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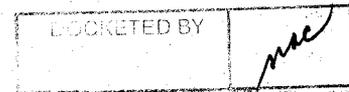
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Via Federal Express

Christopher C. Kempley, Chief Counsel
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Arizona Corporation Commission
DOCKETED

APR 02 2003



Re: Docket Nos. T-03889A-02-0796 and T-04125A-02-0796
The Phone Company Management Group, LLC

Dear Mr. Kempley:

This letter is in response to your letter of March 26, 2003 regarding my letter of March 17, 2003 concerning statements made by Mr. Bradley Morton of the Utilities Division of the Arizona Corporation Commission (the "Commission") about The Phone Company Management Group, LLC ("PCMG").

Your letter fails to address the key issues raised in my letter and supported by a statement under oath -- that Mr. Morton made false and misleading statements about PCMG to its customers, in connection with the above-referenced docket. Specifically, Mr. Morton stated to PCMG's customers that PCMG was "a bunch of thieves," and claimed that "its owners had declared bankruptcy in every state in which they ever operated." Moreover, Mr. Morton stated "PCMG's owners did not have the Commission certificates to provide telephone service in Arizona, Colorado and Washington, and were currently operating illegally in those states." As my March 17 letter shows, Mr. Morton knew that each of these statements was false when he made them, particularly the statement that PCMG did not have a certificate to provide telephone service in Arizona. As Mr. Morton and the Commission well know, PCMG holds Certificate No. T-03889A-00-0393, issued by the Commission in Decision No. 63382, February 16, 2001. Moreover, as Mr. Morton and the Commission know, PCMG has a tariff on file with the Commission effective February 2002.

Your letter also fails to address the issue of whether the Commission, through Mr. Morton, displayed a bias and prejudice toward PCMG, and loaned its prestige to advance the private interests of either Qwest or other local exchange providers, or PCMG's former partner, The Phone Company of Arizona, LLP (the "Arizona Partnership"), in a joint venture named The Phone Company of Arizona Joint Venture (the "Joint Venture"), in violation of standards of

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conduct expected of the Commission and its Staff in dealing with public entities that they regulate.

Instead of responding to these matters, your letter first attempts to place the blame of causing these statements on PCMG. Your letter next weakly points to PCMG's dispute with Qwest as an excuse for Mr. Morton's statements. You also claim Mr. Morton's statements are now moot. You say that Qwest has disconnected PCMG, or will be doing so in the immediate future. As an attorney, however, you should know that whether or not Qwest disconnects PCMG or PCMG discontinues service in the near future is irrelevant to whether Mr. Morton made libelous statements about PCMG.

Last, you state that the claims against Mr. Morton are inherently unbelievable because he has been employed by the Commission for several years, and that his telephone interactions with complainants have been the subject of extensive supervision, all without complaint. You also state that you personally had the opportunity to observe Mr. Morton's telephone behavior, and have inadvertently overheard him speak with customers, but never heard Mr. Morton make statements such as those set forth in my letter. You also state that because the statements attributed to Mr. Morton by Mr. Buchta in his Affidavit are uncharacteristic of Mr. Morton's behavior, they cannot be taken as credible.

None of these "explanations" excuses Mr. Morton's conduct and false statements about PCMG and its owners. Furthermore, PCMG's dispute with Qwest cannot serve as justification for the libelous statements of Mr. Morton about PCMG or for the Commission's appearance of bias toward PCMG. Indeed, PCMG supposes it would be natural for the Commission to deny that Mr. Morton made any libelous statements regarding PCMG. But PCMG expected Mr. Morton at least to present an Affidavit denying that he made the statements attributed to him in the sworn statement of Mr. Buchta, PCMG's customer. Since Mr. Morton failed to refute Mr. Buchta's account of Mr. Morton's statement, the statements must be accepted as true.

In any event, it is clear that PCMG and the Commission, the Staff and Mr. Morton will be unable to resolve these matters without the intervention of the appropriate court. Therefore, Mr. Morton's libelous statements to PCMG's customers will have to be tested in the crucible of the trial process. In addition, the issue of whether Mr. Morton was speaking for the Commission or himself when he made these statements will also have to be determined in the same process.

Very truly yours,


Michael L. Glaser

MLG:clb

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cc: The Honorable Philip J. Dion III
Maureen Scott, Esq.
Lyn Farmer, Chief Hearing Officer
Ernest Johnson, Director
Mark Brown, Esq.
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Timothy Berg, Esq.
Tim Wetherald
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bcc: Kelly Flood, Esq.