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Arizona Corporation Commission
DOCKETED

November 14, 2006

Via Overnight Mail

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Docket Control Center
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, AZ 85007

Re: In the Matter of the Tariffing and Notice Requirements for Combined Interstate and Intrastate Calling Plans (Generic Investigation and Rulemaking)
(Docket No. RT-00000J-05-0329)

Enclosed please find an original and 13 copies of the individual objections and responses of AT&T Corporation of the Mountain States, Inc. ("AT&T"), TCG Phoenix ("TCG"), SBC Long Distance LLC, d/b/a AT&T Long Distance Services, and SNET America, Inc., d/b/a AT&T Long Distance East to Staff's Second Set of Data Requests dated October 26, 2006 in the above-referenced proceeding.

Please contact me if you have any questions or need additional information.

Sincerely,

Janice L. Ono
Associate Director - Regulatory

Enclosures

cc: Matthew Rowell (via email and Overnight Mail)

AZ CORP COMMISSION
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Question: Is it permissible under Arizona Rules and Statutes for an interexchange carrier to impose surcharges that pertain to both interstate and intrastate long distance calls but not to include those surcharges in the intrastate Arizona tariff filed with the Arizona Corporation Commission? Please explain your answer in detail.

Response: AT&T Communications of the Mountain States, Inc. ("AT&T – Mountain States"), TCG Phoenix ("TCG"), and SBC Long Distance LLC, d/b/a AT&T Long Distance Services ("SBC LD") (collectively referred to for the purpose of these responses as "AT&T")¹ object to the question because it assumes a hypothetical construct of a surcharge which is not known to exist at least as the question pertains to AT&T. AT&T objects because the request does not seek data, but is asking for a legal conclusion based on a hypothetical fact pattern not known to exist. Further, AT&T objects to the use of the term "surcharges" as not being a defined term. Subject to these objections, AT&T provides the following response:

Various charges, surcharges and fees can appear a customer's bill. The Commission's own website lists the following eight charges:

- Monthly Service Charge
- Line Backer or Inside Wire Maintenance Charge
- Federal Access Charge
- Arizona Universal Service Fund
- Federal Universal Service Fund
- 911 Access Charge
- Late Charges
- Federal Excise Tax

In context, it appears what is being referenced by the data request is the recurring monthly service charge for having a long distance service plan as well as any interstate fee billed to an end user who is PIC-ed to a long distance carrier. Based on this assumption, AT&T provides the following answer.

¹ While SNET America, Inc., d/b/a AT&T Long Distance East, concurs in this response, it does not market long distance service to Arizona consumers.

AT&T offers a variety of long distance intrastate and interstate long distance service or toll plans. A typical plan will have a recurring monthly charge that permits the end user to make long distance calls. In addition to the monthly recurring charge, the end user would be billed for the minutes of use in excess of the included minutes (if any). AT&T also offers flat-rate plans that provide the customer with unlimited long distance minutes.

AT&T offers interstate long distance service in accordance with the Federal Communications Commission's regulations. The rates, terms and conditions of its interstate service offerings are specified in service guides publicly available on an Internet website. For AT&T - Mountain States and TCG, see <http://www.att.com/serviceguide>. For SBC LD, see <http://www.sbc.com/ldguidebooks>. The service guides describe the monthly recurring charges that apply to the rate plan selected by the customer. Such charges apply regardless if the customer elects to make interstate calls during that month.

AT&T also offers intrastate long distance service in Arizona. The rates it charges for intrastate calls are stated in its tariffs reviewed by and on file with the Arizona Corporation Commission.

The intrastate tariffs for the listed AT&T entities clearly denote that the intrastate services are an add-on or offered in conjunction with AT&T's interstate offering. The tariffs list all charges that apply to the intrastate calls made by the end user (typically, a per minute rate). In addition, the intrastate tariffs would state that the intrastate service is being offered in conjunction with the interstate service offering, which has its own terms and conditions of service. In some instances, the tariffs, although not required to do so, would even denote that the interstate calling plans have a monthly recurring charge. See attached examples of AT&T tariffs.

Therefore, as reflected in the intrastate tariffs on file with the Commission, the rates for intrastate calls are specified. There are no additional surcharges that apply to intrastate calls. Thus, the data request assumes a hypothetical construct that does not apply to the AT&T entities providing long distance service in Arizona.

