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BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL  
Chairman  
JIM IRVIN  
Commissioner  
MARC SPITZER  
Commissioner

Arizona Corporation Commission  
JAN 17 11:37 AM  
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JAN 17 2001  
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[Signature]

IN THE MATTER OF THE APPLICATION OF )  
PAYROLL ADVANCE, INC. D/B/A THE )  
PHONE CONNECTION FOR A CERTIFICATE )  
OF CONVENIENCE AND NECESSITY TO )  
PROVIDE COMPETITIVE LOCAL EXCHANGE )  
TELECOMMUNICATIONS SERVICES AS A )  
RESELLER. )

DOCKET NO. T-03913A-00-0597

STAFF'S FAIR VALUE RATE  
BASE COMMENTS

Payroll Advance, Inc. d/b/a The Phone Connection ("Payroll Advance" or "Company") filed a response on December 18, 2000 to the November 15, 2000 Procedural Order's requirement that Payroll Connection file Fair Value Rate Base ("FVRB") information in support of its application for a Certificate of Convenience and Necessity ("CC&N"). The November 15, 2000 Procedural Order ordered the Utilities Division Staff ("Staff") to file disagreements with the proposed FVRB and/or rates and charges within 30 days of the Company filing its FVRB information.<sup>1</sup> Staff hereby files its comments as required by the November 15, 2000 Procedural Order.

The information filed by Payroll Advance is not sufficient to allow Staff to perform an analysis and provide a recommendation for a fair value finding in this case. Staff recommends that Payroll Advance be required to file in this Docket, within 18 months of the date it first provides service following the requested certification, sufficient information for Staff analysis and recommendation for a fair value finding, as well as for an analysis and recommendation for permanent tariff approval. Staff believes that this information must include, at a minimum, the following:

- 1. A dollar amount representing the total revenue for the first twelve months of telecommunications service provided to Arizona customers by the Company following certification, adjusted to reflect the **maximum rates** that the Company has requested in

<sup>1</sup> The November 15, 2000 Procedural Order also ordered Staff to review the FVRB information filed and ascertain that Payroll Advance is utilizing the appropriate amount of depreciation and capital carrying costs in determining its minimum and maximum rates.

1 its tariff. This adjusted total revenue figure could be calculated as the number of units  
2 sold for all services offered times the maximum charge per unit;

3 2. The total actual operating expenses for the first twelve months of  
4 telecommunications service provided to Arizona customers by the Company following  
5 certification; and

6 3. The value of **all assets**, listed by major category, used for the first twelve  
7 months of telecommunications service provided to Arizona customers by the Company  
8 following certification. Assets are not limited to plant and equipment. Items such as  
9 office equipment and office supplies should be included in this list.

10 Staff recommends that Payroll Advance's proposed tariffs be approved on an interim basis  
11 pending its timely provision of the above-described data to the Commission, and that Payroll  
12 Advance's failure to timely file sufficient information as outlined above for Staff analysis and  
13 recommendation for a fair value finding and permanent tariffs should result in the expiration of  
14 Payroll Advance's requested CC&N and of the interim tariffs. In addition, if there are any  
15 disagreements with any FVRB information that the Applicant files, the Order granting Payroll  
16 Advance's CC&N should be stayed pending resolution of those disagreements.

17 RESPECTFULLY SUBMITTED this 17<sup>th</sup> day of January, 2001.

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19 Teena Wolfe  
20 Arizona Corporation Commission  
21 Attorney, Legal Division  
22 1200 West Washington Street  
23 Phoenix, Arizona 85007  
24 (602) 542-3402

25 The original and fifteen copies  
26 of the foregoing filed this 17<sup>th</sup> day  
27 of January, 2001, with:

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

Copy of the foregoing was mailed  
this 17<sup>th</sup> day of January, 2001 to:

...

1 Charles H. Huck  
2 PAYROLL ADVANCE, INC.  
3 808 South Baker Street  
4 Mountain Home, Arkansas

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6 Angela L. Bennett

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