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BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

MARC SPITZER
Chairman
JIM IRVIN
Commissioner
WILLIAM A. MUNDELL
Commissioner
JEFF HATCH-MILLER
Commissioner
MIKE GLEASON
Commissioner

Arizona Corporation Commission

DOCKETED

JUN - 6 2003

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2003 JUN -6 P 2:35

AZ CORP COMMISSION
DOCUMENT CONTROL

UTILITIES DIVISION STAFF,
Complainant,
vs.

Docket No. T-03889A-02-0796
T-04125A-02-0796

LIVEWIRENET OF ARIZONA, LLC n/k/a THE PHONE
COMPANY MANAGEMENT GROUP, LLC; THE PHONE
COMPANY OF ARIZONA JOINT VENTURE, d/b/a/ THE
PHONE COMPANY OF ARIZONA; ON SYSTEMS
TECHNOLOGY, LLC, and its principals, TIM
WETHERALD, FRANK TRICAMO, DAVID STAFFORD,
MARC DAVID SHINER and LEON SWICKOW; THE
PHONE COMPANY OF ARIZONA, LLP and its members

Respondents.

IN THE MATTER OF THE PHONE COMPANY OF
ARIZONA JOINT VENTURE d/b/a/ THE PHONE
COMPANY OF ARIZONA'S APPLICATION FOR
CERTIFICATE OF CONVENIENCE AND NECESSITY TO
PROVIDE INTRASTATE TELECOMMUNICATIONS
SERVICE AS A LOCAL AND LONG DISTANCE
RESELLER AND ALTERNATIVE OPERATOR SERVICE.

Docket No. T-04125A-02-0577

IN THE MATTER OF THE APPLICATION OF THE
PHONE COMPANY MANAGEMENT GROUP, LLC f/k/a
LIVEWIRENET OF ARIZONA, LLC TO DISCONTINUE
LOCAL EXCHANGE SERVICE.

Docket No. T-03889A-02-0578

IN THE MATTER OF THE APPLICATION OF THE
PHONE COMPANY MANAGEMENT GROUP, LLC FOR
CANCELLATION OF FACILITIES BASED AND RSOLD
LOCAL EXCHANGE SERVICES.

Docket No. T-03889A-03-0152

IN THE MATTER OF THE APPLICATION OF THE
PHONE COMPANY MANAGEMENT GROUP, LLC d/b/a/
THE PHONE COMOPANY FOR THE CANCELLATION
OF ITS CERTIFICATE OF CONVENIENCE AND
NECESSITY.

Docket No. T-03889A-03-0202

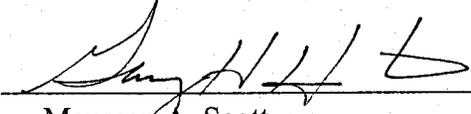
**STAFF'S ADDENDUM TO
MOTION FOR ORDER TO
COMPEL RESPONSE TO DATA
REQUESTS**

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On June 5, 2003, the Arizona Corporation Commission Staff filed the Staff's Motion for Order to Compel Response to data Requests. Staff hereby files an addendum to that Motion, submitting the attached exhibits which were inadvertently omitted from the filing.

RESPECTFULLY SUBMITTED this 6th day of June, 2003.

ARIZONA CORPORATION COMMISSION

By: 
Maureen A. Scott
Gary H. Horton
Attorney, Legal Division
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-6026

1 Original and 21 copies of the foregoing filed
2 this 6th day of June, 2003, with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington
6 Phoenix, Arizona 85007

7 Copy of the foregoing hand-delivered/mailed
8 this 6th day of June, 2003, to:

9 Lyn Farmer
10 Chief Administrative Law Judge
11 Hearing Division
12 Arizona Corporation Commission
13 1200 West Washington
14 Phoenix, Arizona 85007

15 Ernest Johnson
16 Director, Utilities Division
17 Arizona Corporation Commission
18 1200 West Washington
19 Phoenix, Arizona 85007

20 Chairman Marc Spitzer
21 Commissioner Jim Irvin
22 Commissioner William A. Mundell
23 Commissioner Jeff Hatch-Miller
24 Commissioner Mike Gleason

25 Michael L. Glaser
26 Michael D. Murphy
27 1050 17th Street, Suite 2300
28 Denver, CO 80202
Attorneys for LiveWireNet of Arizona, et al

