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NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION Arizona Corporation Commission

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APPLICATION OF CREXENDO BUSINESS SOLUTIONS, INC. FOR AN ORDER RESCINDING ITS BOND REQUIREMENT.

DOCKET NO. T-20737A-14-0204

APPLICATION TO RESCIND BOND REQUIREMENT

Crexendo Business Solutions, Inc. ("Crexendo") requests rescission of the \$125,000 bond/letter of credit requirement ordered in Decision No. 72733 (January 6, 2012), and return of the letter of credit to Crexendo. In support of its application, Crexendo provides the following information:

1. Crexendo provides resold long distance, facilities-based long distance, resold long distance, resold local exchange and facilities-based local exchange services primarily to small- and mid-sized businesses in Arizona. All of these services are competitive services. Its local business address is 1615 South 52<sup>nd</sup> Street, Tempe, Arizona 85281. Currently, Crexendo has approximately 2,000 non-residential customers. Crexendo has over 65 employees in Arizona, most of who work at the 25,000-square-foot Data Center located in Tempe, Arizona. Customer service inquiries and maintenance requests are handled through its location in Tempe, Arizona. Crexendo, does not collect deposits or advance payments. Crexendo provides similar telecommunications services in 46 other states, and the District of Columbia.

2. Crexendo's ultimate parent is Crexendo, Inc. Crexendo, Inc. is a Delaware corporation headquartered at 1615 South 52<sup>nd</sup> Street, Tempe, Arizona 85281. Crexendo, Inc. has invested substantial capital in building and operating a facilities-based, proprietary operating network that includes a substantial data center in Tempe. For the period ending March 31, 2014, Crexendo, Inc. has total assets of \$8,984,000.00 million, total equity of \$6,242,000 million, with all assets held in Arizona.

1           3.       Crexendo was awarded a certificate of convenience and necessity to provide resold  
2 long distance, facilities-based long distance, resold long distance, resold local exchange and  
3 facilities-based local exchange services in Decision No. 72733. As a condition of approval, the  
4 Commission required Crexendo to procure a \$125,000 performance bond or Irrevocable Sight  
5 Draft Letter of Credit (“ISDLC”).<sup>1</sup> Crexendo submitted a \$125,000 letter of credit to the  
6 Commission on January 26, 2012.

7           4.       Since the Commission approved Crexendo’s CCN application in Decision No.  
8 72733, Crexendo has complied with all Commission requirements, including filing annual reports,  
9 funding Arizona universal service, and seeking approval of certain transactions when required.  
10 Crexendo has complied with all applicable Commission rules, regulations and orders. There are  
11 currently no formal complaints against Crexendo, and any prior formal or informal complaints  
12 have been resolved.

13           5.       The Commission recently, in appropriate circumstances, has not required a  
14 performance bond or has been relieving other competitive local exchange carriers (“CLECs”) of  
15 the performance bond requirement. Crexendo believes that maintaining a performance bond in the  
16 amount of \$125,000 is no longer necessary for it. Crexendo has substantial investment in Arizona,  
17 including the Data Center in Tempe, Arizona. It has many employees in Arizona. Crexendo has  
18 shown that it has both the technical and the financial capability to provide reliable and adequate  
19 services in Arizona. Further, Crexendo does not collect any deposits or advance payments, as  
20 clearly set forth and stated in its Arizona tariffs, which are located at  
21 <http://www.azcc.gov/Divisions/Utilities/Tariff/util-tarrifs-telecom.asp#C>.

22           6.       Rescinding the performance bond will not alter rates, terms or conditions of service  
23 to Crexendo customers and will not adversely impact service.

24           7.       Removing the bond requirement also would put Crexendo on equal footing with  
25 other CLECs currently operating in Arizona, as well as incumbent service providers such as Qwest

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26  
27 <sup>1</sup> The Commission also ordered a separate \$1 million performance bond or ISDLC for reasons explained in Decision No. 72733. That requirement, however, was extinguished in Decision No. 73991 (July 16, 2013).

1 Corporation, Inc. dba CenturyLink.

2 8. The Commission's Competitive Telecommunications Services Rules – A.A.C. 14-  
3 2-1101 through 14-2-1115, which apply to Crexendo, do not require that Crexendo maintain a  
4 performance bond as a condition of providing service in Arizona. Specifically, A.A.C. R14-2-  
5 1105(D) states that the Commission “*may* require, as a precondition to certification, the  
6 procurement of a performance bond sufficient to cover any advances or deposits the  
7 telecommunications company may collect from its customers, or order that such advances or  
8 deposits be held in escrow or trust.” In other words, the Commission has the authority and the  
9 discretion to determine whether a performance bond is still appropriate for Crexendo. Because of  
10 the circumstances described in the previous paragraphs, Crexendo believes the \$125,000  
11 performance bond requirement should now be rescinded.

12 9. Upon cancellation of its bond/letter of credit requirement, Crexendo requests that  
13 the Commission return the Crexendo letter of credit in the Commission's possession to:

14  
15 Jeff Korn, Chief Legal Officer  
16 Crexendo Business Solutions, Inc.  
17 1615 South 52<sup>nd</sup> Street  
18 Tempe, AZ 85281

19 WHEREFORE, Crexendo respectfully requests that the Commission rescind the \$125,000  
20 performance bond/letter of credit requirement for the reasons set forth in this filing.

21 RESPECTFULLY SUBMITTED this 25<sup>th</sup> day of June, 2014.

22 **ROSHKA DEWULE & PATTEN, PLC**

23 By 

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Attorneys for Crexendo Business Solutions, Inc.

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filed this 25<sup>th</sup> day of  
June 2014 with:

Docket Control  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, Arizona 85007

By *Jacklyn Howard*