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AZ CORP COMMISSION
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July 31, 2001

Arizona Corporation Commission

DOCKETED

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Sent Via Federal Express

Arizona Corporation Commission
Docket Control Center
1200 West Washington
Phoenix, AZ 85007-2996

DOCKETED BY

Re: ***In the Matter of the Application of Business Discount Plan, Inc. for a Certificate of Convenience and Necessity to Provide Competitive Resold Interexchange Telecommunications Services, Except Local Exchange Services,***
Docket No. T-03142A-96-0201, Decision No. 63625, Before the Arizona Corporation Commission

Dear Docket Clerk:

Enclosed for filing with the Arizona Corporation Commission in the above referenced docket are an original and ten copies of *Business Discount Plan, Inc.'s Compliance Response to Arizona Fair Value Rate Base Information Requests*, and a Cover Sheet.

Please date stamp and return the additional copy of this filing marked "STAMP & RETURN" in the enclosed self-addressed stamped envelope to show proof of receipt.

If you have any questions regarding this filing please contact me at the above referenced direct telephone number.

Very truly yours,

Lottner Rubin Fishman Brown & Saul, P.C.

By:
Michael L. Glaser, Esq.

MLG/tjm
enclosure

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BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

IN THE MATTER OF THE APPLICATION OF BUSINESS
DISCOUNT PLAN, INC. FOR A CERTIFICATE TO
PROVIDE COMPETITIVE INTRASTATE TOLL
TELECOMMUNICATIONS SERVICES AS A RESELLER,
EXCEPT LOCAL EXCHANGE SERVICES.

DOCKET NO. T-03142A-96-0201
DECISION NO. 63625

**BUSINESS DISCOUNT PLAN, INC.'s COMPLIANCE RESPONSE TO ARIZONA FAIR VALUE RATE
BASE INFORMATION REQUESTS**

1. In accordance with Decision Number 63625, and the June 27, 2001, compliance request of the Utilities Division of the Arizona Corporation Commission requiring Business Discount Plan, Inc ("BDP") to file: 1) BDP's proposed Fair Value Rate Base ("FVRB"), including values of all plant and equipment held by BDP and used to provide telecommunications services to Arizona customers; 2) descriptions of all plant and equipment, including cost and location, currently held by BDP and intended to be used to provide telecommunications services to Arizona customers; and 3) information demonstrating how the value of BDP's plant and equipment (both current and projected) is related to its total service long-run incremental costs (including amounts of depreciation expense and capital carrying costs related to the FVRB which has been incorporated into long-run incremental costs). BDP responds as follows.

2. BDP is a switchless reseller of long distance telecommunications services in Arizona. BDP does not own any facilities or equipment in Arizona that are used to provide telecommunications services to its Arizona customers. For the purpose of reporting FVRB information, BDP has apportioned its total assets based on BDP's Service Income Apportionment Ratios for each state as shown in **Exhibit 1**. BDP's latest Service Income Apportionment shows that 2.88908% of BDP's total sales are from the state of Arizona.

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Based on this percentage BDP has accordingly apportioned the amount of its total assets used to provide service to its customers in Arizona, as shown in the Balance Sheet found in **Exhibit 2**.

3. BDP's Total Service Long Run Incremental Costs for providing telecommunications services in Arizona are almost completely dependent on its ability to purchase blocks of time on the networks of its underlying facilities based telecommunications carriers, and resell these blocks to its customers. BDP has no plant used to provide services. The value of BDP's customer service computer equipment is a minimal factor in the cost of providing service to its customers. The value of this equipment becomes even more miniscule when apportioned at the rate of 2.88908%, based on BDP's total sales in Arizona. A copy of BDP's Depreciation Schedule listing its equipment is attached as **Exhibit 3**. This equipment is located at BDP's offices in California.

4. As required by Decision No. 63625, in this docket, BDP will file within 18 months of the date that it first provides service following certification, sufficient information on its first twelve months of Arizona revenues, Arizona operating expenses and value of its assets used in providing service to Arizona customers, for Staff analysis and recommendation for a fair value finding, as well as for analysis and recommendation for permanent tariff approval.

Respectfully submitted this 31st day of July, 2001.

LOTTNER RUBIN FISHMAN BROWN & SAUL, P.C.

By: 

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Attorneys for Applicant Business Discount Plan, Inc.

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BUSINESS DISCOUNT PLAN, INC.
SERVICE INCOME APPORTIONMENT
1/1/00 TO 12/31/00

STATE	SALES BEFORE A/R ADJ	PERCENTAGE OF STATE SALES TO TAL SALES
AL	298,355.19	0.8523%
AR	358,470.39	1.0241%
AZ	1,011,920.46	2.8908%
CA	497,219.89	1.4204%
CO	832,587.80	2.3785%
CT	1,757,378.65	5.0204%
DE	246,884.93	0.7053%
FL	109,138.44	0.3118%
GA	1,042,474.41	2.9781%
HI	12,599.78	0.0360%
IA	193,443.94	0.5526%
ID	209,472.46	0.5984%
IL	1,657,869.31	4.7362%
IN	1,012,792.45	2.8933%
KS	46,051.21	0.1316%
KY	425,751.56	1.2163%
LA	568,328.78	1.6236%
MA	1,784,640.39	5.0983%
MD	1,436,100.61	4.1026%
ME	287,443.82	0.8212%
MI	1,830,669.04	5.2298%
MN	0.00	0.0000%
MO	1,231,675.75	3.5186%
MS	396,261.66	1.1320%
MT	127,648.32	0.3647%
NC	1,228,036.89	3.5082%
ND	101,816.74	0.2909%
NH	508,527.50	1.4527%
NJ	628,155.01	1.7945%
NM	458,717.13	1.3105%
NV	557,148.19	1.5916%
NY	2,078,303.25	5.9372%
OH	1,468,033.20	4.1938%

