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June 5, 2006

Mr. Thomas M. Lynch, Esq.
Law Offices of Thomas M. Lynch
252 Providence Road, Suite 100
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RE: STAFF'S LETTER OF INSUFFICIENCY AND FIRST SET OF DATA REQUESTS TO IPC NETWORK SERVICES, INC. (DOCKET NO. T-20457A-06-0294)

Dear Mr. Lynch:

On April 28, 2006, IPC Network Services, Inc. ("IPC") filed an application for a Certificate of Convenience and Necessity ("CC&N") to provide resold point-to-point private line telecommunications services within the State of Arizona. The application is not yet sufficient. This data request lists the information that Staff needs to complete its analysis of the application. Please treat this as Staff's First Set of Data Requests to IPC in the above-referenced matter.

For purposes of this data request set, the words "IPC", "Applicant", "the Company", "you", and "your" refer to IPC Network Services, Inc. and any representative, including every person and/or entity acting with, under the control of, or on behalf of IPC. 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 provide Docket Control with the information being requested within 60 days of the date of this letter. Mail an original plus 13 copies to Docket Control, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007-2927. If no response is received or all deficiencies are not remedied within 60 days, Staff will recommend that the application be terminated as per Rule R14-2-1103 and R14-2-510(E)3. If the application is terminated, the Applicant cannot provide the same telecommunications services in Arizona for which it is currently applying, until such time as a new application is filed with and approved by the Commission.

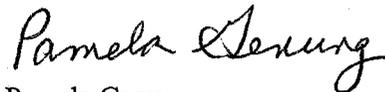
Mr. Thomas M. Lynch, Esq.

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Remember that information submitted for a CC&N will be made a part of the public record (including financial statements). Any information designated as confidential will not be accepted by Docket Control. If you have any questions, please contact me at (602) 542-0664. Thank you for your prompt response to this request.

Respectfully,



Pamela Genung
Public Utilities Analyst IV
Utilities Division

PG:lh

Enclosure(s)

cc: Docket Control Center (Original and Thirteen Copies)

ARIZONA CORPORATION COMMISSION
STAFF'S FIRST SET OF DATA REQUESTS TO
IPC NETWORK SERVICES, INC.
DOCKET NO. T-20457A-06-0294

Please make sure each numbered item and each part of the item is answered completely. In order for Staff to continue with its review of this application, the following information must be submitted:

- STF 1.1 Please provide the remaining financial information requested in (B-2) of the Application for a CC&N. In question (B-1) of the Application, IPC indicated that two (2) most recent years of financial information is available. If needed, a confidentiality agreement may be obtained from the Legal Division.
- STF 1.2 Please explain how your company calculated the actual maximum rate per DS0 mile that is contained in your tariff.
- STF 1.3 For further clarity on rate calculations, please provide individual detailed rate examples for private line DS0, DS1, and DS3 services based on a ten (10) mile radius for each, exclusive of any volume and term commitments and/or discounts.
- STF 1.4 Please specify the rate(s) that IPC will charge or currently charges for similar services in the other states/jurisdictions in which IPC has been approved to provide service. If there is a difference between the rates that your company will charge in Arizona and the rates that your company will charge or currently charges in other states/jurisdictions for similar services, please identify and indicate the amount of the difference and explain why you are charging different rates in Arizona.
- STF 1.5 Please indicate why you believe that your range of rates is just and reasonable using a competitive market analysis. Your analysis may contain publicly available examples of rates charged by the incumbent or other carriers for similar services or any other information that you believe demonstrates that your actual rates are just and reasonable. At a minimum, your analysis should contain a comparison that includes Qwest and at least one other competitive carrier of your choice. Please include any supporting materials. For a list of telecommunications carriers certified in Arizona, go to www.cc.state.az.us/utility/utility . For a list of Commission-approved telecommunications rates and tariffs, go to www.cc.state.az.us/utility/tariffs .
- STF 1.6 In response to question (A-13) of the Application for a CC&N, IPC indicated that its customers will not be able to access alternative toll service providers or resellers via 1+101XXXX access.
- A. Is it the applicant's intent to block a customer's access to other toll service providers when customers dial a 101XXXX access code?
- B. If your response to "A." is in the affirmative, please provide your rationale for denying customers access to other toll service providers.