Tim Wetherald
3025 S. Park Road, Suite 1000
Aurora, CO 80014

David Stafford Johnson, Manager
4577 Pecos Street
P. O. Box 11146
Denver, CO 80211-0146
The Phone Company Management Group,
LLC n/k/a LiveWireNet of Arizona, LLC

Roald Haugan
Managing Partners Chairman
32321 County Highway 25
Redwood Falls, MN 56283
The Phone Company of Arizona, LLP

Steven Petersen
2989 Brookdale Drive
Brooklyn Park, MN 55444
The Phone Company of Arizona, LLP

Timothy Berg
Theresa Dwyer
Fennemore Craig
3003 N. Central, Suite 2600
Phoenix, AZ 85003-2913

Marty Harper
Kelly J. Flood
Shughart Thomson & Kilroy, P.C.
One Columbus Plaza
3636 N. Central, Suite 1200
Phoenix, AZ 85012
Attorneys for LiveWireNet of Arizona, et al

Mark Brown
Qwest Corporation
3033 N. Third Street, Suite 1009
Phoenix, AZ 85012

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Travis & Sara Credle
3709 West Hedrick Drive
Morehead City, NC 28557
The Phone Company of Arizona, LLP

Jeffrey Crockett
Snell & Wilmer
One Arizona Center
400 East Van Buren
Phoenix, AZ 85004

Frank Tricamo
14231 E. 4th Avenue, Suite 360
Aurora, CO 80011

Thomas H. Campbell, Esq.
Lewis and Roca
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Phoenix, AZ 85004
Attorneys for DJM

Leon Swichkow
2901 Clint Moore Road #155
Boca Raton, FL 33496

Marc David Shiner
4043 NW 58th Street
Boca Raton, FL 33496

Marc David Shiner
5030 Champion Blvd., Suite 6-198
Boca Raton, FL 33496

Nancy Roe

EXHIBIT A

COMMISSIONERS
MARC SPITZER- Chairman
JIM IRVIN
WILLIAM A. MUNDELL JEFF
HATCH-MILLER
MIKE GLEASON



BRIAN C. MCNEIL
Executive Secretary

ARIZONA CORPORATION COMMISSION

April 23, 2003

Mr. Michael Glaser, Esq.
Shughart, Thomson & Kilroy
Independence Plaza
1050 17th Street, Suite 2300
Denver, Colorado 80265

Facsimile and regular mail
(303) 572-7883

Kelly Flood, Esq.
Shughart, Thomson & Kilroy
3636 N. Central Avenue, Ste. 1200
Phoenix, AZ 85012

Facsimile and regular mail
(602) 264-7033

RE: Staff's Sixth Set of Data Requests to LiveWireNet of Arizona, LLC,
The Phone Company Management Group, LLC, On Systems Technology LLC,
and The Phone Company of Arizona
Docket Nos.: T-03889A-02-0796 & T-04125A-02-0796, T-03889A-03-0152

Dear Mr. Glaser and Ms. Flood:

Please treat this as Staff's sixth set of data requests to LiveWireNet of Arizona, LLC, The Phone Company Management Group, LLC, On Systems Technology LLC, and The Phone Company of Arizona in the above matter.

For purposes of this data request, the words LiveWireNet of Arizona, LLC, The Phone Company Management Group, LLC, On Systems Technology LLC, and The Phone Company of Arizona, you, and your refer any representative, including every person and/or entity acting with, under the control of, or on behalf of LiveWireNet of Arizona, LLC, The Phone Company Management Group, LLC, On Systems Technology LLC, and The Phone Company of Arizona. For each answer, please identify by name, title, and address each person providing information that forms the basis for the response provided.

These data requests are continuing, and your answers or any documents supplied in response to these data requests should be supplemented with any additional information or documents that come to your attention after you have provided your initial responses.

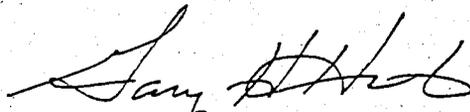
Please respond within *five* calendar days from the date of this letter.

