

ORIGINAL
OPEN MEETING



MEMORANDUM

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Arizona Corporation Commission

TO: THE COMMISSION

DOCKETED

2003 DEC 30 A 9:37

FROM: Utilities Division

DEC 30 2003

AZ CORP COMMISSION
DOCUMENT CONTROL

DATE: December 30, 2003

DOCKETED BY	
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RE: IN THE MATTER OF AT&T COMMUNICATIONS OF THE MOUNTAIN STATES
TARIFF FILING TO INTRODUCE THE ALL IN ONE PREFERENTIAL HUNT
FEATURE FOR AT&T LOCAL EXCHANGE (DOCKET NO. T-02428A-03-0847)

On November 24, 2003, AT&T Communications of the Mountain States ("AT&T") filed tariff revisions to its A.C.C. Local Exchange Tariff. On November 24, 2003, AT&T submitted revised tariff pages on the maximum and current rates for Preferential Hunt Feature. Currently the Preferential Hunt Feature is being provided with no charge. The new rate for this service is \$4.50 with a maximum rate of \$13.50.

Since this filing increases the maximum rate 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 AT&T's proposal. Staff requested information from AT&T to allow it to determine the potential effects of approval of the filing. AT&T provided information that indicates that the expected revenue effect of this filing is an increase of less than 1 percent in AT&T's Arizona revenues.

AT&T has authority to provide the same service and rates proposed in 19 states in the US. Staff has reviewed rates with other major companies in Arizona and finds that they are comparable with the rates proposed by AT&T.

AT&T 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 rules.

The rates 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 service rules. Under those rules, rates for competitive services are not set according to rate of return regulation standards. Staff obtained information from AT&T regarding its fair value rate base. The fair value rate base of AT&T is zero. However, the rate to be ultimately charged by AT&T will be heavily influenced by the market. Because of the nature of the competitive market and other factors, a fair value analysis is

THE COMMISSION

December 30, 2003

Page 2

not necessarily representative of the company's operations. Therefore, while Staff considered the fair value rate base information submitted by AT&T, 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 'EGJ', with a long horizontal stroke extending to the right.

Ernest G. Johnson

Director

Utilities Division

EGJ:AMG:rdp/MAS

ORIGINATOR: Anthony Gatto

RECEIVED



Patrick A. Clisham
Arizona State Director

2003 DEC -9 P 1:35

320 E. Broadmoor Court
Phoenix, AZ 85022
602 315-5312
FAX 303 294-7337
clisham@att.com

AZ CORP COMM
DOCUMENT CONTROL

December 9, 2003

Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

Attn: Docket Control

Re: AT&T Communications of the Mountain States, Inc.
Advice No. 445
Docket No. T-02428A-03-0847

Attached is a copy of the customer notification letter and affidavit of mailing that was mailed to customers affected by the above referenced docket. The notification letter was reviewed and approved by ACC staff prior to its mailing to ensure its conformity with existing ACC requirements.

Please call if you have any questions.

Yours truly,

A handwritten signature in black ink, appearing to be "P. Clisham", written over a horizontal line.

Patrick A. Clisham

Enclosures



November 12, 2003

Dear Valued AT&T All In One Customer,

AT&T is pleased to provide you with the convenience and savings that you enjoy as an All In One[®] Service customer. We continuously strive to ensure that this service is the best in the market. One of the functions that your phone service provides is "hunting." The hunt feature works by transferring an incoming call from a busy line to a free line, to maximize the number of customer calls that your staff can answer promptly. It's a small feature, but it improves your ability to handle a higher volume of calls efficiently.

Previously, we provided this feature to you at no charge. AT&T is proposing to implement a monthly fee for this feature of \$4.50 with a maximum rate of \$13.50. The proposed effective date for this fee is January 19, 2004. This change may increase your total charge. Our fee, \$4.50, is still 50% less than the regional phone company charges. Even with this fee, AT&T's All In One bundled plan continues to provide a great value for your business.

