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BEFORE THE ARIZONA CORPORATION COMMISSION

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CHAIRMAN

OCT 31 2000

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COMMISSIONER

ARIZONA CORPORATION COMMISSION  
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WILLIAM A. MUNDELL  
COMMISSIONER

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IN THE MATTER OF THE APPLICATION OF  
 VERIZON SELECT SERVICES, INC. F/K/A GTE  
 COMMUNICATIONS CORPORATION FOR A  
 COMPETITIVE CERTIFICATE OF PUBLIC  
 CONVENIENCE AND NECESSITY  
 AUTHORIZING INTEREXCHANGE FACILITIES-  
 BASED SERVICES AND THE CONSTRUCTION  
 AND OPERATION OF A COMPETITIVE  
 INTEREXCHANGE LONG DISTANCE  
 TELECOMMUNICATIONS SYSTEM  
 THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. T-03258A-00-0236

IN THE MATTER OF THE APPLICATION OF  
 VERIZON SELECT SERVICES, INC. F/K/A GTE  
 COMMUNICATIONS CORPORATION FOR  
 AUTHORITY TO OPERATE AS A PROVIDER OF  
 ALTERNATIVE OPERATOR SERVICES  
 STATEWIDE IN ARIZONA

DOCKET NO. T-03258A-97-0568

IN THE MATTER OF THE APPLICATION OF  
 VERIZON SELECT SERVICES, INC. F/K/A GTE  
 COMMUNICATIONS CORPORATION FOR A  
 COMPETITIVE CERTIFICATE OF PUBLIC  
 CONVENIENCE AND NECESSITY  
 AUTHORIZING LOCAL EXCHANGE SERVICES  
 VIA RESALE AND THE CONSTRUCTION AND  
 OPERATION OF A COMPETITIVE LOCAL  
 EXCHANGE TELECOMMUNICATIONS  
 SYSTEM THROUGHOUT THE CURRENT  
 LOCAL EXCHANGE OPERATING AREAS IN  
 THE STATE OF ARIZONA OF US WEST  
 COMMUNICATIONS, INC., AND CITIZENS  
 UTILITIES COMPANY AND AFFILIATES

DOCKET NO. T-03258A-97-0545

IN THE MATTER OF THE APPLICATION OF  
 VERIZON SELECT SERVICES, INC. F/K/A GTE  
 COMMUNICATIONS CORPORATION FOR A  
 CERTIFICATE OF PUBLIC CONVENIENCE AND  
 NECESSITY TO PROVIDE COMPETITIVE  
 INTRASTATE TELECOMMUNICATIONS  
 SERVICES AS A RESELLER

DOCKET NO. T-03258A-96-0492

PROCEDURAL ORDER

**BY THE COMMISSION:**

On September 12, 1996, Verizon Select Services, Inc. f/k/a GTE Communications

1 Corporation ("Verizon" or "Applicant") filed with Docket Control of the Arizona Corporation  
2 Commission ("Commission") an application for a Certificate of Convenience and Necessity  
3 ("Certificate") authorizing interexchange facilities-based services and the construction and operation  
4 of a competitive interexchange long distance telecommunications system throughout the state of  
5 Arizona. On October 2, 1997, Verizon filed an application for a Certificate authorizing resale of  
6 local exchange services and the construction and operation of a competitive local exchange  
7 telecommunications system throughout the current local exchange operating areas in the state of  
8 Arizona. On October 17, 1997, Verizon filed an application for authority to operate as a provider of  
9 alternative operator services statewide in Arizona. On April 18, 2000, Verizon filed an application  
10 for a Certificate authorizing interexchange facilities-based services and the construction and  
11 operation of a competitive interexchange long distance telecommunications system throughout the  
12 state of Arizona.

13 On May 2, 2000, Verizon filed a Motion requesting consolidation of the above captioned  
14 matters. Additionally, on May 10, 2000, the Commission's Utilities Division Staff ("Staff") filed a  
15 Motion to Consolidate. The Motions to Consolidate were granted by Procedural Order dated June 8,  
16 2000.

17 On September 22, 2000, Staff filed its Staff Report in this matter.

18 On September 27, 2000, the Commission issued a Procedural Order setting forth provisions  
19 and setting a hearing date in the above captioned matters.

