

ORIGINAL
1-800-RECONEX
Because Everybody Needs A Phone™



28DR

December 19, 2005

Tariff Administrator
Arizona Corporation Commission
Utilities Division
1200 West Washington
Phoenix, AZ 85007

**RE: 1-800-RECONEX, Inc.'s Responses to Staff's First Set of Data Requests;
Docket No. T-03318A-05-0867**

Dear Tariff Administrator:

Enclosed, please find the original and thirteen (13) copies of the Application, Cover Sheet and 1-800-RECONEX, Inc.'s Responses to Staff's First Set of Data Requests for Docket No. T-03318A-05-0867.

Should you have any questions or concerns, please do not hesitate to contact me directly at (503) 982-5585 or jennifer.sikes@reconex.com.

Sincerely,

Jennifer E. Sikes
Regulatory Manager

Enclosures

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ARIZONA CORPORATION COMMISSION

Application for Price Change to 1-800-RECONEX, Inc.'s Tariff AZ U-1;
Docket Number T-03318A-05-0867

In order to increase the maximum tariff rate for a competitive telecommunications service, the applicant shall submit an application to the Commission containing the following information:

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

Monthly Reoccurring Charge: The rate was adjusted to compensate for the decrease in revenue from removing the 1-800-RECONEX Activation Fee Requirements.

Features: Price was adjusted due to negative margin on Call Waiting and Caller ID

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.

Monthly Reoccurring Charge: The rate was adjusted to compensate for the decrease in revenue from removing the 1-800-RECONEX Activation Fee Requirements.

Features: Price was adjusted due to negative margin on Call Waiting and Caller ID. Price was adjusted above wholesale cost to achieve positive margin

3. A schedule of current rates and proposed rates and the additional revenues to be derived from the proposed rates; (*See attached Data Request for additional details.*)

See attached Data Request

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

Existing customers will not be affected by rate increases or deletion of service offerings. They will maintain enjoying service at the current rates.

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

Existing 1-800-RECONEX customers are not effected by this increase therefore customer notification is not necessary.

1-800-RECONEX, INC., RESPONSES TO ARIZONA CORPORATION COMMISSION
STAFF'S FIRST SET OF DATA REQUESTS

DOCKET NO. T-03318A-05-0867

Please make sure each numbered item and each part of the item is answered completely. In order for Staff to continue with its review of this application, the following information must be submitted:

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

Response:

Prior to any rate adjustment, 1-800-RECONEX contacts all known competitors within the market and, posing as customers, obtain competitor price quotes and plan information. 1-800-RECONEX prices service lower than other prepaid providers or provides customers with a value proposition not found with other providers.

*Response made by: Jennifer E. Sikes, Regulatory Manager
Address: 2500 Industrial Avenue, Hubbard, Oregon 97032
Telephone: 503-982-5585
Facsimile: 503-982-6077
Email: jennifer.sikes@reconex.com*

2. Please explain if the service impacted by the maximum rate increase is being enhanced with new or additional features.

Response:

In adjusting pricing we are removing the customer activation fees and providing the customer with 60 minutes of free long distance every month. Prior to the proposed adjustment customers were required to pay an activation fee and a monthly fee during the first month of service. Removing the activation fee help the customer budget their utility payment by only making one payment in a single month.

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

Response:

This is the first price increase for this tariff.

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

Response:

Local Line - Line Charge (per line)	\$44.99
Caller ID (per line)	\$10.00
Call Waiting (per line)	\$ 5.00
Three-Way Calling (per line)	\$ 5.00
Call Return (per line)	\$10.00
Call Forward (per line)	\$10.00
Nonpublished Number	\$10.00
Change Telephone Number (per line)	\$35.00
Transfer Account to New Address (per line)	\$59.00
Reconnect Previous Customer (per line)	\$59.00

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5. For the service impacted by maximum rate, increases please provide:
- the number customers impacted (please provide a reasonable range or estimate)
 - the total annualized revenue associated with all customers under the existing current and maximum rates (please provide a reasonable range or estimate)
 - the total annualized revenue associated with all customers under the proposed current and maximum rates (please provide a reasonable range or estimate)

Response:

The number of current customers impacted by this price adjustment is zero. Existing customers will not be affected by rate increases or deletion of service offerings. They will maintain enjoying service at the current rates.

There will be no change in revenue predictions for this price adjustment. Future customers will no longer pay an activation fee. This decrease in revenue is off set by adjusting the monthly rate paid by the customer

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6. 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.

Response:

Customer revenue in Arizona represents less than one half of one percent of total revenue. The price adjustment should not increase gross or net revenue on a per customer per month basis

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