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OPEN MEETING

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AZ CORP COMMISSION
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MEMORANDUM

TO: THE COMMISSION

FROM: Utilities Division

DATE: August 27, 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. These changes increase the maximum rate for Long Distance Message Telecommunication Service ("LDMTS") Peak /Off Peak rates. The following are the surcharges for which the maximum rates would increase the LDMTS Peak and Off-Peak Business and Residential Maximum Rates. Per number requested maximum charge increases to \$0.50 from \$0.24.

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.

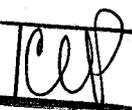
Verizon provided evidence to Staff that it has provided customer notification in accordance with Commission rules. Staff has reviewed the customer notification provided and does agree that it is consistent with Commission policy.

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

Arizona Corporation Commission

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THE COMMISSION

August 27, 2002

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factors, a fair 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.

A handwritten signature in black ink, appearing to read 'EGJ', with a long horizontal line extending to the right.

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-)
UNITIONS, INC. D/B/A VERIZON LONG)
8 DISTANCE FOR INCREASES IN LDMTS)
9 PEAK/OFF PEAK RATES)

DOCKET NO. T-03289A-02-0423
DECISION NO. _____
ORDER

8 Open Meeting
September 17 and 18 2002
9 Phoenix, Arizona

10 BY THE COMMISSION:

11 FINDINGS OF FACT

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

14 Arizona Tariff No. 2
15 Section 3.3.5, Page 30.1 Release 2

16 2. These changes increase the maximum rate for Long Distance Message
17 Telecommunication Service ("LDMTS") Peak and Off-Peak IntraLATA Residential and Business
18 minute to \$0.50 from \$0.24.

19 3. This filing increases the maximum rates for a component of a service that has been
20 classified as competitive under the Arizona Corporation Commission's ("Commission") Competitive
21 Telecommunications Services Rules. Therefore, Arizona Administrative Code Rule R14-2-1110
22 applies to Verizon Long Distance's proposal. The Commission's Utilities Division Staff ("Staff")
23 requested information from Verizon to allow Staff to determine the potential effects of approval of the
24 filing. Verizon provided information that indicates the possible revenue effect of approval of this
25 filing. Verizon provided information that indicates that the expected revenue effect of this filing is
26 an increase of less than 1 percent in Verizon's Arizona revenues.

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ORDER

IT IS THEREFORE ORDERED that Verizon's Arizona Tariff No. 2, Section 3.3.5, Page 30.1, be and hereby is approved.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN McNEIL, Executive Secretary 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 _____, 2002.

BRIAN McNEIL
Executive Secretary

DISSENT: _____

EGJ:AMG:rdp/LAV

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

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4 Consultant
5 Technologies Management, Inc.
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10 Arizona Corporation Commission
11 1200 West Washington
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13 Mr. Ernest G. Johnson
14 Director, Utilities Division
15 Arizona Corporation Commission
16 1200 West Washington
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FINAL ARIZONA LDMTS CUSTOMER NOTIFICATION VERBIAGE:

Verizon Long Distance (VLD) is proposing the following changes to its rates and charges:

Verizon Long Distance Message Telecommunications Service (MTS) in-state and state-to-state rates will be changed. MTS rates apply only if you are **not** enrolled in a long distance calling plan. **Rates on calling plans will not be affected by this rate change.**

For all in-state calls, off peak rates will increase to 18 cents per minute and peak rates will increase to 28 cents per minute. For all state-to-state calls of 3500 miles or less, off peak rates will increase by 4 (four) cents to 18 cents a minute and peak rates will increase by 1 (one) cent to 28 cents per minute. No change is being made to the MTS rates for state-to-state calls of 3501 miles or more.

VLD recently sent you a postcard providing additional detail about this rate increase. That postcard advised you that the increase would become effective on July 7, 2002. However, the increase will not become effective until approved by the Arizona Corporation Commission.

These changes will be voted on at a future Open Meeting of the Arizona Corporation Commission (Commission). These changes will become effective only upon approval by the Commission. If you have any questions, please contact Verizon Long Distance (VLD) at 1-800-483-5000. If you have further questions, you may contact the Consumer Services Section of the Commission at 602-542-4251 or 1-800-222-7000 or you may go to its website at <http://www.cc.state.az.us>.