



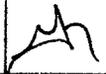
BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission
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Commissioner

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Commissioner

SUSAN BITTER SMITH

Commissioner

IN THE MATTER OF APPLICATION)
OF PREFERRED LONG DISTANCE, INC.) Docket No. T-04308A-14-0411
FOR RECISSION OF)
BOND REQUIREMENT CONTAINED IN)
ARIZONA CORPORATION COMMISSION)
DECISION NO. 73928)

**APPLICATION TO
RESCIND BOND REQUIREMENT**

Preferred Long Distance, Inc. ("Preferred" or "Applicant") hereby requests rescission of the \$135,000.00 bond requirement ordered in Arizona Corporation Commission ("Commission") Decision No. 73928. In the year plus since Preferred's Certificate of Public Convenience and Necessity was granted, Preferred has met the entirety of its obligations to the Commission and faithfully and responsibly served its subscribers. Preferred has a long-standing history of providing telecommunications services to the public, spanning nearly 20 years. The Company's financial viability, good standing, and longevity warrant rescission of the bond requirement and return of the bond, consistent with recent Commission grants of similar requests. In support of its Application, Preferred states as follows.

1. Preferred is a foreign corporation organized under the laws of the State of California on May 10, 1995. Preferred was authorized to provide competitive facilities-

based local exchange, non-facilities-based resold interexchange long distance telecommunications services in Arizona in Decision No. 73928 on March 18, 2013.¹

The business address for Preferred's corporate headquarters is
Preferred Long Distance, Inc.
16830 Ventura Boulevard, Suite 350
Encino, California 91436

Preferred does not maintain offices or equipment in the State of Arizona.

2. Preferred is currently authorized to transact business and to provide local exchange and interexchange telecommunications services in Arizona and seventeen (17) states. The Company provides its services exclusively to small and medium sized commercial subscribers. Preferred has remained profitable and is financially viable. The Company does not collect deposits or advanced payments.

3. Preferred was granted a certificate of convenience and necessity to provide competitive facilities-based and resold non-facilities-based local exchange, and non-facilities-based interexchange telecommunications services by the Commission in Decision No. 73928. As a condition of approval, the Commission required Preferred to procure a performance bond or irrevocable sight draft letter of credit in the amount of \$135,000. Preferred filed its \$135,000 performance bond on September 9, 2014, prior to initiation of service.² The Company's bond remains in effect.

4. Preferred has complied with all Commission requirements, including all of Staff recommendations that the Commission adopted in Decision No. 73928, as adopted by the Commission under Conclusions of Law para. 8. Further, Preferred has complied with all applicable Commission rules, regulations and orders for more than one year. There are currently no active formal complaints against Preferred nor has Preferred been the subject on any further regulatory action since its certificate of public convenience and necessity was granted.

5. The Commission recently, in appropriate circumstances, has not required a

¹ Docket No. T-04308A-12-0118.

² Bond underwritten by Hartford Fire Insurance Company on August 20, 2014.

performance bond or has been relieving competitive local exchange carriers ("CLECs") of the performance bond requirement. Preferred believes that maintaining a performance bond in the amount of \$135,000 is no longer necessary as the Company poses no risk to the Public in Arizona or elsewhere. Preferred believes it has proven its financial, technical and managerial ability to provide services in Arizona. Preferred has operated profitably for nearly 20 years and is financially viable. Preferred does not collect any deposits or advance payments. Rescinding Preferred's performance bond requirement will not alter rates, terms or conditions of service to Preferred customers and will not otherwise adversely impact service.

6. Rescission of the bond requirement will also would put Preferred at regulatory parity with other CLECs currently operating in Arizona, as well as with incumbent local exchange carriers such as Qwest Corporation, Inc. dba CenturyLink.

7. The Commission's Competitive Telecommunications Services Rules – A.A.C. 14-2-1101 through 14-2-1115, do not require that Preferred maintain a performance bond as a condition of providing service in Arizona. Specifically, A.A.C. R14-2-1105(D) states that the Commission "*may* require, as a precondition to certification, the procurement of a performance bond sufficient to cover any advances or deposits the telecommunications company may collect from its customers, or order that such advances or deposits be held in escrow or trust." In other words, the Commission has the authority and the discretion to determine whether a performance bond is still appropriate for Preferred. Because of the circumstances described in the previous paragraphs, Preferred believes the \$135,000 performance bond requirement should now be rescinded.

8. Upon cancellation of its bond requirement, Preferred requests that the Commission return the Preferred bond in the Commission's possession to:

Keith Nussbaum
Executive Vice President
16830 Ventura Boulevard, Suite 350
Encino, California 91436
Telephone: 818.380.9090

WHEREFORE, Preferred, respectfully requests that the Commission rescind the \$135,000 performance bond requirement for the reasons set forth in this filing.

RESPECTFULLY SUBMITTED this 16th day of December, 2014.

ROSHKA DEWULF & PATTEN, PLC

By 

Michael W. Patten
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004
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Attorneys for
Preferred Telecommunications, LLC

ORIGINAL and 13 COPIES
filed this 16th day of
December 2014 with:
Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

By 