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BEFORE THE ARIZONA CORPORATION COMMISSION

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

Arizona Corporation Commission

DOCKETED

MAR 20 2008

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

DOCKET NO. T-03289A-07-0341
DECISION NO. 70197
ORDER

Open Meeting
March 11 and 12, 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, 87th Revised
- AZ.C.C. Tariff No. 2, Page 1.2, 44th Revised
- AZ.C.C. Tariff No. 2, Page 34.5.9.1, Original
- AZ.C.C. Tariff No. 2, Price List, Page 3.1, 9th Revised

2. Each billing month when the applicable charges¹ are equal to or greater than the MSL, no MSL will be imposed. If the applicable charges are less than the MSL rate, the

¹ 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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<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

9. 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.

10. 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.

11. Staff recommends approval of the filing.

CONCLUSIONS OF LAW

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

2. The Commission has jurisdiction over Verizon Long Distance 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 January 25, 2008 concludes the tariff filing is reasonable, fair and equitable, and is therefore in the public interest.

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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

Lawrence S. Thomas

CHAIRMAN

William S. Miller

COMMISSIONER

Jeffrey W. Hatch-Miller

COMMISSIONER

R. W. Ryan

COMMISSIONER

Gary Stein

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 20th day of March, 2008.

Dean S. Miller

DEAN S. MILLER

Interim Executive Director

DISSENT: _____

DISSENT: _____

EGJ:FBM:lhmkT

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

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