

OPEN MEETING

MEMORANDUM



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Arizona Corporation Commission

TO: THE COMMISSION

2014 AUG 22 P 1:58

DOCKETED

FROM: Utilities Division

AUG 22 2014

DATE: August 22, 2014

ORIGINAL

CORP COMMISSION
DOCKET CONTROL

DOCKETED BY

RE: IN THE MATTER OF THE APPLICATION OF TRANSWORLD NETWORK, CORP. FOR APPROVAL OF RESCISSION OF BOND REQUIREMENT CONTAINED IN ARIZONA CORPORATION COMMISSION DECISION NOS. 67465 AND 73675. (DOCKET NO. T-04246A-14-0164)

Introduction

On May 23, 2014, Transworld Network, Corp. ("Transworld" or "Applicant") submitted an Application requesting an order rescinding the \$110,000 performance bond or irrevocable sight draft letter of credit ("ISDLOC") requirement contained in Decision Nos. 67465 (January 4, 2005) and 73675 (February 6, 2013). In its Application, Transworld states it provides local and long distance telecommunications services and high-speed internet access services to residential and business customer primarily in rural parts of Arizona.

In addition, the Applicant states that Transworld has maintained the \$110,000 performance bonds as required by Decision Nos. 67465 and 73675, renewing the bond required in each Decision each year as needed.

Background

In Decision No. 67465, the Commission required Transworld to procure a performance bond equal to \$10,000 and to file proof of procurement with the Director of the Utilities Division. On May 3, 2005, Transworld filed proof of procurement of a performance bond in Docket No. T-04246A-04-0201.

In Decision No. 73675, the Commission required Transworld to procure a performance bond or ISDLOC for \$100,000 and to file the original with the Commission's Business Office. On March 21, 2013, Transworld filed an original bond with the Commission's Business Office and copies in Docket No. T-04246A-11-0368.

Transworld's Application

In its Application to eliminate the performance bond or irrevocable sight draft Letter of Credit ("ISDLOC") requirement, Transworld cites Arizona Administrative Code ("A.A.C.") R14-2-1105(d), which states that "[i]n 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 company may collect from its customers, or order that such advances or deposits be held in escrow or trust." Having provided telecommunications services in Arizona since 2005, including investing substantial capital in building and operating a

THE COMMISSION

August 22, 2014

Page 2

facilities-based, proprietary operating network, Transworld believes it has proven its financial, technical and managerial ability to provide services in Arizona and that maintaining a performance bond is no longer necessary.

Complaints and Compliance

The Consumer Services Section of the Utilities Division reports that the period from 2011 to 2012, there were zero complaints, in 2013 there was one billing complaint that was resolved and in 2014, there were two billing complaints that were resolved regarding Transworld. According to the Corporations Division, Transworld is in good standing. The Compliance Section reports that Transworld is in compliance.

Staff Recommendations

The Commission has, in appropriate circumstances, relieved telecommunications providers of the obligation to maintain a performance bond or ISDLOC. Staff recommends that Transworld be relieved of the \$110,000 performance bond or ISDLOC obligations contained in Decision Nos. 67465 and 73675.

The Applicant states that to release the two bonds in question, it is sufficient for the Commission to include in an ordering paragraph language authorizing the Applicant to cancel, rescind, discontinue and be released from the performance bond required by Decision Nos. 67465 and 73675.

In its Application, Transworld requested that upon approval of this Application, the performance bond should be released and returned to the following name and address:

Mr. Colin Wood,
Chief Executive Officer
Transworld Network, Corp.
255 Pine Avenue N.
Oldsmar, FL 34677



Steven M. Olea
Director
Utilities Division

SMO:LLM:sms\BH

ORIGINATOR: Lori L. Morrison

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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

IN THE MATTER OF THE APPLICATION)
OF TRANSWORLD NETWORK, CORP.)
FOR APPROVAL OF RESCISSION OF)
BOND REQUIREMENT CONTAINED IN)
ARIZONA CORPORATION COMMISSION)
DECISION NOS. 67465 AND 73675.)

DOCKET NO. T-04246A-14-0164
DECISION NO. _____
ORDER

Open Meeting
September 9 and 10, 2014
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On May 23, 2014, Transworld Network Corp. ("Transworld" or "Applicant") submitted an Application requesting an order rescinding the \$110,000 performance bond or irrevocable sight draft letter of credit ("ISDLOC") requirement contained in Decision Nos. 67465 (January 4, 2005) and 73675 (February 6, 2013).

