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Arizona Corporation Commission

BEFORE THE ARIZONA CORPORATION COMMISSION

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CARL J. KUNASEK
CHAIRMAN
JIM IRVIN
COMMISSIONER
WILLIAM A. MUNDELL
COMMISSIONER

OCT 12 2000

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DOCKETED BY

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF
NATEL, LLC FOR A CERTIFICATE OF
CONVENIENCE AND NECESSITY TO PROVIDE
COMPETITIVE INTRASTATE
TELECOMMUNICATIONS SERVICES AS A
RESELLER EXCEPT LOCAL EXCHANGE
SERVICES

DOCKET NO. T-03878A-00-0317

PROCEDURAL ORDER

BY THE COMMISSION:

On May 9, 2000, Natel, LLC ("Company") filed with Docket Control of the Arizona Corporation Commission ("Commission") an application for a Certificate of Convenience and Necessity ("Certificate") to provide competitive intrastate telecommunications services as a reseller, except local exchange services, within the State of Arizona. The Company is required to publish notice of its filing in newspapers in all counties where service is to be provided. The record shows that the Company has not published notice.

On September 18, 2000, the Commission's Utilities Division Staff ("Staff") filed its Staff Report in this matter.

On August 29, 2000, the Arizona Court of Appeals, Division One, ("Court") issued its Opinion in Cause No. 1 CA-CV 98-0672 ("Opinion"). The Court determined that Article XV, Section 14 of the Arizona Constitution requires the Commission to "determine fair value rate base ("FVRB") for all public service corporations in Arizona prior to setting their rates and charges." Although that Opinion will more than likely be appealed to the Arizona Supreme Court, we are going to request 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.

...

1 The time frame for processing the Company's application is February 13, 2001.

2 Pursuant to A.R.S. § 40-282, the Commission may act on an application for a Certificate to
3 provide resold telecommunications services without a hearing, or with a hearing if one is requested
4 by any party.

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

7 IT IS THEREFORE ORDERED that the deadline for processing this application shall be
8 February 13, 2001.

9 IT IS FURTHER ORDERED that the Company shall publish notice, as stated below, in
10 newspapers in every county in Arizona in which Applicant desires to provide service by November
11 10, 2000, and shall file Affidavits of Publication no later than December 1, 2000.

12
13 **NOTICE OF APPLICATION FOR A CERTIFICATE**
OF CONVENIENCE AND NECESSITY TO PROVIDE
14 **RESOLD COMPETITIVE INTRASTATE**
TELECOMMUNICATIONS SERVICES BY
15 **NATEL, LLC**

16 Natel, LLC ("Applicant") has filed with the Arizona Corporation Commission
17 ("Commission") an application for a Certificate of Convenience and Necessity
18 ("Certificate") to provide resold intrastate telecommunications services in the State of
19 Arizona. Applicant will be required by the Commission to provide this service under the
rates and charges and terms and conditions established by the Commission.

20 A.R.S. § 40-282 provides that the Commission may act on an application for a
21 Certificate to provide resold telecommunications services without a hearing, or with a
22 hearing, if one is requested by any party. Applicant or any other party must request a
hearing by December 1, 2000, or the Commission will rule on the application without a
hearing.

23 The application, report of the Commission's Utilities Division Staff, and any
24 written exceptions to the Staff Report prepared by the Applicant are available for
25 inspection during regular business hours at the offices of the Commission located at 1200
West Washington Street, Phoenix, Arizona 85007, and at Applicant [address].

26 Under appropriate circumstances, interested parties may intervene in the
27 proceedings and participate as a party. Intervention shall be in accordance with A.A.C.
28 R14-3-105, except that all motions to intervene must be filed on or before December 1,
2000. You may have the right to intervene in the proceeding, or you may make a

1 statement for the record. If you have any comments, mail them to:

2 The Arizona Corporation Commission
3 Attention Docket Control
4 Re: Natel, LLC
5 T-03878A-00-0317
6 1200 West Washington Street
7 Phoenix, AZ 85007

8 All comments should be received by December 1, 2000.

9 If you have any questions about this application or have any objections to its
10 approval, you may contact the Consumer Services Section of the Commission at 1200
11 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.

12 The Commission does not discriminate on the basis of disability in admission to
13 its public meetings. Persons with a disability may request reasonable accommodations
14 such as a sign language interpreter, as well as request this document in an alternative
15 format, by contacting Shelly Hood, ADA Coordinator, voice phone number 602/542-
16 3931, E-Mail shood@cc.state.az.us. Requests should be made as early as possible to
17 allow time to arrange the accommodations.

18 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105
19 except that all motions to intervene must be filed on or before December 1, 2000.

20 IT IS FURTHER ORDERED that Natel, LLC shall file its proposed FVRB within 30 days of
21 the date of this Order (pursuant to A.A.C. R14-2-103(B), this may be the same as original cost rate
22 base). The FVRB shall include the value of all plant and equipment currently held by the Company
23 and intended to be used to provide telecommunications services to Arizona customers. In doing so,
24 Natel, LLC may use any reasonable means of asset allocation, direct assignment or combination
25 thereof.

26 IT IS FURTHER ORDERED that Natel, LLC shall file a description of all plant and
27 equipment currently held by the Company and intended to be used to provide telecommunications
28 services to Arizona customers, including their cost and location, within 30 days of the date of this
Order.

IT IS FURTHER ORDERED that Natel, LLC shall file information demonstrating how the
value of the Company's plant and equipment (both current and projected) is related to its total service
long-run incremental costs within 30 days of the date of this Order (such demonstration must include

1 the amount of depreciation expense and capital carrying costs related to the FVRB which has been
2 incorporated into the long-run incremental costs).

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

8 IT IS FURTHER ORDERED that Staff shall review the FVRB information filed and ascertain
9 that Natel, LLC is utilizing the appropriate amount of depreciation and capital carrying costs in
10 determining its total service long-run incremental costs.

11 IT IS FURTHER ORDERED that Staff or Intervenors shall file disagreements with the
12 proposed FVRB and/or rates and charges, as well as request a hearing, within 60 days of this Order.

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

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

17 DATED this 12th day of October, 2000.


ALICIA GRANTHAM
ADMINISTRATIVE LAW JUDGE

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21 Copies of the foregoing mailed/delivered
this 12th day of October, 2000 to:

22 Charles Taylor
23 NATEL, LLC
24 6051 N. Brookline, #121
Oklahoma City, Oklahoma 73112

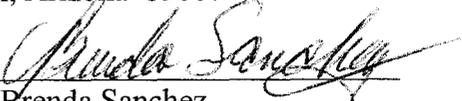
25 Maureen Arnold
26 QWEST CORPORATION
27 3033 North Third Street, Suite 1010
Phoenix, Arizona 85012

28 ...

1 Timothy Berg
2 FENNEMORE CRAIG
3 3003 North Central Avenue, Suite 2600
4 Phoenix, Arizona 85012
5 Attorney for Qwest Corporation

6 Lyn Farmer, Chief Counsel
7 Legal Division
8 ARIZONA CORPORATION COMMISSION
9 1200 West Washington Street
10 Phoenix, Arizona 85007

11 Deborah Scott, Director
12 Utilities Division
13 ARIZONA CORPORATION COMMISSION
14 1200 West Washington Street
15 Phoenix, Arizona 85007

16 By: 
17 Brenda Sanchez
18 Secretary to Alicia Grantham
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