

ORIGINAL



0000018547



VarTec Telecom, Inc.

RECEIVED

2802

March 25, 2005 4: 32
2005 MAR 28 P 4: 32

VIA OVERNIGHT DELIVERY

AZ CORP COMMISSION
DOCUMENT CONTROL

Docket Control Center

Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007-2927

Arizona Corporation Commission
DOCKETED

MAR 28 2005

RE: Docket No. T-03401A-05-0132 Data Request No. 1
VarTec Telecom, Inc.

DOCKETED BY [Signature]

Dear Sir or Madame:

Submitted herewith for filing on behalf of VarTec Telecom, Inc. ("VarTec") are an original and thirteen (13) copies of the Company's responses to Data Request No. 1 in Docket No. T-03401A-05-0132.

- 1. If there is 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 and collection, etc.**

The increased rate for the OneChoice Basic plan is part of an initiative throughout the Company's nationwide service area to balance customer value with VarTec's increasing cost of providing service. The OneChoice Basic plan was chosen to be upgraded with included long distance (200 minutes) and a rate increase of \$5.00. The Company feels that the included long distance minutes give the Customer added value while allowing the Company to more efficiently recover the cost of providing service.

- 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>

When the Company was first certified by the Commission, VarTec chose to only tariff its current rates rather than filing separate maximum rates. As such, there is no misunderstanding between the existing current and maximum rates and the proposed current and maximum rates.

3. **Please explain how the Company believes its proposed rates compare to those of similar services offered by its competitors.**

Please see attached.

4. **For each of the services impacted by maximum rate increases please provide:**
- **the number of 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.**

There are 2 customers who will be impacted by the rate increase for the OneChoice Additional Line plan and there are 954 customers who will be impacted by the rate increase for the OneChoice Basic plan. The total annualized revenue associated with all customers under the existing rates is: \$58,253.02. The projected total annualized revenue associated with all customers under the proposed rates is: \$38,831.42 (please note that this amount includes anticipated customer attrition at the current customer attrition rate).

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.**

The expected effect of this filing on the Company's Arizona revenues is less than one percent (0.55%).

Please acknowledge receipt of this filing by returning the duplicate copy of this letter in the enclosed, self-addressed, stamped envelope. If you have any questions regarding this filing, please contact the undersigned at (972) 478-3363.

Respectfully submitted,



Erin L. Curry
Senior Regulatory Analyst

Enclosures

cc: Kevin Allen
Senior Manager, Regulatory Affairs

(Please note that the Company's address has changed to: 2440 Marsh Lane, Carrollton, Texas 75006.)

**Competitor Rates for
Similar Local Service
Plans**

	New VarTec Rates			Qwest		
	<u>Monthly Rate</u>	<u>Included LD</u>	<u>Features</u>	<u>Monthly Rate</u>	<u>Included LD</u>	<u>Features</u>
OneChoice Additional Lines	\$29.95	0	0	\$25.99	0	3
OneChoice Basic	\$29.95	200	3	\$35.99	200	3