

ORIGINAL  
OPEN MEETING



0000059892

MEMORANDUM

Arizona Corporation Commission

DOCKETED

RECEIVED

TO: THE COMMISSION

2003 NOV 14 A 11: 17

FROM: Utilities Division

NOV 14 2003

DATE: November 13, 2003

DOCKETED BY

AZ CORP COMMISSION  
DOCUMENT CONTROL

RE: MCI WORLDCOM COMMUNICATIONS, INC. - FILING TO INTRODUCE NO FAULT FOUND DISPATCH CHARGES TO ARIZONA TARIFF NO. 2 (DOCKET NO. T-03394A-03-0674)

On September 15, 2003, MCI filed tariff revisions to its Arizona Tariff No. 2 to make changes to its Casual Caller rate structure. Casual Callers are non-subscribed customers that access MCI's long distance service by direct dial access or by dialing any MCI Carrier Identification Code. Arizona Tariff No. 2 only applies to long distance customers.

Under MCI's current Tariff No. 2, the maximum rates for Casual Caller customers are as follows: interLATA peak maximum rate is \$0.64 (actual rate is \$0.40), interLATA off-peak maximum rate is \$0.48 (actual rate is \$0.28), intraLATA flat maximum rate is \$0.48 (actual rate is \$0.18). Under MCI's current Tariff No. 2, Casual Caller customers are also charged a surcharge per interLATA call. The maximum rate for this surcharge is \$10.00 per interLATA call (actual rate for this surcharge is \$3.49). With this tariff filing, MCI is proposing that the surcharge be eliminated. MCI is proposing that the maximum rate per minute for interLATA and intraLATA Casual Caller calls be \$3.00 (actual rate would be \$1.19).

MCI stated that it is filing these tariff revisions to simplify its pricing structure so that it is uniform nationwide. MCI stated that it is introducing these changes nationwide, for interstate and intrastate long distance. Staff has reviewed MCI's proposals for these services in 49 other states. Staff has concluded that the proposed rate increases are the same in 47 other states, and these other states have approved the filing. In the State of Maine, MCI pulled the filing in order to have additional time to discuss the tariff filing with the Staff and clarify the applicability of the charge. In the State of South Carolina, MCI modified its proposal to set its proposed actual rate equal to the maximum rate that was already approved by the State Commission. The rates in South Carolina are \$0.49 per minute with a \$1.25 surcharge. Staff has also reviewed the tariffs of other providers in Arizona. Other Arizona providers have similar services and charges to MCI's proposal.

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

THE COMMISSION

November 12, 2003

Page 2

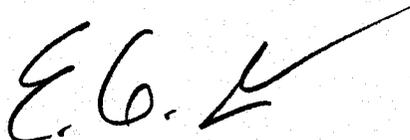
Staff has reviewed MCI's customer notification and believes that it is consistent with Commission rules.

MCI provides long distance service to thousands of residential and business customers throughout the State of Arizona.

Some of 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. Other rates contained in this filing are for services which are not regulated by the Arizona Corporation Commission.

Staff requested information from MCI regarding its fair value rate base. The fair value rate base of MCI is \$120,222,947. However, the rate to be ultimately charged by MCI 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 MCI, 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:hml\GH

ORIGINATOR: Marta Kalleberg

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

**BEFORE THE ARIZONA CORPORATION COMMISSION**

- MARC SPITZER  
Chairman
- WILLIAM A. MUNDELL  
Commissioner
- JEFF HATCH-MILLER  
Commissioner
- MIKE GLEASON  
Commissioner
- KRISTIN K. MAYES  
Commissioner

IN THE MATTER OF THE APPLICATION OF MCI WORLD COM COMMUNICATIONS, INC. TO CHANGE THE CASUAL CALLER RATE STRUCTURE IN ARIZONA TARIFF NO. 2	}	DOCKET NO. T-03394A-03-0674  DECISION NO. _____  <u>ORDER</u>
--	---	---

Open Meeting  
December 2 and 3, 2003  
Phoenix, Arizona

BY THE COMMISSION:

FINDING OF FACT

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

2. On September 15, 2003, MCI filed tariff revisions to its Arizona Tariff No. 2. The tariff revisions are listed below:

- Arizona Tariff No. 2
- Check Sheet, Page 1, Release 229
- Check Sheet, Page 1.1, Release 114
- Check Sheet, Page 1.1.3, Release 6
- Section C, Page 24, Release 33
- Section C, Page 24.1, Release 9
- Section C, Page 27.1.6, Release 2
- Price List, Page A-7.2, Release 15

3. MCI filed tariff revisions to its Arizona Tariff No. 2 to make changes to its Casual Caller rate structure. Casual Callers are non-subscribed customers that access MCI's long distance service by direct dial access or by dialing any MCI Carrier Identification Code. Arizona Tariff No. 2 only applies to long distance customers.

1           4.       Under MCI's current Tariff No. 2, the maximum rates for Casual Caller customers  
2 are as follows: interLATA peak maximum rate is \$0.64 (actual rate is \$0.40), interLATA off-peak  
3 maximum rate is \$0.48 (actual rate is \$0.28), intraLATA flat maximum rate is \$0.48 (actual rate is  
4 \$0.18). Under MCI's current Tariff No. 2, Casual Caller customers are also charged a surcharge  
5 per interLATA call. The maximum rate for this surcharge is \$10.00 per interLATA call (actual  
6 rate for this surcharge is \$3.49). With this tariff filing, MCI is proposing that the surcharge be  
7 eliminated. MCI is proposing that the maximum rate per minute for interLATA and intraLATA  
8 Casual Caller calls be \$3.00 (actual rate would be \$1.19).

9           5.       MCI stated that it is filing these tariff revisions to simplify its pricing structure so  
10 that it is uniform nationwide. MCI stated that it is introducing these changes nationwide, for  
11 interstate and intrastate long distance. Staff has reviewed MCI's proposals for these services in 49  
12 other states. Staff has concluded that the proposed rate increases are the same in 47 other states,  
13 and these other states have approved the filing. In the State of Maine, MCI pulled the filing in  
14 order to have additional time to discuss the tariff filing with the Staff and clarify the applicability  
15 of the charge. In the State of South Carolina, MCI modified its proposal to set its proposed actual  
16 rate equal to the maximum rate that was already approved by the State Commission. The rates in  
17 South Carolina are \$0.49 per minute with a \$1.25 surcharge. Staff has also reviewed the tariffs of  
18 other providers in Arizona. Other Arizona providers have similar services and charges to MCI's  
19 proposal.

20           6.       Since this filing increases the maximum rates for a component of a service that has  
21 been classified as competitive under the Commission's Competitive Telecommunications Services  
22 Rules, Arizona Administrative Code Rule R14-2-1110 applies to MCI's proposal. MCI provided  
23 the information required by R14-2-1110 to allow Staff to determine the potential effects of  
24 approval of the filing. The information provided indicates that the expected revenue effect of  
25 approval of this filing is an increase of less than 1 percent in MCI's Arizona revenues.

26           7.       Staff has reviewed MCI's customer notification and believes that it is consistent  
27 with Commission rules.

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 Finding of Fact No. 2 are approved.

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

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

CHAIRMAN	COMMISSIONER	COMMISSIONER
COMMISSIONER	COMMISSIONER	

IN WITNESS WHEREOF, I BRIAN C. 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 C. McNEIL  
Executive Secretary

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

EGJ:MGK:hml/GH

1 SERVICE LIST FOR: MCI WORLDCOM COMMUNICATIONS, INC.  
2 DOCKET NO. T-03394A-03-0674

3 Ms. Randee Klindworth  
4 WorldCom  
5 Western Public Policy  
6 707 17<sup>th</sup> Street, Suite 3600  
7 Denver, Colorado 80202

8 Mr. Ernest G. Johnson  
9 Director, Utilities Division  
10 Arizona Corporation Commission  
11 1200 West Washington  
12 Phoenix, Arizona 85007

13 Mr. Christopher C. Kempley  
14 Chief Counsel  
15 Arizona Corporation Commission  
16 1200 West Washington  
17 Phoenix, Arizona 85007  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28