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January 25, 2007

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DOCKETED

JAN 25 2007

Dana Hoyle
Manager of Regulatory Affairs
Matrix Telecom, Inc. d/b/a Matrix Business Technologies.
7171 Forest Lane, Suite 700
Dallas, Texas 75230

DOCKETED BY	<i>ML</i>
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RE: Staff's Letter of Insufficiency and First Set of Data Requests to Matrix Telecom, Inc. d/b/a Matrix Business Technologies
Docket No. T-03228A-06-0800

Dear Mr. Hoyle:

On December 26, 2006, Matrix Telecom, Inc. d/b/a Matrix Business Technologies ("MTT") filed an application for a Certificate of Convenience and Necessity ("CC&N") to provide telecommunications services in Arizona. The Application submitted is not sufficient. This data request lists the information Staff needs to complete its analysis of your Application.

For purposes of this data request set, the words "MTT", "Applicant", "the Company", "you", and "your" refer to Matrix Telecom, Inc. d/b/a Matrix Business Technologies, any representative, including every person and/or entity acting with, under the control of, or on behalf of Matrix Telecom, Inc. d/b/a Matrix Business Technologies. **For each answer, please identify by name, title, e-mail address, telephone number 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. Also, please make sure all information you provide in response to item(s) concerning this Application, including Staff's data requests, is updated and current. If you need to update your response to any item(s)/request(s), please reference the item(s)/request(s) and provide your current response(s).

Please provide Docket Control with the information being requested within **30 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, Staff will recommend that the Application be terminated. 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.

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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) 542-0856. Thank you for your prompt response to this request.

Respectfully,



John F. Bostwick
Administrative Services Officer II
Utilities Division

Enclosure(s)

CC: Docket Control (Original and Thirteen Copies)

STAFF'S FIRST SET OF DATA REQUESTS TO
800 RESPONSE INFORMATION SERVICES LLC
DOCKET NO. T-20381A-05-0493

Please make sure each numbered item and each part of the item is answered completely. If it is not, Staff will resubmit the numbered item(s) and/or part(s) of the item in a following data request. Also, please make sure all information you provide in response to item(s) concerning this Application, including Staff's data requests, is updated and current. If you need to update your response to any item(s)/request(s), please reference the item(s)/request(s) and provide your current response(s). In order for Staff to continue with its review of this Application, the following information must be submitted:

JFB1-1 In Item (A-11), please identify the states impacted by the 13 orders issued by the FCC. For each state listed, please indicate the number of subscriber complaints, the substance of each complaint, FCC Orders that resolved any and all complaints and whether the complaints generated any resolutions, fees, fines and/or actions taken by the company to remedy and/or prevent the complaints from re-occurring.

In Item (A-11), please identify the states impacted by the Order of Forfeiture issued by the FCC. For each state listed, please indicate the events that produced complaints, the substance of each complaint, FCC Orders that resolved any and all complaints and whether the complaints generated any resolutions, fees, fines and/or actions taken by the company to remedy and/or prevent the complaints from re-occurring.

In Item (A-11), please identify the states impacted by the Notice of Apparent Liability order issued by the FCC. For each state listed, please indicate the allegations that created complaints, the substance of each complaint, FCC Orders that resolved any and all complaints and whether the complaints generated any resolutions, fees, fines and/or actions taken by the company to remedy and/or prevent the complaints from re-occurring. Also, please provide a copy of the Consent Decree you referenced in your Application.

In Item (A-11), please identify the states impacted by the letter of admonition issued by the FCC regarding the form of MTI's Letter of Agency. For each state listed, please indicate the customer complaint, the substance of its complaint, FCC Order that resolved any the complaint and whether the complaint generated any resolutions, fees, fines and/or actions taken by the company to remedy and/or prevent the complaints from re-occurring. Also, please provide a copy "*Letter to Mr. Dennis Miga*" you referenced in your Application.

In Item (A-11), please identify the states that generated 28 informal complaints in 2006. For each state listed, please indicate the number of complaints, the substance of each complaint, Commission Orders that resolved any and all complaints and whether the complaints generated any resolutions, fees, fines and/or actions taken by the company to remedy and/or prevent the complaints from re-occurring.

STAFF'S FIRST SET OF DATA REQUESTS TO
MATRIX TELECOM, INC. D/B/A MATRIX BUSINESS TECHNOLOGIES
DOCKET NO. T-03228A-06-0800

JFB1-2 In Item (A-12), please disclose Platinum Equity, LLC's relationship with NextiraOne, LLC. Please disclose NextiraOne, LLC's relationship with MTI. What is the current status of NextiraOne, LLC? A number of schools and libraries involved in being over billed by NextiraOne for services provided to the tribes were located in Arizona. Please disclose how the Plea Agreement impacts the tribal schools and libraries in Arizona. Did the Plea Agreement generate any resolutions, fees, fines and/or changes in operation of the company? Please identify the benefits the tribal schools and libraries in Arizona received from Plea Agreement. Describe in detail any such judgments or convictions.

JFB1-3 In Item (A-14), please indicate if Applicant is willing to post a Performance Bond or irrevocable sight draft Letter of Credit? Please be advised that "No" is not an option.

For Facilities-Based Providers of Local Exchange, a \$100,000 performance bond or irrevocable sight draft Letter of Credit will be recommended.

Yes

No

Note: Amounts are cumulative if the Applicant has more than one type of service.

JFB1-4 In Item (A-18) you did not list the States in which the Applicant has had an application approved or denied to off telecommunications services similar to those that the Applicant will or intends to offer in Arizona. Please list the States.

