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ARIZONA CORPORATION COMMISSION

October 20, 2000

Glenn S. Richards  
Shaw Pittman  
2300 N Street, NW  
Washington, DC 20037-1128

AZ CORP COMMISSION  
DOCUMENT CONTROL  
Arizona Corporation Commission  
DOCKETED

OCT 20 2000

DOCKETED BY [Signature]

RE: Comm South Companies, Inc.  
Docket No. T-03466A-00-0811

Dear Mr. Richards:

On October 13, 2000, Comm South Companies, Inc. filed an application for a CC&N to provide intrastate telecommunications in the State of Arizona. The Applicant is required to publish legal notice of the application in all counties where services will be provided.

Additionally, in order for Staff to continue with its review of this application, the following information must be submitted:

Staff has determined that the Applicant lacks sufficient financial resources. Therefore, the Applicant must do one of the following:

1. The Applicant must maintain for a minimum of one year, an escrow account and/or surety bond equal to the total amount of any prepayments, advances, and deposits that the Applicant may collect from its customers as a condition of certification. If after one year, the Applicant desires to close the escrow account and/or surety bond, it must file information with the Commission that demonstrates the Applicant's financial viability. Staff will review the information and forward its recommendation to the Commission for a Decision.

OR

2. The Applicant must file a letter stating that it does not currently, and will not in the future, charge its customers for any prepayments, advances, or deposits. If the Applicant is currently collecting prepayments, advances, or deposits, the Applicant must refund those charges to customers to avoid maintaining the above mentioned escrow account. If in the future, the Applicant desires to charge prepayments, advances, or deposits, it must file information with the Commission that demonstrates the Applicant's financial viability. Staff will review the information and forward its recommendation to the Commission for a Decision.

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This information must be received by Docket Control within **71 days** of the date of this letter. Please mail an original plus 10 copies to: Docket Control, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007-2927. If no response is received, Staff may recommend that the application be terminated. If the application is terminated, the Applicant cannot provide the same telecommunications services in Arizona for which it is currently applying, until such time as a new application is filed with and approved by the Commission.

Additionally, due to a recent Arizona Superior Court ruling, Staff requests additional information necessary to process the Certificate of Convenience and Necessity application.

- A. Please provide the value of all plant and equipment currently held by the company, intended to be used to provide telecommunications service to Arizona customers.
- B. Please provide a description of each asset in your response to item A, including the assets cost and location.
- C. Please provide the projected value of all plant and equipment to be used to provide telecommunications service to Arizona customers at the time the Company begins serving its first customer.
- D. Please provide a description of each asset in your response to item C, including the assets cost and location.
- E. Please explain how the value of the company's plant and equipment is related to the Company's proposed rates.

This fair value information must be received by Docket Control within **30 days** of the date of this letter. Please mail an original plus 10 copies to: Docket Control, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007-2927. If no response is received, Staff may recommend that the application be terminated. If the application is terminated, the Applicant cannot provide telecommunications service until such time as a new application is filed with and approved by the Commission.

Remember that information submitted for a CC&N will be made a part of the public record (including financial statements). Any information designated as confidential will not be accepted by Docket Control. If you have any questions, please contact me at (602) 542-0833. Thank you for your prompt response to this request.

Respectfully,



Anthony Gatto