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ARIZONA CORPORATION COMMISSION

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March 15, 2005

Arizona Corporation Commission  
**DOCKETED**

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AZ CORP COMMISSION  
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RECEIVED

Ms. Erin Curry  
Regulatory Analyst II  
VarTec Telecom, Inc.  
2440 Marsh Lane  
Carrollton, Texas 75006

RE: VarTec Telecom, Inc.'s proposed revisions to A.C.C. Tariff No. 2 - Local Telecommunications Services, Docket T-03401A-05-0132

Dear Ms. Curry:

As a competitive telecommunications provider, VarTec is subject to Title 14, Article 11 (Competitive Telecommunications Services) of the Arizona Administrative Code. Section 1110 of Title 14, Article 11 describes the procedure for applying to the ACC for an increase in the maximum rate for a competitive telecommunications service.

In order to increase the maximum tariffed rate for a competitive telecommunications service, the applicant shall submit an application to the Commission containing the following information:

1. A statement setting forth the reasons for which a rate increase is required;
2. Is there a cost based justification for the rate increase (i.e., is the rate increase necessary to account for a change in your costs)? If yes, please describe the change in your costs. Provide calculations and data to support your cost justification; (*See attached Data Request for additional details.*)
3. A schedule of current rates and proposed rates and the additional revenues to be derived from the proposed rates; (*See attached Data Request for additional details.*)
4. An affidavit verifying that appropriate notice of the proposed rate increase has been provided to customers of the service; and
5. A copy of the customer notification you sent to your customers.

VarTec's filing includes an increase in the maximum rate for the following:

- One Choice Additional Line Service
  - from \$24.95 to \$29.95
- One Choice Basic Package with One Choice \$.05 Plan
  - From \$24.95 to \$29.95

- One Choice Basic Package with One Choice \$.03 Plan
  - From \$27.90 to \$32.90
- Additional Line Service With One Choice \$.05 Plan
  - From \$24.95 to \$29.95

Therefore, it will be necessary for you to provide the information described in 1-5 above. Please indicate if any of the information noted above has been already supplied in VarTec's February 28, 2005 filing or provide updated information as needed. The Commission or Staff may request any additional information in support of the application. Staff cannot begin to process this filing until this information is received.

The complete text of Title 14, Article 11 can be found at:

<http://www.cc.state.az.us/rules/telco.htm>

Staff has also determined that additional information is required to complete its recommendation for consideration by the Arizona Corporation Commission ("ACC"). The attached data request expresses the information Staff needs to complete its analysis of VarTec's tariff filing. 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 **10 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 or all deficiencies are not remedied within 10 days, Staff will recommend that the application be terminated as per Rule R14-2-1103(B)3 and R14-2-510(E)3. 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.

Remember that information submitted for a tariff rate increase will be made a part of the public record (including financial statements). Any information designated as confidential will not be accepted by Docket Control.

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If you have any questions about this matter, please contact me at (602) 542-0742. Thank you for your prompt response to this request.

Sincerely,

A handwritten signature in cursive script, appearing to read "Armando Fimbres". The signature is written in black ink and is positioned above the printed name.

Armando F. Fimbres

Enclosure(s)

CC: Docket Control Center (Original and Thirteen Copies)

STAFF'S FIRST SET OF DATA REQUESTS FOR  
VARTEC TELECOM, INC.  
DOCKET NO. T-03401A-05-0132

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:

1. If there a cost based justification for the rate increase(s), please provide summary line item cost information as appropriate. Line summary items may be, for example, of marketing, distribution, equipment, administrative, billing & collection, etc.
2. If there is any misunderstanding between the existing current and maximum rates and the proposed current and maximum rates please outline as follows for each service.

----- Existing -----		----- Proposed -----	
<u>Current Rate</u>	<u>Maximum Rate</u>	<u>Current Rate</u>	<u>Maximum Rate</u>

3. Please explain how the Company believes its proposed rates compare to those of similar services offered by its competitors?
4. For each of the services impacted by maximum rate increases please provide:
  - the number customers impacted;
  - the total annualized revenue associated with all customers under the existing current and maximum rates; and
  - the total annualized revenue associated with all customers under the proposed current and maximum rates.
5. Please explain if the expected effect of this filing on the Company's Arizona revenues is less than 1 percent , from 1 to 5 percent, etc.