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ORIGINAL

ROSHKA HEYMAN &

ROSHKA HEYMAN & DEWULF, PLC
ATTORNEYS AT LAW
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET
SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

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ARIZONA CORPORATION COMMISSION
PHOENIX, ARIZONA

July 12, 2002

VIA HAND DELIVERY

Mr. John Bostwick
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission
DOCKETED

JUL 12 2002

DOCKETED BY *CAK*

Re: *Xspedius Management Co. Switched Services, L.L.C.*
CC&N Application - Docket No. T-04113A-02-0452

Dear Mr. Bostwick:

The following information is provided on behalf of Xspedius Management Co. Switched Services, LLC ("Xspedius") in response to the Arizona Corporation Commission ("Commission") Staff's First Set of Data Request (dated July 1, 2001) in the above-referenced docket. The responses provided below directly correspond to the Commission's stated requests.

1. In response to information requested under A-8 of the application for a certificate of convenience and necessity to provide telecommunication services, the following is provided. Xspedius' Certificate of Good Standing is provided as Attachment A. Xspedius Management Co., LLC holds 100% of the interest in Xspedius. A corporate ownership chart is provided as Attachment B.

2. In response to information requested under A-16, Xspedius will provide its Affidavit of Publication it becomes available. Xspedius intends to publish the form of notice (including the hearing date) that will be set forth in the procedural order in the docket.

3. In response to employee information requested, Attachment C includes a list of the number of employees and their previous employment, in addition to, the names and years of experience in the services industry of the principal employees. Xspedius contemplates that many existing e.spire/ACSI employees in Arizona will continue their current employment positions.

ROSHKA HEYMAN & DEWULF

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4. In response to the Commission's request for financial information, Xspedius Management Co, LLC is the parent company of the applicant, Xspedius. The balance sheet attached to the application reflected the parent's financial information. The column of figures to be used to determine the balance sheet value is the column labeled "ICP" (Integrated Communications Provider). The consolidated balance sheet for Xspedius' parent company Xspedius Management Co, LLC is provided as Attachment D.

5. In response to the Commission's request for information requested in item B-4 of the application for a certificate of convenience and necessity, the net book value of Xspedius Management Co., LLC Arizona jurisdictional assets for its operating entities is \$16,013,598. The remaining B-4 information requested is provided as Attachment E (projected first-year revenues of \$12,025,332 and projected operating expenses of \$2,998,783).

We believe that this information responds to your July 1, 2002 data requests. As you know, time is of the essence and we request that you notify us immediately (by phone if possible) if you need additional information. Please call me if you have any questions. Thank you for your assistance in this matter.

Respectfully Submitted,



Michael W. Patten

MWP/djj
Enclosures

ORIGINAL + 10 COPIES filed with Docket Control

cc: Teena Wolfe, ALJ Hearing Division (w/enclosures)
Jason Gellman, ACC Legal Division (w/enclosures)

ATTACHMENT A

Certificate of Good Standing

AZ. CORP. COMMISSION

DELIVERED

JUN 28 2002

APPLICATION FOR REGISTRATION

OF A

FOREIGN LIMITED LIABILITY COMPANY

FILED BY Teri Jutte

DATE 6/28/2002

R-1036189-8

DO NOT PUBLISH THIS SECTION

1. The company name must contain an ending which may be "limited liability company," "limited company," or the abbreviations "L.L.C.," "L.C.," "LLC" or "LC". If you are the holder or assignee of a tradename or trademark, attach Declaration of Tradename Holder form. If you do not plan to use the name in Arizona, under which your company is organized, then provide the name which you plan to use.

