



0000042399

OPEN MEETING

ORIGINAL 414

MEMORANDUM

Arizona Corporation Commission

RECEIVED

DOCKETED

2002 DEC 13 P 1:09

TO: THE COMMISSION

DEC 13 2002

FROM: Utilities Division

AZ CORP COMMISSION
DOCUMENT CONTROL

DATE: December 12, 2002

DOCKETED BY *CAI*

RE: ALLEGIANCE TELECOM OF ARIZONA, INC. - FILING TO INTRODUCE NON-RECURRING CHARGES FOR LOCAL PRIMARY AND SECONDARY SERVICE ORDERS (DOCKET NO. T-03789A-02-0417)

On June 5, 2002, Allegiance filed tariff revisions to introduce non-recurring charges for local primary and secondary service orders. These charges apply when a local exchange customer requests a change to a service. The non-recurring local Primary Service Order Charge is incurred when a customer requests a change of a more substantial nature, such as adding or moving lines and trunks. The non-recurring local Secondary Service Order Charge is incurred when a customer requests a change of a less substantial nature, such as adding or changing custom calling features. On July 26, 2002, Allegiance filed amended tariff Pages 53 and 113, replacing the Pages 53 and 113 filed on June 5, 2002. On October 3, 2002, Allegiance filed an amended tariff Page 53, replacing the Page 53 filed on July 26, 2002. On October 4, 2002, Allegiance filed an amended tariff Page 53, replacing the Page 53 filed on October 3, 2002. The non-recurring charges that Allegiance proposes to introduce are:

- Primary Service Order Charge, maximum rate of \$35.00 (actual rate would be equal to the maximum rate of \$35.00)
- Secondary Service Order Charge, maximum rate of \$20.00 (actual rate would be equal to the maximum rate of \$20.00)

Allegiance stated that it is introducing these non-recurring charges for local primary and secondary service orders because these charges are consistent with market rates for these services.

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 Allegiance's proposal. Staff requested that Allegiance provide the information required by R14-2-1110 to allow it to determine the potential effects of approval of the filing. Allegiance provided information that indicates that the expected revenue effect of approval of this filing is an increase of less than 1 percent in Allegiance's Arizona revenues.

THE COMMISSION

December 12, 2002

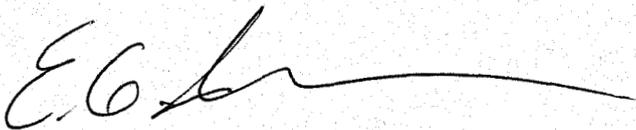
Page 2

Allegiance provided evidence to Staff that it has provided customer notification in accordance with Commission rules. Staff has reviewed the customer notification provided and agrees that it is consistent with Commission policy. (A copy of the notice is attached.)

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 Services rules. Under those rules, rates for competitive services are not set according to rate of return regulation standards. Staff has reviewed the rates of comparable services from other telecommunications providers. Staff has concluded that the proposed maximum rates by Allegiance are similar to those of other carriers for comparable services. Staff has reviewed Allegiance's rates for these services in other western states. Staff has concluded that the Arizona proposed maximum and actual rates by Allegiance are similar to its rates in other western states.

Staff requested information from Allegiance regarding its fair value rate base. The fair value rate base of Allegiance is \$25,096,421. However, the rate to be ultimately charged by Allegiance will be heavily influenced by the market. Because of the nature of the competitive market and other 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 Allegiance, 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:MGK:lhMJMA

Attachment

ORIGINATOR: Marta Kalleberg

Allegiance Telecom, Inc., is proposing to add the following nonrecurring charges to its schedule of rates and charges on file with the Arizona Corporation Commission:

Primary Service Order Charge	\$ 35.00
Secondary Service Order Charge	\$ 20.00

These changes may increase your total charge. 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 call Customer Care at 1-800-553-1989. 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>.

BEFORE THE ARIZONA CORPORATION COMMISSION

1 WILLIAM A. MUNDELL
2 Chairman
3 JIM IRVIN
4 Commissioner
5 MARC SPITZER
6 Commissioner
7 JEFF HATCH-MILLER
8 Commissioner
9 MIKE GLEASON
10 Commissioner

7 IN THE MATTER OF THE APPLICATION OF)
ALLEGIANCE TELECOM OF ARIZONA, INC.,)
8 TO INTRODUCE NON-RECURRING)
CHARGES FOR LOCAL PRIMARY AND)
9 SECONDARY SERVICE ORDERS)

DOCKET NO. T-03789A-02-0417

DECISION NO. _____

ORDER

11 Open Meeting
12 January 14 and 15, 2003
13 Phoenix, Arizona

13 BY THE COMMISSION:

14 FINDINGS OF FACT

15 1. Allegiance Telecom of Arizona, Inc. ("Allegiance") is certified to provide intrastate
16 telecommunications service as a public service corporation in the State of Arizona.