Michael Glaser, Esq.
Kelly Flood, Esq.
April 23, 2003
Page 2

Please provide one hard copy (ONLY) of the requested data directly to each of the following via overnight delivery services:

- (1) Maureen A. Scott and Gary H. Horton, Attorneys Legal Division, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007.
- (2) Matthew Rowell, Utilities Division, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007.
- (3) Brad Morton, Utilities Division, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007.
- (4) John Bostwick, Utilities Division, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007.

Sincerely,



Maureen A. Scott
Gary H. Horton
Attorneys, Legal Division
(602) 542-3402

MAS:GHH:daa
Enclosures

ARIZONA CORPORATION COMMISSION STAFF'S
SIXTH SET OF DATA REQUESTS TO
PHONE COMPANY OF ARIZONA
DOCKET T03889A-02-0796; T-04125A-02-0796 & T-03889A-03-0152

- Staff 6-1 The Website of the Arizona Secretary of State (www.soaz.com) lists Tim Wetherald as General Partner of The Phone Company of Arizona, LLP. The Phone Company of Arizona, LLP website (<http://phonebusiness.biz/management.htm>) also indicates Mr. Wetherald was to act as an initial managing partner of The Phone Company of Arizona, LLP. Please provide documentation confirming Mr. Wetherald's position as a General Partner of The Phone Company of Arizona, LLP.
- Staff 6.2 On what date did Mr. Wetherald become a General Partner of The Phone Company of Arizona LLP?
- Staff 6.3 Is Mr. Wetherald currently a General Partner of The Phone Company of Arizona, LLP?
- Staff 6.4 If Mr. Wetherald is no longer a General Partner of The Phone Company of Arizona, LLP on what day did Mr. Wetherald's status as a General Partner of The Phone Company of Arizona, LLP terminate?
- Staff 6.5 Did Mr. Wetherald file or cause to be filed with the Arizona Secretary of State information naming Mr. Wetherald as a General Partner of The Phone Company of Arizona, LLP?
- Staff 6.6 If Mr. Wetherald did not file or cause to be filed with the Arizona Secretary of State information naming Mr. Wetherald as a General Partner of the Phone Company of Arizona LLP, who did file or cause to be filed such information?
- Staff 6.7 What is Mr. Wetherald's current affiliation with The Phone Company of Arizona, LLP? Provide documentation of any stated affiliation.
- Staff 6.8 Please indicate the disposition of the Bond for Utility Users that was executed between The Phone Company Management group and The First United Bank dated February 19, 2002, and filed in Docket Number T-03889A-00-0393.

EXHIBIT B

COMMISSIONERS
MARC SPITZER- Chairman
JIM IRVIN
WILLIAM A. MUNDELL JEFF
HATCH-MILLER
MIKE GLEASON



BRIAN C. MCNEIL
Executive Secretary

ARIZONA CORPORATION COMMISSION

April 24, 2003

Mr. Michael Glaser, Esq.
Shughart, Thomson & Kilroy
Independence Plaza
1050 17th Street, Suite 2300
Denver, Colorado 80265

Facsimile and regular mail
(303) 572-7883

Kelly Flood, Esq.
Shughart, Thomson & Kilroy
3636 N. Central Avenue, Ste. 1200
Phoenix, AZ 85012

Facsimile and regular mail
(602) 264-7033

RE: Staff's **Seventh** Set of Data Requests to LiveWireNet of Arizona, LLC,
The Phone Company Management Group, LLC, On Systems Technology LLC,
and The Phone Company of Arizona
Docket Nos.: T-03889A-02-0796 & T-04125A-02-0796, T-03889A-03-0152

Dear Mr. Glaser and Ms. Flood:

Please treat this as Staff's **seventh** set of data requests to LiveWireNet of Arizona, LLC, The Phone Company Management Group, LLC, On Systems Technology LLC, and The Phone Company of Arizona in the above matter.

For purposes of this data request, the words LiveWireNet of Arizona, LLC, The Phone Company Management Group, LLC, On Systems Technology LLC, and The Phone Company of Arizona, you, and your refer any representative, including every person and/or entity acting with, under the control of, or on behalf of LiveWireNet of Arizona, LLC, The Phone Company Management Group, LLC, On Systems Technology LLC, and The Phone Company of Arizona. For each answer, please identify by name, title, and address each person providing information that forms the basis for the response provided.

