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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

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2 CARL J. KUNASEK
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4 WILLIAM A. MUNDELL
COMMISSIONER

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AZ CORP COMMISSION
DOCUMENT CONTROL

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6 IN THE MATTER OF THE APPLICATION OF
DERYE, INC. D/B/A COMFORT INN FOR A
7 CERTIFICATE OF CONVENIENCE AND
8 NECESSITY TO PROVIDE CUSTOMER-OWNED
PAY TELEPHONE SERVICE IN THE STATE OF
ARIZONA

DOCKET NO. T-03937A-00-0731

PROCEDURAL ORDER

9 **BY THE COMMISSION:**

10 On September 22, 2000, Derye, Inc. d/b/a Comfort Inn filed with Docket Control of the
11 Arizona Corporation Commission ("Commission") an application for a Certificate of Convenience
12 and Necessity ("Certificate") to provide customer-owned pay telephone service in the State of
13 Arizona.

14 On September 27, 2000, the Commission's Utilities Division Staff ("Staff") filed its Staff
15 Report in this matter.

16 On August 29, 2000, the Arizona Court of Appeals, Division One, ("Court") issued its
17 Opinion in Cause No. 1 CA-CV 98-0672 ("Opinion"). The Court determined that Article XV,
18 Section 14 of the Arizona Constitution requires the Commission to "determine fair value rate base
19 ("FVRB") for all public service corporations in Arizona prior to setting their rates and charges."
20 Although that Opinion will more than likely be appealed to the Arizona Supreme Court, we are going
21 to request FVRB information at this time to insure compliance with the Constitution should the
22 ultimate decision of the Supreme Court affirm the Court's interpretation of Section 14. We also are
23 concerned that the cost and complexity of FVRB determinations must not offend the
24 Telecommunications Act of 1996.

25 The Commission now issues this Procedural Order to govern the preparation and conduct of
26 this proceeding.

27 IT IS THEREFORE ORDERED that Derye, Inc. d/b/a Comfort Inn shall file its proposed
28 FVRB by November 3, 2000 (pursuant to A.A.C. R14-2-103(B), this may be the same as original

1 cost rate base). The FVRB shall include the value of all plant and equipment currently held by the
2 Company and intended to be used to provide telecommunications services to Arizona customers. In
3 doing so, Derye, Inc. d/b/a Comfort Inn may use any reasonable means of asset allocation, direct
4 assignment or combination thereof.

5 IT IS FURTHER ORDERED that Derye, Inc. d/b/a Comfort Inn shall file a description of all
6 plant and equipment currently held by the Company and intended to be used to provide
7 telecommunications services to Arizona customers, including their cost and location by November 3,
8 2000.

9 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105
10 except that all motions to intervene must be filed on or before November 3, 2000.

11 IT IS FURTHER ORDERED that in the event that Derye, Inc. d/b/a Comfort Inn does not
12 agree to be governed by the rates, terms, and conditions of the Generic Tariff, rates, terms, and
13 conditions which have been determined to be just and reasonable (adopted in Decision No. 58535,
14 February 14, 1994), Derye, Inc. d/b/a Comfort Inn shall, in addition to the above, file information
15 demonstrating how the value of the Company's plant and equipment (both current and projected) is
16 related to its total service long-run incremental costs by November 3, 2000 (such demonstration must
17 include the amount of depreciation expense and capital carrying costs related to the FVRB which has
18 been incorporated into the long-run incremental costs).

19 IT IS FURTHER ORDERED that Derye, Inc. d/b/a Comfort Inn shall file a copy of its
20 customer information placard, in compliance with the Generic Tariff, with Staff by November 3,
21 2000.

22 IT IS FURTHER ORDERED that Staff and Intervenors shall file disagreements with the
23 proposed FVRB and/or rates and charges by December 6, 2000.

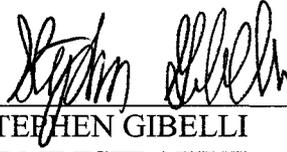
24 IT IS FURTHER ORDERED that Derye, Inc. d/b/a Comfort Inn shall file a reply, if any to
25 Staff or Intervenors FVRB comments by December 13, 2000.

26 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended
27 pursuant to Rule 6(a) or (e) of the Arizona Rules of Civil Procedure.

28 ...

1 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend or waive
2 any portion of this Procedural Order by subsequent Procedural Order or by ruling at hearing.

3 DATED this 2nd day of October, 2000.

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6 _____
7 STEPHEN GIBELLI
8 ADMINISTRATIVE LAW JUDGE

9 Copies of the foregoing mailed/delivered
10 this 2nd day of October, 2000 to:

11 Susan M. Welch
12 Derye, Inc. d/b/a Comfort Inn
13 2055 South Main Street
14 Snowflake, Arizona 85937

15 Lyn Farmer, Chief Counsel
16 Legal Division
17 ARIZONA CORPORATION COMMISSION
18 1200 West Washington Street
19 Phoenix, AZ 85007

20 Deborah Scott, Director
21 Utilities Division
22 ARIZONA CORPORATION COMMISSION
23 1200 West Washington Street
24 Phoenix, AZ 85007

25 By: 
26 Brenda Sanchez
27 Secretary to Stephen Gibelli
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