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BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP
Chairman
GARY PIERCE
Commissioner
BRENDA BURNS
Commissioner
BOB BURNS
Commissioner
SUSAN BITTER SMITH
Commissioner

Arizona Corporation Commission
DOCKETED
JUN 20 2014

DOCKETED BY ne

IN THE MATTER OF THE APPLICATION)
OF ESCHELON TELECOM OF ARIZONA,)
INC. FOR APPROVAL OF AN ORDER)
RESCINDING ITS BOND REQUIREMENT.)

DOCKET NO. T-03406A-14-0081
DECISION NO. 74555
ORDER

Open Meeting
June 10 and 11, 2014
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On March 7, 2014, Eschelon Telecom Of Arizona, Inc. ("Eschelon-AZ" or "Applicant") submitted an Application requesting an order rescinding the \$235,000 performance bond requirement contained in Decision No. 67674 (March 9, 2005).

2. In its Application, Eschelon-AZ states it provides local and long distance telecommunications services and high-speed internet access services to small and medium-sized businesses as well as enterprise customers in Arizona. Eschelon-AZ does not service residential customers on Arizona.

3. In addition, the Applicant states that Eschelon-AZ has maintained the \$235,000 performance bond as required by Decision No. 67674, renewing the bond each year as needed.

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1 Background

2 4. On July 25, 2000, in Decision No. 62751, the Commission granted Eschelon-AZ a
3 Certificate of Convenience and Necessity to provide resold and facilities-based long distance and
4 resold and facilities-based local exchange telecommunications services within the State of Arizona,
5 provided Eschelon-AZ complied with conditions outlined in the Decision. As a condition of
6 approval, the Commission required Eschelon-AZ to procure a performance bond equal to the
7 minimum of 120 days intrastate revenue as well as any prepayments or deposits collected from its
8 customers. In Decision No. 67674 (March 9, 2005), the Commission modified the performance bond
9 requirement for Eschelon-AZ to \$235,000.

10 Eschelon-AZ's Application

11 5. In its Application to eliminate the performance bond or irrevocable sight draft Letter of
12 Credit ("ISDLOC") requirement, Eschelon-AZ cites Arizona Administrative Code ("A.A.C.") R14-2-
13 1105(d), which states that "[i]n appropriate circumstances, the Commission may require, as a
14 precondition to certification, the procurement of a performance bond sufficient to cover any advances
15 or deposits the telecommunications company may collect from its customers, or order that such
16 advances or deposits be held in escrow or trust."

17 6. After almost 14 years of providing services in Arizona, including investing substantial
18 capital in building and operating a facilities-based, proprietary operating network, Eschelon-AZ
19 believes it has proven its financial, technical and managerial ability to provide services in Arizona and
20 that maintaining a performance bond is no longer necessary.

21 Complaints and Compliance

22 7. The Consumer Services Section of the Utilities Division reports that there have been no
23 complaints, inquiries, or opinions about Eschelon-AZ for the period of January 1, 2011 to March 12,
24 2014. According to the Corporations Division, Eschelon-AZ is in good standing. The Compliance
25 Section reports that Eschelon-AZ is in compliance.

26 Staff Recommendations

27 8. The Commission has, in appropriate circumstances, relieved telecommunications
28 providers of the obligation to maintain a performance bond or ISDLOC. Staff recommends that

1 Eschelon-AZ be relieved of the \$235,000 performance bond or ISDLOC obligation contained in
2 Decision No. 67674.

3 9. Eschelon-AZ has communicated to Staff that upon approval of this Application, the
4 performance bond should be released and returned to the following name and address:

5 Hanh Tran
6 Director of Risk Management
7 Integra
8 1201 NE Lloyd Blvd, Suite 500
9 Portland, OR 97232

10 CONCLUSIONS OF LAW

11 1. Eschelon Telecom Of Arizona, Inc. is a public service corporation within the meaning
12 of Article XV of the Arizona Constitution.

13 2. The Commission has jurisdiction over Eschelon Telecom Of Arizona, Inc. and the
14 subject matter in this filing.

15 3. The Commission, having reviewed the filing and Staff's Memorandum dated May 21,
16 2014, concludes that it is in the public interest to approve the Eschelon Telecom Of Arizona, Inc.
17 Application as proposed and discussed herein.

18 ORDER

19 IT IS THEREFORE ORDERED that the Application of Eschelon Telecom Of Arizona, Inc.
20 to terminate the performance bond or irrevocable sight draft letter of credit requirement contained in
21 Decision No. 67674 be and hereby is approved.

22 IT IS FURTHER ORDERED that Eschelon Telecom Of Arizona, Inc. may cancel, rescind,
23 discontinue and be released from any performance bond, irrevocable sight draft letter of credit or
24 other instrument obtained in compliance with the \$235,000 performance bond or irrevocable sight
25 draft letter of credit requirement set by Decision No. 67674.

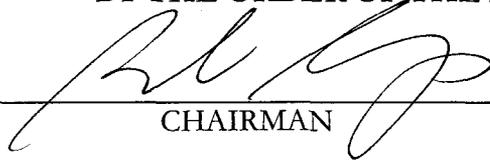
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1 IT IS FURTHER ORDERED that any performance bond on file with the Commission on
2 behalf of Eschelon Telecom Of Arizona, Inc. be returned to the following name and address provided
3 by the Applicant:

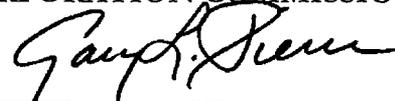
4 Hanh Tran
5 Director of Risk Management
6 Integra
7 1201 NE Lloyd Blvd, Suite 500
8 Portland, OR 97232

9 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

10 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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CHAIRMAN

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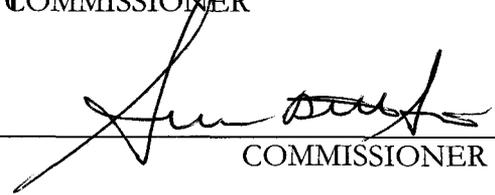
COMMISSIONER

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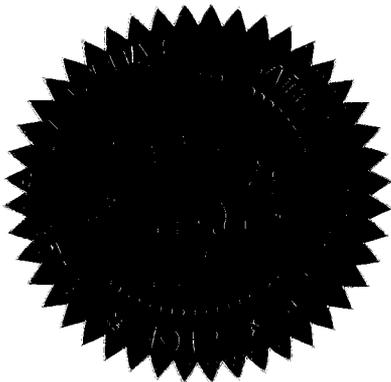
COMMISSIONER

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COMMISSIONER

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COMMISSIONER



16 IN WITNESS WHEREOF, I, JODI JERICH, Executive
17 Director of the Arizona Corporation Commission, have
18 hereunto, set my hand and caused the official seal of this
19 Commission to be affixed at the Capitol, in the City of
20 Phoenix, this 20th day of June, 2014.

21 

JODI JERICH
EXECUTIVE DIRECTOR

22 DISSENT: _____

23 DISSENT: _____

24 SMO:LLM:sms\BH

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1 SERVICE LIST FOR: Eschelon Telecom of Arizona, Inc.
DOCKET NO. T-03406A-14-0081

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