These data requests are continuing, and your answers or any documents supplied in response to these data requests should be supplemented with any additional information or documents that come to your attention after you have provided your initial responses.

Please respond within *five* calendar days from the date of this letter.

Michael Glaser, Esq.
Kelly Flood, Esq.
April 24, 2003
Page 2

Please provide one hard copy (ONLY) of the requested data directly to each of the following via overnight delivery services:

- (1) Maureen A. Scott and Gary H. Horton, Attorneys Legal Division, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007.
- (2) Matthew Rowell, Utilities Division, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007.
- (3) Brad Morton, Utilities Division, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007.
- (4) John Bostwick, Utilities Division, Arizona Corporation Commission 1200 W. Washington Street, Phoenix, AZ 85007.

Sincerely,



Maureen A. Scott
Gary H. Horton
Attorneys, Legal Division
(602) 542-3402

MAS:GHH:daa
Enclosures

**ARIZONA CORPORATION COMMISSION STAFF'S
SEVENTH SET OF DATA REQUESTS TO
PHONE COMPANY OF ARIZONA
DOCKET T03889A-02-0796; T-04125A-02-0796 & T-03889A-03-0152**

- Staff 7-1 Please explain in detail any and all relationships between USURF America Inc. and Tim Wetherald.
- Staff 7-2 Please explain in detail any and all relationships between USURF America Inc. and Frank Tricamo.
- Staff 7-3 Please explain in detail any and all relationships between USURF America Inc. and David Safford.
- Staff 7-4 Please explain in detail any and all relationships between USURF America Inc. and The Phone Company of Arizona LLP.
- Staff 7-5 Please explain in detail any and all relationships between USURF America Inc. and Livewirenet of Arizona LLC.
- Staff 7-6 Please explain in detail any and all relationships between USURF America Inc. and The Phone Company Management Group LLC.
- Staff 7-7 Please explain in detail any and all relationships between USURF America Inc. and The Phone Company of Arizona Joint Venture d/b/a The Phone Company of Arizona.
- Staff 7-8 Please explain in detail any and all relationships between USURF America Inc. and On Systems Technology.
- Staff 7-9 Please explain in detail any and all relationships between USURF America Inc. and Mile High Telecom.
- Staff 7-10 Please indicate whether the transfer of Mile High Telecom customers to USURF was approved by the Bankruptcy Court. If yes, please provide a copy of the Court's order.
- Staff 7-11 Please describe in detail the relationship between USURF Telecom of Arizona, Inc. and USURF America.
- Staff 7-12 Please refer to Questions 1 through 8 above, and answer each of these questions again with respect to any relationship between USURF Telecom of Arizona, Inc. and the individuals and entities named in Questions 1 through 8.
- Staff 7-13 Please refer to Questions 1 through 8 above, and answer each of these questions again with respect to any relationship between USURF Communications, Inc. and the individuals and entities named in Questions 1 through 8.

- Staff 7-14 Please describe in detail any and all compensation and consideration received by Mr. Tim Wetherald and On Systems Technology for the transfer of Phone Company Management Group customers to USURF.
- Staff 7-15 Please indicate when the transaction between USURF and Tim Wetherald and On Systems Technology for transfer of Phone Company Management Group customers to USURF closed.
- Staff 7-16 Please describe in detail any relationship between the officers and directors of USURF America, USURF Communications and USURF Telecom of Arizona with Tim Wetherald and On Systems Technology.
- Staff 7-17 Refer to Annex B-1 of the March 7, 2003 Asset Purchase Agreement between USURF and Phone Company Management Group. Based upon the number of customers being served by USURF and/or DMJ today, please provide the number of common shares in USURF to which Tim Wetherald or OnSystems or Phone Company would acquire an ownership interest in.