2. Provide the name of the state or jurisdiction under whose laws your company was formed.

3. Provide the date on which your company organized in the state or jurisdiction under whose laws it was formed.

4. Provide the general character of business you plan to transact in Arizona.

5. The statutory agent must provide both a physical and mailing address. If statutory agent has a P.O. Box, then they must provide a physical description of their street address/location

1.a. The name of the limited liability company is:

Xspedius Management Co. Switched Services, LLC

1.b. If the name of the company is different than the proposed name for use in Arizona, then the name under which the company proposes to transact business in Arizona:

1.c. If the name of the company does not contain the words "Limited Liability Company," "Limited Company," "L.L.C." or "L.C.," then the name of the company with the words or abbreviation which it elects to add thereto for use in Arizona is:

2. The company is organized under the laws of: Delaware

3. The date of the company's formation is: June 3, 2002

4. The purpose of the company or the general character of business it proposes to transact in Arizona is:

Telecommunications and data service provider

5. The name and street address of the statutory agent for the foreign limited liability company in Arizona is:

Corporation Service Company

818 East Osborn Road

Phoenix, AZ 72201

DO NOT PUBLISH THIS SECTION

6. If you do not appoint a statutory agent when you file the application, you must do so within sixty days of filing. Your failure to do so may result in revocation of your Certificate of Registration.

7. If the jurisdiction under the law of which your company is formed, you must provide the address of the principle office of the company, in whatever state or jurisdiction it is located.

The application must be executed by a member, manager or duly authorized agent.

Phone and Fax are optional.

The agent must consent to the appointment by executing the consent.

See A.R.S. §29-601 et seq. for more info.

6. The Arizona Corporation Commission is appointed as the Statutory Agent for service of process if either of the following occur:

- A. An agent has not been appointed under paragraph 5, or if the agent's authority has been revoked.
- B. The agent cannot be found or served with the exercise of reasonable diligence.

7. The address of the office required to be maintained in the jurisdiction under the laws of which the company is organized, if required; or, if not required, the address of the principal office of the company is:

P.O. Box 1116
O'Fallon, MO 63366-1116

Executed this 25 day of June, 2002.


[signature]

Mark W. Senda, CEO of Xspedius Management Co., LLC,
[print name] [title] sole member

PHONE _____ FAX _____

ACCEPTANCE OF APPOINTMENT BY STATUTORY AGENT

I, Corporacion Service Company, having been designated to act as statutory agent, hereby consent to act in that capacity until removed or resignation is submitted in accordance with the Arizona Revised Statutes.

CORPORATION SERVICE COMPANY


[Signature] Louise B. Smith
ASST V.P.

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION

CERTIFICATE OF REGISTRATION

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

*****XSPEDIUS MANAGEMENT CO. SWITCHED SERVICES, LLC*****
a foreign limited liability company organized under the laws of the jurisdiction of Delaware did obtain a Certificate of Registration in Arizona on the 28th day of June 2002.

This certificate relates only to the legal authority of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capitol, this 3rd Day of July, 2002, A. D.




EXECUTIVE SECRETARY

BY: 

ATTACHMENT B

Corporate Ownership

CORPORATE OWNERSHIP

Xspedius Management Co., LLC

100%

Xspedius Management Co. Switched Services, LLC

ATTACHMENT C

Employee Information

General Information

Xspedius Management Co., LLC has six-hundred and fifty employees nationwide, and will have twelve (12) of those employees in the State of Arizona. The twelve (12) Arizona employees will be previous employees of e.spire. Those employees will continue their employment roles and continue to provide the same service as currently being provided by e.spire's operating entities in Tucson. A detailed description of the principal employees' experience in the telecommunications service industry follows:

James Allen - Chairman

James C. Allen has been a director of WorldCom since March 1998. Mr. Allen is currently an investment director and member of the general partner of Meritage Private Equity Fund, a venture capital fund specializing in the telecommunications industry. Mr. Allen is the former Vice Chairman and Chief Executive Officer of Brooks Fiber Properties where he served in such capacities from 1993 until its merger with WorldCom January 1998. Mr. Allen served as President and Chief Operating Officer of Brooks Telecommunications Corporation, a founder of Brooks Fiber Properties, from April 1993 until it was merged with Brooks Fiber Properties in January 1996. Mr. Allen serves as a director of Completel LLC, Xspedius, LLC, Masergy, Inc., David Lipscomb University and Family Dynamics Institute.

