



MEMORANDUM

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Arizona Corporation Commission

DOCKETED

JAN 25 2008

AZ CORP COMMISSION  
DOCKET CONTROL

TO: THE COMMISSION

FROM: Utilities Division

DATE: January 25, 2008

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RE: IN THE MATTER OF THE APPLICATION OF BELL ATLANTIC COMMUNICATIONS, INC. TARIFF FILING TO ADD PLAN L SERVICE MINIMUM SPEND LEVEL (DOCKET NO. T-03289A-07-0341)

On June 1, 2007, Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance ("Verizon Long Distance") filed tariff revisions to add under Plan L Service a Minimum Spend Level ("MSL") of \$9.99 per month to residential customers. Each billing month when the applicable charges<sup>1</sup> are equal to or greater than the MSL, no MSL will be imposed. If the applicable charges are less than the MSL rate, the difference between the MSL rate and the applicable charges will be shown as a Shortfall Charge on the customer's billing statement.

Currently, Plan L Service has a Monthly Recurring Charge ("MRC") per account of \$6.00 and the maximum Commission approved MRC per account is \$12.00. In this filing, Verizon Long Distance is proposing to establish a minimum MSL to equal the actual MRC of \$6.00 and the maximum MSL to be \$9.99 per account. Thus, the MSL will only apply when the sum of the MRC of \$6.00 plus the actual usage is less than the current MSL of \$9.99.

Since this filing adds a minimum monthly rate for a component of a service that has been classified as competitive under the Commission's Competitive Telecommunications Services Rules, Arizona Administrative Code Rule R14-2-1110 applies to Verizon Long Distance's proposal.

On June 29, 2007, Staff issued a data request to Verizon Long Distance for information so that Staff could determine the potential effects of a MSL to Arizona customers.

On July 13, 2007, Verizon Long Distance filed its response to Staff's data request. Verizon Long Distance indicated that the reason for the filing is to increase revenues by increasing the amounts paid by low volume customers; and that the increase is market driven not cost-based. This filing is part of a nationwide endeavor and Arizona is the only state left that has not approved the MSL.

<sup>1</sup> Charges that contribute toward meeting the MSL includes, but not limited to: Direct Dialed calls, international calls, Travel Card calls, Away from Home calls, Personal Toll Free calls, Operator Assistance calls, and Domestic and International Monthly Recurring Charges.

In Arizona, Verizon Long Distance indicated that 700 residential customers could be impacted by the proposed MSL charge. Based on the current revenues of \$5,500 per month or \$66,000 per year, produced by those 700 residential customers, Verizon Long Distance estimates that the effect of a \$9.99 MSL is an increase in Verizon Long Distance's annual Arizona revenues of \$1,400 per month or \$16,800 per year; an increase in the Company's Arizona revenues of approximately 2 percent per year. The estimated average increase per customer is approximately \$2.00 per month.

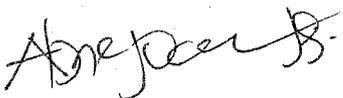
Verizon Long Distance's proposed \$9.99 residential MSL charge compares to rates charged by other telecommunications providers in Arizona for similar plans are as follows:

<u>Company</u>	<u>Monthly Minimum Charge</u>
Qwest	\$10.00
AT&T	\$ 9.99
AmeriVision Communications, Inc.	\$19.99
Verizon Long Distance	\$ 9.99

Verizon Long Distance sets its rates in a competitive market and has not undertaken a fair value rate base computation on its Arizona operations. Because of the nature of the competitive market and other factors, a fair value analysis is not necessarily representative of a company's operations. Therefore, Staff did not accord the fair value information substantial weight in its analysis of this matter.

On December 26, 2007, Verizon Long Distance submitted an Affidavit of Notification and a copy of the customer notice that is being provided to all affected customers via a bill message on January 15, 2008 through February 14, 2008. Staff has reviewed the customer notice and concludes that it is consistent with Commission requirements.

