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Arizona Corporation Commission
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BEFORE THE ARIZONA CORPORATION COMMISSION

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

DEC 06 2000

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AZ CORP COMMISSION
DOCUMENT CONTROL

T03941A

DOCKET NO. T-03940A-00-0773

IN THE MATTER OF THE APPLICATION OF
JULIO C. TANABE FOR A CERTIFICATE OF
CONVENIENCE AND NECESSITY TO PROVIDE
CUSTOMER-OWNED PAY TELEPHONE
SERVICE IN THE STATE OF ARIZONA

PROCEDURAL ORDER

BY THE COMMISSION:

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.

On October 2, 2000, Julio C. Tanabe ("Company") filed with Docket Control of the Arizona Corporation Commission ("Commission") an application for a Certificate of Convenience and Necessity ("Certificate") to provide customer-owned pay telephone service in the State of Arizona.

On October 5, 2000, the Commission's Utilities Division Staff ("Staff") filed its Staff Report in this matter.

The time frame for processing Company's application is April 2, 2001.

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

IT IS THEREFORE ORDERED that Company shall file its proposed FVRB by January 5, 2001 (pursuant to A.A.C. R14-2-103(B), this may be the same as original cost rate base). The FVRB

1 shall include the value of all plant and equipment currently held by the Company and intended to be
2 used to provide telecommunications services to Arizona customers. In doing so, Company may use
3 any reasonable means of asset allocation, direct assignment or combination thereof.

4 IT IS FURTHER ORDERED that Company shall file information demonstrating how the
5 value of its plant and equipment (both current and projected) is related to its minimum and maximum
6 rates within 30 days of the date of this Order. In the alternative, Company must demonstrate that
7 such rates and charges are not unreasonable and constitute a fair rate of return on rate base.

8 IT IS FURTHER ORDERED that Staff shall review the FVRB information filed and ascertain
9 that Company is utilizing the appropriate amount of depreciation and capital carrying costs in
10 determining its minimum and maximum rates.

11 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105
12 except that all motions to intervene must be filed on or before January 5, 2001.

13 IT IS FURTHER ORDERED that Staff and Intervenors shall file disagreements with the
14 proposed FVRB and/or rates and charges by February 2, 2001.

15 IT IS FURTHER ORDERED that Company shall file a reply, if any to Staff or Intervenors
16 FVRB comments by February 9, 2001.

17 IT IS FURTHER ORDERED that if there are any disagreements with any FVRB information,
18 then the Certificate shall be stayed pending resolution of the matter.

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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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 6th day of December, 2000.

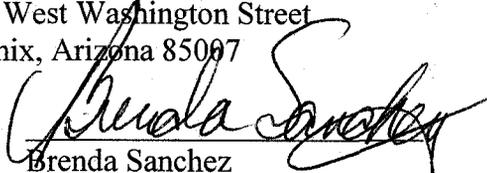
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6 
7 ALICIA GRANTHAM
ADMINISTRATIVE LAW JUDGE

8 Copies of the foregoing mailed/delivered
9 this 6th day of December, 2000 to:

10 Julio C. Tanabe
11 P.O. Box 1699
Douglas, Arizona 85608

12 Lyn Farmer, Chief Counsel
13 Legal Division
ARIZONA CORPORATION COMMISSION
14 1200 West Washington Street
Phoenix, Arizona 85007

15 Deborah Scott, Director
16 Utilities Division
ARIZONA CORPORATION COMMISSION
17 1200 West Washington Street
18 Phoenix, Arizona 85007

19 By: 
20 Brenda Sanchez
Secretary to Alicia Grantham