

ORIGINAL

OPEN MEETING



0000161016

MEMORANDUM

Arizona Corporation Commission

DOCKETED

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AZ CORP COMMISSION
DOCKET CONTROL

TO: THE COMMISSION

JUN 23 2015

FROM: Utilities Division

2015 JUN 23 AM 11 55

DATE: June 23, 2015

DOCKETED BY
BTU

RE: IN THE APPLICATION OF MATRIX TELECOM, INC. FOR AN ORDER RESCINDING ITS BOND REQUIREMENT. (DOCKET NO. T-03228A-15-0149)

Introduction

On May 8, 2015, Matrix Telecom, Inc. ("Matrix" or "Applicant") submitted an Application requesting rescission of the bond or letter of credit requirement contained in Decision No. 71786.

Background

In Decision No. 68343, dated December 9, 2005, the Arizona Corporation Commission ("Commission") ordered Matrix to procure a performance bond in the amount of \$25,000 and file proof of that bond. On January 29, 2007, Matrix docketed a copy of the \$25,000 bond it had obtained and delivered the original to the Commission's Business Office.

In Decision No. 69944, dated October 16, 2007, Commission ordered Matrix to procure a performance bond or irrevocable sight draft letter of credit ("ISDLOC") in the amount of \$125,000 and docket proof of that bond. On October 26, 2007, Matrix docketed a copy of a Surety Endorsement increasing the amount of its then \$25,000 current bond to \$125,000 and delivered the original Endorsement to the Commission's Business Office.

In Decision No. 71786, dated July 12, 2010, the Commission ordered Matrix to procure a performance bond or ISDLOC in the amount of \$135,000, provide the original to the Commission's Business Office and file copies with Docket Control. On August 24, 2010, Matrix delivered an original Surety Rider to the Business Office indicating the amount of its bond had been increased from \$125,000 to \$135,000. Additionally, in Decision No. 71786, the Commission approved the transfer of the assets of Comtel Telcom Assets LP ("Comtel") to Matrix. Staff's research revealed the Business Office is also in possession of (2) two original bonds in the amount of \$135,000, an original bond in the amount of \$125,000, an original bond in the amount of \$10,000 and original name change Surety Rider all of which are in the name of Comtel. Matrix indicated to Staff the bond documents in the name of Comtel may be returned to the Matrix contact indicated below.

On February 14, 2014, Matrix docketed a copy of a \$135,000 bond replacing its previous \$135,000 bond and delivered the original replacement bond to the Business Office. Subsequently, the Business Office received a letter from the Surety company dated December 5, 2014, that this replacement bond would expire on January 12, 2015. Matrix has not submitted a bond to the Commission to replace this expired bond.

Staff has confirmed the Business Office is in possession of the original \$25,000 bond, the original \$125,000 Surety Endorsement, the original Surety Rider increasing the bond to \$135,000 and the original \$135,000 replacement bond. Matrix is requesting the return of all of these four (4) original documents to the contact listed below in addition to the aforementioned bond documentation in the name of Comtel.

Compliance

According to the Commission's Corporations Division, Matrix is in good standing. The Compliance Section of the Utilities Division reports that Matrix is currently not in compliance as Matrix does not have a current bond on file in accordance with Decision No. 71786. The Consumer Services Section of the Utilities Division reports there have been no complaints or opinions about Matrix from January 1, 2012 to May 18, 2015. Matrix filed its 2014 Utilities Annual Report on April 21, 2015.

Staff Recommendations

The Commission, in appropriate circumstances, has relieved telecommunications providers of the obligation to maintain a performance bond or ISDLOC. Staff recommends Matrix be relieved of the \$135,000 performance bond or ISDLOC obligation contained in Decision No. 71786.

Staff further recommends that Matrix be put on notice that any future events of non-compliance of Commission requirements may result in the Commission initiating Show Cause action against Matrix.

The Applicant states that in order to release the bond, 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 or ISDLOC requirements set by Decision No. 71786 and authorizing the cancellation of the bond.