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SECTION 5 - OPTIONAL CALLING PLANS

5.65 AT&T 100 MONTHLY MINUTES (USOC: BLKM1)

AT&T Residential Customers who currently subscribe to or select AT&T as their primary long distance carrier and subscribe to AT&T or any AT&T affiliate as their primary local exchange carrier can enroll in this plan. Customers can enroll in this plan by completing and returning a written subscription form to AT&T, call a designated AT&T 800 number or subscribe during a marketing contact with AT&T.

This plan is an add-on to the interstate AT&T 100 Monthly Minutes offer, which includes a monthly recurring charge that entitles the Customer to 100 minutes of interstate and intrastate dial station usage. This offer will be available only where facilities and billing capabilities exist. All other terms and conditions, extensions or expirations and Customer eligibility are contained in the Consumer AT&T Service Guide.

5.65.1 RATES AND CHARGES

Usage in excess of the block of time:

<u>Class of Service</u>	<u>Maximum Rate Per Minute</u>
InterLATA Calls	\$0.27
IntraLATA Calls	\$0.27

NOTE 1: See Price List for current rates

Advice No. 556

SECTION 5 - OPTIONAL CALLING PLANS

5.63 AT&T SEVEN CENTS PLAN (USOC: CPMPQ)

5.63.1 RATES AND CHARGES

<u>Eligible Dial Station Calls</u>	<u>Rate Per Minute</u>
InterLATA Calls	\$0.14
IntraLATA Calls	\$0.14

5.64 AT&T LUCENT APPRECIATION PROGRAM (USOC: CPMAE, CPMAH)

5.64.1 RATES AND CHARGES

<u>Eligible Dial Station Calls</u>	<u>Rate Per Minute</u>	
InterLATA Calls	\$0.25	
IntraLATA Calls	\$0.25	

<u>Eligible Calling Card Calls</u>	<u>Rate Per Minute</u>	<u>Service Charge</u>
	\$0.35	\$0.35

5.65 AT&T 100 MONTHLY MINUTES (USOC: BLKM1)

5.65.1 RATES AND CHARGES

Usage in excess of the block of time:

<u>Class of Service</u>	<u>Rate Per Minute</u>
InterLATA Calls	\$0.09
IntraLATA Calls	\$0.09

(N)

(N)



Display Category: Block-Of-Time Offers
Specific Offer: AT&T 100 Monthly Minutes

UID: BOT05001DD

Description

This plan offers you a block-of-time of up to 100 direct dialed station state-to-state and in-state long distance minutes for a monthly recurring charge. This plan has a per minute rate on all direct dialed station state-to-state minutes made beyond the block-of-time.

Terms and Conditions

“You” and “Your” mean current or potential customers of this AT&T Plan. You must be classified as a residential customer by your Local Telephone Company.

“AT&T” is generally defined in Customer’s Service Agreement. If not defined in Customer’s Service Agreement, AT&T means the AT&T Affiliate that enters into the Service Agreement with the Customer, or any permitted assignee or successor in interest of such AT&T Affiliate. For purposes of this definition, an AT&T Affiliate means AT&T Corp. or an entity that controls, is controlled by or is under common control with AT&T Corp but excludes entities that are Incumbent Local Exchange Carriers in the US.

1. To participate in this plan, you must:

- Currently have, or choose AT&T as your Primary Long Distance Carrier.
- Currently have, or choose AT&T or any of AT&T’s Affiliates as your Local Exchange Carrier.
- Subscribe to a corresponding in-state offer.
- Enroll in this plan by doing **one** of the following:
 - Complete and return a written subscription form to AT&T.
 - Call a designated AT&T 800 number to subscribe.
 - Subscribe during a marketing contact with AT&T.

2. This plan includes the following types of calls:

- AT&T direct dialed station state-to-state and in-state long distance calls that are:
 - made from your home,
 - billed to your main residential telephone account, and
 - made without using an AT&T Operator or an AT&T automated call processing system.

3. AT&T will provide the benefits of this plan until one or more of the following events occur:

- AT&T changes and/or discontinues this plan.

AT&T Service Guides are subject to and part of the AT&T Consumer Services Agreement and may be changed and/or discontinued by AT&T.



