

ORIGINAL



BEFORE THE ARIZONA CORPORATION COMMISSION

1  
2 SUSAN BITTER SMITH  
Chairman  
3 BOB STUMP  
Commissioner  
4 BOB BURNS  
Commissioner  
5 DOUG LITTLE  
Commissioner  
6 TOM FORESE  
Commissioner  
7

Arizona Corporation Commission  
**DOCKETED**  
DEC 16 2015

DOCKETED BY

8 IN THE MATTER OF THE APPLICATION )  
9 OF GLOBAL CROSSING LOCAL )  
10 SERVICES, INC. AND GLOBAL CROSSING )  
TELECOMMUNICATIONS, INC. TO )  
11 CANCEL BOND REQUIREMENT. )

DOCKET NO. T-02438B-15-0365  
DOCKET NO. T-03658A-15-0365  
DECISION NO. 75341  
ORDER

12 Open Meeting  
13 December 8 and 9, 2015  
14 Phoenix, Arizona

15 BY THE COMMISSION:

FINDINGS OF FACT

17 1. On October 28, 2015, Global Crossing Local Services, Inc. ("GCLS"), Global  
18 Crossing Telecommunications, Inc. ("GCTI"), together ("Applicants"), and Level 3 Communications,  
19 Inc. ("Level 3")<sup>1</sup> submitted an Application with the Arizona Corporation Commission ("Commission"  
20 or "ACC") requesting rescission of the bond requirement contained in ACC Decision Nos. 65653,  
21 69345, and 71324. On November 3, 2015, the Applicants filed a Supplement to Application that  
22 included a Notice of Compliance Filing, dated May 21, 2003 with a revised Escrow Agreement.

23 2. In its Application, GCLS and GCTI state that it has maintained the Escrow Account  
24 holding \$235,000 since 2003 as required by Decision No. 65653.

25 ..  
26 ...

27 \_\_\_\_\_

28 <sup>1</sup> Applicants are currently indirect subsidiaries of Level 3 Communications, Inc.

1 **Background**

2 3. On February 18, 2003, in Decision No. 65653, the Commission ordered Global  
3 Crossing North American Holdings, Inc., ("GCNA Holdings") parent company of the Applicants, to  
4 procure a performance bond in the amount of \$235,000 and docket proof of the bond. On April 30,  
5 2003, Global Crossing Ltd. ("GCL") parent company of GCNA Holdings, docketed a Notice of  
6 Compliance Filing with an Escrow Agreement, between Global Crossing North America, Inc. and  
7 HSBC BANK USA, and a deposit slip in the amount of \$235,000 in compliance to Decision No.  
8 65653.<sup>2</sup> On May 21, 2003, GCL filed a Notice of Compliance Filing containing a revised Escrow  
9 Agreement.

10 4. Subsequent Decision Nos. 69345 and 71324, dated February 20, 2007 and October 30,  
11 2009, respectively, relative to encumbrance of assets in connection with financing, required the  
12 Applicants to exclude Arizona customer deposits and prepayments, if any, from encumbrance, or, in  
13 the alternative, be secured by a performance bond or an irrevocable sight draft letter of credit  
14 ("ISDLOC") in the amount of the customer deposits and prepayments held by the Applicants. The  
15 Applicants indicated in its Application that it does not hold any deposits or prepayments in Arizona.  
16 On April 11, 2011, GCL and Level 3 entered into a merger agreement. On June 27, 2011, in Decision  
17 No. 72431, the Commission approved the proposed transactions pursuant to Arizona Administrative  
18 Code ("A.A.C.") R14-2-803, A.A.C. R14-2-804, Arizona Revised Statutes ("A.R.S.") § 40-285 and  
19 A.R.S. § 40-301.D in order to complete a transfer of control and participate in certain financing  
20 arrangements related to the proposed merger.

21 5. As stated in its Application, the Applicants currently have open an Escrow Account  
22 containing \$235,000 cash held by HSBC Bank USA. The Escrow Account was established in  
23 compliance to Decision No. 65653 and pursuant to the Escrow Agreement, dated April 28, 2003, and  
24 filed on May 21, 2003. The Applicants are requesting the performance bond requirement and all  
25 associated customer deposit or prepayment restrictions contained in Decision Nos. 65653, 69345 and  
26 71324 be cancelled.

27

28 <sup>2</sup> Applicants' parent company was unable to obtain a performance bond as it was still emerging from bankruptcy. The Applicants state that with Staff's approval, it set-up an escrow account which held funds in trust for the ACC.

