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March 14, 2008

Arizona Corporation Commission  
Attn: Docket Control  
1200 West Washington St.  
Phoenix, Arizona 85007

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**Re: Midvale Telephone Exchange, Inc.  
Docket #T-02532A-07-0586  
Responses to Staff's Second Set of Data Requests**

To Whom It May Concern:

Enclosed are the original and 14 copies of Midvale Telephone Exchange, Inc.'s Responses to Staff's Second Set of Data Requests for filing.

Please return a conformed copy in the enclosed envelope.

Thank you,

Gary H. Horton  
Attorney for Midvale Telephone Exchange, Inc.

GHH/gh

Encls.

Arizona Corporation Commission  
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MIDVALE TELEPHONE EXCHANGE, INC.  
RESPONSES TO STAFF'S SECOND SET OF DATA REQUESTS  
DOCKET NO. T-02532A-07-0586

Staff 2.1 The Company's response to Staffs' first set of data requests identified certain sections for which development has begun and/or the company has received inquiries concerning the provision of service. Please provide more specific information concerning the number of potential customers in those sections of the requested CC&N extension area that are not included in the Las Vegas Ranch Estates, Prescott Prairie and Mingus Meadows developments or those sections identified as containing homes and the Mingus Mountain Girls School.

**Response Midvale requires clarification to be certain of the information Staff is requesting. However, if what Staff seeks is the number of homes near the Poquito Valley area, those homes are included in the number given in response to Staff Data Request 1.2 – 100 homes.**

Staff 2.2 Please specify if the Las Vegas Ranch Estates, Prescott Prairie and Mingus Meadows developments are planned, currently under development or completed. If planned, please specify the year development is anticipated to start and when the first residences should be ready for occupancy.

**Response According to Yavapai County Land and Development: Prescott Prairie is comprised of 206 parcels, 48 permits have been issued and 31 of the 48 are complete; Mingus Meadows is comprised of 122 parcels, 44 permits have been issued and 38 of the 44 have been completed.**

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Staff 2.3 Has the Company estimated the cost to provide service to the Las Vegas Ranch Estates, Prescott Prairie and Mingus Meadows developments and those sections identified as containing homes and the Mingus Mountain Girls School? If the Company has not, why has such an estimate not been performed?

**Response** Midvale has done this process many times and is in the process of developing a design in cooperation with the developers of these areas. Up-front costs are the extension of fiber and the placement of distribution nodes to cover the areas. Extensions to homes (drops) happen as requested by customers. Since these areas are served by existing switches and carrier from our central office, the costs are "incremental", i.e. the costs are for the extensions of existing service to nearby or adjacent sections (developments). We anticipate having those costs in 30 to 45 days as we move from our securing right of way for the main extensions to our existing Poquito Valley and Long Meadow subdivisions.

Staff 2.4 If the Company's response to STF 2.3 above is in the affirmative, please provide: (a) the estimated cost for each area, (b) a general description of the type and quantity of plant that would be constructed and (c) the year in which the expenditure would occur. Please provide such detail for a five year period of time.

**Response** See #2.3

Staff 2.5 Should the Company's request for a CC&N extension be granted, would additional financing for the Company be required to construct the new facilities? If yes, what is the anticipated magnitude of the required financing and in what time frame does the Company believe it would make such an application?

**Response** No new long term financing will be required to extend service to these areas (see 2.3 above).

Staff 2.6 Should the Company's request for a CC&N extension be granted, what is the time line for the build out of facilities? Please be specific by development name or geographic area to be served.

**Response** Our time lines are dependent on the granting of easements and rights of way from State, Federal, and County agencies. We will begin that process upon approval of the Commission.

Staff 2.7 Should the Company's request for a CC&N extension be granted, what is the anticipated impact on the Company's workforce in the Millsite exchange?

**Response We anticipate adding one outside service technician in the Millsite Exchange.**

Staff 2.8 In regards to the requested CC&N extension area that is to the west and north of the Cross Roads Ranch service area, would fiber facilities be extended from the existing microwave site? If yes, please describe the capacity additions that would be required? To the extent such cost is not included in the Company's response to STF 2.4 above, please provide such cost.

**Response Yes, the service would be a fiber extension from the existing microwave facility for the Las Vegas Ranch development and a simple fiber extension for the other two. We predict, however that we will eventually extend fiber from the Poquito area to Crossroads ranch to augment and perhaps replace the microwave transport facility. Future demands will dictate such an expansion.**

Staff 2.9 Please identify any sections in the proposed CC&N extension that currently do not have any existing structures that potentially would require telecommunications' services? Of these, to the extent known to the Company, how many have structures planned for construction within the next year and next two years?

**Response Las Vegas Ranch presently has no structures nor the additional area north and west of Crossroads. The only information we have is the developer's statement regarding sale of lots being completed in Phase 1. Upon full build out Las Vegas Ranch will consist of 120 ranch estates located on 4900 acres. See attachment 1.**

Staff 2.10 Is the Company aware of any other service provider (ILEC, CLEC, cable company, etc.) delivering either voice or data services to any structure within the requested CC&N extension area? If yes, please identify the company, the types of services being delivered and within what sections.

**Response It is our understanding that satellite service is available in the in the Prescott area in general. There are transmission issues during inclement weather in the area. And satellite service is priced higher than our regulated rate structure. Further, fiber service provides more advanced technology and is more easily expandable than either wireless or satellite.**

Staff 2.11 Beginning with 2009, please provide a five (5) year forecast of line growth for the proposed CC&N Extension area and identify those developments or geographic areas where the growth is forecast.

**Response We know that there currently approximately 100 structures in the Las Vegas Ranch Estates , Prescott Pines, and Mingus Meadows areas. (See Midvale response to Staff 1.2) We have not surveyed the Mingus Mountain area but know of the Girls School and a handful of homes. While any exact prediction is impossible, we expect the bulk of growth to occur in the Las Vegas Ranch, Prescott Pines and Mingus Meadows area and project 5% growth in those areas overall. Therefore we project (rounding to the nearest whole number):**

**2009 – 105**

**2010 – 110**

**2011 – 116**

**2012 – 122**

**2013 – 128**

**2014 - 134**

Staff 2.12 Please describe the impact the growth identified in STF 2.11 above would have on the existing Millsite exchange switch and central office. For example, would a building addition be required, would the switch require replacement, would the existing switch , DC power plant or other equipment require major additions, etc.

**Response No impact on the switch, building, or power plant. We will have to expand with cards and/or shelves at the field remotes which we don't consider major additions. E.g. each card in a shelf serves 60 customers and adding a shelf and card costs approximately \$20,000. (Twenty thousand dollars.)**

Staff 2.13 Please discuss the Company's ability to effectively handle expansion into the proposed CC&N extension area while also continuing its existing construction and maintenance activities.

**Response Since these expansions are only short distances from our existing facilities it will require only minimal effort to serve the new areas and will easily fit into lulls of construction and maintenance programs.**

**ATTACHMENT 1**  
**Las Vegas Ranch Master Plan**

