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WILLIAM A. MUNDELL
COMMISSIONER

OPEN MAILING ITEM



ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
DOCUMENT CONTROL

December 19, 2000

TO: ALL PARTIES OF RECORD

RE: MICHAEL A. CASTILLO - DOCKET NO. T-03929A-00-0695

The proposed order in the above captioned matter that was mailed to you on December 18, 2000 contained an error on Page 1. Please replace Page 1 with the corrected Page 1. The deadline for filing exceptions remains the same.

Arizona Corporation Commission

DOCKETED

DEC 19 2000

Sincerely Yours,

Stephen Gibelli

Acting Assistant Chief Administrative Law Judge

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| DOCKETED BY | |
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Enclosure

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 CARL J. KUNASEK
CHAIRMAN
3 JIM IRVIN
COMMISSIONER
4 WILLIAM A. MUNDELL
COMMISSIONER
5

6 IN THE MATTER OF THE APPLICATION OF
MICHAEL A. CASTILLO FOR A CERTIFICATE
7 OF CONVENIENCE AND NECESSITY TO
PROVIDE CUSTOMER-OWNED PAY
8 TELEPHONE SERVICE IN THE STATE OF
ARIZONA

DOCKET NO. T-03929A-00-0695

DECISION NO. _____

ORDER

9 Open Meeting
10 January 9 and 10, 2001
Phoenix, Arizona

11 **BY THE COMMISSION:**

12 On August 29, 2000, the Arizona Court of Appeals, Division One ("Court") issued its
13 Opinion in Cause No. 1 CA-CV 98-0672 ("Opinion"). The Court determined that Article XV,
14 Section 14 of the Arizona Constitution requires the Arizona Corporation Commission
15 ("Commission") to "determine fair value rate base for all public service corporations in Arizona prior
16 to setting their rates and charges." Although the Commission has filed a Petition for Review to the
17 Arizona Supreme Court, we are concerned that the Opinion might create uncertainty in the
18 competitive telecommunications industry during the review period.

19 On September 12, 2000, the Commission ordered the Hearing Division to open a new generic
20 docket to obtain comments on procedures to insure compliance with the Constitution should the
21 ultimate decision of the Supreme Court affirm the Court's interpretation of Section 14. The
22 Commission also expressed concerns that the cost and complexity of fair value rate base ("FVRB")
23 determinations must not offend the Telecommunications Act of 1996.

24 Based on the above, we will approve the application of Michael A. Castillo ("Applicant") at
25 this time with the understanding that it may subsequently have to be amended to comply with the law
26 after the exhaustion of all appeals.

27 Having considered the entire record herein and being fully advised in the premises, the
28 Commission finds, concludes, and orders that: