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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

Arizona Corporation Commission

DOCKETED

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IN THE MATTER OF THE APPLICATION)
OF AT&T COMMUNICATIONS OF THE)
MOUNTAIN STATES, INC. TARIFF)
FILING TO INTRODUCE AN IN-STATE)
CONNECTION FEE)

DOCKET NO. T-02428A-07-0067

DECISION NO. 70297

ORDER

Open Meeting
April 8 and 9, 2008
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

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

2. On January 30, 2007, AT&T filed a tariff revision to introduce an In-State Connection Fee on each AT&T long distance residential customer's account when the customer has toll or related charges on his or her monthly bill:

Telecommunications Services Tariff

Table of Contents, Page C, Release 10

Section 4, Page 18, Release 6

Telecommunications Services Tariff – Price List

Section 4, Page 6, Release 18

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1 3. The fee will not apply to customers on the AT&T Long Distance Lifeline Plan or
2 when AT&T is the local service provider. If the customer does not have any toll or related charges
3 on his or her monthly bill, then the fee will not apply. The initial proposed rate is \$1.49 per month
4 and the proposed maximum rate is \$4.50 per month.

5 4. Since this filing adds a monthly rate for a component of a service that has been
6 classified as competitive under the Commission's Competitive Telecommunications Services
7 Rules, Arizona Administrative Code Rule R14-2-1110 applies to AT&T's proposal.

8 5. On February 6, 2007, Staff issued its First Set of Data Requests to AT&T. On
9 February 8, 2007, Commissioner Gleason filed a letter in this docket indicating that this tariff
10 filing will follow conventional procedures for review and for the Commission's consideration at an
11 Open Meeting. On February 16, 2007, AT&T filed its responses to Staff's First Set of Data
12 Requests. A portion of AT&T's February 16, 2007 responses were submitted to the Commission's
13 Legal Division under a Protective Agreement. On May 30, 2007, Staff issued its Second Set of
14 Data Requests to AT&T. On June 15, 2007, AT&T filed its responses to Staff's Second Set of
15 Data Requests. For further clarification, additional exchanges of information have transpired
16 between AT&T, its Legal Counsel, and Staff.

17 6. AT&T has indicated that it is introducing the In-State Connection Fee in order to
18 recoup the higher rates charged by incumbent and competitive local exchange carriers in Arizona
19 for originating and terminating intrastate long distance calls. AT&T currently provides intrastate,
20 intraLATA, interexchange and local services to its customers in Arizona. AT&T has confirmed
21 that there are no contracts or term commitments with its Arizona residential long distance
22 customers.

23 7. In AT&T's confidential response filing, AT&T indicated that less than 60,000
24 residential accounts in Arizona could be impacted by the proposed In-State Connection Fee. The
25 estimated residential revenue increase associated with this filing for the first year following
26 implementation would be less than \$1 Million or less than five percent of Arizona intrastate
27 revenues. The actual total amount of revenue that will be derived by the In-State Connection Fee

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1 will vary from month-to-month based on the number of customers with long distance service
2 charges appearing on their bills and the number of customers.

3 8. A comparison of AT&T's proposed residential In-State Connection Fee to the
4 monthly fees and rates charged by other telecommunications companies in Arizona are as follows:

<u>Company</u>	<u>Current Monthly Fee</u>	<u>Maximum Monthly Fee</u>
MCI d/b/a Verizon Business Services	\$1.40	\$3.00
AT&T (proposed)	\$1.49	\$4.50

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9 9. A comparison of AT&T's proposed \$1.49 residential In-State Connection Fee to the
10 monthly fees and rates charged by other telecommunications companies in other States are as
11 follows:

<u>Company</u>	<u>State(s)</u>	<u>Monthly Fee</u>
AT&T (proposed)	AZ	\$1.49
MCI	NH	\$2.95
Sprint/Embark	Interstate	\$0.99
Qwest Communication Corp.	NH	\$0.03/per min of use

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17 10. AT&T currently has an In-State Connection Fee effective in 28 additional States
18 with monthly fees ranging from \$0.43 to \$2.49. AT&T has indicated that the States of
19 Washington, Missouri, and Minnesota have had proceedings held regarding the In-State
20 Connection Fees. Staff has conducted further research into those proceedings and found that the
21 issues have been resolved and the In-State Connection Fee is currently in place.

22 11. From November 2005 to June 2007, AT&T indicated receipt of customer
23 complaints/inquiries in the following States where the In-State Connection Fee is assessed: NC –
24 1, MO – 1, NJ – 1, OH – 1, NY -1, TN – 1, TX – 1, AL – 2, and LA – 1. AT&T also indicated
25 receipt of one customer complaint and one customer inquiry regarding the proposed In-State
26 Connection Fee in Arizona. Although, AT&T does not have any information that anyone ever
27 called or complained to this Commission. Staff verified with Consumer Services and the database
28 is not showing such a complaint or inquiry lodged with this Commission.

1 IT IS FURTHER ORDERED that AT&T file an affidavit and copy of the customer notice
2 with Docket Control within 90 days of a Decision in this matter.

3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

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BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

James Gleason
CHAIRMAN

COMMISSIONER

Gregory North-Phillips
COMMISSIONER

R. Myer
COMMISSIONER

Garrett Stein
COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, 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 24th day of April, 2008.

Brian C. McNeil
BRIAN C. McNEIL
Executive Director

DISSENT *William M. Miller*

DISSENT: _____

EGJ:PJG:lhmkT

1 SERVICE LIST FOR: AT&T Communications of the Mountain States, Inc.
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