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# OPEN MEETING

ORIGINAL

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## MEMORANDUM

Arizona Corporation Commission

**DOCKETED**

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TO: THE COMMISSION

SEP 20 2002

2002 SEP 20 P 3:57

FROM: Utilities Division

DATE: September 20, 2002

DOCKETED BY	<i>CR</i>
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AZ CORP COMMISSION  
DOCUMENT CONTROL

RE: MCLEODUSA TELECOMMUNICATIONS SERVICES, INC. - FILING TO INCREASE THE MAXIMUM RATE FOR LOCAL AND LONG DISTANCE BILLING COPIES TO BUSINESS CUSTOMERS (DOCKET NO. T-03267A-02-0445)

On June 14, 2002, McLeod Telecommunications Services, Inc. ("McLeod") filed tariff revisions to increase the maximum rate for local and long distance billing copies to business customers. The maximum rate for billing copies to business customers would increase to \$10.00 per copy from zero dollars per copy. The current rate would be \$10.00 per copy.

McLeod provided information to Staff indicating that the national average monthly cost per business customer, per additional bill copy is \$9.28. In Arizona, from March to June 2002, the monthly cost for billing copies increased each month from \$9.51 to \$11.80. McLeod is proposing this rate change to cover its national average costs of providing billing copies. McLeod desires to keep its tariff rate for billing copies consistent nationwide.

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

McLeod 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 rate contained in this filing is 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 requested information from McLeod regarding its fair value rate base. McLeod notified Staff that its assets are held by its subsidiary, McLeodUSA Network Services, Inc. ("McLeod Network"). Staff obtained information from McLeod Network regarding its fair value rate base. The

fair value rate base of McLeod Network is \$23,684,476. However, the rate to be ultimately charged by McLeod 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 McLeod, 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:rdp/DR

ORIGINATOR: Marta Kalleberg

BEFORE THE ARIZONA CORPORATION COMMISSION

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

5 IN THE MATTER OF THE APPLICATION OF )  
6 MCLEODUSA TELECOMMUNICATIONS )  
7 SERVICES, INC., TO INCREASE THE )  
8 MAXIMUM RATE FOR LOCAL AND LONG )  
DISTANCE BILLING COPIES TO BUSINESS )  
CUSTOMERS )

DOCKET NO. T-03267A-02-0445

DECISION NO. \_\_\_\_\_

ORDER

9 Open Meeting  
10 October 8 and 9, 2002  
11 Phoenix, Arizona

12 BY THE COMMISSION:

FINDINGS OF FACT

13 1. McLeodUSA Telecommunications Services, Inc. ("McLeod") is certified to provide  
14 intrastate telecommunications service as a public service corporation in the State of Arizona.

15 2. On June 14, 2002, McLeod filed tariff revisions to its Arizona Tariff No. 2:

Arizona Tariff No. 2  
Check Sheet, Page 1, Release 19  
Table of Contents, Page 8, Release 4  
Section 4.1.6, Page 52.1, Original

16  
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18  
19 3. This filing increases the maximum rate for local and long distance billing copies to  
20 business customers.

- 21 • Business Customers, Billing Copies Maximum Rate, increases to \$10.00 per copy from  
22 zero dollars per copy (current rate would be \$10.00 per copy).

23 4. McLeod provided information to Staff indicating that the national average monthly cost  
24 per business customer, per additional bill copy is \$9.28. In Arizona, from March to June 2002, the  
25 monthly cost for billing copies increased each month from \$9.51 to \$11.80. McLeod is proposing this  
26 rate change to cover its national average costs of providing billing copies. McLeod desires to keep its  
27 tariff rate for billing copies consistent nationwide.

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1 SERVICE LIST FOR MCLEODUSA TELECOMMUNICATIONS SERVICES, INC.  
2 DOCKET NO. T-03267A-02-0445

3 Ms. Julia Redman-Carter  
4 Manager  
5 McLeodUSA Telecommunications Services, Inc.  
6 6400 C Street SouthWest  
7 Post Office Box 3177  
8 Cedar Rapids, Iowa 52406-3177

9 Mr. Christopher C. Kempley  
10 Chief Counsel, Legal Division  
11 Arizona Corporation Commission  
12 1200 West Washington Street  
13 Phoenix, Arizona 85007

14 Mr. Ernest G. Johnson  
15 Director, Utilities Division  
16 Arizona Corporation Commission  
17 1200 West Washington Street  
18 Phoenix, Arizona 85007

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## *Local Service Update*

The monthly rate for our Additional Invoice Copy service may increase. This charge will only be applied to your account if you currently receive more than one copy of your monthly invoice or if you request an additional copy in the future. McLeodUSA is proposing the following change to its rates and charges:

- Additional Invoice Copy charge increase to \$10.00

These changes may increase your total charges. 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 McLeodUSA at 1-800-593-1177. If you have further questions, you may contact the Consumer Services Section of the Commission at 1-602-542-4251 or 1-800-222-7000, or you may go to its Web site at <http://www.cc.state.az.us>.



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