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Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Re: DN T-03296A-96-0590: In the Matter of the Application of DanCris Telecom, L.L.C. for a Certificate of Convenience and Necessity to Provide Competitive Resold Intrastate Telecommunications Services

Dear Sir/Madam:

Enclosed is the original and ten (10) copies of the response to the Commission's Procedural Order issued September 25, 2000 filed on behalf of DanCris Telecom, L.L.C.

Please date-stamp the extra copy of this cover letter, and return it in the enclosed self-addressed stamped envelope provided for that purpose.

Any questions pertaining to the enclosed filing may be directed to me at (407) 740-8575.

Sincerely,

Carey Roesel
Consultant to DanCris Telecom, L.L.C.

cc: Jack Kelley, DanCris Telecom, L.L.C.
file: DanCris - AZ IXC
tms: AZi0001a



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November 3, 2000

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Response of DanCris Telecom, L.L.C. to Request for

Fair Value Rate Base (FVRB) Information

In its order, the Commission requests that DanCris provide the following information:

The value of all plant and equipment currently held by the Company and intended to be used to provide telecommunications services to Arizona customers; 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; a demonstration of how the value of the plant and equipment (both current and projected) is related to the Company's total service long-run incremental costs.

Response:

DanCris offers long distance service via the resale of the long distance services of underlying facilities-based interexchange carriers. In a competitive environment a carrier has no occasion to calculate Fair Value Rate Base (FVRB) for the purpose of establishing a rate base or setting its rates.

For all maximum rates and charges which are higher than those of the incumbent local exchange carrier for the same regulated services, demonstrate that such rates and charges are not unreasonable, and constitute a fair rate of return on FVRB.

Response:

DanCris has applied to the Commission for authority to offer and provide intrastate service via resale of the long distance services of its underlying facilities-based interexchange carriers. DanCris does not presently provide local service and, with the possible exception of intraLATA toll services, DanCris's long distance services bear no relation to the local services provided by a local exchange carrier. DanCris' toll services are available statewide, whereas US West's toll offerings provide intraLATA services only. DanCris and US West both offer a variety of toll services with different rates, terms and conditions which are not readily comparable.

As a reseller, DanCris' costs, and hence its rates, are primarily driven by the rates charged to it by its underlying facilities-based interexchange carriers. In the competitive long distance market, it is the consumer who determines whether DanCris' long distance rates are reasonable, by purchasing or not purchasing DanCris' toll services. Consumers do not look to tariffed maximum rates for a given service in Arizona, and do not make their consumption decisions on that basis. DanCris must set its *actual* prices at levels which will attract consumers or the Company will go out of business in Arizona. Therefore, for all of its toll services, both intraLATA and interLATA, competitive pressures are more effective than tariffed maximum rates in ensuring that DanCris's rates are just and reasonable.