17 2. On June 5, 2002, Allegiance filed tariff revisions to its Arizona Tariff No. 1. On
18 July 26, 2002, Allegiance filed amended tariff Pages 53 and 113, replacing the Pages 53 and 113 filed
19 on June 5, 2002. On October 3, 2002, Allegiance filed an amended tariff page 53, replacing the Page
20 53 filed on July 26, 2002. On October 4, 2002, Allegiance filed an amended tariff Page 53, replacing
21 the Page 53 filed on October 3, 2002. The tariff revisions are listed below:

22 Arizona Tariff No. 2

- 23 Check Sheet, Page 2, Release 7
- 23 Check Sheet, Page 3, Release 7
- 24 Section 4.1.5, Page 53, Release 1 (filed on October 4, 2002)
- 24 Section 5.2.6, Page 72.4, Release 1
- 24 Section 5.2.6, Page 72.5, Release 1
- 25 Section 10, Page 113, Release 4 (filed on July 26, 2002)
- 25 Section 10, Page 116, Release 3
- 26 Section 10, Page 116.1, Original

27 3. This filing introduces non-recurring charges for local primary and secondary service
28 orders. These charges apply when a local exchange customer requests a change to a service. The non-

1 recurring local Primary Service Order Charge is incurred when a customer requests a change of a more
2 substantial nature, such as adding or moving lines and trunks. The non-recurring local Secondary
3 Service Order Charge is incurred when a customer requests a change of a less substantial nature, such
4 as adding or changing custom calling features. The non-recurring charges that Allegiance proposes to
5 introduce are:

- 6 • Primary Service Order Charge, maximum rate of \$35.00 (actual rate would be equal to the
7 maximum rate of \$35.00)
- 8 • Secondary Service Order Charge, maximum rate of \$20.00 (actual rate would be equal to
9 the maximum rate of \$20.00)

10 4. Allegiance stated that it is introducing these non-recurring charges for local primary and
11 secondary service orders because these charges are consistent with market rates for these services.

12 5. Since this filing increases the maximum rate for a component of a service that has been
13 classified as competitive under the Commission's Competitive Telecommunications Services Rules,
14 Arizona Administrative Code Rule R14-2-1110 applies to Allegiance's proposal. Staff requested that
15 Allegiance provide the information required by R14-2-1110 to allow it to determine the potential
16 effects of approval of the filing. Allegiance provided information that indicates that the expected
17 revenue effect of approval of this filing is an increase of less than 1 percent in Allegiance's Arizona
18 revenues.

19 6. Allegiance provided evidence to Staff that it has provided customer notification in
20 accordance with Commission rules. Staff has reviewed the customer notification provided and agrees
21 that it is consistent with Commission policy. (A copy of the notice is attached.)

22 7. The rates contained in this filing are for services that have been classified as
23 competitive by the Commission and that are now subject to the Commission's Competitive
24 Telecommunications Services rules. Under those rules, rates for competitive services are not set
25 according to rate of return regulation standards. Staff has reviewed the rates of comparable services
26 from other telecommunications providers. Staff has concluded that the proposed maximum rates by

27 ...

28 ...

1 Allegiance are similar to those of other carriers for comparable services. Staff has reviewed
2 Allegiance's rates for these services in other western states. Staff has concluded that the Arizona
3 proposed maximum and actual rates by Allegiance are similar to its rates in other western states.

4 8. Staff requested information from Allegiance regarding its fair value rate base. The fair
5 value rate base of Allegiance is \$25,096,421. However, the rate to be ultimately charged by Allegiance
6 will be heavily influenced by the market. Because of the nature of the competitive market and other
7 factors, a fair value analysis is not necessarily representative of the company's operations. Therefore,
8 while Staff considered the fair value rate base information submitted by Allegiance, it did not accord
9 that information substantial weight in its analysis of this matter.

10 9. Staff recommends approval of this filing.

11 CONCLUSIONS OF LAW

12 1. Allegiance is an Arizona public service corporation within the meaning of Article XV,
13 Section 2, of the Arizona Constitution.

14 2. The Commission has jurisdiction over Allegiance and over the subject matter of the
15 Application.

16 3. The Commission, having reviewed the tariff pages (copies of which are contained in the
17 Commission's tariff files) and Staff's Memorandum dated December 12, 2002, concludes the tariff is
18 reasonable, fair and equitable, and is therefore in the public interest.

19 ...
20 ...
21 ...
22 ...
23 ...
24 ...
25 ...
26 ...
27 ...
28 ...

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 tariff pages listed in Findings of Fact No. 2 are approved.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

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 _____, 2003.

BRIAN McNEIL
Executive Secretary

DISSENT: _____

EGJ:MGK:lhmJMA

1 SERVICE LIST FOR: Allegiance Telecom of Arizona, Inc.
2 DOCKET NO. T-03789A-02-0417

3 Mr. David Rose
4 Manager - Regulatory Compliance
5 Allegiance Telecom of Arizona, Inc.
6 9201 North Central Expressway
7 The Pyramids, Building B
8 Dallas, Texas 75231

9 Mr. Carey Roesel
10 Technologies Management, Inc.
11 210 North Park Avenue
12 Winter Park, Florida 32789

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

18 Mr. Ernest G. Johnson
19 Director, Utilities Division
20 Arizona Corporation Commission
21 1200 West Washington Street
22 Phoenix, Arizona 85007

23
24
25
26
27
28

Allegiance Telecom, Inc., is proposing to add the following nonrecurring charges to its schedule of rates and charges on file with the Arizona Corporation Commission:

Primary Service Order Charge	\$ 35.00
Secondary Service Order Charge	\$ 20.00

These changes may increase your total charge. 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 call Customer Care at 1-800-553-1989. 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>.