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October 3, 2002

VIA FEDERAL EXPRESS

Docket Control Center
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007-2927

Arizona Corporation Commission
DOCKETED

OCT 04 2002

Re: Docket No.: T-02532A-00-0512
Our File: 1614-52

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Dear Sir or Madam:

I am enclosing for filing, an original and ten copies of Midvale Telephone Exchange, Inc.'s Responses to Staff's First Set of Data Requests, in the above referenced case.

I am enclosing a self-addressed stamped envelope and a copy of Midvale's responses. Please date stamp the copy and return it to me to acknowledge receipt.

Sincerely,

Tina N. Smith
Assistant to Conley E. Ward

Enclosures

cc: Karen Williams
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ORIGINAL

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Arizona Corporation Commission

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ATTORNEYS FOR APPLICANTS

DOCKETED BY	
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BEFORE THE ARIZONA CORPORATION COMMISSION

**IN THE MATTER OF MIDVALE)
TELEPHONE EXCHANGE, INC.'S)
APPLICATION FOR AUTHORITY)
TO INCREASE RATES AND FOR)
DISBURSEMENT FROM THE)
ARIZONA USF)**

**DOCKET NO. T-02532A-00-0512
MIDVALE'S RESPONSES TO STAFF'S
FIRST SET OF DATA REQUESTS**

Midvale Telephone Exchange, Inc. ("Midvale") hereby responds to the Commission Staff's first set of data requests in the above entitled matter. All responses were prepared by Karen Williams.

RLB-1.1 Please identify and describe the incremental cost for Midvale Telephone Exchange ("MTE") to utilize commercial credit sources other than RUS to fund the placement of facilities in the six sections located within the City of Scottsdale.

Response: Midvale cannot provide an estimate of the incremental cost because use of a commercial lender is, for all practical purposes, impossible. If Midvale serves customers in the City of Scottsdale, Midvale's RUS rural carrier status would likely be forfeited at considerable cost to Midvale's long run cost of service to

other customers. Furthermore, the United States Government is the first lienholder on all Midvale assets, and it is very unlikely it would make an accommodation with a commercial lender, particularly if the loan in question was designed to provide service in an urban area. Consequently, a commercial loan would have to be unsecured, and Midvale is not aware of any commercial lender that would offer such a loan given Midvale's small size, existing leverage, and the current economic situation in the telephone industry.

RLB-1.2 Please identify and describe the incremental cost for MTE to utilize commercial credit sources other than RUS to fund the placement of facilities in the three sections that fall within McDowell Mountain Park.

Response: See the response to RLB-1.1

RLB-1.3 What is MTE's estimated cost to place facilities in the six sections located within the city of Scottsdale?

Response: The City of Scottsdale does not allow direct plowing of cable. It requires that all utilities be trenched in. This means a significantly higher than normal cost for construction. Midvale's engineering consultant estimates the costs as follows:

Fiber Route	550,000
Local Plant	700,000
Remotes	100,000
Permits	<u>30,000</u>
Total	\$1,380,000

RLB-1.4 What is MTE's estimated cost to place facilities in the three sections located within McDowell Mountain Park?

Response: Midvale's engineering consultant estimates the costs as follows:

Fiber Route	200,000
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Local Plant	220,000
Remotes	50,000
Permits	<u>20,000</u>
Total	490,000

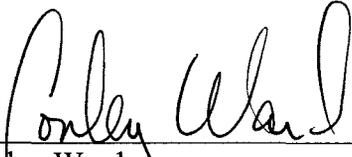
RLB-1.5 Have any requests for service been received from parties for any address located in the six sections located within the City of Scottsdale? If yes, how many?

Response: Midvale had one general inquiry from a person who works for a developer who intends to build a subdivision in the area. She reported that they currently are served by Qwest.

RLB-1.6 Have any requests for service been received from parties for any address located in the three sections located in McDowell Mountain Park? If yes, how many?

Response: None.

RESPECTFULLY SUBMITTED this 3rd day of October, 2002.



Conley Ward
GIVENS PURSLEY LLP
Attorneys for Applicant

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 3rd day of October 2002, I caused to be served a true and correct copy of the foregoing by the method indicated below, and addressed to the following:

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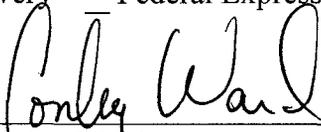
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