Mark W. Senda – Chief Executive Officer

Mark W. Senda has been a key contributor and leader in the competitive communications industry over the past two decades in North America. He has had an uncanny ability to stay in front of the trends emerging in the rapidly changing communications services sector during a period of pre- and post-deregulation. More recently, as President of Local Services for AT&T Canada, he ran a \$200m+ business unit growing in excess of 100% per annum. AT&T Canada was the successor to MetroNet Communications where Mr. Senda was Chief Operating Officer for Canada's first national competitive communications company. Prior to his work in Canada, Mr. Senda implemented and operated competitive local access and exchange networks in the United States, first with MFS Communications in various progressive management responsibilities leading up to Senior Vice President of Network Services and later with Brooks Fiber Properties as their Senior Vice President of Operations & Engineering. Prior to 1991, Mr. Senda spent nearly nine years with MCI Communications Corp. in various management roles. During this time, he was a key team member responsible for deploying MCI's enhanced messaging systems and services worldwide. Mr. Senda holds a BS in Business from The University of the State of New York and a MS in Telecommunications Policy from The George Washington University.

Dan Lensgraf – Chief Executive Officer

Daniel Lensgraf currently serves as Chief Financial Officer of Xspedius, LLC joined Xspedius in August 2000, as Chief Financial Officer. In this capacity, he is responsible for all financial operations of the company. Lensgraf also plays a key role in the day-to-day, business development, and strategy of the company. From August 1995 until joining Xspedius, Lensgraf served as Chief Financial Officer of Satelink Communications, Inc.; an Atlanta based communications provider. During his tenure with Satelink, Lensgraf facilitated thirteen acquisition transactions and was involved in numerous debt and equity fund raising transactions.

Lensgraf earned a Bachelor's Degree in Business Administration from the University of Oklahoma and an MBA from Duke University.

Ines LeBow – Senior Vice President, Operations

Ms. LeBow has twenty years experience in management, operations, engineering, finance and project management in telecommunications, wireless, long distance, competitive access and competitive local exchange. In her last position, Ms. LeBow was Executive Vice President, Operations and Engineering at Conversent Communications; in that capacity, she developed a six-state region in the Northeast, managed the P&L, set company policy, deployed switches, established service delivery flows and OSS systems, built a Network Management Center, created a switched-services field organization and customer service. Former positions include Vice President, Global Network Operations for Viatel, a multinational long distance carrier; with management responsibility for 150 people in 14 cities worldwide. At Brooks Fiber Communications, Ms. LeBow served as Vice President, Implementation with responsibility for 22 new cities. Prior to Brooks, Ms. LeBow has similar responsibilities at MFS,GTE Spacenet and Contel ASC.

Ms. LeBow is a graduate of American University, Washington , DC and received a MA. in Languages and Linguistics and a MA. in Administration and Education.

**Michael Miller – President, Xspedius Management Co.
Network Technologies, Inc.**

Michael P. Miller is currently serving as President of ACSI Network Technologies, Inc., **e.spire's** network design, construction and consulting subsidiary, a position he has held since January 2000. He previously served as ACSI Network Technologies' Senior Vice President,

responsible for sales and operations support system outsourcing. He joined **e.spire** in 1996 to assume the position of Regional Vice President and General Manager, responsible for sales and operations in the eastern United States. Before joining **e.spire**, he was Senior Vice President for Sales and Marketing for Trescom International. Mr. Miller has also held positions with ITT-USTS and LDDS (now, MCI/WorldCom). He has more than 19 years of management experience with telecommunications companies.

