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**COMPLIANCE
MEMORANDUM**

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TO: Docket Control Center
FROM: Patrick C. Williams
Manager, Compliance and Enforcement
Utilities Division
DATE: November 22, 2002

Arizona Corporation Commission
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This Memorandum to the Docket will certify that compliance, as described below, has been met for the referenced utility.

UTILITY: Arizona Dial Tone, Inc.

DOCKET NO. T-03608A-98-0442 **DECISION NO.** 63669

COMPLIANCE ACTION:

Certificate and tariffs approved conditioned on the Company filing within 18 months of the date the Company first provides service following certification, Fair Value Rate Base information which shall include a dollar amount representing the total revenue for the first twelve months of telecommunications service provided to Arizona customers following certification, adjusted to reflect the maximum rates that the Company requests 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. Also file Fair Value Rate Base information detailing the total actual operating expenses for the first twelve months of telecommunications service provided to Arizona customers by the Company following certification. Also file information which includes a description and value of all assets, including plant, equipment, and office supplies to be used to provide telecommunications service to Arizona customers for the first twelve months following Certification. Failure to meet this condition will result in the expiration of the Certificate and the tariffs.

DUE DATE: 11/24/2002 **DATE COMPLIED:** 11/22/2002

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FILE NUMBER
36063-0100

November 21, 2002

Mr. Pat Williams
Compliance Staff
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

RE: ARIZONA DIAL TONE, INC.
DOCKET NO. T-03608A-98-0442
Fair Value Finding Information



Dear Pat:

Attached is the financial information submitted by Arizona Dial Tone, Inc. for a fair value finding. This information is submitted in accordance with the requirements of the Commission's Decision No. 63669, dated May 24, 2001, in the above-referenced Docket, Finding of Fact No. 14(b). The information includes Arizona Dial Tone's operations from October 2001 through September 2002: 1) the total dollar amount of Arizona Dial Tone's revenues adjusted to reflect the maximum rates in their tariff; 2) Arizona Dial Tone's Operating Expenses; and 3) the value of all assets listed by major category.

If you require any further information, do not hesitate to contact me at (602) 650-4124.

Very truly yours,

MORRILL & ARONSON, P.L.C.

A handwritten signature in cursive script that reads "William D. Cleaveland".

William D. Cleaveland

WDC/rrh

ARIZONA DIALTONE, INC.
Fair Value Information - ARIZONA
Decision No 63669, dated May 24,2001
Docket No: T-03608A-98-0442

"Adjusted" Operating Statement
October 2001 through September 2002

	AMOUNT	
LINES		83682
ADJ.. REVENUE/LINE*		74.99
*BASED ON 50% MEASURED LINES		
ADJUSTED GROSS REVENUE	6,275,313.18	6,275,313.18
(NOT ACTUAL REVENUE - BASED ON MAXIMUM TARIFF CHARGE)		

ANNUALIZED EXPENSES

PAID TO UNDERLYING CARRIERS	1,799,968.86	
ADMIN. PAYROLL	12,478.85	
OFFICE PAYROLL	8,193.66	
TAXES AND BENEFITS	5,208.38	
LEGAL and PROFESSIONAL	3,508.80	
OFFICE EXPENSE	10,654.85	
AUTO and TRUCK EXPENSE	699.38	
CONSULTANT FEES	6,250.00	
RENT EXPENSE	2,812.50	
INTEREST EXPENSE	5,000.00	
TOTAL	1,854,775.28	1,854,775.28
ADJUSTED NET REVENUE		4,420,537.91

ASSET VALUATION 9/30/02

CASH	388,874.84
ACCOUNTS RECEIVABLE	824,424.94
LINE DEPOSITS	2,940.00
OFFICE SUPPLIES	1,000.00
DEPRECIATION	0.00