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**BEFORE THE ARIZONA CORPORATION COMMISSION P 4: 45**

WILLIAM MUNDELL  
Chairman  
JAMES M. IRVIN  
Commissioner  
MARC SPITZER  
Commissioner

AZ CORP COMMISSION  
DOCUMENT CONTROL

UTILITIES DIVISION STAFF,

DOCKET NO. T-03889A-02-0796  
T-04125A-02-0796

Complainants,

vs.

LIVEWIRENET OF ARIZONA, LLC,

Respondents,

THE PHONE COMPANY MANAGEMENT  
GROUP, LLC,

**PHONE COMPANY MANAGEMENT  
GROUP, LLC'S RESPONSES TO  
ARIZONA CORPORATION  
COMMISSION STAFF'S FIRST SET  
OF DATA REQUESTS IN DOCKETS  
NO. T-03889A-02-0796 AND  
T-04125A-02-0796**

Respondents,

THE PHONE COMPANY OF ARIZONA JOINT  
VENTURE d/b/a THE PHONE COMPANY OF  
ARIZONA,

Respondents,

ON SYSTEMS TECHNOLOGY, LLC, and its  
Principles, TIM WETHERALD, FRANK  
TRICAMO and DAVID STAFFORD,

Respondents,

THE PHONE COMPANY OF ARIZONA, LLP,  
and its members,

Respondents.

Arizona Corporation Commission

**DOCKETED**

JAN 23 2003

DOCKETED BY

1 STAFF 1-1

2 The "Bond for Utility Users" was executed between The Phone Company  
3 Management Group, LLC ("PCMG") and The First United Bank, dated  
4 February 19,2002 and filed in Docket Number T-03889A-00-0393, and continues to be  
5 in effect. It has not been transferred to On Systems Technology, LLC ("On Systems  
6 Technology") because On Systems Technologies is not the service provider in Arizona;  
7 instead, the service provider is PCMG f/k/a LiveWireNet of Arizona, LLC.

8  
9 STAFF 1-2

10 None.

11  
12 STAFF 1-3

13 None.

14  
15 STAFF 1-4

16 The Phone Company Management Group, LLC's ("PCMG") records show that as  
17 of January 20, 2003, the company had 6,521 customers listed, including those customers  
18 whose service has been suspended or canceled. PCMG does not have a separate list  
19 showing the names and addresses of customers whose service has been suspended or  
20 canceled. All of the customers are residential customers and PCMG does not serve any  
21 business customers. All customers subscribe to both local exchange and interchange  
22 service.

23  
24 STAFF 1-5

25 PCMG charges rates set forth in its tariff, filed with the Arizona Corporation  
26 Commission on January 30, 2002, and effective March 1, 2002. The tariff is captioned

1 Phone Company Management Group, LLC a/k/a "The Phone Company," and sets forth  
2 the rates, terms and conditions relating to the provision of local exchange services and  
3 dedicated services in the state of Arizona.

4  
5 STAFF 1-6

6 PCMG will furnish a list of all customers provided telephone service in the state  
7 of Arizona, including those customers whose service has either been suspended or  
8 canceled. All of the customers are residential. The company does not have a listing of  
9 customers showing when their service began or was suspended or terminated.

10  
11 STAFF 1-7

12 See response to STAFF 1-6.

13  
14 STAFF 1-8

15 The Phone Company of Arizona Joint Venture did not become operational, since  
16 The Phone Company of Arizona, LLP ("The Arizona Limited Liability Partnership")  
17 never completed its initial capital contribution to the company pursuant to Section 6.1 of  
18 the Joint Venture Agreement, and was deemed to have forfeited and transferred its  
19 interest in the Joint Venture to On Systems Technology.

20  
21 STAFF 1-9

22 As of November 22, 2002, Qwest billed PCMG \$1,428,281, of which PCMG  
23 disputes for overcharges and incorrect billing \$544,248, leaving a balance of undisputed  
24 charges related to overcharges in the amount of \$884,032. Of this amount, PCMG paid  
25 Qwest \$41,567, leaving a net undisputed balance, based on overcharges, of \$842,465.  
26 Attached is a copy of a bill reconciliation prepared by PCMG setting forth these

1 amounts. PCMG, however, disputes an additional \$842,465, based upon Qwest's failure  
2 to provide customer service records in parity with the customer service records which  
3 Qwest provides itself.

4  
5 STAFF 1-10

6 PCMG does not know which amounts listed above are delinquent according to  
7 Qwest, but Qwest has asserted that approximately \$113,000 is delinquent as of  
8 December 2002.

