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July 22, 2002

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Docket Control Center
Arizona Corporate Commission
1200 West Washington
Phoenix, AZ 85007

AZ CORP COMMISSION
DOCUMENT CONTROL

Arizona Corporation Commission
DOCKETED

Re: McLeodUSA Telecommunications Services, Inc.,
ACC Tariff No. 2
Docket No. T-~~03467~~A-02-0500

JUL 23 2002

03267

DOCKETED BY	<i>CAK</i>
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Docket Control Center:

McLeodUSA Telecommunications Services, Inc. ("McLeodUSA") hereby transmits for filing an original and 10 copies of the following responses to the requests from the Arizona Corporate Commission. Please file stamp the extra copy and return it to me in the enclosed, self-addressed, stamped envelope.

McLeodUSA submitted a tariff revision changing the rate for Directory Assistance Direct Dial Call to our tariff dated July 2, 2002 (Issue Date), which was assigned Docket No. T-3267A-02-0500. Marta Kalleberg from the Arizona Corporate Commission responded, in a letter dated July 9, 2002, that this change was a rate increase and McLeodUSA needed to supply additional information for review by the Commission within 10 business days, July 23, 2002. The requests and responses are below:

1. Statement setting for the reasons for which the rate-increase is required;

Qwest has increased their Local and National Directory Assistance Call rates. Per our company policy, McLeodUSA is mirroring Qwest's new Local rates for both current and maximum amounts and their National rate for the current amount.

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;

No, there is no cost based justification for the rate increase. McLeodUSA's policy has been to mirror local LEC DA rates. The LEC rates are dictated by the operating RBOC in that area.

3. A schedule of current rates and proposed rates and the additional revenues to be derived from the proposed rates;

Local Directory Assistance Direct Dial Call:

The current Local rate for a Directory Assistance Direct Dial Call is \$0.47; the current maximum rate of \$1.00.

The proposed current Local rate for a Directory Assistance Direct Dial Call is \$1.11; and the proposed maximum rate is \$1.15.

- The amount of increased revenue per Local Directory Assistance Direct Dial Call is \$0.64. ($\$1.11 - \$0.47 = \$0.64/\text{per call}$)
- During June, 2002, approximately 21,516 Local Directory Assistance Calls were billed in Arizona.

Based on the above figures, the additional revenues to be derived from the proposed rate increase, based on the number of Local Directory Assistance calls in June, 2002, is \$13,770.24.

National Directory Assistance Direct Dial Call:

The current National rate for a Directory Assistance Direct Dial Call is \$0.85; the current maximum rate of \$2.50.

The proposed current National rate for a Directory Assistance Direct Dial Call is \$1.11; and McLeodUSA's current maximum rate of \$2.50 will remain the same.

- The amount of increased revenue per National Directory Assistance Direct Dial Call is \$0.26. ($\$1.11 - \$0.85 = \$0.26/\text{per call}$)
- During June, 2002, approximately 1,940 National Directory Assistance Calls were billed in Arizona.

Based on the above figures, the additional revenues to be derived from the proposed rate increase, based on the number of National Directory Assistance calls in June, 2002, is \$504.40.

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

The affidavit is Attachment A. McLeodUSA currently has only business customers in the state of Arizona.

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

A copy of the notice is attached to the affidavit.

We appreciate your time and attention to this matter. If you have any further questions or concerns, please contact me on (319) 790-2250.

Truly yours,

A handwritten signature in cursive script that reads "Julia Redman-Carter / jrc".

Julia Redman-Carter

Manager

McLeodUSA Telecommunications Services, Inc.,

McLeodUSA Technology Park

6400 C Street SW, P.O. Box 3177

Cedar Rapids, IA 52406-3177

(319) 790-2250

(319) 790-7901 (fax)

Enclosure

AFFIDAVIT OF KIRSTEN POGGENKLASS

State of Iowa

County of Linn

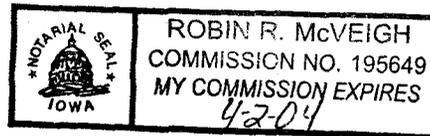
I, Kirsten Poggenklass, being duly sworn on oath, do hereby verify that the attached notice for the proposed rate increase was provided to all Arizona customers in bill inserts beginning May 4 through May 27, 2002.

Further Affiant sayeth not.

Kirsten Poggenklass
(signature)

Subscribed and sworn to before me this 16th day of July, 2002.

Robin R. McVeigh
Notary Public





Rate Change

Due to changing market conditions in Arizona, effective August 1, 2002, the rate for Local Directory Assistance is increasing from \$0.47 to \$1.11 per use and for National Directory Assistance from \$0.85 to \$1.11 per use. This charge will only be applied to your account when you use the Directory Assistance service. Directory Assistance charges are located in the directory assistance detail section of bill.

If you have any questions regarding this change, please contact McLeodUSA Customer Care at the number on the first page of your invoice.



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