THE COMMISSION

March 31, 2015

Page 3

Matrix indicates in its Application and indicated to Staff that all original bond documentation mentioned previously, in the name of both Matrix and Comtel, should be returned to the following name and address:

Alex Valencia
Vice President
433 E. Las Colinas Blvd
Suite 500
Irving, Texas 75039



Steven M. Olea
Director
Utilities Division

SMO:MAC:red\BH

ORIGINATOR: Matt Connolly

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BEFORE THE ARIZONA CORPORATION COMMISSION

SUSAN BITTER SMITH
Chairman
BOB STUMP
Commissioner
BOB BURNS
Commissioner
DOUG LITTLE
Commissioner
TOM FORESE
Commissioner

IN THE MATTER OF THE APPLICATION
OF MATRIX TELECOM, INC. FOR AN
ORDER RESCINDING ITS BOND
REQUIREMENT

DOCKET NO. T-03228A-15-0149
DECISION NO. _____
ORDER

Open Meeting
July 7 and 8, 2015
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On May 8, 2015, Matrix Telecom, Inc. (“Matrix” or “Applicant”) submitted an Application requesting rescission of the bond or letter of credit requirement contained in Decision No. 71786.

Background

2. In Decision No. 70644, dated December 9, 2005, the Arizona Corporation Commission (“Commission”) ordered Matrix to procure a performance bond in the amount of \$25,000 and file proof of that bond. On January 29, 2007, Matrix docketed a copy of the \$25,000 bond it had obtained and delivered the original to the Commission’s Business Office.

3. In Decision No. 69944, dated October 16, 2007, Commission ordered Matrix to procure a performance bond or irrevocable sight draft letter of credit (“ISDLOC”) in the amount of \$125,000 and docket proof of that bond. On October 26, 2007, Matrix docketed a copy of a Surety Endorsement increasing the amount of its then \$25,000 current bond to \$125,000 and delivered the original Endorsement to the Commission’s Business Office.

1 4. In Decision No. 71786, dated July 12, 2010, the Commission ordered Matrix to
2 procure a performance bond or ISDLOC in the amount of \$135,000, provide the original to the
3 Commission's Business Office and file copies with Docket Control. On August 24, 2010, Matrix
4 delivered an original Surety Rider to the Business Office indicating the amount of its bond had been
5 increased from \$125,000 to \$135,000. Additionally, in Decision No. 71786, the Commission
6 approved the transfer of the assets of Comtel Telcom Assets LP ("Comtel") to Matrix. Staff's
7 research revealed the Business Office is also in possession of (2) two original bonds in the amount of
8 \$135,000, an original bond in the amount of \$125,000, an original bond in the amount of \$10,000 and
9 original name change Surety Rider all of which are in the name of Comtel. Matrix indicated to Staff
10 the bond documents in the name of Comtel may be returned to the Matrix contact indicated below.

11 5. On February 14, 2014, Matrix docketed a copy of a \$135,000 bond replacing its
12 previous \$135,000 bond and delivered the original replacement bond to the Business Office.
13 Subsequently, the Business Office received a letter from the Surety company dated December 5, 2014,
14 that this replacement bond would expire on January 12, 2015. Matrix has not submitted a bond to the
15 Commission to replace this expired bond.

16 6. Staff has confirmed the Business Office is in possession of the original \$25,000 bond,
17 the original \$125,000 Surety Endorsement, the original Surety Rider increasing the bond to \$135,000
18 and the original \$135,000 replacement bond. Matrix is requesting the return of all of these four (4)
19 original documents to the contact listed below in addition to the aforementioned bond documentation
20 in the name of Comtel.

21 **Compliance**

22 7. According to the Commission's Corporations Division, Matrix is in good standing.
23 The Compliance Section of the Utilities Division reports that Matrix is currently not in compliance as
24 Matrix does not have a current bond on file in accordance with Decision No. 71786. The Consumer
25 Services Section of the Utilities Division reports there are been no complaints or opinions about
26 Matrix from January 1, 2012 to May 18, 2015. Matrix filed its 2014 Utilities Annual Report on April
27 21, 2015.

