

ORIGINAL

OPEN MEETING



0000061850

MEMORANDUM

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TO: THE COMMISSION 2006 OCT -3 P 2: 07
FROM: Utilities Division AZ CORP COMMISSION
DATE: October 3, 2006 DOCUMENT CONTROL

RE: IN THE MATTER OF THE APPLICATION OF MCLEODUSA TELECOMMUNICATIONS SERVICES, INC. TARIFF FILING TO INCREASE THE CURRENT AND MAXIMUM RATE FOR WIRE CARE FOR BUSINESS CUSTOMERS AS WELL AS THE ONELINE PREFERRED PACKAGE (DOCKET NO. T-03267A-06-0412)

On June 22, 2006, McLeodUSA Telecommunications Services, Inc. ("McLeodUSA") filed tariff revisions to increase the maximum and current rates for Wire Care for business customers served by McLeod's switch and for the OneLine Preferred Package for residential customers. In this filing, McLeod proposes to increase its maximum monthly charge and actual monthly charge for Wire Care from \$4.00 to \$6.25 and to increase the maximum monthly charge and actual monthly charge for OneLine Preferred Package from \$19.95 to \$28.95. McLeod states that it proposes to price these services at rates equivalent to those of its competitors.

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 R14-2-1110 applies to McLeod's proposal. The rate increases contained in this filing are for services that have been classified as competitive by the Commission and 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.

McLeod attached copies of the notices that it provided to customers who would be affected by the proposed rate increases. Staff has reviewed the notices and concluded that they are consistent with the Commission's notice requirements.

Staff requested information from McLeod to allow it to determine the potential effects of approval of the filing. McLeod provided information that indicates the expected effect of approval of this filing is an increase in McLeod's annual Arizona revenues of less than one percent.

Staff obtained information regarding McLeod's fair value rate base. McLeod indicated that its fair value rate base is greater than \$12 million in Arizona. Because of the nature of the competitive market and other factors, a fair value analysis is not necessarily representative of the

Arizona Corporation Commission

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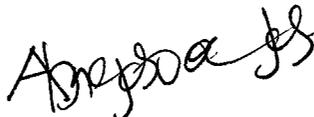
THE COMMISSION

October 3, 2006

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Company's operations. Therefore, while Staff considered the fair value rate base information for McLeod, it did not accord that information substantial weight in its analysis of this matter.

Staff recommends approval of this filing.



for Ernest G. Johnson
Director
Utilities Division

EGJ:WMS:lhm\JMA

ORIGINATOR: Wilfred Shand, Jr.

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BEFORE THE ARIZONA CORPORATION COMMISSION

JEFF HATCH-MILLER
Chairman
WILLIAM A. MUNDELL
Commissioner
MIKE GLEASON
Commissioner
KRISTIN K. MAYES
Commissioner
BARRY WONG
Commissioner

IN THE MATTER OF THE APPLICATION) DOCKET NO. T-03267A-06-0412
OF MCLEODUSA)
TELECOMMUNICATIONS SERVICES,) DECISION NO. _____
INC. TARIFF FILING TO INCREASE THE) ORDER
CURRENT AND MAXIMUM RATE FOR)
WIRE CARE FOR BUSINESS CUSTOMERS)
AS WELL AS THE ONELINE PREFERRED)
PACKAGE)

Open Meeting
October 17 and 18, 2006
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On June 22, 2006, McLeodUSA Telecommunications Services, Inc. ("McLeodUSA") filed tariff revisions to increase the maximum and current rates for Wire Care for business customers served by McLeod's switch and for the OneLine Preferred Package for residential customers.

2. In this filing, McLeod proposes to increase its maximum monthly charge and actual monthly charge for Wire Care from \$4.00 to \$6.25 and to increase the maximum monthly charge and actual monthly charge for OneLine Preferred Package from \$19.95 to \$28.95:

McLeodUSA Telecommunications, Services, Inc.

Tariff A.C.C. No. 3, Sheet No. 2, Forty-First Revised
Tariff A.C.C. No. 3, Sheet No. 3, Thirty-Sixth Revised
Tariff A.C.C. No. 3, Sheet No. 72, Sixth Revised
Tariff A.C.C. No. 3, Sheet No. 79, Fifth Revised
Tariff A.C.C. No. 3, Sheet No. 108, Fifth Revised

3. The Commission, having reviewed the tariff pages (copies of which are contained in the Commission's tariff files) and Staff's Memorandum dated October 3, 2006 concludes that approval of the filing is reasonable, fair and equitable, and is therefore in the public interest.

ORDER

IT IS THEREFORE ORDERED that the filing be and hereby is 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 Director 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 _____, 2006.

BRIAN C. McNEIL
Executive Director

DISSENT: _____

DISSENT: _____

EGJ:WMS:lhmvJMA

1 SERVICE LIST FOR: McLeodUSA Telecommunications Services, Inc.
2 Docket No. T-03267A-06-041

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4 Regulatory Analyst
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10 Director, Utilities Division
11 Arizona Corporation Commission
12 1200 West Washington
13 Phoenix, Arizona 85007

14 Mr. Christopher C. Kempley
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