9  
10 STAFF 1-11

11 PCMG has received notice from Qwest that nonpayment of past-due balances  
12 will lead to service disconnection in Arizona.

13  
14 STAFF 1-12

15 PCMG has not notified affected customers of ensuing disconnection in Arizona  
16 because PCMG disputes Qwest's invoices for overcharges and for failure to provide  
17 customer service records in a timely manner and in parity with Qwest's provision of  
18 such records to itself, and PCMG understands that Qwest cannot discontinue service to  
19 PCMG without Commission approval.

20  
21 STAFF 1-13

22 None.

23  
24 STAFF 1-14

25 See response to STAFF 1-13.

26

1 STAFF 1-15

2 PCMG is delinquent in its payment to Sprint for long distance service in Arizona.  
3 PCMG, however, does not know the amount which is outstanding, since Sprint's bills to  
4 PCMG cover service to affiliates of On Systems Technology in Colorado, and Sprint  
5 has not allocated its bill properly between Arizona and Colorado. PCMG has not  
6 received disconnection notice from Sprint. PCMG is negotiating with Sprint to have  
7 Sprint's invoices allocated properly for Arizona and to discuss payment of the  
8 outstanding amount. PCMG's services have not been disconnected by any wholesale  
9 provider for nonpayment in Arizona.

10  
11 STAFF 1-16

12 PCMG is disputing amounts billed by Qwest on the basis of overcharges and  
13 failure to provide customer service records in a timely fashion. More particularly,  
14 PCMG disputes Qwest's invoices because of overcharges on retail services billed to  
15 PCMG, for Qwest's billings to PCMG for telephone services provided to prison inmates  
16 to whom PCMG does not provide services, for overcharges to PCMG for noncustomers  
17 of PCMG, and for overcharges to PCMG for former customers who have changed  
18 service from PCMG to another local exchange carrier.

19  
20 STAFF 1-17

21 PCMG has disputed its billings from Qwest on December 31, 2002 for the period  
22 May 22 through November 22, 2002. PCMG delayed submitting its dispute to Qwest  
23 for at least two reasons. First, PCMG's management was distracted because of a dispute  
24 with Qwest in Colorado concerning Mile High Telecom Joint Venture, which On  
25 Systems Technology, PCMG's parent, manages pursuant to a management agreement.  
26 Second, PCMG's owner, On Systems Technology, was negotiating to sell PCMG to a

1 third party, and during the process the third party (T-Comm, Inc.) contacted Qwest in  
2 October to negotiate resolution of the dispute of Qwest's invoices, but was unable to  
3 obtain a resolution from Qwest during the process. Thereafter, PCMG retained counsel  
4 in late December to dispute Qwest's invoices in the proper legal forum.

5  
6 STAFF 1-18

7 PCMG has not made any arrangements with Qwest to pay the delinquent  
8 undisputed amounts because PCMG's disputes substantially all of Qwest's invoices.  
9 PCMG provided Qwest with voluminous reports (approximately 2,500 pages) on  
10 January 17, 2003, detailing the disputed amounts and supporting the disputes. Further,  
11 PCMG is in the process of interpreting the reports for Qwest, pursuant to a request from  
12 Qwest's counsel.

13  
14 STAFF 1-19

15 No, because PCMG does not know the exact amount which is in dispute, but  
16 believes at this time that it equals or exceeds the total amount of money which Qwest  
17 has billed PCMG for services.

18  
19 STAFF 1-20

20 PCMG will provide the Staff with a company balance sheet for the period ending  
21 June 2002, the latest available balance sheet. PCMG will provide the Staff with a  
22 balance sheet as of December 31, 2002, as soon as it is available.

23  
24 STAFF 1-21

25 PCMG will provide the Staff with a sample copy of a customer's bill.  
26

1 STAFF 1-22

2 PCMG received from the Staff copies of customer complaints under date of  
3 January 14, 2003. This is the first time PCMG received such complaints, and had not  
4 received any written complaints previously from either the customers or the ACC  
5 directly.

6  
7 STAFF 1-23

8 PCMG only received the copy of the complaints on January 14, 2003, and has  
9 not yet had an opportunity to break down the complaints by their subject matter.  
10 PCMG, however, recognizes that many PCMG customers complain that PCMG will not  
11 change their long distance carrier to Sprint. PCMG, however, has no control over this  
12 matter, since Qwest refuses to process orders for service from customers, including a  
13 change in long distance carriers, because of PCMG's alleged nonpayment of invoices.