- AT&T is notified that you no longer subscribe to AT&T as your Primary Long Distance Carrier. Discontinuance will be effective as of the date AT&T's records show that you no longer subscribe to AT&T.
 - You notify AT&T that you want to withdraw from this plan.
4. **You can enroll in only one state-to-state pricing plan for AT&T direct dialed station calls for each main residential telephone account unless AT&T notes otherwise.**
5. **AT&T will bill for this plan based on the following:**
- Duration of each call is recorded in whole minutes, with partial minutes rounded up to the next whole minute (for example, a 45-second call will be billed as a one-minute call).
 - If your main residential telephone account has multiple lines associated with it, your Monthly Recurring Charges and usage charges for that account will be billed as if you have a single line account even though you have multiple lines.
 - The following conditions apply to the Monthly Recurring Charge (MRC) component of this plan. The MRC is:
 - Billed in advance (you may have two MRCs charged to your account in the first billing month, which apply to the month you enrolled as well as the next month).
 - Applied in full whether or not you make any calls.
 - Applied in full whether or not your billing period covers a full month.
 - You will receive up to 100 minutes of direct dialed station state-to-state and in-state long distance calling in fractional billing months.
 - Billing Availability:
 - This plan is subject to billing and technical availability and is available where AT&T provides and issues the bill.
 - Please call your AT&T Customer Care representative who can check availability in your area.

Rates and Charges

- A Monthly Recurring Charge of \$8.00 applies which includes up to 100 minutes of direct dialed station state-to-state and in-state long distance calling each month.
- Unused block-of-time minutes will not be carried over to the next month.
- AT&T will rate all direct dialed station state-to-state minutes beyond the monthly minute allotment at 9¢ a minute 24 hours a day, seven days a week.
- Miscellaneous Charges, Credits and Taxes may apply.
- In-state rates not included in the monthly minute allotment may vary and may be higher. Additional information is available for those few states where AT&T will be providing in-state long distance services under the AT&T Consumer Services Agreement.

AT&T Service Guides are subject to and part of the AT&T Consumer Services Agreement and may be changed and/or discontinued by AT&T.

Interexchange Service Tariff

SECTION 3 - DESCRIPTION OF SWITCHED SERVICES

3.7 Custom Business Services (continued)

3.7.51 Signature Block of Time

- (A) Signature Block of Time is a custom combination Business Optional Calling Plan for outbound, switched Toll Free Service, and Calling Card long distance calling. For Services Provided via a Switched Access arrangement, Business Customers may subscribe to this Business Optional Calling Plan for the provision of (1) intrastate interLATA and intrastate IntraLATA calling; or (2) intrastate InterLATA calling only and select another company for the provision of the Customer's intrastate IntraLATA calling; or (3) intrastate IntraLATA calling only and select another company for the provision of the Customer's intrastate InterLATA calling. This Business Optional Calling Plan is established at the BTN level only. Multiple BTN aggregation is not available with this Service. If the Customer or Applicant selects a different Business Optional Calling Plan for specific WTN(s), the Customer or Applicant is required to establish a separate BTN for each variation.

Outbound Direct-Dialed calls, TFS calls, and fully automated operator assisted and operator dialed calls billed to the Calling Card B Option 2, Category 12 are billed in increments of one (1) seconds subject to a minimum connection time (initial period) of eighteen (18) seconds.

- (B) For a specific MRC, the Customer receives a block of time of one-plus (1+) interstate and intrastate Direct-Dialed outbound, switched Toll Free Service, and Calling Card B Option 2, Category 12 MOU for all lines under the BTN that is presubscribed to the Company under this plan. The block of time may be used (1) for placing one-plus (1+) Direct-Dialed outbound calls that originate from a line presubscribed to the Company and (2) for receiving interstate and intrastate Toll Free Service calls on the same presubscribed line. Interstate and intrastate fully - automated intrastate calls billed to Calling Card B Option 2, Category 12 are included in the block.

The Customer is required to commit a 1-Year, 2-Year or 3-Year term agreement with the Company. Early Termination and/or Under Utilization Fees as defined in Section 2.26 of this Tariff will be

assessed.

All usage in excess of the block of time minutes will be billed at a fixed rate per minute. See Section 1.7.51 of the Price List for the per minute rate after the block of time has been used. Any minutes not used in a billing cycle will not be carried over to the next billing cycle. No credit will be given for any unused minutes.

