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Arizona Corporation Commission  
**DOCKETED**  
BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION  
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6 IN THE MATTER OF THE APPLICATION AND )  
7 PETITION OF ACTEL COMMUNICATIONS, )  
8 INC. FOR A CERTIFICATE OF CONVENIENCE )  
9 AND NECESSITY TO PROVIDE )  
10 COMPETITIVE INTRASTATE )  
11 TELECOMMUNICATIONS SERVICES. )

DOCKET NO. T-03916A-00-0613

**STAFF'S FAIR VALUE RATE  
BASE COMMENTS**

10 On October 18, 2000 Actel Communications, Inc. ("The Applicant") filed a response to the  
11 October 3, 2000 Procedural Order's requirement that the Applicant file Fair Value Rate Base  
12 ("FVRB") information in support of its application for a Certificate of Convenience and Necessity  
13 ("CC&N"). The Applicant is not currently providing service in Arizona. The October 3, 2000  
14 Procedural Order ordered the Utilities Division Staff ("Staff") to file disagreements with the  
15 proposed FVRB and/or rates and charges within 60 days of the date of the Procedural Order.<sup>1</sup> Staff  
16 hereby files its disagreements with the Applicant's October 18, 2000 filing.

17 **Staff's Substantive Comments.**

18 The Applicant's response to the ordered FVRB information provides insufficient information  
19 for Staff analysis and recommendation for a fair value finding in this case. At a minimum, Staff  
20 requires the following three items of information of the Applicant in order to make a FVRB  
21 recommendation. First, a dollar figure representing the Applicant's rate base is necessary for a  
22 FVRB analysis. This dollar figure should include all assets the Applicant will use to provide the  
23 proposed telecommunications services to its Arizona customers for the first twelve months of service  
24 and can include office space, office equipment, company vehicles, and other like items. Second, a  
25 FVRB analysis requires that the Applicant provide an estimate of its annual maximum revenues to  
26

27 <sup>1</sup> The October 3, 2000 Procedural Order also ordered Staff to review the FVRB information filed  
28 and ascertain that the Applicant is utilizing the appropriate amount of depreciation and capital  
carrying costs in determining its total service long-run incremental costs. The information filed by  
the Applicant was not sufficient to allow Staff to so ascertain.

1 be received in exchange for providing the proposed telecommunications services to its Arizona  
2 customers for the first twelve months of service assuming the maximum rates as filed in the  
3 application. Third, a FVRB analysis requires that the Applicant provide an estimate of its annual  
4 maximum expenses incurred in providing the proposed telecommunications services to its Arizona  
5 customers for the first twelve months of services assuming the maximum rates as filed in the  
6 application.

7 The October 3, 2000 Procedural Order referenced the Opinion of the Arizona Court of  
8 Appeals, Division One in Cause No. 1 CA-CV 98-0672 ("Opinion"). Since the issuance of that  
9 Opinion and the Procedural Order, several parties to that case have filed petitions for review of the  
10 Opinion to the Arizona Supreme Court, including Staff, Electric Lightwave, Inc., AT&T, Sprint  
11 Communications, MFS Intelnet, and Cox Arizona Telcom.

12 **Staff's Procedural Comments.**

13 Staff believes that in light of the current appeal status of the Opinion, that the Applicant  
14 should have the choice of the following two procedural options in proceeding with its CC&N  
15 application.

16 **Alternative #1:**

17 Staff recommends that if the Applicant wishes to have permanent rates set in this proceeding,  
18 that it be ordered to file the three above-described FVRB information items within 30 days of the  
19 date of any Commission order granting the requested CC&N, or at least 90 days prior to providing  
20 service. The Applicant should be ordered to notify Staff within ten calendar days of providing  
21 service. If there are any disagreements with any FVRB information the Applicant files, the Order  
22 granting the Applicant's CC&N should be stayed pending resolution of those disagreements.

23 **Alternative #2:**

24 If the Applicant desires to proceed with its CC&N application without providing FVRB  
25 information at this time, Staff believes that any tariffs filed in this matter should be reviewed and  
26 approved on an interim basis. If a CC&N is conditionally granted and tariffs are authorized on an  
27 interim basis, the Applicant should be required to file the three FVRB items with the Commission  
28 within thirty days of any final court mandate on the Fair Value requirement, and failure to file the

1 information should result in the expiration of the conditional CC&N as well as expiration of any  
2 approval to charge its tariffs on an interim basis. If there are any disagreements with any FVRB  
3 information the Applicant files, the Order granting the Applicant's CC&N should be stayed pending  
4 resolution of those disagreements.

5  
6 RESPECTFULLY SUBMITTED this 6<sup>st</sup> day of December, 2000.

7 

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9 Arizona Corporation Commission  
10 Attorney, Legal Division  
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12 Phoenix, Arizona 85007  
13 (602) 542-3402

14 The original and fifteen (15) copies  
15 of the foregoing filed this 6<sup>st</sup> day  
16 of December, 2000, with:

17 Docket Control  
18 Arizona Corporation Commission  
19 1200 West Washington Street  
20 Phoenix, Arizona 85007

21 Copy of the foregoing was mailed  
22 this 6<sup>st</sup> day of December, 2000 to:

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