EXHIBIT C

COMMISSIONERS
MARC SPITZER- Chairman
JIM IRVIN
WILLIAM A. MUNDELL JEFF
HATCH-MILLER
MIKE GLEASON



BRIAN C. MCNEIL
Executive Secretary

ARIZONA CORPORATION COMMISSION

April 25, 2003

Mr. Michael Glaser, Esq.
Shughart, Thomson & Kilroy
Independence Plaza
1050 17th Street, Suite 2300
Denver, Colorado 80265

Facsimile and regular mail
(303) 572-7883

Kelly Flood, Esq.
Shughart, Thomson & Kilroy
3636 N. Central Avenue, Ste. 1200
Phoenix, AZ 85012

Facsimile and regular mail
(602) 264-7033

RE: Staff's **Eighth** Set of Data Requests to LiveWireNet5of Arizona, LLC,
The Phone Company Management Group, LLC, On Systems Technology LLC,
and The Phone Company of Arizona
Docket Nos.: T-03889A-02-0796 & T-04125A-02-0796, T-03889A-03-0152

Dear Mr. Glaser and Ms. Flood:

Please treat this as Staff's **eighth** set of data requests to LiveWireNet of Arizona, LLC, The Phone Company Management Group, LLC, On Systems Technology LLC, and The Phone Company of Arizona in the above matter.

For purposes of this data request, the words LiveWireNet of Arizona, LLC, The Phone Company Management Group, LLC, On Systems Technology LLC, and The Phone Company of Arizona, you, and your refer any representative, including every person and/or entity acting with, under the control of, or on behalf of LiveWireNet of Arizona, LLC, The Phone Company Management Group, LLC, On Systems Technology LLC, and The Phone Company of Arizona. For each answer, please identify by name, title, and address each person providing information that forms the basis for the response provided.

These data requests are continuing, and your answers or any documents supplied in response to these data requests should be supplemented with any additional information or documents that come to your attention after you have provided your initial responses.

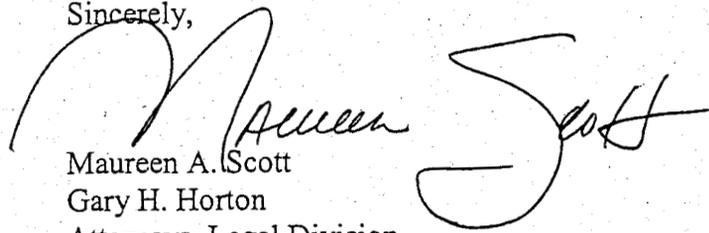
Please respond within *five* calendar days from the date of this letter.

Michael Glaser, Esq.
Kelly Flood, Esq.
April 25, 2003
Page 2

Please provide one hard copy (ONLY) of the requested data directly to each of the following via overnight delivery services:

- (1) Maureen A. Scott and Gary H. Horton, Attorneys Legal Division, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007.
- (2) Matthew Rowell, Utilities Division, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007.
- (3) Brad Morton, Utilities Division, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007.
- (4) John Bostwick, Utilities Division, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007.

Sincerely,



Maureen A. Scott
Gary H. Horton
Attorneys, Legal Division
(602) 542-3402

MAS:GHH:daa
Enclosures

**ARIZONA CORPORATION COMMISSION STAFF'S
EIGHTH SET OF DATA REQUESTS TO
PHONE COMPANY OF ARIZONA
DOCKET T03889A-02-0796; T-04125A-02-0796 & T-03889A-03-0152**

- Staff 8-1 Please indicate why Mr. Wetherald listed himself as a general partner of The Phone Company of Arizona LLP in a filing with the Arizona Secretary of State.
- Staff 8-2 Please indicate the date on which discussions with USURF America began for sale of the customer base of PCMG to USURF.
- Staff 8-3 Please indicate who was involved in those discussions.
- Staff 8-4 Please indicate the amount of compensation received by Mr. Wetherald and/or On Systems Technology to-date from USURF America from the sale of PCMG's customer base to USURF.

EXHIBIT D

The Phone Company Management Group, LLC
3025 S Parker Rd Suite 1000
Aurora, CO 80014

April 29, 2003

RECEIVED

MAY - 5 2003

Via Federal Express

LEGAL DIV.
ARIZ CORPORATION COMMISSION

The Honorable Philip J. Dion III
Administrative Law Judge
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

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

Dear Judge Dion,

I write to advise you that The Phone Company Management Group, LLC, f/k/a LiveWireNet of Arizona, LLC, and the other Respondents associated with, or related to, The Phone Company Management Group, LLC ("PCMG") and named in the above-captioned dockets, except for The Phone Company of Arizona, LLP, will not be producing on May 2, 2003 the documents listed in the Staff's Motion to Compel ("Motion"), as set forth in your Procedural Order filed April 11, 2003. I detail below the reasons why PCMG will not be producing these documents.