28 ...

Staff Recommendations

8. The Commission, in appropriate circumstances, has relieved telecommunications providers of the obligation to maintain a performance bond or ISDLOC. Staff recommends Matrix be relieved of the \$135,000 performance bond or ISDLOC obligation contained in Decision No. 71786.

9. Staff further recommends that Matrix be put on notice that any future events of non-compliance of Commission requirements may result in the Commission initiating Show Cause action against Matrix.

10. The Applicant states that in order to release the bond, 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 or ISDLOC requirements set by Decision No. 71786 and authorizing the cancellation of the bond.

11. Matrix indicates in its Application and indicated to Staff that all original bond documentation mentioned previously, in the name of both Matrix and Comtel, should be returned to the following name and address:

Alex Valencia
Vice President
433 Las Colinas Blvd
Suite 500
Atlanta, Georgia 30339

CONCLUSIONS OF LAW

1. Matrix Telecom, Inc. is a public service corporation within the meaning of Article XV of the Arizona Constitution.

2. The Commission has jurisdiction over Matrix Telecom, Inc. and the subject matter in this filing.

3. The Commission, having reviewed the filing and Staff's Memorandum dated June 23, 2015, concludes that it is in the public interest to approve the Matrix Telecom, Inc. Application as proposed and discussed herein.

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ORDER

IT IS THEREFORE ORDERED that the Application of Matrix Telecom, Inc. to terminate the performance bond or irrevocable sight draft letter of credit requirement contained in Decision No. 71786 be and hereby is approved.

IT IS FURTHER ORDERED that Matrix Telecom, Inc. may cancel, rescind, discontinue and be released from any performance bond, irrevocable sight draft letter of credit or other instrument obtained in compliance with the performance bond or irrevocable sight draft letter of credit requirements set by Decision No. 71786.

IT IS FURTHER ORDERED that all original bond documentation in the name of Matrix Telecom, Inc. and Comtel Telcom Assets LP on file with the Commission be returned to the following name and address provided by the Applicant:

Alex Valencia
Vice President
433 Las Colinas Blvd
Suite 500
Atlanta, Georgia 30339

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1 IT IS FURTHER ORDERED that Matrix Telecom, Inc. is hereby put on notice that any
 2 future events of non-compliance of the Commission requirements may result in the Commission
 3 initiating action against Matrix Telecom, Inc.

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

5
 6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

7
 8 _____
 9 CHAIRMAN COMMISSIONER

10
 11 _____
 12 COMMISSIONER COMMISSIONER COMMISSIONER

13 IN WITNESS WHEREOF, I, JODI JERICH, Executive
 14 Director of the Arizona Corporation Commission, have
 15 hereunto, set my hand and caused the official seal of this
 16 Commission to be affixed at the Capitol, in the City of
 17 Phoenix, this _____ day of _____, 2015.

18 _____
 19 JODI JERICH
 20 EXECUTIVE DIRECTOR

21 DISSENT: _____

22 DISSENT: _____

23 SMO:MAC:red/BH
 24
 25
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1 SERVICE LIST FOR: Matrix Telecom, Inc.
2 DOCKET NO. T-03228A-15-0149

3 Mr. Thomas Forte
4 2600 Maitland Center Pkwy
5 Suite 300
6 Maitland, Florida 32751

7 Mr. Steven M. Olea
8 Director, Utilities Division
9 Arizona Corporation Commission
10 1200 West Washington Street
11 Phoenix, Arizona 85007

12 Ms. Janice M. Alward
13 Chief Counsel, Legal Division
14 Arizona Corporation Commission
15 1200 West Washington Street
16 Phoenix, Arizona 85007

17 Mr. Dwight Nodes
18 Acting Chief Administrative Law Judge, Hearings Division
19 Arizona Corporation Commission
20 1200 West Washington Street
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