JFB1-5 In Item (B-2) you did not include "Attachment D". Provide the Applicant's financial information for the two (2) most recent years.

1. A copy of the Applicant's balance sheet.
2. A copy of the Applicant's income statement.
3. A copy of the Applicant's audit report.
4. A copy of the Applicant's retained earnings balance.
5. A copy of all related notes to the financial statements and information.

Note: Make sure "most recent years" includes current calendar year or current year reporting period.

Also, please identify the person from the Commission's Staff that advised you that MTI did not need to submit Attachment "D". Does MTI have a confidentiality/protective agreement on file with the Legal Division of the Commission? If yes, please provide a signed copy of the confidentiality/protective agreement.

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JFB1-6 In Item (B-4) you did not provide the following information.

1. Provide the projected total revenue expected to be generated by the provision of telecommunications services to Arizona customers for the first twelve months following certification, adjusted to reflect the maximum rates for which the Applicant requested approval. Adjusted revenues may be calculated as the number of units sold times the maximum charge per unit.
2. Provide the operating expenses expected to be incurred during the first twelve months of providing telecommunications services to Arizona customers following certification.
3. Provide the net book value (original cost less accumulated depreciation) of all Arizona jurisdictional assets expected to be used in the provision of telecommunications service to Arizona customers at the end of the first twelve months of operation. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.
4. If the projected value of all assets is zero, please specifically state this in your response.
5. If the projected fair value of the assets is different than the projected net book value, also provide the corresponding projected fair value amounts.

Also, please identify the person from the Commission's Staff that advised you that MTI did not need to submit Attachment "E".

JFB1-7 In Item (C-1) you indicated that you have a resale agreement in operation. Please reference the resale agreement by Commission Docket Number or Commission Decision Number.

JFB1-8 You have indicated that you want to provide facilities-based local exchange telecommunications services in Arizona. For each type of tariffed service, please answer the set of questions JFB1-9 through JFB1-12.

JFB1-9 Please explain how your company calculated the actual maximum and actual minimum rates that will be contained in your tariff for facilities-based local exchange telecommunications services.

STAFF'S FIRST SET OF DATA REQUESTS TO
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JFB1-10 Please indicate why you believe that your range of rates is just and reasonable using a competitive market analysis. Your analysis should contain publicly available examples of tariff rates and charges charged by the incumbent and other carriers for similar services. Include supporting material and any other information that you believe demonstrates that your actual or proposed tariff rates and charges are just and reasonable.

Use a matrix format to lists MTI's proposed services, rates and/or charges. Based on the MTI tariff, list all the facilities-based based local exchange services MTI will provide in Arizona. For each of the facilities-based local exchange services listed, list the rate and/or charge of each service and reference each service, rate and/or charge to MTI's tariff. Provide MTI's tariff pages that support each MTI's services, rates and/or charges.

Use a matrix format to capture MTI's list of facilities-based local exchange services that will be provided in Arizona, show each competitor's tariff rates and/or charges for the same or comparable services and reference each service, rate and/or charge to each competitor's tariff. Provide tariff pages of each competitor that support each competitor's services, rates and/or charges offering the same or similar telecommunications services in Arizona.

At a minimum, show a complete set of tariff information of Qwest, Cox Telcom and two other competitors in Arizona. For a list of telecommunications carriers certificated in Arizona, go to www.cc.state.az.us/utility/utility. For a list of telecommunications carriers' tariff rates and charges, go to www.cc.state.az.us/utility/tariffs.

The material you provide should enable Staff to determine whether the proposed tariff rates and/or charges of the Applicant are identical or just and reasonable compared to other competitors offering the same or similar telecommunications services in Arizona.

JFB1-11 Please indicate why you believe that your range of rates is just and reasonable using a fair value or cost basis. Please include economic justification or cost support data. Please include any supporting materials.

JFB1-12 **Use a matrix format to capture MTI's list of facilities-based local exchange services that will be provided in Arizona.** Identify other states/jurisdictions in which your company or an affiliate company is providing or applying to provide facilities-based local exchange telecommunications services.

STAFF'S FIRST SET OF DATA REQUESTS TO
MATRIX TELECOM, INC. D/B/A MATRIX BUSINESS TECHNOLOGIES
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For each facilities-based local exchange services that will be provided in Arizona, list MTI's or affiliates' rates and/or charges that are or will be charged in other states or jurisdictions. Show for each state or jurisdiction the tariff rates and/or charges for the same or comparable services and reference each service, rate and/or charge to MTI's or each affiliate's tariff. Provide MTI's or affiliate's tariff pages that support MTI's or each affiliate's services, rates and/or charges that are or will be charged in other states or jurisdiction offering the same or similar telecommunications services in Arizona.

If there is a difference between the tariff rates and charges that MTI or an affiliate charges or will charge in Arizona and the tariff rates and charges that MTI or affiliate charges or will charge in other states or jurisdictions for facilities-based local exchange services: please identify the service, indicate the amount of the difference and explain why you are charging different tariff rates and charges in Arizona.

At a minimum, show a complete set of tariff information of Arizona three other states or jurisdiction.

The material you provide should enable Staff to determine whether the proposed tariff rates and/or charges of the Applicant are identical or just and reasonable compared to the tariff rates and charges that are or will be charged in other states or jurisdiction offering the same or similar telecommunications services in Arizona.

JFB1-13. Please submit a PDF file of your responses to this data request to jbostwick@cc.state.az.us.