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MEMORANDUM



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AZ CORP COMMISSION
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TO: Docket Control
Arizona Corporation Commission

FROM: Ernest Johnson *AD/Ker*
Director
Utilities Division

DATE: January 9, 2002

RE: COM-TECH SYSTEMS, DOCKET NO. T-03972A-00-1033, DECISION NO. 63607

On October 15, 2001, Com-Tech Systems ("Com-Tech") filed a request for an extension of time to file its fair value rate base ("FVRB").

According to Decision No. 63607, Com-Tech was required to file their FVRB within 18 months from the date it begins providing service. Com-Tech began providing service in May 1999. Consequently, Com-Tech should have filed its FVRB no later than November 30, 2000.

As a result of the recent US West Case II Decision by the Arizona Supreme Court, the Arizona Corporation Commission ("Commission") is required to make a determination of FVRB of each public service corporation operating in the State of Arizona. At this time, Staff does not have information from Com-Tech to make a FVRB finding. Staff has determined that in order to continue to keep the CC&N active, Com-Tech must provide information requested in the fair value instructions (attached).

In view of the recent court decision, Staff finds Com-Tech System's request for an extension of time to be reasonable at this time. Staff recommends that Com-Tech Systems be granted an extension of time to file their FVRB to the Compliance Section. Also, Staff recommends that the extension of time should be 30 days from the date it receives this memorandum and that all-remaining provisions of Decision No. 63607 remain in full force and effect.

Originator: John Bostwick

Attachment: Eleven copies

Arizona Corporation Commission

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FAIR VALUE INSTRUCTIONS

As a result of the US West Case II Decision by the Arizona Supreme Court, the Arizona Corporation Commission ("Commission") is required to make a determination of the fair value of the property of each public service corporation operating in the State of Arizona. At this time, Staff does not have information from the Applicant to make a fair value finding. Staff has determined that in order to continue processing the referenced application, it must, at a minimum, obtain the following information:

If the Applicant has been operating in Arizona twelve (12) months or more, please:

1. Provide the actual dollar amount representing the total revenue for the latest twelve months available to provide telecommunications service to Arizona customers by the Applicant, adjusted to reflect the **maximum rates** that the Applicant has requested in its tariff. This adjusted total revenue figure could be calculated as the number of units sold for all services offered times the maximum charge per unit.
2. Provide the total actual **operating expenses** for the same twelve months as above to provide telecommunications service to Arizona customers by the Applicant.
3. Provide the book value (original cost less accumulated depreciation) of **all Arizona jurisdictional** assets used to provide telecommunications service to Arizona customers at the end of the same twelve months as above. If the fair value of those assets is different than the original cost net book value, also provide the corresponding fair value amounts. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list. If the actual value of all assets is zero, please specifically state this in your response.

If the Applicant has not commenced operations or has been operating in Arizona less than twelve (12) months, please:

1. Provide the projected total revenue for the first twelve months to provide telecommunications service to Arizona customers by the Applicant following certification, adjusted to reflect the **maximum rates** that the Applicant has requested in its tariff. This adjusted total revenue figure could be calculated as the number of units sold for all services offered times the maximum charge per unit.
2. Provide the projected **operating expenses** for the first twelve months to provide telecommunications service to Arizona customers by the Applicant following certification.
3. Provide the book value (original cost less accumulated depreciation) of **all Arizona jurisdictional** assets projected to be providing telecommunications service to Arizona

FAIR VALUE INSTRUCTIONS continued

customers at the end of the first twelve months of operation. If the projected fair value of those assets is different than the projected original cost net book value, also provide the corresponding projected fair value amounts. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list. If the projected value of all assets is zero, please specifically state this in your response.

Staff requests the Applicant provide the above information within **30 days** of the date of this letter. Staff is aware that this change in procedure is rather sudden and that the information requested may not be readily available. However, we must all do our best to abide by the Court's decision.

Please mail your response (an original plus 10 copies) to Docket Control, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007-2927. If a response is not received within 30 days, Staff will recommend that your CC&N be voided. If the Applicant believes that it will be unable to supply the necessary information within this timeframe, it should submit an explanation as to why within 30 days. Staff will endeavor to work with the Applicant as best as possible to comply with the Court's decision. It should be noted that if the application is voided, the Applicant cannot provide the same telecommunications services in Arizona for which it is currently providing, until such time as a new application is filed with and approved by the Commission.

If you have any questions, please contact John Bostwick at (602) 542-0856. Thank you for your prompt response to this request.

SERVICE LIST FOR: COM-TECH SYSTEMS
DOCKET NO. T-03972A-00-1033

Ms. Joyce McGee, Operations Assistant
COM-TECH SYSTEMS
6709 West Way Street
Suite A
Tyler, Texas 75703

Mr. Ernest G. Johnson
Arizona Corporation Commission
Utilities Division
1200 West Washington
Phoenix, Arizona 85007

Mr. Christopher C. Kempley
Arizona Corporation Commission
Legal Division
1200 West Washington
Phoenix, Arizona 85007

Ms. Lyn Farmer
Chief Administrative Law Judge
Arizona Corporation Commission
Hearing Division
1200 West Washington
Phoenix, Arizona 85007

COM-TECH SYSTEMS

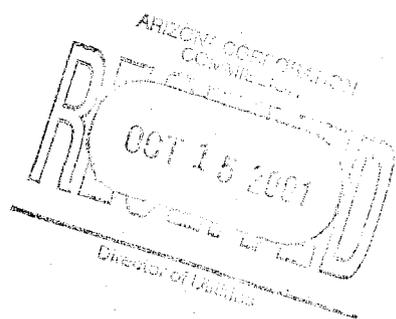
6709 West Way Street, Suite A
Tyler, Texas 75703
903-509-9850

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AZ CORP COMMISSION
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Pat



October 10, 2001

Patrick Williams
Docket Control
Arizona corporation commission
1200 West Washington Street
Phoenix, AZ 85007

Dear Sir or Madam:

We are asking for an extension to Docket # T-03972A-00-1033 Decision # 63607 in order to file the report and bring us back into compliance.

Our FVRB is from the April 2001 certification date to present for the amount of \$32,509.00. There are no expenses for operation due to the fact that we have no employees and no offices in Arizona. We currently only have expenses for management companies. We have 59 phones valued at \$29,500.00.

If there is any more information you need please contact me at 903-509-9850, extension 119.

Sincerely,

Joyce McGee
Operations Assistant

*Please note we are Com-Tech Resources d/b/a/ COM-Tech Systems, Inc.
Ralph Tipple
President/CEO*

