



0000045679

OPEN MEETING

ORIGINAL

410

MEMORANDUM

RECEIVED

2002 JUL 19 P 2:55

TO: THE COMMISSION

FROM: Utilities Division

**AZ CORP COMMISSION
DOCUMENT CONTROL**

DATE: July 18, 2002

RE: MCI WORLDCOM COMMUNICATIONS, INC. - FILING TO INCREASE THE CASUAL CALLER PER MINUTE MAXIMUM RATE (DOCKET NO. T-03394A-02-0297)

On April 19, 2002, MCI WorldCom Communications, Inc. ("MWC") filed tariff revisions to increase the Casual Caller per minute maximum rate. A Casual Caller is any person who does not have an established account with MWC who places long distance calls over MWC's network using a carrier identification code, such as 10-10-222. Previous Casual Caller per minute maximum rates were \$0.64 for interlata calls (at peak hours), \$0.48 for interlata calls (at off-peak hours), and \$0.48 for all intralata calls. The Casual Caller per minute maximum rate would increase to \$1.00 for all types of calls. The Casual Caller per minute price list rate would be \$0.6212 for all types of calls.

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

MWC 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 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 MWC are similar to those of other carriers for comparable services.

Arizona Corporation Commission
DOCKETED

JUL 19 2002

DOCKETED BY 

THE COMMISSION

July 18, 2002

Page 2

Staff obtained information from MWC regarding its fair value rate base. The fair value rate base of MWC is \$120,222,947. However, the rate to be ultimately charged by MWC 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 MWC, 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 'E.G. Johnson', with a long horizontal line extending to the right.

Ernest G. Johnson

Director

Utilities Division

EGJ:MGK:rdp/JMA

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) DOCKET NO. T-03394A-02-0297
6 MCI WORLDCOM COMMUNICATIONS, INC.,)
7 TO INCREASE THE CASUAL CALLER PER) DECISION NO. _____
MINUTE MAXIMUM RATE)
ORDER

8 Open Meeting
9 August 20 and 21, 2002
10 Phoenix, Arizona

10 BY THE COMMISSION:

11 FINDINGS OF FACT

12 1. MCI WorldCom Communications, Inc. ("MWC") is certified to provide intrastate
13 telecommunications service as a public service corporation in the State of Arizona.

14 2. On April 19, 2002, MWC filed tariff revisions to its Arizona Tariff No. 2:

15 Arizona Tariff No. 2
16 Check Sheet, Page 1, Release 202
17 Check Sheet, Page 1.1, Release 106
18 Check Sheet, Page 1.1.2, Release 57
19 Section 3.02, Page 27.1.6, Release 2
20 Section 7, Page A-7.2, Release 15

21 3. This tariff filing increases the Casual Caller per minute maximum rate. A Casual Caller is
22 any person who does not have an established account with MWC who places long distance calls over
23 MWC's network using a carrier identification code, such as 10-10-222. Previous Casual Caller per
24 minute maximum rates were \$0.64 for interlata calls (at peak hours), \$0.48 for interlata calls (at off-
25 peak hours), and \$0.48 for all intralata calls. The Casual Caller per minute maximum rate would
26 increase to \$1.00 for all types of calls. The Casual Caller per minute current rate would be \$0.6212
27 for all types of calls.

28 4. Since this filing increases the maximum rates 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 MWC's proposal. Staff directed MWC to

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

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

7 6. The rates contained in this filing are for services that have been classified as
8 competitive by the Commission and that are now subject to the Commission's Competitive
9 Telecommunications Services rules. Under those rules, rates for competitive services are not set
10 according to rate of return regulation standards. Staff has reviewed the rates of comparable services
11 from other telecommunications providers. Staff has concluded that the proposed maximum rates by
12 MWC are similar to those of other carriers for comparable services.

13 7. Staff obtained information from MWC regarding its fair value rate base. The fair value
14 rate base of MWC is \$120,222,947. However, the rate to be ultimately charged by MWC will be
15 heavily influenced by the market. Because of the nature of the competitive market and other factors,
16 a fair value analysis is not necessarily representative of the company's operations. Therefore, while
17 Staff considered the fair value rate base information submitted by MWC, it did not accord that
18 information substantial weight in its analysis of this matter.

19 8. Staff recommends approval of this filing.

20 CONCLUSIONS OF LAW

21 1. MWC is an Arizona public service corporation within the meaning of Article XV,
22 Section 2, of the Arizona Constitution.

23 2. The Commission has jurisdiction over MWC and over the subject matter of the
24 Application.

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

28 4. Under A.R.S. Section 40-250(D), the Commission may approve this filing without a

1 hearing.

2 ORDER

3 IT IS THEREFORE ORDERED that the filing be and hereby is approved.

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

5 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

6
7 CHAIRMAN

COMMISSIONER

COMMISSIONER

8 IN WITNESS WHEREOF, I, BRIAN McNEIL, Executive
9 Secretary of the Arizona Corporation Commission, have
10 hereunto, set my hand and caused the official seal of this
11 Commission to be affixed at the Capitol, in the City of
12 Phoenix, this _____ day of _____, 2002.

13 _____
14 BRIAN McNEIL
15 Executive Secretary

16 DISSENT: _____

17 EGJ:MGK:rdp/JMA

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SERVICE LIST FOR MCI WORLDCOM COMMUNICATIONS, INC.

1 DOCKET NO. T-03394A-02-0297

2 Ms. Randee Klindworth

3 WorldCom

Western Public Policy

4 707 17th Street, Suite 3600

5 Denver, Colorado 80202

6 Mr. Christopher C. Kempley

Chief Counsel, Legal Division

7 Arizona Corporation Commission

8 1200 West Washington Street

Phoenix, Arizona 85007

9 Mr. Ernest G. Johnson

10 Director, Utilities Division

Arizona Corporation Commission

11 1200 West Washington Street

12 Phoenix, Arizona 85007

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MCI(R) is proposing the following changes: For calls accessing our network by dialing 10-10-222, MCI(R) will i) increase the per-minute rate to \$0.6212 for interLATA and intraLATA calls, ii) introduce a surcharge of \$3.75 for intraLATA calls, and iii) increase the surcharge to \$3.75 for interLATA calls. These changes will become effective only upon approval by the Arizona Corporation Commission and will be voted on at a future Open Meeting. If you have any questions, please contact MCI customer service or the ACC at 602-542-4251. MCI seeks an effective date of May 19, 2002. This may increase your MCI(R) total charges.