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2007 JUN 12 P 2:57

June 12, 2007

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

Arizona Corporation Commission
DOCKETED

JUN 12 2007

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

Dear Ms. Hoyle:

On December 26, 2006, Matrix Telecom, Inc. d/b/a Matrix Business Technologies ("MTI") 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 "MTI", "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 **20 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 SECOND SET OF DATA REQUESTS TO
MATRIX TELECOM, INC. D/B/A MATRIX BUSINESS TECHNOLOGIES
DOCKET NO. T-03228A-06-0800

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:

- JFB2-1 Please be advised that a new internal process has been put in place to handle confidentially agreements concerning the submission of financial information by the Applicant. Please prepare and file a letter describing in detail the reasons that your financial information should be kept confidential or have a protective agreement. This letter will be presented at the Policy/Recommendation Meeting. At the meeting the Director of the Utilities Division and Staff will the specific need for confidentially treatment of the Applicant's financial information. **Also, please be advised that Staff cannot issue a Staff Report without disclosing the Applicant's net income/loss, total assets, and equity for the most recent calendar year.**
- JFB2-2 You have indicated that you want to provide facilities-based local exchange telecommunications services in Arizona. Please answer the set of questions JFB2-3 through JFB2-6. **Also, please be advised that Staff cannot issue a Staff Report without an evaluation of the Applicant's proposed tariffs for facilities-based local exchange telecommunications services in Arizona.**
- JFB2-3 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.
- JFB2-4 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.

STAFF'S SECOND SET OF DATA REQUESTS TO
MATRIX TELECOM, INC. D/B/A MATRIX BUSINESS TECHNOLOGIES
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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.

JFB2-5 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.

JFB2-6 **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.

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.

STAFF'S SECOND SET OF DATA REQUESTS TO
MATRIX TELECOM, INC. D/B/A MATRIX BUSINESS TECHNOLOGIES
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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.

- JFB2-7. Please submit a complete tariff setting forth your rates and charges. Do you intend to offer switched or special access services to other wholesale providers. If so, have you or do you intend to file an access tariff for these services?
- JFB2-8. Please confirm/deny that your company intends to provide service to both retail end-users and other carriers.
- JFB2-9. Please provide a copy of the APPLICATION FOR REGISTRATION OF TRADE NAME document stamped and dated from the Arizona Secretary of State office.
- JFB2-10. For the type of telecommunications services that you want to provide in Arizona, indicate the Tariff and Section number(s) in the tariff for facilities-based local exchange telecommunications services.
- JFB2-11. Please submit a PDF file of your responses to this data request to jbstwick@cc.state.az.us.