14  
15 STAFF 1-24

16 PCMG has made the following toll-free number available to its Arizona  
17 customers: 1-800-801-2955.

18  
19 STAFF 1-25

20 PCMG is not affiliate with The Phone Company of Arizona Joint Venture.  
21 PCMG's parent, On Systems Technology, was a partner in The Phone Company of  
22 Arizona Joint Venture, but the Joint Venture never became effective because the other  
23 Joint Venture partner, The Phone Company of Arizona, LLP, failed to complete its  
24 initial capital contribution to the Joint Venture as of September 30, 2002, and under  
25 Section 6.2 of the Joint Venture Agreement was deemed to have forfeited its interest  
26 and transferred its interest to On Systems Technology.

1 STAFF 1-26

2 PCMG formerly was known as LiveWireNet of Arizona, LLC ("LiveWireNet of  
3 Arizona" or "LWNA"). LWNA obtained a Certificate of Convenience and Necessity  
4 from the Arizona Corporation Commission in Docket No. T-03889A-00-0393, in  
5 Decision No. 63382, issued February 16, 2001. LWNA changed its name to PCMG as  
6 of January 29, 2002, by amending its Articles of Organization with the Arizona  
7 Corporation Commission.

8

9 STAFF 1-27

10 On Systems Technology was named in a proceeding initiated by the Minnesota  
11 Department of Public Utilities in a Complaint filed against The Phone Company of  
12 Minnesota, LLC on October 8, 2002. On Systems Technology, however, did not  
13 participate in that proceeding. On Systems Technology disposed of its interest in  
14 telecommunications services in Minnesota in October 2002. The Minnesota  
15 Department of Public Utilities took no action against On Systems Technology in that  
16 proceeding. On Systems Technology is not aware of the current disposition of the  
17 Complaint.

18 On Systems Technology's principal, Mr. Tim Wetherald, has been afforded party  
19 status in a proceeding before the Colorado Public Utilities Commission in Docket  
20 No. 02C-082T, concerning the provision of regulated telecommunications services by  
21 Mile High Telecom Partners, LLP, without the requisite Certificate of Public  
22 Convenience and Assessment issued by the Commission, and without an effective tariff  
23 on file with the Commission. This proceeding is scheduled for hearing in March 2003.  
24 This proceeding is currently in discovery.

25 On Systems Technology principal, Mr. Tim Wetherald, was the subject of a  
26 proceeding in 1994 in the state of Washington, initiated by the Washington State

1 Attorney General's Office, in Complaint No. 94-2-21036-0 in the Superior Court of the  
2 State of Washington in and for the County of King. In this matter, Mr. Wetherald  
3 agreed to a Consent Decree approved by the Court on March 7, 1995. In the Consent  
4 Decree, Mr. Wetherald agreed to be permanently enjoined and restrained from engaging  
5 in certain practices involved in the long distance resale business which were alleged to  
6 violate the Washington State Consumer Business Practices and Consumer Protection  
7 Act. Mr. Wetherald has complied with the terms and conditions of the Consent Decree.

8 Mr. Wetherald was also the subject of a proceeding in the state of Oregon in  
9 1991, but does not have the documentation available to him to inform the Staff of the  
10 nature of the proceedings and its disposition, other than to state that Mr. Wetherald  
11 signed a three-year Consent Decree without admitting any liability, and that the subject  
12 matter involved prepaid long distance service. Mr. Wetherald complied with the terms  
13 of the Consent Decree.

14 On August 23, 2002, the Iowa Utilities Board issued a letter to  
15 Servisense/Eastern Telephone/The Iowa-Nebraska Telephone Company, which referred  
16 to Mr. Tim Wetherald. On Systems Technology entered into an agreement with  
17 Servisense/Eastern Telephone to resell the services of Iowa-Nebraska Telephone  
18 Company, but the agreement was never implemented. Accordingly, the Iowa Utilities  
19 Board letter did not initiate any proceedings against On Systems Technology or Mr.  
20 Wetherald. On Systems Technology is not aware of the disposition of this letter, and  
21 On Systems Technology is not the manager of the Iowa-Nebraska Telephone Company.  
22 On Systems Technology did have a contractual agreement with Eastern  
23 Telephone/Servisense, but terminated the agreement.

24  
25  
26

1 STAFF 1-28

2 PCMG does not know the current disposition of the Complaint filed against The  
3 Phone Company of Minnesota, LLC by the Minnesota Department of Public Utilities on  
4 October 8, 2002.

