

RECEIVED

2005 NOV 23 P 3: 15

AZ CORP COMMISSION
DOCUMENT CONTROL

ORIGINAL

OPEN MEETING

MEMORANDUM



0000035328

410

TO: THE COMMISSION

FROM: Utilities Division

DATE: November 23, 2005

RE: IN THE MATTER OF THE APPLICATION OF BELL ATLANTIC COMMUNICATIONS, INC. DBA VERIZON LONG DISTANCE TARIFF FILING TO INCREASE THE MAXIMUM AND THE CURRENT RATE FOR PLAN G SERVICE MONTHLY RECURRING CHARGE (DOCKET NO. T-03289A-05-0199)

On March 17, 2005, Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance ("Verizon-LD") filed tariff revisions to its Telecommunications Services Tariff and Price List. In these revisions, Verizon-LD seeks to increase the current and maximum monthly recurring charges of its Plan G Service rate. The monthly recurring charge is billed in full each month for each account. This filing seeks to increase Verizon-LD's current monthly recurring charge for its Plan G Service from \$4.95 to \$5.95. This filing also seeks to increase Verizon-LD's monthly recurring maximum charge for its Plan G Service from \$4.95 to \$10.00. Because customers will pay more under Verizon-LD's proposal, Commission Staff ("Staff") considers this filing a rate increase.

Verizon-LD indicated that it is filing this tariff revision so that it would have standardized rates nationwide allowing it to operate more efficiently. Verizon-LD also indicated that it provides Plan G service in all states except Alaska and currently charges a monthly recurring charge of \$5.95 for its Plan G Service in those states, excluding Arizona.

Since this filing increases the maximum rates for a component of a service that has been classified as competitive under the Commission's Competitive Telecommunications Service Rules, Arizona Administrative Code ("A.A.C.") R14-2-1110 applies to Verizon-LD's proposal. Verizon-LD provided the information required by A.A.C. R14-2-1110 allowing Staff to determine the potential effects of approval of this filing. The information provided indicates that the expected revenue effect of the approval of the maximum rates listed in this filing is an increase of \$4240 in Verizon-LD's annual Arizona revenues. The expected revenue effect of Verizon-LD's proposed current rates changes to an increase of \$840 in Verizon-LD's annual Arizona revenues.

Verizon-LD indicated that it currently provides 4,398 presubscribed lines to approximately 3,000 customers in Arizona. Staff has reviewed Verizon-LD's customer notice and believes that it is consistent with Commission rules.

THE COMMISSION

November 23, 2005

Page 2

The rates contained in this filing are for services that have been classified as competitive by the Commission and that are now subject to the Commission's Competitive Telecommunications Service Rules. Under these rules, rates for competitive services are not set according to rate of return regulation. Staff requested information from Verizon-LD regarding its fair value rate base. Verizon-LD indicated that its fair value rate base is zero. However, the rates that Verizon-LD will ultimately charge will be heavily influenced by the market. Because of the nature of the competitive market and other factors, a fair value rate analysis is not necessarily representative of the company's operations. Therefore, while Staff considered the fair value rate base information submitted by Verizon-LD, it did not accord that information substantial weight in its analysis of the matter.

Staff recommends approval of this filing.



Ernest J. Johnson
Director
Utilities Division

EGJ:AFF:lhm/JMA

ORIGINATOR: Armando Fimbres

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

IN THE MATTER OF THE APPLICATION)
OF BELL ATLANTIC COMMUNI-)
CATIONS, INC. DBA VERIZON LONG)
DISTANCE TARIFF FILING TO INCREASE)
THE MAXIMUM AND THE CURRENT)
RATE FOR PLAN G SERVICE MONTHLY)
RECURRING CHARGE)

DOCKET NO. T-03289A-05-0199
DECISION NO. _____
ORDER

Open Meeting
December 6 and 7, 2005
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance (“Verizon-LD”) is certified to provide intrastate telecommunications service as a public service corporation in the State of Arizona.

2. On March 17, 2005, Verizon-LD filed tariff revisions to increase the current and maximum monthly recurring charges of its Plan G Service rate:

Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance

AZ.C.C. Tariff No. 2, Page 1, 59th Revised
AZ.C.C. Tariff No. 2, Page 1.2, 23rd Revised
AZ.C.C. Tariff No. 2, Page 33.3, 23rd Revised

Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance – Price List

AZ.C.C. Tariff No. 2, Page 2.1, 1st Revised

3. The monthly recurring charge is billed in full each month for each account. This filing seeks to increase Verizon-LD’s current monthly recurring charge for its Plan G Service from

1 \$4.95 to \$5.95. This filing also seeks to increase Verizon-LD's maximum recurring monthly
2 charge for its Plan G Service from \$4.95 to \$10.00. Because customers will pay more under
3 Verizon-LD's proposal, Commission Staff ("Staff") considers this filing a rate increase.

4 4. Verizon-LD indicated that it is filing this tariff revision so that it would have
5 standardized rates nationwide allowing it to operate more efficiently. Verizon-LD also indicated
6 that it provides Plan G service in all states except Alaska and currently charges a monthly
7 recurring charge of \$5.95 for its Plan G service in those states, excluding Arizona.

8 5. Since this filing increases the maximum rates for a component of a service that has
9 been classified as competitive under the Commission's Competitive Telecommunications Service
10 Rules, Arizona Administrative Code ("A.A.C.") R14-2-1110 applies to Verizon-LD's proposal.
11 Verizon-LD provided the information required by A.A.C. R14-2-1110 allowing Staff to determine
12 the potential effects of approval of this filing. The information provided indicates that the
13 expected revenue effect of the approval of the maximum rates listed in this filing is an increase of
14 \$4,240 in Verizon-LD's annual Arizona revenues. The expected revenue effect of Verizon-LD's
15 proposed current rates changes to an increase of \$840 in Verizon-LD's annual Arizona revenues.

16 6. Verizon-LD indicated that it currently provides 4,398 presubscribed lines to
17 approximately 3,000 customers in Arizona. Staff has reviewed Verizon-LD's customer notice and
18 believes that it is consistent with Commission rules.

19 7. The rates contained in this filing are for services that have been classified as
20 competitive by the Commission and that are now subject to the Commission's Competitive
21 Telecommunications Service Rules. Under these rules, rates for competitive services are not set
22 according to rate of return regulation. Staff requested information from Verizon-LD regarding its
23 fair value rate base. Verizon-LD indicated that its fair value rate base is zero. However, the rates
24 that Verizon-LD will ultimately charge will be heavily influenced by the market. Because of the
25 nature of the competitive market and other factors, a fair value analysis is not necessarily
26 representative of the company's operations. Therefore, while Staff considered the fair value rate
27 base information submitted by Verizon-LD, it did not accord that information substantial weight in
28 its analysis of this matter.

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

ORDER

IT IS THEREFORE ORDERED that the proposed tariff revisions be and hereby are approved.

IT IS FURTHER ORDERED that this decision shall become effective immediately.

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 _____ day of _____, 2005.

BRIAN C. McNEIL
Executive Director

DISSENT: _____

DISSENT: _____

EGJ:AFF:lm/JMA

1 SERVICE LIST FOR: Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance
2 DOCKET NO. T-03289A-05-0199

3 Ms. Connie Wightman
4 Technologies Management, Inc.
5 210 North Park Avenue
6 Winter Park, Florida 32789

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

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

17
18
19
20
21
22
23
24
25
26
27
28