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BEFORE THE ARIZONA CORPORATION COMMISSION

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FEB 05 2001

CARL J. KUNASEK

Chairman

JIM IRVIN

Commissioner

WILLIAM A. MUNDELL

Commissioner

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IN THE MATTER OF THE APPLICATION OF )  
ADVANCED TELCOM GROUP, INC. FOR A )  
CERTIFICATE OF CONVENIENCE AND )  
NECESSITY TO PROVIDE FACILITIES- )  
BASED AND RESOLD INTRASTATE )  
TELECOMMUNICATIONS SERVICES AND )  
PETITION FOR COMPETITIVE )  
CLASSIFICATION OF PROPOSED SERVICES )

DOCKET NO. T-03842A A-00-0130

COMPLIANCE FILING

Advanced TelCom, Inc. ("ATG"), fka Advanced TelCom Group, Inc., hereby submits to the Arizona Corporation Commission ("Commission") its responses to the questions posed by the Commission's Procedural Order of November 16, 2000, as amended:

**Q. 1. Provide a proposed fair value rate base ("FVRB"), this may be the same as original cost rate base. The FVRB shall include the value of all plant and equipment currently held by Advanced TelCom, Inc. and intended to be used to provide telecommunications services to Arizona customers. In doing so, Advanced TelCom, Inc. may use any reasonable means of asset allocation, direct assignment or combination thereof.**

A. 1. Advanced TelCom, Inc. does do not have any tangible assets of the kind identified in the question to include in a calculation of FVRB, on either a direct assignment or allocated basis.

ATG has not yet determined where and when to provide services to customers in Arizona.

Because ATG has no current markets or market plans for Arizona, it has made no specific projections as to the level of such possible future investment. ATG filed an application for

authority to provide facilities-based service in anticipation of this future growth of its services and service areas and in recognition of the extraordinarily extended CC&N process in Arizona.<sup>1</sup>

**Q. 2. Provide a description of all plant and equipment currently held by Advanced TelCom, Inc. and intended to be used to provide telecommunications services to Arizona customers, including their cost and location.**

A. 2. As discussed above, ATG does not provide telecommunications services in Arizona, does not have any markets in Arizona and this time, and does not have any capital investment in plant or equipment to service Arizona customers. Due to the location of one of ATG's founders in Arizona, ATG has a very small Arizona administrative office in the location indicated below. This office is not owned by ATG and is currently under lease. The office has two employees, provides adjunct corporate functions, and does not operate or administer services in Arizona. There is a small amount of office equipment (e.g., PCs, fax machine, desks, etc.) which is either under lease or has been previously expensed. This equipment is not used to provide any telecommunications services in the State of Arizona.

5055 E. Broadway, Suite C-214  
Tucson, Arizona 85711

**Q. 3. Provide information demonstrating how the value of its plant and equipment (both current and projected) is related to its total service long-run incremental costs (such demonstration must include the amount of depreciation expense and capital carrying costs related to the FVRB which has been incorporated into the long-run incremental costs).**

A. 3. Again, as discussed in connection with the prior two questions, ATG currently has no capital investment or specific projections of capital investment and thus no capital carrying costs or depreciation expense to include in a calculation of TSLRIC.

**Q. 4. Demonstrate, for all maximum rates and charges of Advanced TelCom, Inc. which are higher than those of the incumbent local exchange carrier ("ILEC") for the same regulated services, that such rates and charges are not unreasonable and constitute a fair rate of return on FVRB.**

A. 4. As discussed above, ATG has no telecommunications facilities, markets or operations in

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<sup>1</sup> Because Advanced TelCom, Inc. does not currently provide service nor has current plans to provide telecommunications service in Arizona, it might be appropriate to postpone the establishment of initial maximum rates and charges for such facilities-based services. This bifurcated procedure would also permit ATG to provide the Commission with more meaningful FVRB information, if such is still required, at that future time.

Arizona, and has no FVRB upon which to earn a return. ATG is therefore at this time unable to relate those margins, if any, to a return on FVRB, and will be relying on the marketplace and the Commission's establishment of the underlying wholesale rates to make that determination.

RESPECTFULLY SUBMITTED this 30<sup>th</sup> day of January, 2001.



Richard H. Levin  
Chief Regulatory Counsel  
Advanced TelCom, Inc.

ORIGINAL AND TEN (10) copies  
filed this 30<sup>th</sup> day of January, 2001,  
with:

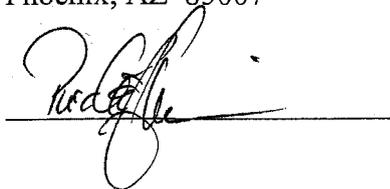
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Arizona Corporation Commission  
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Phoenix, AZ 85007

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Advanced  
TelCom  
Group, Inc.

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January 30, 2001

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1200 W. Washington Street  
Phoenix, AZ 85007-2927

Re: In the Matter of the Application of Advanced TelCom Group, Inc.  
For a Certificate of Convenience and Necessity to Provide Facilities-  
Based and Resold Intrastate Telecommunications Services and  
Petition for Competitive Classification of Proposed Services  
Docket No. T-03842A A-00-130

Dear Sir or Madam:

Enclosed for filing please find the original and eleven (11) copies of  
Advanced TelCom, Inc.'s., fka Advanced TelCom Group, Inc., Compliance  
Filing and Motion for Substitution of Counsel in reference to the above  
captioned docket.

Please return an endorsed copy of each document in the enclosed self-  
addressed stamped envelope.

Thank you for your assistance in this matter. If you have any questions,  
please feel free to contact Mr. Levin at (707) 284-5484.

Sincerely,

Leanne E. Sperry  
Tariff Administrator  
& Research Analyst