

NEW APPLICATION



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ORIGINAL

Arizona Corporation Commission  
DOCKETED

October 20, 2016  
Via Overnight Delivery

OCT 21 2016

Docket Control Center  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

DOCKETED BY *R.A.*

RE: Application of Talton Communications, Inc. for Rescission of Bond in Arizona Corporation Commission Decision No. 72672

T-20717A-16-0383

Dear Sir or Madam:

Enclosed for filing please find the original and one (1) copy of the on behalf of the Application for Rescission of Bond in Arizona Corporation Commission Decision No. 72672 submitted on behalf of Talton Communications, Inc.

Please acknowledge receipt of this filing by date-stamping the extra copy of this cover letter and returning it to me in the self-addressed, stamped envelope provided for that purpose.

Any questions you may have regarding this filing should be directed to my attention at 407-740-3005 or via email to swarren@tminc.com. Thank you for your assistance in this matter.

Sincerely,

Sharon R. Warren  
Consultant to Talton Communications, Inc.

cc: Robin Howell - Talton  
tms: AZx1603

Enclosures  
SW/mp

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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION )  
OF TALTON COMMUNICATIONS, INC. )  
FOR RESCISSION OF BOND )  
REQUIREMENT CONTAINED IN )  
ARIZONA CORPORATION COMMISSION )  
DECISION NO. 72672 )

DOCKET NO. \_\_\_\_\_

APPLICATION

Talton Communications, Inc. ("Talton" or "Applicant") requests rescission of the bond requirement included in Arizona Corporation Commission ("Commission") Decision No. 72672.

BACKGROUND

Talton is a provider of customer owned pay telephone service ("COPT") in the state of Arizona. Talton was issued a Certificate of Convenience and Necessity to provide COPT telecommunication services by the Commission on November 17, 2011 (Decision No. 72672). Talton does not serve residential customers.

When Talton was certified by the Commission on November 2011, that order, ACC Decision 72672, required Talton to obtain and submit to the Commission a \$10,000 performance bond to cover customer advances, deposits and/or prepayments collected from Talton's customers. Talton has complied with its obligation to maintain the aforementioned performance bond and currently maintains a bond in the amount of \$10,000.

The bond in place has never been invoked, and no customer complaint brought into question Talton's conduct as a public service corporation. During this period, it was the general policy of the Commission to require a bond without a specific inquiry into the track record of the company. Because Talton has a track record of good performance and the bond is not needed to ensure Talton's compliance with Commission orders, Talton respectfully asks that the Commission issue an order relieving Talton of its bond obligation.

## ANALYSIS

"In 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." A.A.C. R14-2-1105(D). Talton is subject to the Arizona Competitive Telecommunications Services Rules, A.A.C. R14-2-1101-1115, and must comply with all rules applicable to the provision of intrastate telecommunications services under the terms of its certification. ACC Decision No. 61373, p.4, para. 19(j)(1999). While the Commission may require a performance bond prior to certification, for the reasons set forth below continuing this requirement for Talton, an established competitive telecommunications company, is unnecessary and costly.

### 1. Record of Compliance

Talton has been a certified carrier in Arizona since 2011. Throughout this period Talton has complied with the requirements of its certification, including filing annual reports, paying annual assessments for funding the ACC and RUCO (A.R.S. §40-401; §40-401.01), and funding Arizona universal service. Any complaints against Talton have been resolved and closed with no formal litigation and without penalty to Talton. Talton has a substantial physical presence in the State, with installed network facilities, and is available to respond in a timely and responsive manner to any questions or concerns regarding customer service.

The bond that Talton has had on file with the Commission has never been drawn upon or requested. Obtaining and maintaining this bond created a significant expense for Talton and will continue to do so. Moreover, it diverts monies that Talton could use to grow its network or improve its systems.

### 2. The Bond Is Not Necessary or Reasonable

The Commission "may require ... the procurement of a performance bond sufficient to cover any advances or deposits the telecommunications company may collect from its customers." A.A.C. R14-2-1105(D) (emphasis added). This rule was invoked by the Commission, as early as 2000, to protect consumers in the event a telecommunications carrier declared bankruptcy or abandoned service. *See, e.g.,* Decision No. 62751 (2000) (*Eschelon Telecom of Arizona CC&N Application*). At that time, many

providers were new to Arizona and few carriers had invested in equipment and facilities. The new competitive local exchange carriers ("CLECs") did not have demonstrable operating histories, nor could they offer track records of customer satisfaction. During this period, a bond requirement was the vehicle selected by Commission Staff to protect consumers in the event a provider could not meet its legal obligations. Bonds were one way for the Commission to protect consumers from companies with little or no assets or few ties to Arizona.

Now, sixteen years later, the market is very different. Indeed, customer deposits and advances are no more at risk with an established, facilities-based CLEC like Talton than they are with Qwest Corporation or Cox, which operate in competition with facilities-based CLECs but carry no performance bonds benefiting the Commission. Talton has established through its investment in the state, and by its operating history, that customer deposits are not at risk. Therefore, a bond is not necessary or reasonable given Talton's history.

### **3. The Commission is Moving Towards Bonds Only When Necessary**

In October 2015, the Commission approved the ACN Communication Services' application to be relieved of its bond requirement. The Commission concluded that it was in the public interest to approve the ACN application. *See* Decision No. 75318. Likewise, the Commission has recently approved a carrier certification request without requiring a bond of the applicant. *See* TNCI Operating Company, LLC T-20882A-13-0108. In recommending approval of the TNCI certification, Staff recommended no bond reflecting an appropriate reaction to changes in the competitive telecom market. Staff has recommended a "case by case" analysis for assessing the need for a bond. This makes sense. The Commission retains full authority to impose a bond if Staff is concerned about a company's managerial or technical ability to provide service in Arizona. Companies like Talton, however, that have been providing service for years, show no history of customer complaints or problems, and have demonstrated their technical and managerial expertise to provide service, should not be required to post or maintain a bond.

**4. Bond Documents**

If this application is approved, Talton requests that the bond documents be returned to the following Talton representative:

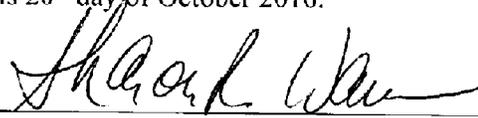
Julius Talton  
Talton Communications, Inc.  
910 Ravenwood Drive  
Selma, AL 36701

**CONCLUSION**

For the foregoing reasons, Talton respectfully requests an order cancelling the bond requirement in Decision No. 72672.

RESPECTFULLY SUBMITTED this 20<sup>th</sup> day of October 2016.

By:



Sharon R. Warren  
Consultant to Talton Communications, Inc.  
151 Southhall Lane, Suite 450  
Maitland FL 32751  
Phone: (407) 740-3005  
[Swarren@tminc.com](mailto:Swarren@tminc.com)

ORIGINAL and one (1) copy of the foregoing  
Was filed this 20<sup>th</sup> day of October 2016 with:

Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

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