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# OPEN MEETING

# ORIGINAL

## MEMORANDUM

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TO: THE COMMISSION

Arizona Corporation Commission

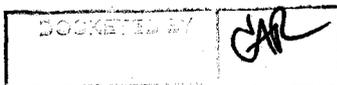
### DOCKETED

AZ CORP COMMISSION  
DOCUMENT CONTROL

FROM: Utilities Division

OCT 03 2002

DATE: October 3, 2002



RE: BELL ATLANTIC COMMUNICATIONS, INC. D/B/A VERIZON LONG DISTANCE  
TARIFF FILING FOR AN INCREASE IN ITS LDMTS PEAK/OFF PEAK MAXIMUM  
RATE (DOCKET NO. T-03289A-02-0423)

On June 6, 2002, Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance ("Verizon") filed tariff revisions to its A.C.C. No. 2 tariff. On September 25, 2002, Verizon submitted revised tariff pages on the maximum and current rates for Long Distance Message Telecommunications Service ("LDMTS") Peak /Off Peak rates. These changes increase the maximum rate for LDMTS Peak /Off Peak rates. The per number requested maximum charge increases peak LDMTS rates to \$0.28 and off-peak to \$0.18.

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 Rule R14-2-1110 applies to Verizon Long Distance's proposal. Staff requested information from Verizon to allow it to determine the potential effects of approval of the filing. Verizon provided information that indicates that the expected revenue effect of this filing is an increase of less than 1 percent in Verizon's Arizona revenues.

Verizon provided evidence to Staff that it has provided customer notification in accordance with Commission rules. Staff has reviewed the customer notification provided and does agree that it is consistent with Commission policy.

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 from Verizon regarding its fair value rate base. The fair value rate base of Verizon is zero. However, the rate to be ultimately charged by Verizon will be heavily influenced by the market. Because of the nature of the competitive market and other factors, a fair

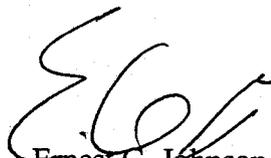
THE COMMISSION

October 3, 2002

Page 2

value analysis is not necessarily representative of the company's operations. Therefore, while Staff considered the fair value rate base information submitted by Verizon, it did not accord that information substantial weight in its analysis of this matter.

Staff recommends approval of this filing.



Ernest G. Johnson

Director

Utilities Division

EGJ:AMG:rdp/LAV

ORIGINATOR: Anthony Gatto

BEFORE THE ARIZONA CORPORATION COMMISSION

1 WILLIAM A. MUNDELL  
2 Chairman  
3 JIM IRVIN  
4 Commissioner  
5 MARC SPITZER  
6 Commissioner

7 IN THE MATTER OF BELL ATLANTIC COMM- )  
8 UNICATIONS INC D/B/A VERIZON LONG )  
9 DISTANCE FOR INCREASES IN LDMTS )  
0 PEAK/OFF PEAK RATES )

DOCKET NO. T-03289A-02-0423  
DECISION NO. \_\_\_\_\_  
ORDER

1 Open Meeting  
2 October 8 and 9, 2002  
3 Phoenix, Arizona

4 BY THE COMMISSION:

5 FINDINGS OF FACT

6 1. On June 6, 2002, Bell Atlantic Communications Inc. d/b/a Verizon Long Distance  
7 (“Verizon”) filed tariff revisions to its A.C.C. Tariff No. 2:

8 Arizona Tariff No. 2

9 Section 3.3.5, Page 30.1 Release 2

10 2. On September 25, 2002, Verizon filed new revised tariff pages with regard to the  
11 maximum and current rates for Long Distance Message Telecommunications Service (“LDMTS”)  
12 Peak /Off Peak rates.

13 2. These new revisions increase the maximum rate for LDMTS Peak /Off Peak rates. The  
14 per number requested maximum charge increases peak LDMTS rates to \$0.28 and off-peak to \$0.18.

15 3. Since this filing increases the maximum rates for a component of a service that has been  
16 classified as competitive under the Commission's Competitive Telecommunications Services Rules,  
17 Arizona Administrative Code Rule R14-2-1110 applies to Verizon Long Distance’s proposal. Staff  
18 requested information from Verizon to allow it to determine the potential effects of approval of the  
19 filing. Verizon provided information that indicates that the expected revenue effect of this filing is an  
20 increase of less than 1 percent in Verizon's Arizona revenues.

21 ...





1 SERVICE LIST FOR: Verizon Long Distance  
2 DOCKET NO. T-03289A-02-0423

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