



0000031490

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

BEFORE THE ARIZONA CORPORATION COMMISSION

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

Arizona Corporation Commission

DOCKETED

SEP 30 2005

DOCKETED BY CAR

IN THE MATTER OF THE APPLICATION
OF TRINSIC COMMUNICATIONS, INC¹.
TARIFF FILING TO INCREASE THE
MAXIMUM RATE AND RESIDENTIAL
CURRENT RATE OF THE PUBLIC
TELEPHONE SURCHARGE

DOCKET NO. T-03589A-04-0800

DECISION NO. 68182

ORDER

Open Meeting
September 27 and 28, 2005
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Trinsic Communications, Inc. ("Trinsic"), formerly known as Z-Tel Communications, Inc., is certificated to provide intrastate telecommunications service as a public service corporation in the State of Arizona.

2. On November 8, 2004, Z-Tel filed tariff revisions to increase the maximum rate and current residential rate for its Public Telephone Surcharge:

Arizona Tariff No. 1

Arizona Tariff No. 1, Page 2, 27th Revised
Arizona Tariff No. 1, Page 17.2, 4th Revised
Arizona Tariff No. 1, Page 19.1, 9th Revised

¹ On December 30, 2004, Z-Tel Communications, Inc. notified the Commission that it would be changing its name to Trinsic Communications, Inc. effective January 1, 2005 (Docket No. T-03589A-04-0873).

1 3. Trinsic is seeking to increase its maximum Public Telephone Surcharge for all
2 customers from \$0.45 to \$0.95. Trinsic has indicated that upon approval of this maximum rate
3 increase, its Public Telephone Surcharge for its residential interexchange customers will be
4 increased from \$0.45 to \$0.60.

5 4. The proposed increases result from the Federal Communications Commission's
6 ("FCC's") decision to increase the payphone compensation rate from \$0.24 per call to \$0.494 per
7 call². This charge is assessed by payphone providers on telecommunication companies, such as
8 Trinsic, who provide their customers with dial-around numbers that can be used at payphones.
9 Through its orders, the FCC has sought to establish a per call compensation plan to ensure that all
10 payphone service providers are fairly compensated for each and every completed call. More than
11 five years ago, the FCC set a default compensation rate of \$0.24 per call for "dial-around" calls
12 made from payphones. The increase to \$0.494 results from the FCC's reexamination of its
13 original order.

14 5. Trinsic's proposed rate increases are intended to allow it to pass through the
15 increased cost associated with the new payphone compensation rate and to recover its own
16 processing and administrative costs.

17 6. Trinsic indicated that the majority of its 385 residential local exchange and 277
18 business local exchange customers in Arizona also receive interexchange service from Trinsic.
19 Trinsic also indicated that it currently provides stand alone interexchange service to 7 residential
20 customers. Finally, the Public Telephone Surcharge only applies to telephone calls that originate
21 from a payphone Trinsic indicated that on average, the Public Telephone Surcharge is assessed 51
22 times per month in Arizona. Trinsic stated that all of its interexchange customers were notified of
23 these proposed tariff revisions in the form of a bill insert. Staff has reviewed Trinsic's customer
24 notification and concluded that it is consistent with Commission rules and policies.

25 7. Since this filing increases the maximum rates for a component of a service that has
26 been classified as competitive under the Commission's Competitive Telecommunications Services
27

28 ² In the Matter of Request to Update Default Compensation Rate for Dial-Around Calls from Payphones, WC Docket
No. 03-225, Report and Order (Released: August 12, 2004).

1 Rules, Arizona Administrative Code ("A.A.C.") R14-2-1110 applies to Trinsic's proposal. Trinsic
2 provided the information required by A.A.C. R14-2-1110 to allow Staff to determine the potential
3 effects of approval of the filing.

4 8. The rate increases contained in this filing are for services that have been classified
5 as competitive by the Commission and that are now subject to the Commission's Competitive
6 Telecommunications Services Rules. Under those rules, rates for competitive services are not set
7 according to rate of return regulation standards. Trinsic indicated that on average, its Public
8 Telephone Surcharge is assessed 51 times per month in Arizona. Based on this number of calls,
9 the maximum annual revenue that Trinsic could derive as a result of this maximum rate being
10 increased to \$0.95 is \$581.40.

11 9. Trinsic indicated that its Arizona fair value rate base is zero. Because of the nature
12 of the competitive market and other factors, a fair value analysis is not necessarily representative
13 of the company's operations. Therefore, while Staff considered the fair value rate base information
14 of Trinsic, it did not accord that information substantial weight in its analysis of this matter.

15 10. Staff recommends that the maximum rate be approved at \$0.90 rather than the
16 \$0.95 rate requested.

17 CONCLUSIONS OF LAW

18 1. Trinsic Communications, Inc. is an Arizona public service corporation within the
19 meaning of Article XV, Section 2, of the Arizona Constitution.

20 2. The Commission has jurisdiction over Trinsic and over the subject matter of the
21 Application.

22 3. The Commission, having reviewed the tariff pages (copies of which are contained in
23 the Commission's tariff files) and Staff's Memorandum dated September 15, 2005 concludes the
24 tariff filing is reasonable, fair and equitable, and is therefore in the public interest.

25 ...

26 ...

27 ...

28 ...

ORDER

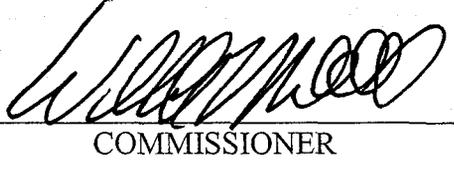
IT IS THEREFORE ORDERED that this tariff filing, as amended by this order, be and hereby is approved.

IT IS FURTHER ORDERED that Trinsic shall file tariff pages with the Commission's Docket Control Center that reflect its January 1, 2005 name change from Z-Tel Communications, Inc. to Trinsic Communications, Inc.

IT IS FURTHER ORDERED that this Decision shall become effective with the filing of revised tariff pages as amended by this order.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION


CHAIRMAN

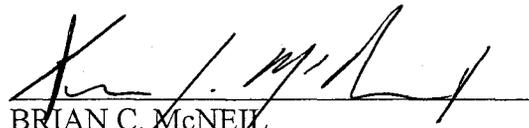

COMMISSIONER


COMMISSIONER


COMMISSIONER


COMMISSIONER

IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 30th day of Sept., 2005.


BRIAN C. McNEIL
Executive Director

DISSENT: _____

DISSENT: _____

EGJ:AJL:lh\DT

1 SERVICE LIST FOR: Trinsic Communications, Inc.

2 Docket No. T-03589A-04-0800

3

4 Ms. Monique Byrnes
5 Consultant to
6 Trinsic Communications, Inc
7 210 North Park Avenue
8 Winter Park, Florida 32789

9 Mr. Ernest G. Johnson
10 Director, Utilities Division
11 Arizona Corporation Commission
12 1200 West Washington
13 Phoenix, Arizona 85007

14 Mr. Christopher C. Kempley
15 Chief Counsel, Legal Division
16 Arizona Corporation Commission
17 1200 West Washington
18 Phoenix, Arizona 85007

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33