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ARIZONA CORPORATION COMMISSION

May 1, 2007

CERTIFIED MAIL

Mr. Robert E. Heath, EVP
American Fiber Network, Inc.
9401 Indian Creek Parkway
Building 40, Suite 140
Overland Park, Kansas 66210

Arizona Corporation Commission
DOCKETED

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RE: STAFF'S FIRST SET OF DATA REQUESTS TO AMERICAN FIBER NETWORK, INC. DOCKET NO. T-03815A-06-0747

Dear Mr. Heath:

On November 29, 2006, American Fiber Network, Inc. ("AFN") filed an Application for a Certificate of Convenience and Necessity ("CC&N") to provide facilities-based local exchange and resold local exchange telecommunications services within the State of Arizona. The Application is not yet sufficient. This data request lists the information that Staff needs to complete its analysis of the Application. Please treat this as Staff's First Set of Data Requests to American Fiber Network, Inc. in the above matter.

For purposes of this data request set, the words "AFN", "Applicant", "the Company", "you", and "your" refer to American Fiber Network, Inc. and any representative, including every person and/or entity acting with, under the control of, or on behalf of AFN. For each answer, please identify by name, title, and address each person providing information that forms the basis for the response provided.

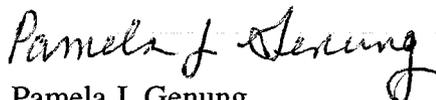
These data requests are continuing, and your answers or any documents supplied in response to these data requests should be supplemented with any additional information or documents that come to your attention after you have provided your initial responses.

Please provide Docket Control with the information being requested within **30 days** of the date of this letter. Mail an original plus 13 copies to Docket Control, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007-2927. If no response is received, Staff will recommend that the Application be terminated. If the Application is terminated, the Applicant cannot provide the same telecommunications services in Arizona for which it is currently applying, until such time as a new Application is filed with and approved by the Commission.

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Remember that information submitted for a CC&N will be made a part of the public record (including financial statements). Any information designated as confidential will not be accepted by Docket Control. If you have any questions, please contact me at (602) 542-0664. Thank you for your prompt response to this request.

Respectfully,



Pamela J. Genung
Public Utilities Analyst IV
Utilities Division

Enclosure(s)

CC: Docket Control Center (Original and Thirteen Copies)

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Please make sure each numbered item and each part of the item is answered completely. In order for Staff to continue with its review of this Application, the following information must be submitted:

- PJG1-1 In Item (A-1) of your Application, you are requesting the authority to provide resold local exchange and facilities-based local exchange telecommunications services in Arizona. Based on AFN's Annual Report for year ending 12/31/05 that is on file with the Commission, AFN had indicated that it already has residential and business local exchange customers in Arizona. Please explain the discrepancy and whether AFN is already providing local exchange service within the State of Arizona.
- PJG1-2 Pursuant to Decision No. 63837 issued June 28, 2001 please explain whether AFN is in compliance with the Procedural Order dated January 30, 2002 in Docket No. T-03815A-99-0711.
- PJG1-3 In AFN's proposed Arizona Price List Tariff for Exchange Services, on Original Sheet 44, Section 3.4 Service Descriptions, it is stated as such that Local Exchange Services includes Residential Service. It is also stated as such that Local Exchange Service is provided to Customers who order a minimum of eight lines. Please verify whether the above information is accurate in AFN's quest to provide Residential Service.
- PJG1-4 In AFN's proposed Arizona Price List Tariff for Exchange Services, starting at Original Sheet 72, Section 5.0 entitled Long Distance Services contains service descriptions and rates for long distance services. AFN currently has Arizona Interexchange Tariff No. 1, effective June 30, 2000, on file with the Commission that also contains service descriptions and rates for long distance services. Please explain whether there is a difference in the long distance services and rates between the two tariffs and/or if AFN will be replacing the existing tariff with the new proposed tariff should the Application be approved.
- PJG1-5 Please verify whether AFN is also requesting authority to provide Private Line Services in the State of Arizona as Item (A-1) of your Application does not indicate the authority for this particular type of service and in AFN's proposed Arizona Price List Tariff for Exchange Services, starting at Original Sheet 84, Section 7.0 entitled Private Line Services contains service descriptions and rates for private line services.
- PJG1-6 Please verify whether AFN is also requesting authority to provide Switched Access Services in the State of Arizona as Item (A-1) of your

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Application does not indicate the authority for this particular type of service and in AFN's proposed Arizona Price List Tariff for Exchange Services, beginning with Original Sheet 94, Section 8.0 entitled Switched Access Services contains service descriptions and rates for switched access services.

