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Utilities Division
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JUL 26 2005

AZ Corporation Commission
Director Of Utilities

RE: AZ C.C. Tariff No. 1
Docket No. T-03663A-05-0474

To Whom It May Concern

Enclosed please find PAETEC Communications, Inc., answers to the data request sent on July 11, 2005. If you have any questions regarding this filing please feel free to contact me at (585) 340-8259, or by email at Maggie.Blackman@Paetec.com.

Sincerely,

Margaret Blackman
Tariff & Regulatory Analyst

1. A statement setting forth the reasons for which a rate increase is required.

PAETEC has experienced a nationwide increase in costs associated with providing Directory Assistance service.

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.

There is no direct cost based reason for the increase in prices.

3. Provide a schedule of current rates and proposed rates and the additional revenues to be derived from the proposed rates.

The Directory Assistance rate is currently \$0.75 and will be increasing to \$1.25. The additional revenue impact for this rate increase will be approximately \$600.

4. An affidavit verifying that appropriate notice of the proposed rate increase has been provided to customers of this service.

Customers in Arizona were notified of the rate increase through a bill message. Language is as follows:

“Effective August 1, 2005, PAETEC Communications, Inc. will be increasing the Directory Assistance rate from \$0.75 to \$1.25. If you should have any questions, please contact your PAETEC account manager or PAETEC Customer Service at 877-340-2600.”

5. A copy of the customer notification sent to customers.

Please see answer to questions No. 4 above.

1. Explain how the Company believes its proposed rates compare to those of similar services offered by its competitors.

We believe we are priced competitively in the marketplace, neither the top nor the low cost provider for this service

2. Explain if the service impacted by the maximum rates increase is being enhanced with new or additional features.

There are no enhancements or additional features associated with this price increase.

3. Please explain when the maximum and current rates were previously increased for this service

PAETEC has previously increased the maximum Directory Assistance rate to \$1.15 on January 27, 2003.

4. Please confirm or correct the existing Actual and Maximum rates for the service the Company proposes to change.

The current Maximum rate for Directory Assistance is \$1.15. The current actual rate for Directory Assistance is \$0.75.

5. For the service impacted by the maximum rate increase, please provide:

- a. **The number of customers impacted**
- b. **Total annualized revenue associated with all customers under the existing current and maximum rates.**
- c. **Total annualized revenue associated with all customers under the proposed current and maximum rates.**

- a. PAETEC has a total of 102 customers that this service would impact.
- b. The total Arizona revenue attributed to Directory Assistance under the current rates is \$900.00
- c. Total Arizona revenue associated with Arizona customers under the proposed rates would be approximately \$1500.00 annually.

6. Please explain if the expected effect of this filing on the Company's Arizona revenues is less than 1%, from 1-5%, etc.

PAETEC revenues resulting from Directory Assistance within the state of Arizona amount to less than 1% of the total revenue derived from Arizona operations.