES OR NO)  
What is your business name and address?

Do you understand the representative has called you on behalf of PREFERRED LONG DISTANCE, Inc. and not your local phone company and PREFERRED LONG DISTANCE, Inc. and your local phone company are not affiliated in any way and are SEPARATE companies COMPETING with each other? (YES OR NO).

Do you authorize Preferred Long Distance Inc. to switch your local telephone service for all your numbers? (yes or no)?

And your in-state local toll service (yes or no)?

your instate long distance service (yes or no)?

your state to state long distance service (yes or no)?

and your international service, if used? (yes or no)

Great, I show you have chosen the following price plan: Your local calling plan will now be \$xx.xx per line with unlimited local calling. Each feature and directory listing is \$x5.xx (if requesting VOICE MAIL THEN ADD "along with VOICEMAIL for \$xx.xx per month?). Quality Control may call you back later for you to decide which features you want to keep and pay for. Your first 100 minutes of domestic long distance calling is free and then your rate is x.x cents for all state to state calls and x.x cents for all in-state long distance and local toll calls, plus taxes and surcharges. There are no minimums or penalties. Is all of this correct? (YES OR NO

And to confirm you are over 18 years old and authorized to choose Preferred Long Distance, Inc. as your new local, and long distance provider for all lines associated with your business please state your position with your company and your date of birth? (Customer States Title /Reject and date of birth MM/DD/YY)

Thank you for choosing Preferred Long Distance. I'll need to call you right back to complete the verification process may I reach you at ###-###-####,(if NO, then the Verifier must get the number the customer is at) ?

Thank you sir/mamm, you may now disconnect and I will call you right back.

Hello, Mr/Ms\_\_this is \_\_ with Voicelog, calling you back.

Would you please confirm Preferred Long Distance, Inc. will now provide local service as well, as long distance service for all lines associated with your business. (YES or NO)

Thank you for your order. A written confirmation will be mailed to you shortly. Please remember that PREFERRED LONG DISTANCE, Inc. is not affiliated with your local phone company but they are separate companies competing with each other.

A Quality Control Representative may contact you if they have questions about your order. If you have any future questions please call customer service at 1-888-235-2026. Thank you and have a nice day. Good-bye.

(if customer doesn't disconnect then Verifier will say: "Customer you may disconnect now".