

ORIGINAL

OPEN MEETING



0000078609

MEMORANDUM

2007 NOV 14 P 12:09

TO: THE COMMISSION

CORP COMMISSION
DOCUMENT CONTROL

FROM: Utilities Division

DATE: November 14, 2007

RE: IN THE MATTER OF THE APPLICATION OF XO COMMUNICATIONS SERVICES, INC. TARIFF FILING TO ADD LANGUAGE RELATED THE CHARGE ASSESSED FOR PAYMENTS OF SERVICE FROM ACCOUNTS WITH INSUFFICIENT FUNDS OR FROM NON-EXISTING ACCOUNTS (DOCKET NO. T-04302A-07-0395)

On June 29, 2007, XO Communications Services, Inc. ("XO") filed tariff revisions to add language related to the charge assessed for payments of service from accounts with insufficient funds or from non-existing accounts. This tariff filing pertains to XO's Local Exchange Service customers. On July 12, 2007, XO submitted amended tariff pages following telephone and email communications with Staff. The Returned Check charge, also known as the Non-Sufficient Funds ("NSF") charge, is the rate assessed for each check submitted by a Customer to the Company which a financial institution refuses to honor. In this filing, XO proposes to add language to Tariff No. 4 which increases its maximum NSF charge from \$20 to \$50 and also increases its actual charge from \$20 to \$25. XO indicated that in order to recoup bank processing fees and administrative costs incurred, it has proposed an increase to \$25 in Arizona.

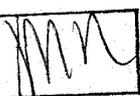
Since this filing increases the maximum rates for a component of a service that has been classified as competitive under the Commission's Competitive Telecommunications Services Rules, Arizona Administrative Code R14-2-1110 applies to XO's proposal. The rate increases contained in this filing are for 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.

XO provided Staff copies of the notice that it sent 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 requirement. The proposed rates are consistent with other telecommunications providers' NSF charges. The following list represents what telecommunications providers are currently charging their customers for returned checks: Qwest - \$14; Eschelon - \$32.50; McLeod USA - \$20; MCI - \$15; and AT&T - \$25.

Arizona Corporation Commission

DOCKETED

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THE COMMISSION

November 14, 2007

Page 2

Staff requested information from XO to allow it to determine the potential effects of approval for filing. XO provided information that indicates the expected effect of approval of this filing on XO's Arizona revenues is less than one percent. XO stated that it had approximately 4,900 Arizona customers at year end 2006.

Staff recommends approval of this filing.



Ernest G. Johnson
Director
Utilities Division

EGJ:MXD:lhm\KT

ORIGINATOR: Melvin de la Cruz

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BEFORE THE ARIZONA CORPORATION COMMISSION

- MIKE GLEASON
Chairman
- WILLIAM A. MUNDELL
Commissioner
- JEFF HATCH-MILLER
Commissioner
- KRISTIN K. MAYES
Commissioner
- GARY PIERCE
Commissioner

IN THE MATTER OF THE APPLICATION)
 OF XO COMMUNICATIONS SERVICES,)
 INC. TARIFF FILING TO ADD)
 LANGUAGE RELATED TO THE CHARGE)
 ASSESSED FOR PAYMENTS OF SERVICE)
 FROM ACCOUNTS WITH INSUFFICIENT)
 FUNDS OR FROM NON-EXISTING)
 ACCOUNTS)

DOCKET NO. T-04302A-07-0395
 DECISION NO. _____
ORDER

Open Meeting
 November 27 and 28, 2007
 Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. XO Communications Services, Inc. ("XO") is certificated to provide telecommunications service in the State of Arizona.
2. On June 29, 2007, XO filed tariff revisions to add language related to the charge assessed for payments of service from accounts with insufficient funds or from non-existing accounts:

XO Communications Services, Inc.

- Tariff A.C.C. No. 4, Sheet 11, Tenth Revised
- Tariff A.C.C. No. 4, Sheet 12, Eighth Revised
- Tariff A.C.C. No. 4, Sheet 40, First Revised
- Tariff A.C.C. No. 4, Sheet 347.3, First Revised
- Tariff A.C.C. No. 4, Sheet 362, Second Revised

1 3. This tariff filing pertains to XO's Local Exchange Service customers. On July 12,
2 2007, XO submitted amended tariff pages following telephone and email communications with
3 Staff. The Returned Check charge, also known as the Non-Sufficient Funds ("NSF") charge, is the
4 rate assessed for each check submitted by a Customer to the Company which a financial institution
5 refuses to honor. In this filing, XO proposes to add language to Tariff No. 4 which increases its
6 maximum NSF charge from \$20 to \$50 and also increases its actual charge from \$20 to \$25. XO
7 indicated that in order to recoup bank processing fees and administrative costs incurred, it has
8 proposed an increase to \$25 in Arizona.

9 4. Since this filing increases the maximum rates for a component of a service that has
10 been classified as competitive under the Commission's Competitive Telecommunications Services
11 Rules, Arizona Administrative Code R14-2-1110 applies to XO's proposal. The rate increases
12 contained in this filing are for services that have been classified as competitive by the Commission
13 and are now subject to the Commission's Competitive Telecommunications services rules. Under
14 those rules, rates for competitive services are not set according to rate of return regulation
15 standards.

16 5. XO provided Staff copies of the notice that it sent to customers who would be
17 affected by the proposed rate increases. Staff has reviewed the notices and concluded that they are
18 consistent with the Commission's notice requirement. The proposed rates are consistent with other
19 telecommunications providers' NSF charges. The following list represents what
20 telecommunication providers in Arizona are currently charging their customers for returned
21 checks: Qwest - \$14; Eschelon - \$32.50; McLeod USA - \$20; MCI - \$15; and AT&T - \$25.

22 6. Staff requested information from XO to allow it to determine the potential effects of
23 approval for filing. XO provided information that indicates the expected effect of approval of this
24 filing on XO's Arizona revenues is less than one percent. XO stated that it had approximately
25 4,900 Arizona customers at year end 2006.

26 7. Staff has recommended approval of this filing.

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CONCLUSIONS OF LAW

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1. XO is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over XO and over the subject matter of the Application.

3. The Commission, having reviewed the tariff pages (copies of which are contained in the Commission's tariff files) and Staff's Memorandum dated November 14, 2007, concludes that it is in the public interest to approve the tariff filing.

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ORDER

IT IS THEREFORE ORDERED that the proposed tariff revisions of XO Communications Services, Inc. be and hereby are approved as discussed herein.

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 DEAN S. MILLER, Interim 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 _____, 2007.

DEAN S. MILLER
Interim Executive Director

DISSENT: _____

DISSENT: _____

EGJ:MXD:lhmkT

1 SERVICE LIST FOR: XO Communications Services, Inc.
2 DOCKET NO. T-04302A-07-0395

3 Kelly Faul
4 Regulatory Affairs Director
5 XO Communications Services, Inc.
6 11111 Sunset Hills Road
7 Reston, Virginia 20190

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

13 Mr. Christopher C. Kempley
14 Chief Counsel, Legal Division
15 Arizona Corporation Commission
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