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Arizona Corporation Commission

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BEFORE THE ARIZONA CORPORATION COMMISSION

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CARL J. KUNASEK NOV 30 2000 2:00 NOV 30 A 10:25
CHAIRMAN
JIM IRVIN DOCKETED BY JK
COMMISSIONER
WILLIAM A. MUNDELL
COMMISSIONER
AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF
LCR TELECOMMUNICATIONS, INC. FOR A
CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE COMPETITIVE
INTEREXCHANGE TELECOMMUNICATIONS
SERVICES AS A RESELLER

DOCKET NO. T-03931A-00-0700

PROCEDURAL ORDER

BY THE COMMISSION:

On September 14, 2000, LCR Telecommunications, Inc. ("Company") filed with Docket Control of the Arizona Corporation Commission ("Commission") an application for a Certificate of Convenience and Necessity ("Certificate") to provide competitive interexchange telecommunications services as a reseller 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 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 September 27, 2000, the Commission's Utilities Division Staff ("Staff") filed its Staff Report in this matter.

The time frame for processing the Company's application is June 14, 2001.

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

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

6 IT IS THEREFORE ORDERED that the deadline for processing this application shall be June
7 14, 2001.

8 IT IS FURTHER ORDERED that the Company shall publish notice, as stated below, in
9 newspapers in every county in Arizona in which Applicant desires to provide service by December
10 29, 2000, and shall file Affidavits of Publication no later than January 19, 2001.

11
12 **NOTICE OF APPLICATION FOR A CERTIFICATE**
13 **OF CONVENIENCE AND NECESSITY TO PROVIDE**
14 **COMPETITIVE RESOLD LOCAL EXCHANGE**
15 **TELECOMMUNICATIONS SERVICES BY**
16 **LCR TELECOMMUNICATIONS, INC.**

17 LCR Telecommunications, Inc. ("Applicant") has filed with the Arizona
18 Corporation Commission ("Commission") an application for a Certificate of Convenience
19 and Necessity ("Certificate") to provide resold local exchange telecommunications
20 services in the State of Arizona. Applicant will be required by the Commission to
21 provide this service under the rates and charges and terms and conditions established by
22 the Commission.

23 A.R.S. § 40-282 provides that the Commission may act on an application for a
24 Certificate to provide resold telecommunications services without a hearing, or with a
25 hearing, if one is requested by any party. Applicant or any other party must request a
26 hearing by January 19, 2001, or the Commission will rule on the application without a
27 hearing.

28 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].

Under appropriate circumstances, interested parties may intervene in the
proceedings and participate as a party. Intervention shall be in accordance with A.A.C.
R14-3-105, except that all motions to intervene must be filed on or before January 19,
2001. You may have the right to intervene in the proceeding, or you may make a

1 statement for the record. If you have any comments, mail them to:

2 The Arizona Corporation Commission
3 Attention Docket Control
4 Re: LCR Telecommunications, Inc.
5 T-03931A-00-0700
6 1200 West Washington Street
7 Phoenix, AZ 85007

8 All comments should be received by January 19, 2001.

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

12 The Commission does not discriminate on the basis of disability in admission to
13 its public meetings. Persons with a disability may request reasonable accommodations
14 such as a sign language interpreter, as well as request this document in an alternative
15 format, by contacting Shelly Hood, ADA Coordinator, voice phone number 602/542-
16 3931, E-Mail shood@cc.state.az.us. Requests should be made as early as possible to
17 allow time to arrange the accommodations.

18 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105
19 except that all motions to intervene must be filed on or before January 19, 2001.

20 IT IS FURTHER ORDERED that LCR Telecommunications, Inc. shall file its proposed
21 FVRB within 30 days of the date of this Order (pursuant to A.A.C. R14-2-103(B), this may be the
22 same as original cost rate base). The FVRB shall include a description and value of all plant and
23 equipment (including the cost and location) currently held by Company and intended to be used to
24 provide competitive telecommunications services to Arizona customers. In doing so, LCR
25 Telecommunications, Inc. may use any reasonable means of asset allocation, direct assignment or
26 combination. In the alternative, upon request made within 30 days of the date of this Order, LCR
27 Telecommunications, Inc. may file its FVRB information at least 90 days prior to providing service.

28 IT IS FURTHER ORDERED that LCR Telecommunications, Inc. shall file information
demonstrating how the value of its plant and equipment (both current and projected) is related to its
minimum and maximum rates within 30 days of the date of this Order, if the alternative is chosen, or
at least 90 days prior to providing service (such demonstration must include the amount of
depreciation expense and capital carrying costs related to the FVRB). In the alternative, LCR

1 Telecommunications, Inc. must demonstrate that such rates and charges are not unreasonable and
2 constitute a fair rate of return on rate base.

3 IT IS FURTHER ORDERED that Staff shall review the FVRB information filed and ascertain
4 that LCR Telecommunications, Inc. is utilizing the appropriate amount of depreciation and capital
5 carrying costs in determining its minimum and maximum rates.

6 IT IS FURTHER ORDERED that Staff shall file disagreements, if any, with the proposed
7 FVRB and/or rates and charges, within 30 days of Company filing its FVRB information.

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

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

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

14 DATED this 30th day of November, 2000.

15
16 
17 ALICIA GRANTHAM
ADMINISTRATIVE LAW JUDGE

18 Copies of the foregoing mailed/delivered
19 this 30th day of November, 2000 to:

20
21 Martin J. Tibbitts
22 LCR TELECOMMUNICATIONS, INC.
23 21 Kercheval, Suite 280
Grosse Pointe, Michigan 48236

24 Lyn Farmer, Chief Counsel
25 Legal Division
26 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

1 Deborah Scott, Director
2 Utilities Division
3 ARIZONA CORPORATION COMMISSION
4 1200 West Washington Street
5 Phoenix, Arizona 85007

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By: Debbi Person
Debbi Person
Secretary to Alicia Grantham