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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION OF)
METROPOLITAN TELECOMMUNICATIONS)
OF ARIZONA, INC. DBA METTEL FOR A)
CERTIFICATE OF CONVENIENCE AND)
NECESSITY TO PROVIDE COMPETITIVE)
FACILITIES-BASED AND RESOLD LOCAL)
EXCHANGE, INTEREXCHANGE, AND)
EXCHANGE ACCESS, TELECOMMUNICATIONS))
SERVICES.)
_____)

DOCKET NO. T-03991A-01-0125

**METTEL'S COMMENTS
TO THE STAFF REPORT**

MetTel agrees with the Staff Report accept where the Report recommends that MetTel should be ordered to procure a \$100,000 performance bond as a condition of being granted a CC&N. Staff's recommendation for a performance bond was based on its belief that MetTel lacked sufficient financial strength to offer the requested telecommunications services in Arizona absent the procurement of a performance bond. (Staff Report, page 2, paragraph 2.5). However, since the time MetTel's parent company, Manhattan Telecommunications Corporation, submitted financials in this matter, MetTel has experienced a significant improvement in its financial situation as follows:

First, during fiscal year 2000, MetTel implemented many operational improvements including the creation of a Risk Assessment and Collections Department. The Company also migrated many manual processes to an automated environment which have reduced costs including the cost per transaction; the cost per answered call; hold time; speed to answer; and the cost to the ILEC for improperly billed charges. Second, MetTel

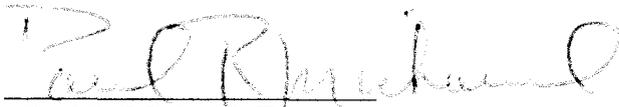
1 experienced an increase in EBITDA of \$36,000 for March 2001 and an increase in EBITDA
2 of \$137,000 for April 2001. Third, MetTel expects an increase in EBITDA of \$250,000 to
3 \$400,000 for Second Quarter 2001. Fourth, MetTel expects monthly end user billings to
4 increase by \$400,000 in June 2001. Last, the Company's primary investor has made available
5 an additional \$2.5 million, of which the MetTel expects to use only use \$800,000 to fund
6 operations through the end of 2001.
7

8 For the above reasons, MetTel believes that the Company should not be
9 ordered to procure a performance bond on condition of being granted a CC&N.

10 However, in the event that the Hearing Officer adopts Staff's recommendation
11 for a performance bond requirement, MetTel would request that it be allowed to docket proof
12 of the performance bond with the Commission within 180 days of an Order in this matter or
13 30 days prior to the provision of service, whichever comes first. The provision for 180 days is
14 more consistent with MetTel's business plan, where the Company anticipates providing
15 service in Arizona starting at the end of this year and not earlier.
16

17 RESPECTFULLY SUBMITTED this 14th day of June, 2001.

18 MARTINEZ & CURTIS, P.C.

19
20 By 
21 Paul R. Michaud, Esq.
22 2712 North Seventh Street
23 Phoenix, Arizona 85006-1090
24 Attorneys for MetTel

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25 ...

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1 **Original and ten (10) copies of the**
2 **foregoing filed this 14th day of**
3 **June, 2001 with:**

4 Docket Control
5 ARIZONA CORPORATION COMMISSION
6 1200 West Washington Street
7 Phoenix, Arizona 85007

8 **Copies of the foregoing mailed this**
9 **14th day of June, 2001 to:**

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By *Kaym Christine*

1733/pleadings/comments to staff report