PJG1-7 Please verify whether AFN is also requesting authority to provide Data Services in the State of Arizona as Item (A-1) of your Application does not indicate the authority for this particular type of service and in AFN's proposed Arizona Price List Tariff for Exchange Services, beginning with Original Sheet 115, Section 9.0 entitled Data Services contains service descriptions and rates for data services.

PJG1-8 In Item (B-2) of the Application, financial information for the Applicant was requested for the two (2) most recent years. Please provide the following financial information for the twelve (12) months ending December 31, 2005 and for the twelve (12) months ending December 31, 2006:

1. A copy of the Applicant's balance sheet.
2. A copy of the Applicant's income statement.
3. A copy of the Applicant's audit report.
4. A copy of the Applicant's retained earnings balance.
5. A copy of all related notes to the financial statements and information.

PJG1-9 In Item (B-4) of the Application the following information was not provided:

1. Provide the projected total revenue expected to be generated by the provision of telecommunications services to Arizona customers for the first twelve months following certification, adjusted to reflect the maximum rates for which the Applicant requested approval. Adjusted revenues may be calculated as the number of units sold times the maximum charge per unit.
2. Provide the operating expenses expected to be incurred during the first twelve months of providing telecommunications services to Arizona customers following certification.

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3. Provide the net book value (original cost less accumulated depreciation) of all Arizona jurisdictional assets expected to be used in the provision of telecommunications service to Arizona customers at the end of the first twelve months of operation. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.
4. If the projected value of all assets is zero, please specifically state this in your response.
5. If the projected fair value of the assets is different than the projected net book value, also provide the corresponding projected fair value amounts.

PJG1-10 Please explain how AFN calculated the actual minimum and actual maximum rates that will be contained in its tariffs for each of its services.

PJG1-11 Please indicate why you believe that your range of rates is just and reasonable using a competitive market analysis. Your analysis should contain publicly available examples of tariff rates and charges charged by the incumbent and other carriers for similar services. Include any other information that you believe demonstrates that your actual rates are just and reasonable. Please include any supporting materials. For a list of telecommunications carriers certified in Arizona, go to www.cc.state.az.us/utility/utility. For a list of Commission-approved telecommunications rates and tariffs, go to www.cc.state.az.us/utility/tariffs. Provide actual tariff pages and use a matrix format to show your actual or proposed tariff rates and charges. Then show each competitor's tariff rates and charges for comparable telecommunications services and/or calling plans. At a minimum, show tariff information of Qwest and three other competitors in Arizona. The material you provide should enable Staff to determine whether the tariff rates and charges of the Applicant are just and reasonable compared to other competitors offering the same or similar telecommunications services in Arizona. Please provide all source documentation.

PJG1-12 Please identify all other states/jurisdictions in which your company or an affiliate provides facilities-based and/or resold local exchange telecommunications services. Please specify, in a matrix format, the tariff rates and charges that your company and/or affiliate charges for local exchange telecommunications services in these other jurisdictions. If there is a difference between the tariff rates and charges that your company will charge in Arizona and the tariff rates and charges that your

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- company and/or affiliate charges in other jurisdictions for local exchange telecommunications services, please identify and indicate the amount of the difference and explain why you are charging different tariff rates and charges in Arizona. The material you provide should enable Staff to determine whether these tariff rates and charges are identical or comparable to the tariff rates and charges charged in other jurisdictions. Please provide all source documentation.
- PJG1-13 Please identify all other states/jurisdictions in which your company or an affiliate is **applying** to provide facilities-based and/or resold local exchange telecommunications services. Please specify, in a matrix format, the tariff rates and charges that your company and/or affiliate will charge for local exchange telecommunications services in other jurisdictions. If there is a difference between the rates that your company will charge in Arizona and the tariff rates and charges that your company and/or affiliate will charge in other jurisdictions for local exchange telecommunications services, please identify and indicate the amount of the difference and explain why you intend to charge different tariff rates and charges in Arizona. The material you provide should enable Staff to determine whether these tariff rates and charges are identical or comparable to the tariff rates and charges that will be charged in other jurisdictions. Please provide all source documentation.
- PJG1-14 If AFN intends to provide Private Line Services (see PJG1-5), please provide corresponding answers to PJG1-10 through PJG1-13 relative to those additional services.
- PJG1-15 If AFN intends to provide Switched Access Services (see PJG1-6), please provide corresponding answers to PJG1-10 through PJG1-13 relative to those additional services.
- PJG1-16 If AFN intends to provide Data Services (see PJG1-7), please provide corresponding answers to PJG1-10 through PJG1-13 relative to those additional services.
- PJG1-17 Please verify whether the Commission is currently holding a performance bond from AFN. If so, please specify the dollar amount of the performance bond.