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Arizona Corporation Commission

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2000 NOV 29 P 4: 03

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AZ CORP COMMISSION
DOCUMENT CONTROL

6 IN THE MATTER OF THE APPLICATION)
 OF UNIVERSITY AUTO PLAZA, INC. D/B/A)
 7 A.J. LAUNDROMAT FOR A CERTIFICATE)
 OF CONVENIENCE AND NECESSITY TO)
 8 PROVIDE CUSTOMER-OWNED PAY)
 TELEPHONE SERVICE IN THE STATE OF)
 9 ARIZONA.)

DOCKET NO. T-03922A-00-0642

STAFF'S FAIR VALUE RATE
BASE COMMENTS

10
 11 A.J. Laundromat ("The Applicant") did not filed a response to the October 2, 2000
 12 Procedural Order's requirement that the Applicant file Fair Value Rate Base ("FVRB") information
 13 in support of its application for a Certificate of Convenience and Necessity ("CC&N"). The
 14 Applicant is not currently providing service in Arizona. The October 2, 2000 Procedural Order
 15 ordered the Utilities Division Staff ("Staff") to file disagreements with the proposed FVRB and/or
 16 rates and charges within 60 days of the date of the Procedural Order.¹ Staff hereby files its
 17 disagreements in accordance with the September 11, 2000 Procedural Order.

18 **Staff's Substantive Comments.**

19 The Applicant's lack of response to the ordered FVRB information provides insufficient
 20 information for Staff analysis and recommendation for a fair value finding in this case. At a
 21 minimum, Staff requires the following three items of information of the Applicant in order to make
 22 a FVRB recommendation. First, a dollar figure representing the Applicant's rate base is necessary
 23 for a FVRB analysis. This dollar figure should include all assets the Applicant will use to provide
 24 the proposed telecommunications services to its Arizona customers for the first twelve months of
 25 service and can include office space, office equipment, company vehicles, and other like items.
 26 Second, a FVRB analysis requires that the Applicant provide an estimate of its annual maximum

27
 28 ¹ The September 8, 2000 Procedural Order also ordered Staff to review the FVRB information
 filed and ascertain that the Applicant is utilizing the appropriate amount of depreciation and capital
 carrying costs in determining its total service long-run incremental costs.

1 revenues to be received in exchange for providing the proposed telecommunications services to its
2 Arizona customers for the first twelve months of service assuming the maximum rates as filed in the
3 application. Third, a FVRB analysis requires that the Applicant provide an estimate of its annual
4 maximum expenses incurred in providing the proposed telecommunications services to its Arizona
5 customers for the first twelve months of services assuming the maximum rates as filed in the
6 application.

7 The October 2, 2000 Procedural Order referenced the Opinion of the Arizona Court of
8 Appeals, Division One in Cause No. 1 CA-CV 98-0672 ("Opinion"). Since the issuance of that
9 Opinion and the Procedural Order, several parties to that case have filed petitions for review of the
10 Opinion to the Arizona Supreme Court, including Staff, Electric Lightwave, Inc., AT&T, Sprint
11 Communications, MFS Intelnet, and Cox Arizona Telcom.

12 **Staff's Procedural Comments.**

13 Staff believes that in light of the current appeal status of the Opinion, that the Applicant
14 should have the choice of the following two procedural options in proceeding with its CC&N
15 application.

16 **Alternative #1:**

17 Staff recommends that if the Applicant wishes to have permanent rates set in this proceeding,
18 that it be ordered to file the three above-described FVRB information items within 30 days of the
19 date of any Commission order granting the requested CC&N, or at least 90 days prior to providing
20 service. The Applicant should be ordered to notify Staff within ten calendar days of providing
21 service. If there are any disagreements with any FVRB information the Applicant files, the Order
22 granting the Applicant's CC&N should be stayed pending resolution of those disagreements.

23 **Alternative #2:**

24 If the Applicant desires to proceed with its CC&N application without providing FVRB
25 information at this time, Staff believes that any tariffs filed in this matter should be reviewed and
26 approved on an interim basis. If a CC&N is conditionally granted and tariffs are authorized on an
27 interim basis, the Applicant should be required to file the three FVRB items with the Commission
28 within thirty days of any final court mandate on the Fair Value requirement, and failure to file the

1 information should result in the expiration of the conditional CC&N as well as expiration of any
2 approval to charge its tariffs on an interim basis. If there are any disagreements with any FVRB
3 information the Applicant files, the Order granting the Applicant's CC&N should be stayed pending
4 resolution of those disagreements.

5
6 RESPECTFULLY SUBMITTED this 29th day of November, 2000.

7
8 

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10 Arizona Corporation Commission
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14 (602) 542-3402

15 The original and fifteen (15) copies
16 of the foregoing filed this 29th day
17 of November, 2000, with:

18 Docket Control
19 Arizona Corporation Commission
20 1200 West Washington Street
21 Phoenix, Arizona 85007

22 Copy of the foregoing was mailed
23 this 29th day of November, 2000 to:

24 James Eutsey
25 A.J. LAUNDROMAT
26 9664 East Grandview Street
27 Mesa, Arizona 85207

28 
Angela L. Bennett