2. In its Application, Transworld states it provides local and long distance telecommunications services and high-speed internet access services to residential and business customers primarily in rural parts of Arizona.

3. In addition, the Applicant states that Transworld has maintained the \$110,000 performance bonds as required by Decision Nos. 67465 and 73675, renewing the bond required in each Decision each year as needed.

...

1 Background

2 4. In Decision No. 67465, the Commission required Transworld to procure a
3 performance bond equal to \$10,000 and to file proof of procurement with the Director of the Utilities
4 Division.

5 5. In Decision No. 73675, the Commission required Transworld to procure a
6 performance bond or ISDLOC for \$100,000 and to file the original with the Commission's Business
7 Office.

8 6. The Applicant filed proof of procurement of a \$10,000 performance bond with
9 Director of the Utilities Division on or about May 3, 2005 and filed the original \$100,000 performance
10 bond with the Commission Business Office on or about March 21, 2013.

11 Transworld's Application

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

18 8. Having provided telecommunications services in Arizona since 2005, including
19 investing substantial capital in building and operating a facilities-based, proprietary operating network,
20 Transworld believes it has proven its financial, technical and managerial ability to provide services in
21 Arizona and that maintaining a performance bond is no longer necessary.

22 Complaints and Compliance

23 9. The Consumer Services Section of the Utilities Division reports that the period from
24 2011 to 2012, there were zero complaints, in 2013 there was one billing complaint that was resolved
25 and in 2014, there were two billing complaints that were resolved regarding Transworld. According to
26 the Corporations Division, Transworld is in good standing. The Compliance Section reports that
27 Transworld is in compliance.

28 ...

1 **Staff Recommendations**

2 10. The Commission has, in appropriate circumstances, relieved telecommunications
3 providers of the obligation to maintain a performance bond or ISDLOC. Staff recommends that
4 Transworld be relieved of the \$110,000 performance bond or ISDLOC obligations contained in
5 Decision Nos. 67465 and 73675.

6 11. The Applicant states that to release the two bonds in question, it is sufficient for the
7 Commission to include in an ordering paragraph language authorizing the Applicant to cancel, rescind,
8 discontinue and be released from the performance bond required by Decision Nos. 67465 and 73675.

9 12. In its Application, Transworld requested that upon approval of this Application, the
10 performance bond should be released and returned to the following name and address:

11 Mr. Colin Wood,
12 Chief Executive Officer
13 Transworld Network Corp.
255 Pine Avenue N.
Oldsmar, FL 34677

14 CONCLUSIONS OF LAW

15
16 1. Transworld Network Corp. is a public service corporation within the meaning of
17 Article XV of the Arizona Constitution.

18 2. The Commission has jurisdiction over Transworld Network Corp. and the subject
19 matter in this filing.

20 3. The Commission, having reviewed the filing and Staff's Memorandum dated August
21 22, 2014, concludes that it is in the public interest to approve the Transworld Network Corp.
22 Application as proposed and discussed herein.

23 ORDER

24 IT IS THEREFORE ORDERED that the Application of Transworld Network Corp. to
25 terminate the performance bond or irrevocable sight draft letter of credit requirement contained in
26 Decision Nos. 67465 and 73675 be and hereby is approved.

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1 IT IS FURTHER ORDERED that Transworld Network Corp. may cancel, rescind,
 2 discontinue and be released from any performance bonds, irrevocable sight draft letters of credit or
 3 other instruments obtained in compliance with the \$110,000 performance bond or irrevocable sight
 4 draft letter of credit requirements set by Decision Nos. 67465 and 73675.

5 IT IS FURTHER ORDERED that the original \$100,000 performance bond on file with the
 6 Commission on behalf of Transworld Network Corp. be returned to the following name and address
 7 provided by the Applicant:

8 Mr. Colin Wood,
 9 Chief Executive Officer
 10 Transworld Network, Corp.
 255 Pine Avenue N,
 Oldsmar, FL 34677

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

12
 13 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

14
 15 _____
 CHAIRMAN

COMMISSIONER

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 17 _____
 COMMISSIONER

COMMISSIONER

COMMISSIONER

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

22
 23 _____
 24 JODI JERICH
 EXECUTIVE DIRECTOR

25
 26 DISSENT: _____

27 DISSENT: _____

28 SMO:LLM:sms\BH

1 SERVICE LIST FOR: Transworld Network, Corp.
2 DOCKET NO. T-04246A-14-0111

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