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June 10, 2005

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COMMISSION CLERK

Ms. Blanca S. Bayo, Director
Division of the Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 050200-TX
Application for certificate to provide competitive local exchange
telecommunications service by Matrix Telecom, Inc.

Dear Ms. Bayo:

Please find enclosed for filing an original and 15 copies of Verizon Florida Inc.'s Protest and Request for Formal Hearing in the above matter. Also enclosed are an original and 15 copies of a Request for Confidential Classification and Motion for Protective Order in connection with certain information contained in the Protest. Service has been made as indicated on the Certificate of Service. If there are any questions regarding this filing, please contact me at 813-483-1256.

- CMP _____
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- OTH kin P.

Sincerely,

Leigh A. Hyer

LAH:tas

Enclosures

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for certificate to) Docket No. 050200-TX
Provide competitive local exchange) Filed: June 10, 2005
Telecommunications service by)
Matrix Telecom, Inc.)
_____)


**VERIZON FLORIDA INC.'S PROTEST
AND REQUEST FOR FORMAL HEARING**


Pursuant to Rules 25-22.029 and 28-106.201, Florida Administrative Code, Verizon Florida Inc. ("Verizon") submits this Petition protesting the Proposed Agency Action ("PAA") Order No. PSC-05-0555-PAA-TX provisionally granting the Application for Authority to Provide Alternative Local Exchange Service within the State of Florida filed by Matrix Telecom, Inc. ("Matrix"). Because the Matrix Application is deficient on its face, the Commission should summarily reject it. In the alternative, Verizon requests a formal hearing to demonstrate that Matrix does not meet the statutory criteria for certification in Florida.

I. INTRODUCTION

1. Rule 25-24.810, Florida Administrative Code, provides that a company seeking certification as an Alternative Local Exchange Carrier ("ALEC") must complete Form PSC/CMU 8 (11/95), the requirements of which are incorporated into the rule by reference. Matrix, however, did not complete that form in full, omitting certain critical information regarding its ability to meet its financial obligations for services and facilities it leases from other telecommunications carriers to provide service to end user customers in Florida. Specifically, Form PSC/CMU 8 requires that Matrix provide a "written explanation" that the applicant has sufficient financial capability to meet its

lease or ownership obligations.” (Emphasis in original.) Matrix provided no such written explanation, and thus its application is deficient on its face. By failing to provide this information, Matrix has not made the necessary showing that it has “sufficient . . . financial . . . capability to provide [alternative local exchange] service in the geographic area proposed to be served,” as required by statute. Fla. Stat. § 364.337.

2. Even if the Commission could overlook the facial deficiencies in the Matrix application – which it may not – Verizon has ample evidence that Matrix is not capable of meeting its lease obligations with respect to facilities and services that it may obtain from Verizon for use in providing service to customers in Florida. Specifically, Matrix ordered services from Verizon’s affiliates in California and Indiana and has defaulted on payments for those services in an amount exceeding **[PROPRIETARY]**  **[PROPRIETARY]**. As a result, Verizon affiliates were forced to disconnect all access services to Matrix in those states.

3. In addition, Matrix is a wholly-owned subsidiary of Platinum Equity, which also owns a telecommunications reseller called Claricom Networks, LLC (“Claricom”). According to the Matrix website (www.matrixvalue.com), Claricom does business under the name of Matrix Telecom. Claricom ordered services from Verizon affiliates in thirteen states and, like Matrix, has a dismal payment history, defaulting on more than **[PROPRIETARY]**  **[PROPRIETARY]** in debts. Verizon affiliates were forced to disconnect services to Claricom in Massachusetts, New Jersey, Pennsylvania New York, and Washington, DC.

4. Given the past payment history of Matrix and Claricom db/a Matrix, Verizon has ample reason to believe that, if this Commission grants Matrix a certificate

to operate as an ALEC in Florida, it will once again be unable to meet its financial obligations for wholesale services it obtains from Verizon and other wholesale providers. This not only harms Verizon, but it puts Florida consumers and businesses at risk of losing their telephone services when Matrix is unable to meet its wholesale obligations.

II. PETITIONER INFORMATION

5. Verizon received notice of the PAA Order from the Commission's website.

6. All notices, pleadings, staff recommendations, orders or other documents

served in this docket should be provided to the following representatives:

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(850) 222-2912 (facsimile)

7. As explained in detail below, Verizon's interests and the interests of Florida consumers and businesses would be substantially harmed if Matrix is permitted to enter the market in Florida as an ALEC in the wake of its history of failing to meet its wholesale financial obligations in other states.

