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BEFORE THE ARIZONA CORPORATION COMMISSION
Arizona Corporation Commission

CARL J. KUNASEK
CHAIRMAN

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JIM IRVIN
COMMISSIONER

OCT 26 2000

WILLIAM A. MUNDELL
COMMISSIONER

DOCKETED BY [Signature]

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF
BUEHNER-FRY, INC. D/B/A RESORT
OPERATOR SERVICES FOR A CERTIFICATE OF
CONVENIENCE AND NECESSITY TO PROVIDE
COMPETITIVE RESOLD INTRASTATE
TELECOMMUNICATIONS SERVICES

DOCKET NO. T-02764A-94-0140

PROCEDURAL ORDER

BY THE COMMISSION:

On May 5, 1994, Buehner-Fry, Inc. d/b/a Resort Operator Services ("Applicant" or "BFI") filed with Docket Control of the Arizona Corporation Commission ("Commission") an application for a Certificate of Convenience and Necessity ("Certificate") to provide competitive resold intrastate telecommunications services within the State of Arizona.

On February 11, 2000 and June 9, 2000, BFI filed updates to its application.

On June 26, 2000, BFI filed a letter indicating that it currently does not, and will not in the future, charge customers any advances, prepayments, or deposits.

On July 21, 2000, BFI filed an amendment to its application as well as Affidavits of Publication indicating compliance with the Commission's notice requirements.

On August 29, 2000, the 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.

On September 13, 2000, the Commission's Utilities Division Staff ("Staff") filed its Staff

1 Report in this matter.

2 On October 3, 2000, a Procedural Order was issued requiring BFI to file FVRB information
3 by November 3, 2000.

4 On October 24, 2000, BFI filed a Motion for an Extension of Time requesting additional time
5 to comply with the FVRB filing requirements dictated in the October 3, 2000 Procedural Order.

6 IT IS THEREFORE ORDERED that BFI shall file its proposed FVRB as soon as possible but
7 no later than **12 noon** on February 7, 2001 (pursuant to A.A.C. R14-2-103(B), this may be the same
8 as original cost rate base). The FVRB shall include the value of all plant and equipment currently
9 held by the Company and intended to be used to provide telecommunications services to Arizona
10 customers. In doing so, BFI may use any reasonable means of asset allocation, direct assignment or
11 combination thereof.

12 IT IS FURTHER ORDERED that BFI shall file a description of all plant and equipment
13 currently held by the Company and intended to be used to provide telecommunications services to
14 Arizona customers, including their cost and location, as soon as possible, but no later than **12 noon**
15 on February 7, 2001.

16 IT IS FURTHER ORDERED that BFI shall file information demonstrating how the value of
17 its plant and equipment (both current and projected) is related to its total service long-run incremental
18 costs as soon as possible, but no later than **12 noon** on February 7, 2001 (such demonstration must
19 include the amount of depreciation expense and capital carrying costs related to the FVRB which has
20 been incorporated into the long-run incremental costs).

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

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

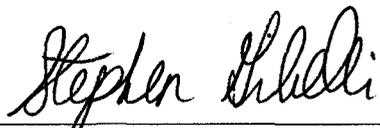
1 IT IS FURTHER ORDERED that Staff or Intervenors shall file disagreements with the
2 proposed FVRB and/or rates and charges by **12 noon** on March 9, 2001.

3 IT IS FURTHER ORDERED that BFI shall file written exceptions, if any, to the Staff Report,
4 Staff's comments on Arrival's proposed FVRB, or Intervenors comments on Arrival's proposed
5 FVRB, or request that a hearing be set by **12 noon** on March 9, 2001.

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

8 IT IS FURTHER ORDERED that all other provisions from the October 3, 2000 Procedural
9 Order shall remain in effect.

10 DATED this 26th day of October, 2000.

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12 
13 _____
14 STEPHEN GIBELLI
15 ADMINISTRATIVE LAW JUDGE

16 Copies of the foregoing mailed/delivered
17 This 26th day of October, 2000 to:

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By: 
Brenda Sanchez
Secretary for Stephen Gibelli