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Winter Park, FL
32789

Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

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October 17, 2000
Arizona Corporation Commission

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AZ CORP COMMISSION
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P.O. Drawer 200
Winter Park, FL
32790-0200

Re: DN T-03916A-00-0613: In the Matter of the Application of Actel Integrated Communications, Inc. for a Certificate of Convenience and Necessity to Provide Competitive Resold Intrastate Telecommunications Services

Tel: 407-740-8575 Dear Sir/Madam:
Fax: 407-740-0613
tmi@tminc.com

Enclosed is the original and ten (10) copies of the response to the Commission's Procedural Order issued October 3, 2000 filed on behalf of Actel Integrated Communications, Inc.

Please date-stamp the extra copy of this cover letter, and return it in the enclosed self-addressed stamped envelope provided for that purpose.

Any questions pertaining to the enclosed filing may be directed to me at (407) 740-8575.

Sincerely,

Robin Norton
Consultant to Actel Integrated Communications, Inc.

cc: Paul Guarisco, Actel
Leigh Ann Wooten, Actel
file: Actel - AZ - IXC
tms: AZi0001a

**Response of Actel Integrated Communications, Inc. to Request for
Fair Value Rate Base (FVRB) Information**

In its order, the Commission requests that Actel provide the following information:

The value of all plant and equipment currently held by the Company and intended to be used to provide telecommunications services to Arizona customers; a description of all plant and equipment currently held by the company and intended to be used to provide telecommunications services to Arizona customers, including their cost and location; a demonstration of how the value of the plant and equipment (both current and projected) is related to the Company's total service long-run incremental costs.

Response:

Actel does not currently own any plant or equipment in Arizona. Actel intends to offer long distance service via the resale of the long distance services of underlying facilities-based interexchange carriers. Carriers who provide service via resale in Arizona do not need to make any investment in plant and equipment in order to provide service to their customers. Therefore the value of plant and equipment held by the Company in Arizona is zero. In a competitive environment a carrier has no occasion to calculate a total long-run incremental cost of service for the purpose of establishing a rate base or setting its rates.

For all maximum rates and charges which are higher than those of the incumbent local exchange carrier for the same regulated services, demonstrate that such rates and charges are not unreasonable, and constitute a fair rate of return on FVRB.

Response:

Actel has applied to the Commission for authority to offer and provide intrastate service via the switchless resale of the long distance services of its underlying facilities-based interexchange carriers. Actel does not plan to provide local service, and with the possible exception of intraLATA toll services, Actel's long distance services bear no relation to the local services provided by a local exchange carrier. Actel's toll services are available statewide, whereas US West's toll services provide intraLATA services only. Actel and US West both offer a variety of toll services, with different rates, terms and conditions which are not readily comparable.

As a reseller, Actel's costs and hence its rates, are primarily driven by the rates charged to it by its underlying facilities-based interexchange carriers. In the competitive long distance market, it is the consumer who determines whether Actel's long distance rates are reasonable, by purchasing or not purchasing Actel's toll services. Consumers do not look to tariffed maximum rates for a given service in Arizona, and do not make their consumption decisions on that basis. Actel must set its *actual* prices at levels which will attract consumers or go out of business in Arizona. Therefore, for all of its toll services, both intraLATA and interLATA, competitive pressures are more effective than tariffed maximum rates in ensuring that Actel's rates are just and reasonable.

Actel has no Arizona investment upon which to establish a rate base; there is no basis for determining a fair rate of return on a fictitious "rate base."

Copy of Notice of Filing to Qwest Communications



PAUL F. GUARISCO
 DEPUTY GENERAL COUNSEL
 LEGAL AND REGULATORY DIVISION

October 12, 2000

**VIA OVERNIGHT DELIVERY AND
 U.S. MAIL**

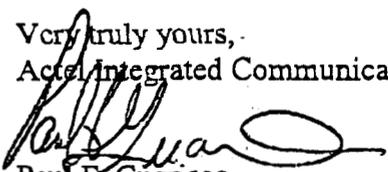
Qwest Communications
 Corporate Headquarters
 555 17th Street
 Denver CO 80202

Attn: Legal and Regulatory Division

Re: **NOTICE OF FILING – Docket No. T-03916A-00-0613**
 IN THE MATTER OF THE APPLICATION OF ACTEL INTEGRATED
 COMMUNICATIONS, INC. FOR A CERTIFICATE OF
 CONVENIENCE AND NECESSITY TO PROVIDE COMPETITIVE
 RESOLD INTRASTATE TELECOMMUNICATIONS SERVICES

Dear Sir or Madam:

In compliance with the Arizona Corporation Commission's Order dated October 3, 2000 in the above referenced matter, notice is being provided to you of filing of Actel Integrated Communications, Inc.'s application on August 22, 2000.

Very truly yours,
 Actel Integrated Communications, Inc.

 Paul F. Guarisco
 Deputy General Counsel
 Legal and Regulatory

PFG/rhw

cc: Robin Norton

ACTEL INTEGRATED COMMUNICATIONS, INC.

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