III. THE APPLICATION IS DEFICIENT ON ITS FACE

8. Section 364.337, Florida Statutes, provides that, in order to obtain a certificate of authority to provide competitive local exchange service, the applicant must "show[] that the [it] has sufficient technical, financial, and managerial capability to provide such service in the geographic area proposed to be served." To make that showing, the Commission's rules require a would-be ALEC to "submit an application on

Form PSC/CMP 8 (11/95), which is incorporated into this rule by reference.” Rule 25-24.810, Florida Administrative Code. That form requires, among other things, that the applicant provide proof of its “financial capability” to provide service, including a “**written explanation** that the applicant has sufficient financial capability to meet its lease or ownership obligations.” Application Form for Authority to Provide Alternative Local Exchange Service Within the State of Florida, Form PSC/CMP 8 (11/95), at § 18(C) (emphasis in original.) Matrix did not provide an answer to this question on its Application.

9. The Commission does not have the power to grant an ALEC application where the ALEC has failed to make the requisite statutory showing of financial capability to provide service. Moreover, a carrier’s ability to meet its lease obligations to wholesale providers is critical to its ability to provide service to its end user customers. Indeed, on its website, Matrix touts the fact that it “utilizes the networks of the largest and highly regarded carriers in the country to provide you the most technologically advanced network in the industry.” (<http://matrixvalue.com/history.asp>) If Matrix cannot (or will not) meet its financial obligations to the other carriers upon which its customers’ services depend, Matrix cannot be considered “financial[ly] capab[le]” as required by statute.

10. Matrix, however, has not provided any “written explanation” of its ability to meet its wholesale obligations that would permit it to provide service to Florida customers, and thus Matrix has failed to make a prima facie showing in its Application. This omission is not merely ministerial; it has profound implications for Florida

consumers that Matrix would serve. Therefore, the Commission should deny the Application as deficient on its face.

IV. THE PAST PAYMENT HISTORY OF MATRIX AND ITS AFFILIATES DEMONSTRATES THAT MATRIX IS NOT FINANCIALLY CAPABLE OF MEETING ITS FINANCIAL OBLIGATIONS IN FLORIDA NECESSARY TO SERVE CUSTOMERS.

11. Even if the Commission could overlook the facial deficiencies in the Matrix application – which it may not – Matrix has demonstrated in other jurisdictions that it is not capable of meeting its lease obligations with respect to facilities and services that it has ordered from Verizon for use in providing service to its customers. As set forth above, Matrix ordered access services from Verizon’s affiliates in California and Indiana and has defaulted on payments for those services in an amount exceeding **[PROPRIETARY]** **[PROPRIETARY]**. As result of Matrix’s repeated failure to meet its payment obligations, Verizon affiliates were forced to disconnect service to Matrix – and thus to Matrix’s customers – in those states. Copies of the relevant default letters are attached hereto as Proprietary Attachment 1. Neither Matrix, nor its parent company Platinum Equity, opposed the disconnection of the access services.

12. As explained above, Claricom d/b/a Matrix Telecom also has a dismal payment history with Verizon affiliates, defaulting on more than **[PROPRIETARY]** **[PROPRIETARY]** in payments for resold services. As a result, Verizon affiliates were forced to disconnect services to Claricom. Copies of the relevant default letters are attached hereto as Proprietary Attachment 2. Again, neither Claricom nor its parent company took any action to oppose the disconnection of service or to make alternative arrangements for Claricom customers, thus leaving 862 Claricom end users without telephone service.

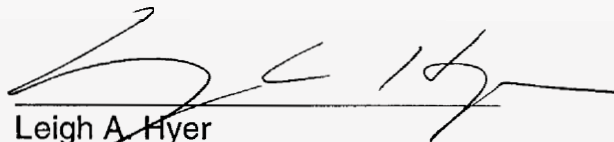
13. The past payment history of Matrix and Claricom d/b/a Matrix demonstrates that, if this Commission grants Matrix a certificate to operate as an ALEC in Florida, it may once again be unable to meet its financial obligations for wholesale services that it obtains from Verizon and other wholesale providers, thus putting Florida consumers and businesses at risk of losing their telephone service. At the very least, given the deficiencies in Matrix's application, the record is insufficient to permit this Commission to make an educated judgment as to whether to grant authority to Matrix to operate in Florida. **Therefore, Verizon requests a hearing to allow it to present testimony regarding Matrix's past payment history for the Commission's consideration.**

IV. CONCLUSION

14. For the reasons stated above, the Commission should deny Matrix's application because it is deficient on its face. In the alternative, the Commission should convene hearings so that it can determine whether Matrix does, in fact, have the requisite financial ability to meet its service obligations in Florida.

Respectfully submitted on June 10, 2005.

By:



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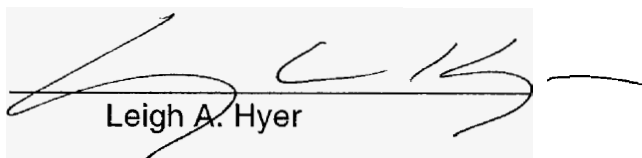
CERTIFICATE OF SERVICE

I hereby certify that copies of Verizon Florida Inc.'s Protest and Request for Formal Hearing and Request for Confidential Classification and Motion for Protective Order in Docket No. 050200-TX were sent via U.S. mail on June 10, 2005 to

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