

**S W E N S O N
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ATTORNEYS & COUNSELORS

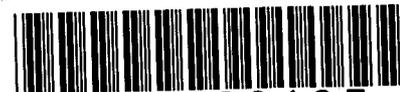
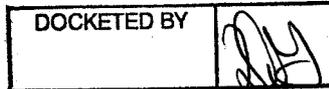
Via Regular Mail

December 15, 2000

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

Arizona Corporation Commission
DOCKETED

JAN 22 2001



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AZ CORP COMMISSION
DOCUMENT CONTROL

Re: Docket No. T-03815A-99-0711 American Fiber Network: Response to Commission Request for Additional Information to Determine FRVB

Dear Sir or Madam:

The following submission is being provided in response to the November 31, 2000 Procedural Order received by American Fiber Network, Inc. in the abovecaptioned docket. In bold are the specific requests from the Procedural Order:

1. **American Fiber Network shall file its proposed FVRB, pursuant to A.A.C. R14-2-103 (B).**

American Fiber Network, Inc. currently does not own any telecommunications equipment in the State of Arizona. Consequently, American Fiber Network does not have FVRB information available to submit to the Commission because it does not set rates according to FVRB in Arizona or in any other state in which it either does business or is preparing to do business. American Fiber Network typically attempts to set its rates based on market conditions.

2. **American Fiber Network shall file a description of all plant and equipment currently held by the Company and intended to be used to provide telecommunications services to Arizona customers, including their cost and location.**

American Fiber Network does not own any plant and equipment in the State of Arizona to date.

3. **American Fiber Network shall file information demonstrating how the value of its plant and equipment (both current and projected) is related to its total service long-run incremental costs.**

When regulators adopt a pricing methodology for price leading dominant firms based on forward-looking, economic costs, the outcome best replicates, to the extent possible, the conditions of a competitive market. To that end, TSLRIC studies are often required of ILECs. American Fiber Network recognizes that presently, and for the foreseeable future, its position in the local exchange market is that of a price-taker. Consequently, the Company has never – either for its own purposes or as required by a regulator – evaluated its costs in the manner requested.

4. **All maximum rates and charges of American Fiber Network which are higher than those of the incumbent local exchange carrier (ILEC) for the same regulated service, American Fiber Network must demonstrate that such rates and charges are not unreasonable, and constitute a fair rate of return on FVRB.**

While American Fiber Network has not yet initiated services in Arizona, and will not do so unless and until it is authorized to do so by the Commission, the Company anticipates that all

maximum rates and charges by the Applicant will be equal to or below those of the ILEC and therefore this requirement does not apply.

Please direct all inquiries and correspondence with respect to this filing to the undersigned.

Respectfully Submitted,



Steven Swenson
Attorney for Applicant.