5  
6 STAFF 1-29

7 On Systems Technology provides management services to PCMG, pursuant to an  
8 oral arrangement. The management services include provisioning, billing and customer  
9 service.

10

11 STAFF 1-30

12 On Systems Technology owns all the membership interest in PCMG. Mr. Tim  
13 Wetherald is the manager of PCMG.

14

15 STAFF 1-31

16 On Systems Technology confirms that Mr. Hinsdale provided a letter, dated  
17 November 5, 2002, to the Commission Staff. On Systems Technology does not have a  
18 copy of the letter, nor has the Staff provided a copy. Accordingly, On Systems  
19 Technology cannot confirm or deny the statement attributed to Mr. Hinsdale in the  
20 Staff's dated request 1-21. On Systems Technology states, however, that On Systems  
21 Technology purchased all the membership interests in LiveWireNet of Arizona, LLC  
22 and LiveWireNet of Washington, LLC pursuant to an agreement dated January 10,  
23 2002.

24

25

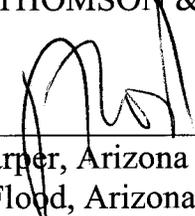
26

1 STAFF 1-32

2 PCMG will provide the Staff with copies of its responses to other parties' data  
3 requests in this docket.

4  
5 DATED this 21 day of January, 2003.

6  
7 SHUGHART THOMSON & KILROY, P.C.

8  
9 By: 

10 Marty Harper, Arizona Bar #003416  
11 Kelly J. Flood, Arizona Bar #019772  
12 One Columbus Plaza  
13 3636 North Central Avenue, Suite 1200  
14 Phoenix, Arizona  
15 602.650.2000  
16 602.264.7033 fax

17 - AND -

18 Michael L. Glaser, Colorado Bar #13681  
19 Michael D. Murphy, Colorado Bar #14236  
20 1050 17th Street, Suite 2300  
21 Denver, CO 80202  
22 303.572.9300  
23 303.572-7883 fax

24 *Attorneys for LiveWireNet of Arizona,*  
25 *LLC, Phone Company Management*  
26 *Group, LLC, On Systems Technology,*  
*LLC and its principals, Tim Wetherald,*  
*Frank Tricamo and David Stafford*  
*Johnson*

1 **ORIGINAL and 1 copy of the**  
2 **foregoing hand-delivered**  
3 **this 21<sup>ST</sup> day of January, 2003 to:**

4 Maureen A. Scott and Gary H. Horton  
5 Attorneys Legal Division  
6 Arizona Corporation Commission  
7 1200 W. Washington Street  
8 Phoenix, AZ 85007

9 Patrick Williams  
10 Utilities Division  
11 Arizona Corporation Commission  
12 1200 W. Washington Street  
13 Phoenix, AZ 85007

14 John Bostwick  
15 Utilities Division  
16 Arizona Corporation Commission  
17 1200 W. Washington Street  
18 Phoenix, AZ 85007

19 **COPY of the foregoing sent via U.S. mail,**  
20 **postage prepaid, this 21<sup>ST</sup> day of January, 2003:**

21 Christopher Kempley, Chief Counsel  
22 Legal Division  
23 ARIZONA CORPORATION COMMISSION  
24 1200 West Washington Street  
25 Phoenix, AZ 85007

26 Lyn Farmer, Chief Hearing Officer  
Hearing Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, AZ 85007

1 Ernest Johnson, Director  
2 Utilities Division  
3 ARIZONA CORPORATION COMMISSION  
4 1200 West Washington Street  
5 Phoenix, AZ 85007

6 Tim Wetherald  
7 3025 S. Parker Road, Suite 1000  
8 Aurora, CO 80014

*On Systems Technology, LLC  
The Phone Company of Arizona Joint Venture  
The Phone Company of Arizona, LLP  
The Phone Company Management Group, LLC  
d/b/a The Phone Company Management  
Group, LLC*

9  
10 Timothy Berg  
11 Theresa Dwyer  
12 FENNEMORE CRAIG  
13 3003 N. Central Avenue, Suite 2600  
14 Phoenix, AZ 85003-2913

*Qwest Corporation*

15 Mark Brown  
16 QWEST CORPORATION  
17 3033 N. 3rd Street, Suite 1009  
18 Phoenix, AZ 85012

*Qwest Corporation*

19 Jeffrey Crockett  
20 SNELL & WILMER  
21 One Arizona Center  
22 400 E. Van Buren  
23 Phoenix, AZ 85004

24  
25  
26  