20 On October 27, 2000, Applicant, through its Counsel, filed a Motion for Extension of Time,  
21 requesting additional time to comply with the September 27, 2000 Procedural Order, and extending  
22 deadlines established by the Procedural Order for approximately three weeks. Staff did not oppose  
23 the extension of time and continuance of the hearing.

24 The time frame for processing Verizon's application shall be extended to March 1, 2001 to  
25 allow the Applicant additional time to file FVRB information.

26 IT IS THEREFORE ORDERED that the deadline for processing this application shall be  
27 extended to March 1, 2001.

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1 IT IS FURTHER ORDERED that Verizon Select Services, Inc. hereby waives any time clock  
2 limitations that may occur with the continuation of the hearing in these matters.

3 IT IS FURTHER ORDERED that the hearing on the above captioned matters currently  
4 scheduled for December 14, 2000 at 1:00 p.m., shall be continued until January 8, 2001 at 1:00 p.m.,  
5 or as soon thereafter as is practical, at the Commission's offices, 1200 West Washington Street,  
6 Phoenix, Arizona.

7 IT IS FURTHER ORDERED that Verizon Select Services, Inc. shall file its proposed FVRB  
8 by November 17, 2000, (pursuant to A.A.C. R14-2-103(B), this may be the same as original cost rate  
9 base). The FVRB shall include the value of all plant and equipment currently held by Verizon Select  
10 Services, Inc. and intended to be used to provide telecommunications services to Arizona customers.  
11 In doing so, Verizon Select Services, Inc. may use any reasonable means of asset allocation, direct  
12 assignment or combination thereof.

13 IT IS FURTHER ORDERED that Verizon Select Services, Inc. shall file a description of all  
14 plant and equipment currently held by the company and intended to be used to provide  
15 telecommunications services to Arizona customers, including their cost and location, by November  
16 17, 2000.

17 IT IS FURTHER ORDERED that Verizon Select Services, Inc. shall file information  
18 demonstrating how the value of the its plant and equipment (both current and projected) is related to  
19 its total service long-run incremental costs by November 17, 2000 (such demonstration must include  
20 the amount of depreciation expense and capital carrying costs related to the FVRB which has been  
21 incorporated into the long-run incremental costs).

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

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1 IT IS FURTHER ORDERED that Staff shall review the FVRB information filed and ascertain  
2 that Verizon Select Services, Inc. is utilizing the appropriate amount of depreciation and capital  
3 carrying costs in determining its total service long-run incremental costs.

4 IT IS FURTHER ORDERED that Staff or Intervenors shall file disagreements with the  
5 proposed FVRB and/or rates and charges, as well as request a hearing, by December 18, 2000.

6 IT IS FURTHER ORDERED that Staff and Verizon Select Services, Inc. shall file **by 12:00**  
7 **noon** on January 5, 2001, a list of witnesses and subject area(s) to be covered at the hearing in the  
8 above captioned matters.

9 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and  
10 regulations of the Commission, except that every effort shall be made to respond within 48 hours of  
11 receipt; the response time may be extended by mutual agreement of the parties involved if the request  
12 requires an extensive compilation effort.

13 IT IS FURTHER ORDERED that in the alternative to filing a written motion to compel  
14 discovery, any party seeking discovery may telephonically contact the Commission's Hearing  
15 Division to request a date for a procedural hearing to resolve the discovery dispute; that upon such  
16 request, a procedural hearing will be convened as soon as practicable; and that the party making such  
17 request shall forthwith contact all other parties to advise them of the hearing date and shall at the  
18 hearing provide a statement confirming that the other parties were contacted.<sup>1</sup>

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

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28 <sup>1</sup> The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations before seeking Commission resolution of the controversy.

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

3 DATED this 31<sup>st</sup> day of October, 2000.

4  
5   
6 ALICIA GRANTHAM  
ADMINISTRATIVE LAW JUDGE

7 Copies of the foregoing mailed/delivered  
8 this 31<sup>st</sup> day of October, 2000 to:

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14 Paul M. Fuglie  
15 VERIZON SELECT SERVICES, INC.  
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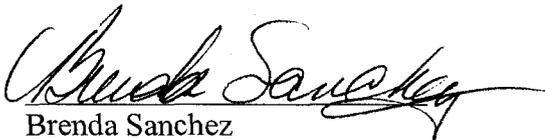
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4 By:   
5 Brenda Sanchez  
6 Secretary to Alicia Grantham  
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