**1 Complaints and Compliance**

2 6. The Consumer Services Section of the Utilities Division reports there have been no  
3 complaints or opinions filed against GCLS and GCTI from January 1, 2012 to November 12, 2015.  
4 Both GCLS and GCTI filed their 2014 Utilities Annual Report on April 15, 2015. According to the  
5 Commission's Corporations Division, GCLS and GCTI are in good standing. The Compliance  
6 Section of the Utilities Division reports that the Applicants are currently in compliance.

**7 Staff Recommendations**

8 7. The Commission, in appropriate circumstances, has relieved telecommunications  
9 providers of the obligation to maintain a performance bond or ISDLOC. Staff recommends that  
10 GCLS and GCTI be relieved of the \$235,000 performance bond or ISDLOC obligation contained in  
11 Decision No. 65653. Staff and the Applicants have agreed that it is unnecessary to release any  
12 restrictions associated with customer deposits or pre-payments contained in Decision Nos. 69345 and  
13 71324.

14 8. The Applicants state in its Application that in order to terminate the Escrow Account,  
15 it requests the Commission include an ordering paragraph identifying the order as the "Termination  
16 Order" and instructing the Escrow Agent to terminate the Escrow Account as permitted under  
17 Section 5(a) of the Escrow Agreement, dated April 28, 2003, between Global Crossing North  
18 American, Inc. and HSBC BANK USA. Staff recommends the Commission do so.

**19**  
**20 CONCLUSIONS OF LAW**

21 1. Global Crossing Local Services, Inc. and Global Crossing Telecommunications, Inc.  
22 are public service corporations within the meaning of Article XV of the Arizona Constitution.

23 2. The Commission has jurisdiction over Global Crossing Local Services, Inc. and Global  
24 Crossing Telecommunications, Inc. and the subject matter in this filing.

25 3. The Commission, having reviewed the filing and Staff's Memorandum dated  
26 November 24, 2015, concludes that it is in the public interest to approve the Global Crossing Local  
27 Services, Inc. and Global Crossing Telecommunications, Inc. Application as proposed and discussed  
28 herein.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**ORDER**

IT IS THEREFORE ORDERED that the Application of Global Crossing Local Services, Inc. and Global Crossing Telecommunications, Inc. to terminate the performance bond or irrevocable sight draft letter of credit requirement contained in Decision No. 65653 and hereby is approved.

IT IS FURTHER ORDERED that Global Crossing Local Services, Inc. and Global Crossing Telecommunications, Inc. may cancel, rescind, discontinue and be released from any performance bond, irrevocable sight draft letter of credit, escrow agreement, escrow account or other instrument obtained in compliance with the performance bond or irrevocable sight draft letter of credit requirements set by Decision No. 65653.

...  
...  
...  
...  
...  
...  
...  
...  
...  
...  
...  
...  
...  
...  
...  
...  
...  
...  
...  
...

1 IT IS FURTHER ORDERED that Global Crossing Local Services, Inc. and Global Crossing  
2 Telecommunications, Inc. be allowed to terminate the Escrow Account as detailed in Findings of Fact  
3 No. 8.

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

5

6 BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

7

8

*Ann Bitten Smith*

CHAIRMAN

*JB Little*

COMMISSIONER

9

10

**EXCUSED**  
COMM. STUMP

11

COMMISSIONER

*Mike Forese*

COMMISSIONER

*Robert L. Brown*

COMMISSIONER

12

13

14

15

16

17

18

19

20

21

22

23

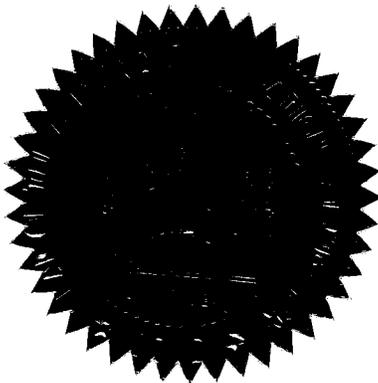
24

25

26

27

28



IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 16<sup>th</sup> day of December, 2015.

*Jodi Jerich*  
JODI JERICH  
EXECUTIVE DIRECTOR

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

TMB: PJG:nr/BH

1 SERVICE LIST FOR: Global Crossing Local Services, Inc. and  
Global Crossing Telecommunications, Inc.  
2 DOCKET NOS. T-02438B-15-0365 and T-03658A-15-0365

3  
4 Ms. Joan S. Burke  
5 Law Office of Joan S. Burke, P.C.  
1650 North First Avenue  
6 Phoenix, Arizona 85003

7  
8 Mr. Thomas M. Broderick  
9 Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

10  
11 Ms. Janice M. Alward  
12 Chief Counsel, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

13  
14 Mr. Dwight Nodes  
15 Chief Administrative Law Judge, Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28