Interexchange Service Tariff

SECTION 3 - DESCRIPTION OF SWITCHED SERVICES

3.7 Custom Business Services (continued)

3.7.51 Signature Block of Time (continued)

(B) Continued

For Customers subscribing to this Business Optional Calling Plan, a per call charge does not apply to calls billed to the fully B automated Calling Card Option 2 B Category 12.

(C) When ordering Service, the Customer or Applicant must specify if Signature Block of Time is to be used for outgoing calls only, Toll Free Service calls, or both.

(D) The Signature Block of Time is available to new or existing Customers or Applicants that:

.1 requests to be provisioned under the Signature Block of Time Business Optional Calling Plan;

.2 utilize Switch Access to receive calls from the long distance network for Toll Free Service and/or to reach the long distance network for outbound calling;

.3 commit to:

-an MRC of \$39, \$90, \$175, \$255, or \$320 per month for a 1-Year term plan or

-an MRC of \$39, \$90, \$175, \$255, or \$320 per month for a 2-Year term plan or 3-Year term plan and sign a written term plan agreement with the Company.

Interexchange Service Tariff

SECTION 3 - DESCRIPTION OF SWITCHED SERVICES

3.7 Custom Business Services (continued)

3.7.51 Signature Block of Time (continued)

(D) Continued

.4 newly subscribe to, or currently are subscribing to, at the time of order, switched local telephone service with an Affiliated LEC or Affiliated CLEC under a term plan agreement for local business Access Lines which include but are not limited to PBX trunks, local PRI service, T1 integration access service, Centrex or Plexar; and

.5 select one of the following Block of Time minutes for a specific MRC, as described in Section 1.7.51 of the Price List:

- .a 1000 Minutes
- .b 2500 Minutes
- .c 5000 Minutes
- .d 7500 Minutes
- .e 10000 Minutes

- (E) The start of Service date for Signature Block of Time may be on or after the installation date of the local business Access Line(s) as described in Section 3.7.51 (D).4 of this Tariff.
- (F) Changes to the Signature Block of Time plan will be effective on the day the Customer's change order is processed. If an existing Customer initially subscribes to the Signature Block of Time in the middle of its billing cycle, the changes will be effective on the first day after the Customer's change order is processed.
- (G) Customers that subscribe to Signature Block of Time may move between the number of minutes in the block of time, described in Section 3.7.51(D).5 of the Tariff. The rules and regulations of Under Utilization and/or Early Termination Fees, as defined in Section 2.26 of this Tariff, will apply.

Interexchange Service Price List

1.7 Custom Business Services (continued)

1.7.51 Signature Block of Time

The MRCs for each block of time Business Optional Calling Plan are shown in the table below in the column labeled MRC. The per minute rates for intrastate Direct-Dialed outbound one-plus (1+), Toll Free Service, and fully-automated, operator assisted, and operator dialed calls billed to the Calling Card B Option 2 Category 12 after the block of time has been used is shown in the table below in the column labeled Rate Over Block.

Signature Block of Time Rate Plan	MRC	Rate Over Block
1000 MOUs 1-Year Term	\$39	\$0.052
1000 MOUs 2-Year Term	\$39	\$0.050
1000 MOUs 3-Year Term	\$39	\$0.048
2500 MOUs 1-Year Term	\$90	\$0.048
2500 MOUs 2-Year Term	\$90	\$0.046
2500 MOUs 3-Year Term	\$90	\$0.044
5000 MOUs 1-Year Term	\$175	\$0.046
5000 MOUs 2-Year Term	\$175	\$0.044
5000 MOUs 3-Year Term	\$175	\$0.042
7500 MOUs 1-Year Term	\$255	\$0.044
7500 MOUs 2-Year Term	\$255	\$0.042
7500 MOUs 3-Year Term	\$255	\$0.040
10000 MOUs 1-Year Term	\$320	\$0.042
10000 MOUs 2-Year Term	\$320	\$0.040
10000 MOUs 3-Year Term	\$320	\$0.038

The per call charge for operator assisted and operator dialed calling cards billed to the Calling Card B Option 2, Category 12 may be found in Section 1.1.1 (B).2.a, Section 1.1.2 (B), and Section 1.1.2 (C) of the Price List.

