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ARIZONA CORPORATION COMMISSION

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2006 AUG 21 P 2:08

August 21, 2006  
AZ CORP COMMISSION  
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Ms. Julia Redman-Carter  
Regulatory Analyst  
McLeodUSA Telecommunications Services Inc.  
One Martha's Way  
PO Box 3177  
Hiawatha, Iowa 52233

Arizona Corporation Commission  
**DOCKETED**

**AUG 21 2006**

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RE: McLeodUSA Telecommunications Services, Inc.  
Docket No. T-03267A-06-0412

Dear Ms. Redman-Carter:

As a competitive telecommunications provider, McLeodUSA Telecommunications Services, Inc. ("McLeodUSA") is subject to Title 14, Article 11 (Competitive Telecommunications Services) of the Arizona Administrative Code. Section 1110 of Title 14, Article 11 describes the procedure for an application to the Arizona Corporation Commission ("Commission") for an increase in the maximum rate(s) for a competitive telecommunications service. In order to increase the maximum tariffed rate(s) for a competitive telecommunications service, the applicant must submit an application to the Commission containing the following information:

1. A statement setting forth the reasons for which a rate increase is required;
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. *(See attached Data Request for additional details.)*
3. A schedule of current rates and proposed rates and the additional revenues to be derived from the proposed rates; *(See attached Data Request for additional details.)*
4. An affidavit verifying that appropriate notice of the proposed rate increase has been provided to customers of the service; and
5. A copy of the customer notification you sent to your customers.

McLeodUSA's filing includes an increase in the maximum rates for the following:

1200 WEST WASHINGTON STREET; PHOENIX, ARIZONA 85007-2927 / 400 WEST CONGRESS STREET; TUCSON, ARIZONA 85701-1347  
[www.cc.state.az.us](http://www.cc.state.az.us)

This document is available in alternative formats by contacting Linda Hogan, ADA Coordinator, voice phone number 602-542-3931, E-mail [LHogan@cc.state.az.us](mailto:LHogan@cc.state.az.us)

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Wire Care for certain business customers  
OneLine Preferred Package for residential customers

Therefore, it will be necessary for you to provide the information described in 1-5 above. Please indicate if any of the information noted above has been already supplied in McLeodUSA's June 22, 2006, filing or provide updated information as needed. The Commission or Staff may request any additional information in support of the application. Staff cannot begin to process this filing until this information is received.

The complete text of Title 14, Article 11 can be found at:

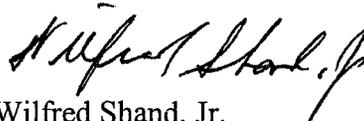
<http://www.cc.state.az.us/rules/telco.htm>

Please provide Docket Control with the information being requested within **10 days** of the date of this letter. Mail an original plus 13 copies to Docket Control, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, Arizona, 85007. If no response is received or if all deficiencies are not remedied within 10 days, Staff will recommend that the application be terminated. If the application is terminated, the Applicant cannot provide the same telecommunications services in Arizona for which it is currently applying, until such time as a new application is filed with and approved by the Commission.

Remember that information submitted for a tariff rate increase is normally made a part of the public record (including financial statements). Any information designated as confidential will not be accepted by Docket Control. If McLeodUSA needs to provide confidential information, please contact me directly.

Please also understand that rate changes do not become effective until they are approved by the Commission. If you have any questions about this matter, please contact me at (602) 542-0830. Thank you for your prompt response to this request.

Sincerely,



Wilfred Shand, Jr.  
Public Utility Analyst Manager  
Utilities Division

Enclosure(s)

CC: Docket Control Center (Original and Thirteen Copies)

STAFF'S FIRST SET OF DATA REQUESTS FOR  
MCLEODUSA TELECOMMUNICATIONS SERVICES, INC.  
DOCKET NO. T-03267A-06-0412

Please make sure each numbered item and each part of the item is answered completely. In order for Staff to continue with its review of this application, the following information must be submitted:

1. A statement setting forth the reasons for which a rate increase is required.
2. For the service impacted by maximum rate, increases please provide:
  - A. the number customers who would be affected by the proposed rate revision (please provide a reasonable range or estimate)
  - B. the total annualized revenue associated with all customers under the existing actual and maximum rates (please provide a reasonable range or estimate)
  - C. the total annualized revenue associated with all customers under the proposed actual and maximum rates (please provide a reasonable range or estimate)
3. Please explain if the expected effect of this filing on the Company's Arizona revenues is less than 1 percent, from 1 to 5 percent, etc.