Randall Muench – Executive Vice President of Sales and Marketing

Randall P. Muench is currently serving as **e.spire** Executive Vice President, Sales and Marketing, and manages the retail and wholesale sales force, alternate channels, customer service, technical consulting and training. Mr. Muench is also responsible for product marketing, brand marketing, new media and **e.spire's** outbound marketing programs. He was promoted to this position in January 2000. He previously served as Senior Vice President, Sales and Marketing and Vice President of Marketing. He joined **e.spire** in March of 1998 as Vice President of Sales Operations and Customer Service. Before joining **e.spire**, Mr. Muench was Director of Marketing and Finance for MCI's State Government and University Markets, a position he held for three years

James C. Falvey – Senior Vice President of Regulatory Affairs

James C. Falvey is currently serving as **e.spire** Senior Vice President of Regulatory Affairs and is responsible for federal regulatory and legislative matters, state regulatory proceedings and complaints, and municipal rights-of-way issues. He was promoted to his current position in March 2000. He joined **e.spire** in May 1996 as Vice President of Regulatory Affairs and has been instrumental in developing regulatory strategy; establishing interconnection agreements; pursuing reciprocal compensation and other regulatory complaints; managing certification, franchise, and compliance issues; and advocating **e.spire's** interests relating to regulatory and policy matters. Prior to joining **e.spire**, Mr. Falvey practiced law with the Washington, D.C. law firm of Swidler & Berlin, where he represented competitive local exchange providers in state and federal proceedings. Prior to his employment at Swidler & Berlin, Mr. Falvey practiced antitrust litigation in the Washington office of Johnson & Gibbs, and worked as a legislative assistant for Senator Harry M. Reid of Nevada. He is a *cum laude*

graduate of Cornell University, received his law degree from the University of Virginia School of Law, and is admitted to practice law in the District of Columbia and Virginia. He is a member of the CompTel Board of Directors and ALTS Operating Board.

ATTACHMENT D

Forma Balance Sheet

Xspedius Management Co., LLC
 CONSOLIDATED BALANCE SHEET
 Pro Forma as of June 1, 2002

	<u>ICP</u>	<u>NT</u>	<u>TOTAL</u>
CASH	\$18,750,000.00		\$18,750,000.00
Subscription Receivable	\$36,000,000.00		\$36,000,000.00
Organizational Cost	\$1,500,000.00		\$1,500,000.00
Fixed Assets	\$18,750,000.00	\$50,000,000.00	\$68,750,000.00
 Total Assets	 <u>\$75,000,000.00</u>	 <u>\$50,000,000.00</u>	 <u>\$125,000,000.00</u>
 Liabilities	 \$0.00	 \$50,000,000.00	 \$50,000,000.00
Owner's Equity	\$75,000,000.00	\$0.00	\$75,000,000.00
Total Liabilities and Owner's Equity	<u>\$75,000,000.00</u>	<u>\$50,000,000.00</u>	<u>\$125,000,000.00</u>

ATTACHMENT E

Projected Revenues, Expenses and Earnings

Xpedius Management Co., LLC
 Income Statement
 Projected July 1, 2002 - June 30, 2003
 Arizona

	July	August	September	October	November	December	January	February	March	April	May	June	12 Months Ended 06-30-03
Revenues:													
Total Net Revenues	1,058,710.08	1,045,502.48	1,159,034.51	1,151,851.11	1,118,481.96	1,106,409.56	992,269.56	900,290.85	915,476.60	873,466.27	850,455.71	853,384.16	12,025,332.82
Network Costs:													
Total Network Costs	339,622.07	110,491.75	168,768.84	108,075.34	345,025.59	415,879.06	249,689.98	(21,213.19)	105,143.22	355,920.71	205,036.00	234,988.11	2,617,427.48
Operating Expenses:													
Total Operating Expenses	247,749.54	304,220.85	316,713.78	240,182.21	257,698.28	215,910.30	250,418.85	203,065.69	176,199.69	195,297.97	384,652.46	206,673.40	2,998,783.02
Depreciation and Other Income/ Expenses:													
Total Depreciation and Other Income/Expense	385,000.00	385,000.00	385,000.00	385,000.00	385,000.00	385,000.00	385,000.00	385,000.00	385,000.00	385,000.00	385,000.00	385,000.00	4,620,000.00
NET INCOME (LOSS)	86,338.47	245,789.88	288,551.89	418,593.56	130,758.09	89,629.20	107,160.73	333,438.35	249,133.69	(62,752.41)	(124,232.75)	26,722.65	1,789,122.35