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September 21, 2000

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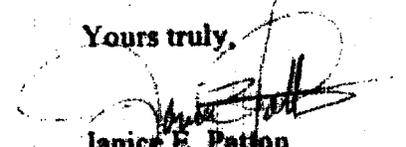
Re: Allied Riser of Arizona, Inc.
Docket No. T-03871A-00-0277

Dear Sir / Madam:

Enclosed please find the Applicant's Response to the Report of the Utilities Division Staff filed on August 14, 2000. An original and fifteen (15) copies are included. Please return five docketed stamped copies in the enclosed self-addressed stamped envelope.

Thank you for your assistance. If you have any questions, please contact me at the number listed above.

Yours truly,


Janice E. Patton
Senior Legal Assistant

**BEFORE THE
ARIZONA CORPORATION COMMISSION**

ALLIED RISER OF ARIZONA, INC.)
)
In the Matter of the Application of Allied)
Riser of Arizona, Inc., for a Certificate)
of Convenience and Necessity to Provide)
Competitive Intrastate Telecommunications)
Services as a Facilities Based Provider and)
Reseller and Petition for Competitive)
Classification of Proposed Services)

Docket No. T-03871A-00-0277

**APPLICANT'S RESPONSE TO THE
REPORT OF THE UTILITIES DIVISION STAFF**

Introduction

Pursuant to the Commission's order entered in this Docket on August 23, 2000, Allied Riser of Arizona, Inc. ("Allied Riser" or "Applicant") respectfully submits its response to the report filed on August 14, 2000, by the Utilities Division Staff ("Staff Report").

The Staff Report recommends approval of Allied Riser's application. (Staff Report at 8.) The Staff Report further recommends that Allied Riser's proposed services be classified as competitive. (Id. at 10.) Finally, the Staff Report suggests that the granting of Allied Riser's application be subject to several conditions. (Id. at 8-10.) Allied Riser concurs with the Staff's recommendations that its application be granted and that its proposed services be classified as competitive. Additionally, Allied Riser offers the following comments regarding the Staff's recommended conditions to the Commission's grant of Allied Riser's application.

Discussion

1. Performance Bond. The Staff Report recommends that Allied Riser be required to "procure a performance bond equal to a minimum of 120 days intrastate telecommunications revenue, plus the amount of any prepayments and deposits collected from the Company's customers." (Staff Report at 2, § 2.5.) Allied Riser is willing to procure a performance bond in the amount of \$100,000, which will far exceed the revenue Allied Riser anticipates receiving for 120 days' intrastate telecommunications services. Further, Allied Riser intends to comply with all applicable laws and regulations governing discontinuance of service.

2. Tariff Filing. As Staff correctly observes, Allied Riser will not be able to determine rates for services that require interconnection agreements until such interconnection agreements have been executed. (Staff Report at 3, § 2.6.) It is highly unlikely that Allied Riser will execute any interconnection agreements within 30 days of an order granting its application. Consequently, Allied Riser will not be able to file a tariff within 30 days of an order granting its application, as Staff recommends. (*Id.*) Thus, Allied Riser respectfully requests that it be required to file a tariff no more than 30 days prior to providing any service that the Commission authorizes it to provide.

3. Compliance With Applicable Laws, Regulations, and Commission Orders. Throughout its report, the Staff recommends that Allied Riser be required to comply with various laws, regulations, and Commission orders applicable to the provision of telecommunications services in Arizona. Allied Riser will comply with all applicable laws, regulations, and Commission orders governing its provision of service in Arizona. Specifically, Allied Riser will

comply with all applicable laws, regulations, and Commission orders concerning tariffs (Staff Report at 8, ¶¶ b, p), interconnection agreements (id. at 8, ¶ c), universal service fund obligations (id. at 9, ¶¶ f, r), quality of service standards (id., ¶ g), accounting and record keeping (id., ¶ n), reporting (id., ¶ o), and customer complaint investigations (id., q). However, Allied Riser respectfully requests that, in the order granting its application, any reference to a specific law, regulation, or Commission order be qualified to state that Allied Riser must comply with such law, regulation, or Commission order, so long as it remains effective and is applicable to the services Allied Riser is providing. Further, Allied Riser should not be subjected to any regulatory requirements that are more stringent than those imposed on other providers of similar competitive services.

Additionally, many of the conditions recommended in the Staff Report will not be applicable to Allied Riser unless and until it offers switched local exchange voice services. At the present time, Allied Riser does not intend to offer such services. At the time Allied Riser offers switched local exchange voice services, it will comply with all applicable laws, regulations, and Commission orders concerning telephone number publishing and portability (id. at 8, ¶¶ d, e), access to alternative service providers (id. at 9, ¶ h), provision of 911 and CLASS services (id., ¶¶ i, j), and PIC access (id., ¶ k).

Conclusion

The Commission's granting of Allied Riser's application will provide Arizona residents and businesses a more competitive, efficient, and innovative market for telecommunications services and is therefore in the public interest. However, subjecting Allied Riser to burdensome and unnecessary regulations will inhibit its ability to offer Arizona

businesses the competitive services it proposes to provide. Accordingly, Allied Riser respectfully requests that its application be granted consistent with the comments provided herein.

Respectfully submitted,

ALLIED RISER OF ARIZONA, INC.

By: 
Name: Ried R. Zulager
Title: Corporate Secretary

Date: September 20, 2000

PROOF OF SERVICE

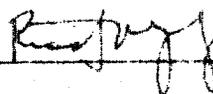
The undersigned acknowledges that copies of the foregoing documents were delivered to the following persons or entities by depositing copies thereof in the United States mail, properly addressed with first class postage prepaid, on September 20, 2000.

Lyn Farner, Chief Counsel
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Deborah Scott, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Arizona Reporting Service, Inc.
2627 North Third Street, Suite Three
Phoenix, Arizona 85004-1104

By: _____

A handwritten signature in black ink, appearing to read "R. Farner", is written over a horizontal line.