Question: How should A.A.C. R12-2-1106(B)(4), A.A.C. R14-2-1109, and A.C. R14-2-1110 be interpreted with respect to charges for intrastate and interstate services provided in conjunction with each other? For example, a surcharge that applies regardless of which type (intrastate or interstate) of calls are actually made.

Response: Subject to the objections noted in response to Data Request No. 1, AT&T provides the following information.

The question assumes that the monthly recurring charge applies because the customer elects to make intrastate calls, the assumption is invalid as to AT&T's rate plans. The monthly recurring charge applies because the customer has elected to purchase an interstate rate plan from AT&T. The fact that a customer may only make intrastate calls or interstate calls or a combination of the interstate and intrastate calls or no long distance calls at all during a particular month does not mean the charge is not owed. Likewise, if a customer subscribes to internet access service or a cable TV service, the customer is still obligated to pay the provider's monthly bill even if the customer elects not to switch on his or her computer or TV during the month.

If the customer does make solely intrastate calls, the customer is charged the intrastate tariff rate for those calls and is charged the monthly recurring charge for the interstate rate plan selected. If a carrier, such as one of the AT&T certificated entities, wanted to add a monthly recurring charge to its intrastate tariff, it could apply to do so. However, the fact that it has not imposed such an intrastate charge does not make the interstate monthly recurring charge invalid.

Specifically, with regard to the above-referenced administrative regulations, they provide:

A.A.C. R14-2-1106(B)(4) requires a telecommunications company to maintain on file with the Commission all current tariffs and rates.

A.A.C. R14-2-1109 concerns pricing of competitive services.

A.C. R14-2-1110 describes the process for rates of competitive services.

The sections do not appear to be violated because AT&T incorporates a monthly recurring charge in its interstate rate plans. In fact, such a fee is beyond the jurisdiction of this Commission. The proper forum to challenge such a fee is the Federal Communications Commission ("FCC") as the agency with exclusive jurisdiction over interstate telecommunications service offerings.

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Question: If a surcharge is said to apply to interstate toll charges only, but is also charged by the carrier when the customer makes solely intrastate toll charges, should the surcharge be included in the provider's intrastate tariff filed with the Arizona Corporation Commission and subject to the Commission's rules cited in question 2 above?

Response: Subject to the objections noted in response to Data Request No. 1, the question assumes that the monthly recurring charge applies because the customer elects to make intrastate calls, the assumption is invalid as to AT&T's rate plans. The monthly recurring charge applies because the customer has elected to purchase an interstate rate plan from AT&T. The fact that a customer may make only intrastate calls or only interstate calls or a combination of the interstate and intrastate calls or no long distance calls at all during a particular month does not mean the charge is not owed. If the customer does make solely intrastate calls, the customer is charged the intrastate tariff rate for those calls and is charged the monthly recurring charge for the interstate rate plan selected.

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Question: Should a new surcharge applicable to interstate toll calls, but which the carrier charges when solely intrastate toll calls are made, be included in the calculation of the carrier's maximum rate for purposes of A.A.C. 14-2-1110?

Response: Subject to the objections noted in response to Data Request No. 1, the question assumes that the monthly recurring charge applies because the customer elects to make intrastate calls, the assumption is invalid as to AT&T's rate plans. The monthly recurring charge applies because the customer has elected to purchase an interstate rate plan from AT&T. The fact that a customer may make only intrastate calls or only interstate calls or a combination of the interstate and intrastate calls or no long distance calls at all during a particular month does not mean the charge is not owed. If the customer does make solely intrastate calls, the customer is charged the intrastate tariff rate for those calls and is charged the monthly recurring charge for the interstate rate plan selected.

Also, it should be noted, that the monthly recurring charge is a flat rate fee, it is not a surcharge that applies on a per toll call basis.

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Question: When bundled interstate and intrastate toll packages are offered, are the packages subject to both federal and state statutes, rules and requirements?

Response: Certain services included in a toll package would be subject to state jurisdiction while other services would be subject to federal jurisdiction. Specifically, the intrastate regulated telecommunication services included in the package would be subject to the applicable state statutes, rules and requirements. The interstate regulated telecommunication services would be subject to the applicable federal statutes, rules and regulations. An interstate regulated telecommunication service would not become subject to state jurisdiction merely because it was included in a toll package of intrastate and interstate service offerings.

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