As you are aware, on October 18, 2002, the Utilities Division Staff of the Arizona Corporation Commission ("Staff") filed a Complaint and Petition for Relief ("Complaint") against PCMG, LiveWireNet of Arizona, LLC, The Phone Company of Arizona Joint Venture d/b/a The Phone Company of Arizona, LLP, On Systems Technology, LLC, and its principals, Tim Wetherald, Frank Tricamo and David Stafford Johnson (collectively, "PCMG"). The Complaint alleged that, among other things, PCMG was not fit to hold a Certificate of Convenience and Necessity ("CCN").

On November 14, 2002, Qwest Corporation ("Qwest") filed an Application to Intervene, which the Arizona Corporation Commission ("Commission") granted. On November 8, 2002, PCMG, on behalf of itself, LiveWireNet, LLC, On Systems Technology, LLC, Tim Wetherald, Frank Tricamo and David Stafford Johnson, filed their Answer. On December 6, 2002, you issued a Procedural Order scheduling a pre-hearing conference to be held in the above-referenced dockets on January 7, 2003.

The Honorable Philip J. Dion III
Arizona Corporation Commission
April 29, 2003
Page 2

On January 7, 2003, all parties appeared before you, as directed by your December 6 Order, to discuss the procedural aspects of the above dockets. On January 3, 2003 the firm of Shughart Thomson & Kilroy, P.C. entered an appearance on behalf of PCMG after PCMG retained the firm to represent it in these dockets. PCMG had intended to go forward with these dockets, and present evidence in response to the Staff's Complaint. Subsequent to January 7, 2003, the parties engaged in discovery, and the hearing date which you originally scheduled for February 24, 2003 was continued, ultimately until April 15, 2003. Now, based upon your April 11, 2003 Procedural Order, the hearing has been continued without a date and will be set pursuant to another procedural order.

On February 25, 2003, you issued a Procedural Order, in which you directed PCMG to issue a "Notice of Possible Termination of Services" to PCMG's customers by February 27, 2003. Your Order was based upon Qwest's representations that it would disconnect PCMG's wholesale service beginning March 21, 2003, for alleged nonpayment of Qwest's billings to PCMG. PCMG vigorously contests Qwest's charges, and the Qwest-PCMG dispute is close to litigation in the appropriate court. PCMG, by letter dated February 26, 2003, determined not to send the Notice of Possible Termination ("Notice") to its customers, and to appeal your decision, in the belief that your decision was legally erroneous. In its appeal, filed March 6, 2003, PCMG pointed out that if it were to issue such a Notice, it would, in effect, destroy its customer base, and drive PCMG out of business in Arizona. At that time, PCMG was serving approximately 4,000 retail residential customers with local exchange service, purchased at wholesale for resale from Qwest.

PCMG's March 6 appeal was apparently denied (PCMG has not received any ruling on this appeal), as you ordered the Staff to send a Notice of Possible Termination to PCMG's customers by March 11, 2003. On March 11, 2003, the Staff sent such a Notice to PCMG's customers. Upon PCMG's customers' receipt of the Notice, PCMG's customer base was effectively destroyed.

In March 2003, PCMG entered into an Agreement with USURF America, Inc. ("USURF"), to sell its customer base, or what was left of it. Almost simultaneously, PCMG filed an application with the Commission for discontinuance of service. PCMG also directed its counsel in these dockets, Mr. Michael L. Glaser and Shughart Thomson & Kilroy, P.C., to send the Commission a copy of the Agreement, with pertinent documents. Pursuant to his letter dated March 13, 2003, Mr. Glaser sent a copy of the Agreement to the Commission and all parties in these dockets. Thereafter, PCMG also instructed its counsel, Mr. Glaser, to voluntarily surrender PCMG's Certificate of Convenience and Necessity ("CCN") and cancel its tariff, effective April 1, 2003. Mr. Glaser did so pursuant to his letter of April 1, 2003. At or about that time, PCMG advised Mr. Glaser that PCMG was not able to go forward with the presentation of evidence in the above-referenced dockets because PCMG no longer had the resources to do so. PCMG instructed Mr. Glaser to make no further appearances on behalf of PCMG, other than what had been previously scheduled, such as a pre-hearing conference on April 3, 2003, and to

