

ORIGINAL

OPEN MEETING



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MEMORANDUM

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2005 JUL 25 A 9:23

TO: THE COMMISSION

FROM: Utilities Division

AZ CORP COMMISSION  
DOCUMENT CONTROL

DATE: July 25, 2005

RE: IN THE MATTER OF AT&T COMMUNICATIONS OF THE MOUNTAIN STATES  
TARIFF FILING FOR REVISIONS TO TELECOMMUNICATIONS SERVICES  
TARIFF, INC. (DOCKET NO. T-02428A-05-0226)

On March 31, 2005, AT&T Communications of the Mountain States, Inc. ("AT&T") filed tariff revisions to increase its current and maximum surcharge rate for its Intrastate Calling Card services. AT&T has concluded that the proposed increase will provide it with the appropriate increase in revenue while still keeping its customers satisfied and its services competitively priced.

Customers have been notified of the increase, a copy of which is enclosed with this filing. An Affidavit of Notification associated with the customer notice has been provided. AT&T has not requested an effective date in its filing before the Commission but has informed customers that its proposed price changes would go into effect no earlier than May 22, 2005.

AT&T provided evidence to Staff that it has provided customer notification in accordance with Commission rules. Staff has reviewed the customer notification provided and agrees that it is consistent with Commission rules.

Since this filing increases the maximum rate for a component of a service that has been classified as competitive under the Commission's Competitive Telecommunications Services Rules, Arizona Administrative Code R14-2-1110 applies to AT&T's proposal. Staff requested information from AT&T to allow it to determine the potential effects of approval of the filing.

AT&T estimates that the incremental revenues associated with this proposed increase will be well below 1 percent of AT&T's annual Arizona revenues. AT&T has indicated that the number of customers impacted is small and further states that "The actual customer numbers for these plans are stable or declining as AT&T has been grandfathering some of the plans and is not actively marketing the rest of the plans."

The rates contained in this filing are for services that have been classified as competitive by the Commission and are now subject to the Commission's Competitive Telecommunications services rules. Under those rules, rates for competitive services are not set according to rate of return regulation standards. Staff obtained information regarding AT&T's fair value rate base. Because of the nature of the competitive market and other factors, a fair value analysis is not necessarily

THE COMMISSION

June 25 2005

Page 2

representative of the company's operations. Therefore, while Staff considered the fair value rate base information of AT&T, it did not accord that information substantial weight in its analysis of this matter.

Staff recommends approval of this filing.

*for*  
  
Ernest G. Johnson  
Director  
Utilities Division

EGJ:AFF:lhm\JW

ORIGINATOR: Armando Fimbres

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

- JEFF HATCH-MILLER  
Chairman
- WILLIAM A. MUNDELL  
Commissioner
- MARC SPITZER  
Commissioner
- MIKE GLEASON  
Commissioner
- KRISTIN K. MAYES  
Commissioner

IN THE MATTER OF THE APPLICATION )  
 OF AT&T COMMUNICATIONS OF THE )  
 MOUNTAIN STATES, INC. TARIFF )  
 FILING TO INCREASE ITS MAXIMUM )  
 RATE FOR BUSINESS CALLING CARD )  
 CUSTOMERS )

DOCKET NO. T-02428A-05-0226  
 DECISION NO. \_\_\_\_\_  
ORDER

Open Meeting  
 August 9 and August 10, 2005  
 Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. AT&T Communications of the Mountain States, Inc. ("AT&T") is certificated to provide intrastate telecommunications service as a public service corporation in the State of Arizona.

2. On March 31, 2005, AT&T filed tariff revisions to its Telecommunications Services Tariff and Telecommunications Services Price List:

Telecommunications Services Tariff

- Section 26, Page 3, Release 5
- Section 26, Page 4, Release 3
- Section 26, Page 6, Release 3
- Section 39, Page 2, Release 7
- Section 39, Page 3, Release 4
- Section 39, Page 4, Release 4
- Section 39, Page 5, Release 2
- Section 39, Page 6, Release 4
- Section 39, Page 8, Release 3

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Section 39, Page 8.1, Release 2  
Section 39, Page 8.2, Release 2  
Section 39, Page 8.3, Release 2  
Section 39, Page 8.4, Release 2

Telecommunications Services Price List

Section 26, Page 4, Release 3  
Section 26, Page 5, Release 4  
Section 26, Page 8, Release 2  
Section 39, Page 1, Release 5  
Section 39, Page 2, Release 5  
Section 39, Page 3, Release 3  
Section 39, Page 4, Release 4  
Section 39, Page 6, Release 4  
Section 39, Page 6.1, Release 2  
Section 39, Page 7, Release 3  
Section 39, Page 8, Release 3  
Section 39, Page 9, Release 3  
Section 39, Page 10, Release 3  
Section 39, Page 11, Release 2  
Section 39, Page 12, Release 2

3. In this filing, AT&T is seeking to increase the maximum and current rates for its Intrastate Calling Card services. AT&T has concluded that the proposed increase will provide it with the appropriate increase in revenue needed while still keeping its customers satisfied and its services competitively priced.

4. On April 12, 2005, Staff issued a data request to AT&T for information responsive to Title 14, Article 11, Section 1110 (Competitive Telecommunications Services) of the Arizona Administrative Code.

5. On April 28, 2005, AT&T filed its response to Staff's April 12, 2005 data request.

6. On April 28, 2005, AT&T also submitted a page correcting one submitted with its filing on March 31, 2005. The substitute page changes Release 2 to Release 13 on Section 39, Page 6.1 of the Telecommunications Services Price List.

Telecommunications Services Price List

Section 39, Page 6.1, Release 13





1 SERVICE LIST FOR: AT&T Communications of the Mountain States, Inc.  
2 Docket No. T-02428A-05-0226

3  
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