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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 03 2000

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DOCKETED BY

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF
LOTEL, INC. D/B/A COORDINATED BILLING
SERVICE FOR A CERTIFICATE OF
CONVENIENCE AND NECESSITY TO PROVIDE
COMPETITIVE INTRASTATE
TELECOMMUNICATIONS SERVICES AS A
RESELLER EXCEPT LOCAL EXCHANGE
SERVICES

DOCKET NO. T-03846A-00-0143

PROCEDURAL ORDER

BY THE COMMISSION:

On March 2, 2000, LoTel, Inc. d/b/a Coordinated Billing Service ("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 22, 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 December 7, 2000. The time
2 frame shall be extended until January 31, 2001 to provide additional time to file FVRB information.

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

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

8 IT IS THEREFORE ORDERED that the deadline for processing this application shall be
9 January 31, 2001.

10 IT IS FURTHER ORDERED that the Company shall publish notice, as stated below, in
11 newspapers in every county in Arizona in which Applicant desires to provide service by November 3,
12 2000, and shall file Affidavits of Publication no later than November 24, 2000.

13
14 **NOTICE OF APPLICATION FOR A CERTIFICATE**
15 **OF CONVENIENCE AND NECESSITY TO PROVIDE**
16 **RESOLD COMPETITIVE INTRASTATE**
17 **TELECOMMUNICATIONS SERVICES BY**
18 **LOTTEL, INC. D/B/A COORDINATED BILLING SERVICES**

19 LoTel, Inc. d/b/a Coordinated Billing Services ("Applicant") has filed with the
20 Arizona Corporation Commission ("Commission") an application for a Certificate of
21 Convenience and Necessity ("Certificate") to provide resold intrastate
22 telecommunications services in the State of Arizona. Applicant will be required by the
23 Commission to provide this service under the rates and charges and terms and conditions
24 established by the Commission.

25 A.R.S. § 40-282 provides that the Commission may act on an application for a
26 Certificate to provide resold telecommunications services without a hearing, or with a
27 hearing, if one is requested by any party. Applicant or any other party must request a
28 hearing by November 24, 2000, or the Commission will rule on the application without a
hearing.

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

1 Under appropriate circumstances, interested parties may intervene in the
2 proceedings and participate as a party. Intervention shall be in accordance with A.A.C.
3 R14-3-105, except that all motions to intervene must be filed on or before November 24,
4 2000. You may have the right to intervene in the proceeding, or you may make a
5 statement for the record. If you have any comments, mail them to:

6 The Arizona Corporation Commission
7 Attention Docket Control
8 Re: LoTel, Inc. d/b/a Coordinated Billing Services
9 T-03846A-00-0143
10 1200 West Washington Street
11 Phoenix, AZ 85007

12 All comments should be received by November 24, 2000.

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

16 The Commission does not discriminate on the basis of disability in admission to
17 its public meetings. Persons with a disability may request reasonable accommodations
18 such as a sign language interpreter, as well as request this document in an alternative
19 format, by contacting Cynthia Mercurio-Sandoval, ADA Coordinator, voice phone
20 number 602/542-0838, E-Mail csandoval@cc.state.az.us. Requests should be made as
21 early as possible to allow time to arrange the accommodations.

22 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105
23 except that all motions to intervene must be filed on or before November 24, 2000.

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

IT IS FURTHER ORDERED that LoTel, Inc. d/b/a Coordinated Billing Service shall file 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, within
30 days of the date of this Order.

...

1 IT IS FURTHER ORDERED that LoTel, Inc. d/b/a Coordinated Billing Service shall file
2 information demonstrating how the value of the Company's plant and equipment (both current and
3 projected) is related to its total service long-run incremental costs within 30 days of the date of this
4 Order (such demonstration must include the amount of depreciation expense and capital carrying
5 costs related to the FVRB which has been incorporated into the long-run incremental costs).

6 IT IS FURTHER ORDERED that for all maximum rates and charges of LoTel, Inc. d/b/a
7 Coordinated Billing Service which are higher than those of the incumbent local exchange carrier
8 ("ILEC") for the same regulated services, LoTel, Inc. d/b/a Coordinated Billing Service must
9 demonstrate that such rates and charges are not unreasonable, and constitute a fair rate of return on
10 FVRB (if there is more than one ILEC in your proposed service area, use Qwest Corporation as a
11 surrogate ILEC for the entire state).

12 IT IS FURTHER ORDERED that Staff shall review the FVRB information filed and ascertain
13 that LoTel, Inc. d/b/a Coordinated Billing Service is utilizing the appropriate amount of depreciation
14 and capital carrying costs in determining its total service long-run incremental costs.

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

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

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

21 DATED this 3rd day of October, 2000.

22
23 
24 ALICIA GRANTHAM
ADMINISTRATIVE LAW JUDGE

25 Copies of the foregoing mailed/delivered
this 3rd day of October, 2000 to:

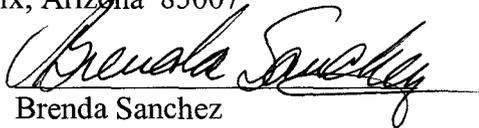
26 Leon Oistad, President
27 LOTEL, INC.
8120 Penn Avenue South, Suite 159
28 Bloomington, Minnesota 55431

1 Maureen Arnold
2 QWEST CORPORATION
3 3033 North Third Street, Suite 1010
4 Phoenix, Arizona 85012

4 Timothy Berg
5 FENNEMORE CRAIG
6 3003 North Central Avenue, Suite 2600
7 Phoenix, Arizona 85012
8 Attorney for Qwest Corporation

8 Lyn Farmer, Chief Counsel
9 Legal Division
10 ARIZONA CORPORATION COMMISSION
11 1200 West Washington Street
12 Phoenix, Arizona 85007

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

14 By: 
15 Brenda Sanchez
16 Secretary to Alicia Grantham

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