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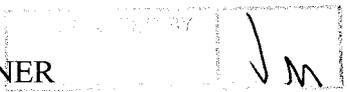
Arizona Corporation Commission

DOCKETED
BEFORE THE ARIZONA CORPORATION COMMISSION

SEP 25 2000

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



AT CORP COMMISSION
DOCUMENT CONTROL

8 IN THE MATTER OF THE APPLICATION OF
9 REFLEX COMMUNICATIONS, INC. FOR A
10 CERTIFICATE OF CONVENIENCE AND
11 NECESSITY TO PROVIDE FACILITIES-BASED
12 AND RESOLD LOCAL EXCHANGE,
13 EXCHANGE ACCESS, AND INTEREXCHANGE
14 TELECOMMUNICATIONS SERVICES AND
15 PETITION FOR COMPETITIVE
16 CLASSIFICATION OF PROPOSED SERVICES

DOCKET NO. T-03768A-99-0443

PROCEDURAL ORDER

BY THE COMMISSION:

17 On August 4, 1999, ReFlex Communications, Inc. ("Applicant" or "ReFlex") submitted to
18 Docket Control of the Arizona Corporation Commission ("Commission") an application for a
19 Certificate of Convenience and Necessity ("Certificate") to provide facilities-based and resold local
20 exchange, exchange access, and interexchange telecommunications services statewide. As part of its
21 application, Applicant asks that the telecommunications services that it intends to provide be found
22 "competitive."

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

On September 7, 2000, a hearing was held regarding the application of ReFlex. During that
hearing, ReFlex was put on notice that it may be required to file fair value rate base information at a

1 later date.

2 The time frame for processing this application expires on October 5, 2000.

3 IT IS THEREFORE ORDERED that the time frame for processing this application shall be
4 extended to January 31, 2001.

5 IT IS FURTHER ORDERED that ReFlex shall file its proposed FVRB by October 27, 2000
6 (pursuant to A.A.C. R14-2-103(B), this may be the same as original cost rate base). The FVRB shall
7 include the value of all plant and equipment currently held by the Company and intended to be used
8 to provide telecommunications services to Arizona customers. In doing so, ReFlex may use any
9 reasonable means of asset allocation, direct assignment or combination thereof.

10 IT IS FURTHER ORDERED that ReFlex shall file a description of all plant and equipment
11 currently held by the Company and intended to be used to provide telecommunications services to
12 Arizona customers, including their cost and location, by October 27, 2000.

13 IT IS FURTHER ORDERED that ReFlex shall file information demonstrating how the value
14 of its plant and equipment (both current and projected) is related to its total service long-run
15 incremental costs by October 27, 2000 (such demonstration must include the amount of depreciation
16 expense and capital carrying costs related to the FVRB which has been incorporated into the long-run
17 incremental costs).

18 IT IS FURTHER ORDERED that for all maximum rates and charges of ReFlex which are
19 higher than those of the incumbent local exchange carrier ("ILEC") for the same regulated services,
20 ReFlex must demonstrate that such rates and charges are not unreasonable, and constitute a fair rate
21 of return on FVRB (if there is more than one ILEC in your proposed service area, use Qwest
22 Corporation as a surrogate ILEC for the entire state).

23 IT IS FURTHER ORDERED that Staff shall review the FVRB information filed and ascertain
24 that ReFlex is utilizing the appropriate amount of depreciation and capital carrying costs in
25 determining its total service long-run incremental costs.

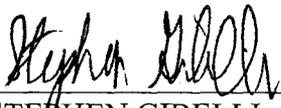
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1 IT IS FURTHER ORDERED that Staff shall file disagreements with the proposed FVRB
2 and/or rates and charges, by **12:00 noon** on November 29, 2000.

3 DATED this 25th day of September, 2000.

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6 
7 STEPHEN GIBELLI
ADMINISTRATIVE LAW JUDGE

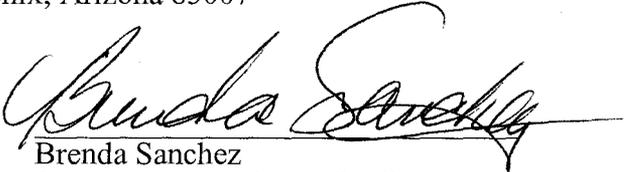
8 Copies of the foregoing mailed/delivered
9 this 25th day of September, 2000 to:

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27 By: 
28 Brenda Sanchez
Secretary to Stephen Gibelli