The Honorable Philip J. Dion III
Arizona Corporation Commission
April 29, 2003
Page 3

file a Motion to Withdraw as PCMG's counsel. Accordingly, Mr. Glaser's firm did appear by telephone at the April 3, 2003 pre-hearing conference, since it was already scheduled, although the conference did not proceed because of a lack of a court reporter. Mr. Glaser also appeared by telephone at the April 9, 2003 procedural conference, which was scheduled as a result of the inability to have the April 3, 2003 pre-hearing conference recorded by a court reporter. On April 10, 2003, Mr. Glaser and Shughart, Thomson & Kilroy, P.C., filed a Motion to Withdraw as PCMG's counsel, based upon PCMG's instructions.

At the April 9 pre-hearing conference, PCMG instructed Mr. Glaser to advise you and the other parties that PCMG was without resources, and would not go forward in this proceeding nor appear at the hearing scheduled for April 15, 2003. PCMG believes that since it had voluntarily surrendered its CCN and canceled its tariff, effective April 1, 2003, and is no longer rendering telecommunications service in Arizona (and has not since March 12, 2003), the Commission no longer has jurisdiction over PCMG from a regulatory standpoint. Therefore, PCMG cannot and will not be participating in these dockets. I reiterate the reasons for this decision:

1. PCMG has voluntarily surrendered its CCN and cancelled its tariff for local exchange service, effective April 1, 2003; and
2. PCMG is not rendering service, has no authorization from the Commission to do so, and the Commission has no regulatory jurisdiction over PCMG because it is not offering service and surrendered its CCN.
3. PCMG lacks the resources to go forward.

PCMG has no employees and no operations. Furthermore, PCMG's assets consist of certain claims which it may bring against third parties, accounts receivable, most of which are doubtful of collection, the possibility of receiving compensation from USURF for PCMG's customer base. PCMG has no equipment and no hard assets. PCMG has received no compensation, in any form, from USURF as of this date. PCMG has no liabilities, other than what it regards as a contingent liability to Qwest.

In view of these facts, I wanted to advise you directly of PCMG's position, so that you will not be expecting PCMG to file direct testimony in this proceeding, respond to new data requests which continue to be served on PCMG and its former counsel, or produce documents pursuant to your April 11 Procedural Order.

I emphasize that PCMG has instructed Mr. Glaser and Shughart Thomson & Kilroy, P.C. not to appear on PCMG's behalf in this proceeding and to withdraw as PCMG's counsel. Mr. Glaser and Shughart Thomson & Kilroy, P.C. have complied with PCMG's instructions by filing a Motion to Withdraw on April 10, 2003, and by advising you and the other parties at the April 9, 2003 pre-hearing conference of PCMG's position.

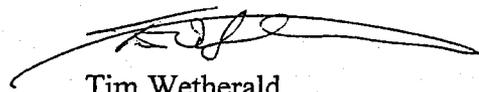
The Honorable Philip J. Dion III
Arizona Corporation Commission
April 29, 2003
Page 4

PCMG recognizes, however, that the Staff has leveled serious allegations against PCMG and/or the undersigned. PCMG and/or the undersigned anticipate that, if PCMG and/or the undersigned ever file an application for a CCN in Arizona in the future, PCMG and/or the undersigned will be required to undergo a hearing to determine qualifications to hold a CCN from the State of Arizona. In fact, PCMG and/or the undersigned will welcome that opportunity, as PCMG and/or the undersigned deny each and every one of these allegations, and expect to be able to prove by a preponderance of the evidence that these Staff allegations have no basis in fact or merit.

I wanted you to have the opportunity to have the above facts presented by PCMG in this case, rather than speculate on why PCMG will not be able to go forward in this proceeding.

At PCMG's former counsel's request, PCMG also filed a Motion to Terminate the above-referenced dockets on April 2, 2003, based upon PCMG's voluntary surrender of its CCN and cancellation of its tariff. I ask that you act on all outstanding motions quickly and grant them, based upon the facts set forth above.

Very truly yours,



Tim Wetherald
Manager, The Phone Company
Management Group, LLC

/tw

The Honorable Philip J. Dion III
Arizona Corporation Commission
April 29, 2003
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bcc: Marty Harper
Kelly Flood