This change will be voted on at a future Open Meeting of the Arizona Corporation Commission. This change will become effective only upon approval by the Commission.

If you have any questions, please contact AT&T's Customer Care Center at 877-325-0445 or call your AT&T Account Executive. If you have further questions, you may contact the Consumer Services Section of the Commission at 602-542-4251 or 1-800-222-7000 or may go to its website at <http://www.cc.state.az.us>.

We appreciate the opportunity to serve you, and thank you for doing business with AT&T.

Sincerely,

AT&T All In One Service

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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 AT&T
 COMMUNICATIONS OF THE MOUNTAIN
 STATES TARIFF FILING TO INTRODUCE
 THE ALL IN ONE PREFERENTIAL HUNT
 FEATURE FOR AT&T LOCAL
 EXCHANGE

DOCKET NO. T-02428A-03-0847
 DECISION NO. _____
ORDER

Open Meeting
 January 13 and 14, 2004
 Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. AT&T Communications of the Mountain States ("AT&T") is certified to provide intrastate telecommunications service as a public service corporation in the State of Arizona.

2. On November 24, 2003, AT&T filed tariff revisions to its Arizona Tariff. The tariff revisions are listed below:

Arizona Tariff
 Section 7, second revised Page 11
 Section 7, first revised Page 38

3. Currently the Preferential Hunt Feature is being provided with no charge. The new rate for this service is \$4.50 with a maximum rate of \$13.50.

4. AT&T stated that it is filing these tariff revisions to enable it to recover the costs it incurs when business customers make changes to the local exchange services they receive from AT&T. Staff has reviewed AT&T's proposals for these services in nineteen other states in which

1 AT&T filed similar proposals. Staff has concluded that its proposal in Arizona is similar to its
2 proposals in other states. Additionally, Staff has determined that there are several providers in
3 Arizona with similar charges.

4 5. Since this filing increases the maximum rates for a component of a service that has
5 been classified as competitive under the Commission's Competitive Telecommunications Services
6 Rules, Arizona Administrative Code Rule R14-2-1110 applies to AT&T's proposal. AT&T
7 provided the information required by R14-2-1110 to allow Staff to determine the potential effects
8 of approval of the filing. The information provided indicates that the expected revenue effect of
9 approval of this filing is an increase of less than 1 percent in AT&T's Arizona revenues.

10 6. Staff has reviewed AT&T's customer notification and believes that it is consistent
11 with Commission rules.

12 7. The rates contained in this filing are for services that have been classified as
13 competitive by the Commission and that are now subject to the Commission's Competitive
14 Telecommunications Services Rules. Under those rules, rates for competitive services are not set
15 according to rate of return regulation standards.

16 8. Staff requested information from AT&T regarding its fair value rate base. The fair
17 value rate base of AT&T is zero. However, the rate to be ultimately charged by AT&T will be
18 heavily influenced by the market. Because of the nature of the competitive market and other
19 factors, a fair value analysis is not necessarily representative of the company's operations.
20 Therefore, while Staff considered the fair value rate base information submitted by AT&T, it did
21 not accord that information substantial weight in its analysis of this matter.

22 9. Staff recommends approval of this filing.

23 CONCLUSIONS OF LAW

24 1. AT&T Communications of the Mountain States is an Arizona public service
25 corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

26 2. The Commission has jurisdiction over AT&T and over the subject matter of the
27 Application.

28

1 SERVICE LIST FOR: AT&T Communications of the Mountain States
2 DOCKET NO. T-02428A-03-0847

3 Mr. Patrick A. Clisham
4 AT&T Communications of the Mountain States
5 320 East Broadmoor Court
6 Phoenix, Arizona 85022

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

12 Mr. Christopher C. Kempley
13 Chief Counsel, Legal Division
14 Arizona Corporation Commission
15 1200 West Washington
16 Phoenix, Arizona 85007

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