

ORIGINAL

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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IN THE MATTER OF THE APPLICATION OF
CENTURYLINK COMMUNICATIONS
COMPANY, LLC TO RESCIND PERFORMANCE
BOND REQUIREMENT

DOCKET NO. T-02811B-14-0211
APPLICATION

CenturyLink Communications Company, LLC ("Applicant") requests that the Arizona Corporation Commission ("Commission") rescind the performance bond requirement placed on the Applicant, as is permitted by Commission Rule A.A.C. R14-2-1105(D).

It Is Reasonable And Appropriate For The Commission To Cancel The Orders Requiring the Applicant To Maintain A Performance Bond. The Applicant Should Be Relieved Of Such A Requirement.

In Decision No. 68447 and preceding orders, in the exercise of its authority under Commission Rule 1105(D), the Commission required the Applicant to post a bond to secure the potential obligation of the company to repay customer advances or deposits. Commission Rule 1105(D)¹ permits the Commission to require telecommunications companies offering competitive services to post a performance bond, but does not mandate that a bond must be posted. Rule 1105(D) states, "In appropriate circumstances, the Commission may require, as a precondition to certification, the procurement of a performance bond sufficient to cover any advances or deposits the telecommunications

¹ A.A.C. R14-2-1105(D).

1 company may collect from its customers, or order that such advances or deposits be held in escrow or
2 trust.” (Emphasis added.)

3 Although Rule 1105(D) was written to allow the Commission to exercise discretion about
4 whether a performance bond should be required by an applicant for a competitive telecommunications
5 service CC&N, at the time this Applicant received its operating authority the practice of the Commission
6 was to require a bond for all competitive carriers. *See, e.g.,* Decision No. 62751 (2000) (*Eschelon*
7 *Telecom of Arizona CC&N Application*). At that time, when competition in the telecommunications
8 markets was a new regulatory regime and the competitive carriers were in many instances new
9 companies with limited operating history, a bond requirement was the vehicle selected by Commission
10 to protect consumers in the event a provider could not meet its legal obligations.

11 Over a decade of experience has shown that the risk of harm to consumers is much lower than
12 feared when the market was opened to competition. Especially with respect to companies which have
13 long histories of successful operation and records of compliance, customer deposits and advances are
14 not at significant risk.

15 In light of the experience over the years, the Commission has recently begun to forgo imposition
16 of the performance bond requirement. *See* TNCI Operating Company, LLC T-20882A-13-0108. *See*
17 *also, tw telecom of Arizona, LLC, T-03943A-14-0013, Decision No. 74497, May 23, 2014 (“tw telecom*
18 *Order”)*. The Commission noted in the *tw telecom order*, “The Commission has recently, in
19 appropriate circumstances, been relieving telecommunications providers of the obligation of a bond
20 requirement.”² In the application approved by the *tw telecom Order*, *tw telecom llc* asked the
21 Commission to rescind the performance bond, because the company has investment in the state, a
22 proven operation history, and a history of excellent compliance. The Commission Staff recommended
23 approval of the *tw telecom* application based upon its review of *tw telecom*’s satisfactory history of
24 complaint, inquiries, or opinions filed against *tw telecom*, *tw telecom*’s history of compliance as

25 ² Decision No. 74497, para. 9.

1 reported by the Commission Compliance Section, and tw telecom's status of Good Standing with the
2 Corporation Division of the Commission. The Commission approved tw telecom's application on that
3 basis.

4 The Applicant has been certified in Arizona since 1998. The Applicant possesses substantial
5 resources nationally, and owns and operates networks nationally and in Arizona. The Applicant is
6 certificated to provide local exchange services in all 50 states, the District of Columbia and Puerto Rico,
7 and provides long distance voice and data telecommunications across the entire nation and
8 internationally. The Applicant has complied with all the rules, regulations, and orders of the
9 Commission and its CC&N. Any complaints against the Applicant have been resolved and closed with
10 no formal litigation and without penalty to the Applicant. The bond that the Applicant has had on file
11 with the Commission has never been drawn upon.

12 In these circumstances, the slight additional benefit of the bond to consumers is not justified by
13 the expense placed upon the Applicant. The Applicant should be relieved of the bond requirement.

14 **CONCLUSION**

15 For the foregoing reasons, the Applicant asks the Commission to issue an order) relieving the
16 Applicant from the requirement to a post performance bond under Rule 1105(D).

17 RESPECTFULLY SUBMITTED this 25th day of June, 2014.

18
19 QWEST CORPORATION d/b/a
CENTURYLINK-QC

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1 ORIGINAL and thirteen (13) copies of the foregoing
filed this 25th day of June, 2014 with:

2 Docket Control
3 Arizona Corporation Commission
1200 West Washington Street
4 Phoenix, Arizona 85007

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6 *Real Return*

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