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MEMORANDUM

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ARIZONA CORPORATION COMMISSION
UTILITY CONTROL

TO: Docket Control

FROM: Ernest G. Johnson *MDJ/for*
Director
Utilities Division

DATE: March 15, 2002

RE: AMENDMENT TO STAFF REPORT FOR MVX COMMUNICATIONS, LLC'S APPLICATION TO TRANSFER ITS CERTIFICATE OF CONVENIENCE AND NECESSITY TO MVX.COM COMMUNICATIONS, INC. (DOCKET NO. T-03793A-99-0608)

Attached is an amendment to the Staff Report for MVX Communications, LLC'S application for approval to transfer its Certificate of Convenience and Necessity to MVX.Com Communications, Inc. The amendment includes a discussion of the fair value of the MVX Communications, Inc. ("QuantumShift") property required by the Procedural Order in this matter filed February 12, 2002.

EGJ:LAJ:jbc

Originator: Linda A. Jaress

Attachment: Original and Ten Copies

Arizona Corporation Commission

DOCKETED

MAR 15 2002

DOCKETED BY	<i>mae</i>
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Service List for: MVX Communications, LLC
Docket No. T-03793A-99-0608

MVX Communications, LLC
Lance J. M. Steinhart
1720 Windward Concourse
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Christopher C. Kempley
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**STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**

MVX COMMUNICATIONS. LLC

DOCKET NO. T-03793A-99-0608

**APPLICATION OF MVX COMMUNICATIONS, INC. FOR APPROVAL
TO TRANSFER ITS CC&N TO
MVX.COM COMMUNICATIONS, INC.**

March, 2002

STAFF ACKNOWLEDGMENT

The Amendment to the Staff Report for MVX Communications, LLC, Docket No. T-03793A-99-0608 was the responsibility of Linda A. Jaress.

A handwritten signature in black ink, reading "Linda A. Jaress". The signature is written in a cursive style with a long, sweeping underline.

Linda A. Jaress
Executive Consultant III

EXECUTIVE SUMMARY
MVX COMMUNICATIONS, LLC
DOCKET NO. T-03793A-99-0608

MVX Communication, LLC requests approval to transfer its Certificate of Convenience and Necessity to provide intrastate toll service to MVX.Com Communications, Inc., an affiliate who holds a Certificate of Convenience and Necessity to provide local telecommunications service. Staff filed its Staff Report on the matter on December 24, 2001, recommending approval.

On February 12, 2002, the Administrative Law Judge issued a Procedural Order requiring the Applicants to publish notice and file an Affidavit of Publication in this docket no later than March 8, 2002. The applicant has not done so.

The Procedural Order also required Staff to "...file an amendment to its Staff Report that includes a recommended fair value finding and a recommendation on the rates MVX.COM proposes to charge after the proposed transfer."

Staff obtained information from the Company and has determined that its fair value rate base is zero. Accordingly, the Company's fair value rate base is too small to be useful in a fair value analysis. In addition, the rates to be ultimately charged by the Company will be heavily influenced by the market for its services. Therefore, while Staff considered the fair value rate base information submitted by the company, it did not accord that information substantial weight in its analysis.

Staff has also determined that a bond from QuantumShift is not necessary because its proposed tariff does not require deposits or advance payments.

On October 26, 1999, MVX Communications, LLC ("MVX LLC") filed a letter requesting that the Commission transfer its Certificate of Convenience and Necessity ("CC&N") to MVX.COM Communications, Inc ("MVX.COM"). On June 4, 2001, MVX.COM received Commission approval to change its name to QuantumShift Communications, Inc. ("QuantumShift").

MVX LLC received a CC&N to provide competitive intrastate toll service in Decision No. 61989, dated October 8, 1999. In Decision No. 62640, dated June 9, 2000, MVX.COM received a CC&N to provide competitive local exchange resold telecommunications services.

The letter requesting the CC&N transfer also indicated that the two companies had merged pursuant to an Agreement of Merger effective May 5, 1999.

On February 12, 2002, the Administrative Law Judge issued a Procedural Order requiring Staff to "...file an amendment to its Staff Report that includes a recommended fair value finding and a recommendation on the rates MVX.COM proposes to charge after the proposed transfer."

Staff obtained information from the Company and has determined that QuantumShift's fair value rate base is zero. Accordingly, the Company's fair value rate base is too small to be useful in a fair value analysis. In addition, the rates to be ultimately charged by the Company will be heavily influenced by the market for its services. If the rates charge by QuantumShift are not just and reasonable, customers will defect to a provider whose rates are just and reasonable. Therefore, while Staff considered the fair value rate base information submitted by QuantumShift, it did not accord that information substantial weight in its analysis. Thus, Staff believes the rates adopted by QuantumShift are just and reasonable.

Staff has also determined that a bond from QuantumShift is not necessary because its proposed tariff does not require deposits or advance payments.

None of the information provided in this amendment to the Staff Report of December 24, 2001, has caused Staff to change any of its recommendations in the Staff Report of December 24, 2001.

JARESS

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DIRECTOR

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March 8, 2002

VIA FEDERAL EXPRESS

Docket Control Center
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

COMMISSION
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MAR 11 2002
Director of Utilities

Re: MVX.COM Communications, Inc.; Original Docket No. T-03793A-99-0608
Local Exchange Service
Name Change to QuantumShift Communications, Inc. (QuantumShift)

Dear Sir/Madam:

Enclosed please find for filing an original and ten (10) copies of QuantumShift's responses to the Commission's request for information in the Company's Application for a name change in Docket No. T-03793A-99-0608.

I have also enclosed an extra copy of this letter to be date stamped and returned to me in the enclosed, self-addressed, postage prepaid envelope.

If you have any questions or if I may provide you with any additional information, please do not hesitate to contact me. Thank you for your attention to this matter.

Respectfully submitted,



Karen E. Campbell
Regulatory Specialist for
Lance J.M. Steinhart
Attorney for QuantumShift Communications, Inc.
f/k/a MVX.COM Communications, Inc.

Enclosures

cc: Linda A. Jaress, Executive Consultant
Jenna Brown

1. Provide the total revenue for the latest twelve months available generated by the provision of telecommunications service to Arizona customers adjusted to reflect the maximum rates that Quantumshift (MVX Communications) has requested in its tariff. This adjusted total revenue figure could be calculated as the number of units sold times the maximum charge per unit.

The total revenue for the period January 1, 2001 to December 31, 2001 is \$132,065.36.

2. Provide the total actual operating expenses incurred in the provision of telecommunications services to Arizona customers during the same twelve-month period.

The Company has not incurred any expenses in the provision of telecommunications service to Arizona customers during the past twelve months.

3. Provide the net book value (original cost less accumulated depreciation) of all Arizona jurisdictional assets used in the provision of telecommunications services to Arizona customers at the end of the same twelve-month period. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.

The Company does not have any jurisdictional assets in the State of Arizona.

4. If the actual value of all assets is zero, please specifically state this in your response.

Not applicable (see response to #3)

5. If the fair value of all assets is different than the net book value, also provide the corresponding fair value amounts.

Not applicable (see response to #3)