Staff recommends approval of the filing.



for Ernest G. Johnson  
Director  
Utilities Division

EGJ:FBM:lh\KT

ORIGINATOR: Freddie Malapit

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

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

IN THE MATTER OF THE APPLICATION )  
OF BELL ATLANTIC )  
COMMUNICATIONS, INC.' A TARIFF )  
FILING TO ADD PLAN L SERVICE )  
MINIMUM SPEND LEVEL )  
\_\_\_\_\_ )

DOCKET NO. T-03289A-07-0341  
DECISION NO. \_\_\_\_\_  
ORDER

Open Meeting  
February 12 and 13, 2008  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On June 1, 2007, Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance ("Verizon Long Distance") filed tariff revisions to add under Plan L Service a Minimum Spend Level ("MSL") of \$9.99 per month to residential customers:

Bell Atlantic Communications, Inc.  
AZ.C.C. Tariff No. 2, Page 1, 87<sup>th</sup> Revised  
AZ.C.C. Tariff No. 2, Page 1.2, 44<sup>th</sup> Revised  
AZ.C.C. Tariff No. 2, Page 34.5.9.1, Original  
AZ.C.C. Tariff No. 2, Price List, Page 3.1, 9<sup>th</sup> Revised

2. Each billing month when the applicable charges<sup>1</sup> are equal to or greater than the MSL, no MSL will be imposed. If the applicable charges are less than the MSL rate, the \_\_\_\_\_

<sup>1</sup> Charges that contribute toward meeting the MSL includes, but not limited to: Direct Dialed calls, international calls, Travel Card calls, Away from Home calls, Personal Toll Free calls, Operator Assistance calls, and Domestic and International Monthly Recurring Charges.

1 difference between the MSL rate and the applicable charges will be shown as a Shortfall Charge  
2 on the customer's billing statement.

3         3.         Currently, Plan L Service has a Monthly Recurring Charge ("MRC") per account of  
4 \$6.00 and the maximum Commission approved MRC per account is \$12.00. In this filing, Verizon  
5 Long Distance is proposing to establish a minimum MSL to equal the actual MRC of \$6.00 and the  
6 maximum MSL to be \$9.99 per account. Thus, the MSL will only apply when the sum of the  
7 MRC of \$6.00 plus the actual usage is less than the current MSL of \$9.99.

8         4.         Since this filing adds a minimum monthly rate for a component of a service that has  
9 been classified as competitive under the Commission's Competitive Telecommunications Services  
10 Rules, Arizona Administrative Code Rule R14-2-1110 applies to Verizon Long Distance's  
11 proposal.

12         5.         On June 29, 2007, Staff issued a data request to Verizon Long Distance for  
13 information so that Staff could determine the potential effects of a MSL to Arizona customers.

14         6.         On July 13, 2007, Verizon Long Distance filed its response to Staff's data request.  
15 Verizon Long Distance indicated that the reason for the filing is to increase revenues by increasing  
16 the amounts paid by low volume customers; and that the increase is market driven not cost-based.  
17 This filing is part of a nationwide endeavor and Arizona is the only state left that has not approved  
18 the MSL.

19         7.         In Arizona, Verizon Long Distance indicated that 700 residential customers could  
20 be impacted by the proposed MSL charge. Based on the current revenue, of \$5,500 per month or  
21 \$66,000 per year, produced by those 700 residential customers, Verizon Long Distance estimates  
22 that the effect of a \$9.99 MSL is an increase in Verizon Long Distance's annual Arizona revenues  
23 of \$1,400 per month or \$16,800 per year; an increase in the Company's Arizona revenues of  
24 approximately 2 percent per year. This equates to an estimated average increase per customer of  
25 approximately \$2.00 per month.

26         8.         Verizon Long Distance's proposed \$9.99 residential MSL charge compares to rates  
27 charged by other telecommunications providers in Arizona for similar plans are as follows:

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ORDER

IT IS THEREFORE ORDERED that the tariff 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 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 \_\_\_\_\_, 2008.

\_\_\_\_\_  
DEAN S. MILLER  
Interim Executive Director

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

EGJ:FBM:lhm\KT

Decision No. \_\_\_\_\_

1 SERVICE LIST FOR: Bell Atlantic Communications, Inc. dba Verizon Long Distance  
2 Docket No. T-03289A-07-0341

3 Ms. Connie Wightman  
4 Technologies Management, Inc.  
5 2600 Maitland Center Parkway, Suite 300  
6 Maitland, Florida 32751

7 Mr. Christopher C. Kempley  
8 Chief Counsel, Legal Division  
9 Arizona Corporation Commission  
10 1200 West Washington Street  
11 Phoenix, Arizona 85007

12 Mr. Ernest G. Johnson  
13 Director, Utilities Division  
14 Arizona Corporation Commission  
15 1200 West Washington Street  
16 Phoenix, Arizona 85007

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