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Business Discount Plan, Inc.
Balance Sheet
As of December 31, 2000

	Dec 31, 00	AZ 2.8908%
ASSETS		
Current Assets		
Checking/Savings		
Prudential Securities	72,306.00	2,090.22
NationsBank	(1,095,859.84)	(31,679.12)
Nations Mutual Funds 230940	1,153,637.84	33,349.36
Orange Nat'l Bank	(96,736.65)	(2,796.48)
ONB-Money Market	1,928.57	55.75
PaineWebber Security Purchases	198,904.50	5,749.93
Total Checking/Savings	234,180.42	6,769.69
Accounts Receivable		
A/R	6,911,359.37	199,793.58
Allowance For Bad Debt	(385,819.63)	(11,153.27)
Total Accounts Receivable	6,525,539.74	188,640.30
Other Current Assets		
Tennessee Bond	20,000.00	578.16
Loan Receivable - Officer	1,510,481.00	43,664.98
Loan Receivable - ACR	2,824,404.34	81,647.88
Loan Receivable - NMC	750,000.00	21,681.00
State Income Tax Receivable	140,268.01	4,054.87
Total Other Current Assets	5,245,153.35	151,626.89
Total Current Assets	12,004,873.51	347,036.88
Fixed Assets		
Fixed Assets		
Equipment & Improvements		
Auto	314,032.38	9,078.05
Computer Equipment	664,483.86	19,208.90
Leasehold Improvements	68,180.71	1,970.97
Office Equipment	57,452.00	1,660.82
Total Equipment & Improvements	1,104,148.95	31,918.74
Less Accumulated Depreciation	(613,132.04)	(17,724.42)
Total Fixed Assets	491,016.91	14,194.32
Total Fixed Assets	491,016.91	14,194.32

Business Discount Plan, Inc.
Balance Sheet
 As of December 31, 2000

	<u>Dec 31, 00</u>	<u>AZ</u> <u>2.8908%</u>
Other Assets		
LR-CES	1,388,322.60	40,133.63
Deposit	1,181,238.00	34,147.23
Federal Income Tax Deposit	18,083.70	522.76
DEPOSIT AMERITECH	58,000.00	1,676.66
DEPOSIT BELL ATLANTIC	60,000.00	1,734.48
DEPOSIT BELLSOUTH	39,000.00	1,127.41
DEPOSIT GILLETTE BLDG	30,384.00	878.34
Total Other Assets	<u>2,775,028.30</u>	<u>80,220.52</u>
 TOTAL ASSETS	 <u>15,270,918.72</u>	 <u>441,451.72</u>

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**BUSINESS DISCOUNT PLAN
DEPRECIATION SCHEDULE
JANUARY 1, 2000 TO DECEMBER 31, 2000**

Description	Date Acquired	Date Fully Deprec	Life	Type	Cost or Basis	Begin Account Deprec	Total Deprec Exp	Ending Account Deprec	NET PPR BASIS
Computer Equipment									
Intel Pentium	8/29/96	8/28/01	5.00	S.L.	2,753.01	1,881.22	551.00	2,432.22	320.79
AST 64MB ECC Memory Kit	11/14/96	11/13/01	5.00	S.L.	3,539.00	2,418.32	708.00	3,126.32	412.68
(10) HP Hard Drives & Servers	12/3/96	12/2/01	5.00	S.L.	53,695.49	36,691.91	10,739.00	47,430.91	6,264.58
Computer Equipment	1/29/99	1/29/04	5.00	S.L.	563,866.75	112,773.35	112,773.00	225,546.35	338,320.40
Computer Equipment (Taxes)	1/29/99	1/29/04	5.00	S.L.	40,629.61	8,125.92	8,126.00	16,251.92	24,377.69
					664,483.86	161,890.72	132,897.00	294,787.72	369,696.14
Office Equipment									
	1/1/96	12/31/00	5.00	S.L.	57,452.00	45,961.58	11,490.42	57,452.00	0.00
					57,452.00	45,961.58	11,490.42	57,452.00	0.00
Yachts									
Porche	7/1/96	8/31/01	5.00	S.L.	151,059.18	105,741.44	30,211.84	135,953.28	15,105.90
Porche	8/23/96	8/22/01	5.00	S.L.	20,000.00	13,666.67	4,000.00	17,666.67	2,333.33
Mercedes Benz	4/28/97	4/27/02	5.00	S.L.	142,973.20	76,252.37	28,595.00	104,947.37	38,125.83
					314,032.38	195,660.48	62,806.84	258,467.32	55,565.06
Leasehold Improvements									
Inwood Park	1/1/95	12/31/97	3.00	S.L.	44,880.00	44,880.00	0.00	44,880.00	0.00
Iron Fence	9/6/00	9/5/05	5.00	S.L.	17,525.00	0.00	1,022.00	1,022.00	16,503.00
Recessed Lighting	12/13/00	12/12/05	5.00	S.L.	24,033.68	1,403.00	1,403.00	1,403.00	22,650.68
Recessed Lighting	12/29/00	12/28/05	5.00	S.L.	26,602.03	0.00	0.00	0.00	26,602.03
RETIRED					(44,880.00)	(44,880.00)		(44,880.00)	
					68,180.71	0.00	2,425.00	2,425.00	65,755.71

1,104,148.95	403,512.78	209,619.26	613,132.04	491,016.91
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DOCKET NO. T-03142A-96-0201