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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

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IN THE MATTER OF THE APPLICATION
OF QWEST COMMUNICATIONS
CORPORATION TARIFF FILING TO
INCREASE THE MAXIMUM MONTHLY
RATES FOR AN OBSOLETE
RESIDENTIAL CALLING PLAN

DOCKET NOS. T-02811B-08-0029

DECISION NO. 70298

ORDER

Open Meeting
April 8 and 9, 2008
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Qwest Communications Corporation ("QCC") is certificated to provide interexchange telecommunications service as a public service corporation in the State of Arizona.

2. On January 14, 2008, QCC filed tariff revisions to increase a maximum monthly rate in its Arizona Tariff No. 2.

3. Qwest proposes to increase QCC's maximum monthly rate per line charge for the QCC Choice Long Distance obsolete residential calling plan from \$2.95 to \$3.95:

Calling Plan	Current Maximum Monthly Rate Per Line	Proposed Maximum Monthly Rate Per Line
QCC Choice Long Distance	\$2.95	\$3.95

Qwest Communications Corporation
Arizona Tariff No. 2

Section 103, Page 22, Release 3

4. The maximum monthly rates are related to the subject of a proceeding that resulted in a Settlement Agreement approved by Decision 67745 on April 11, 2005.

Staff and Qwest LD Corp., its parent, affiliated companies (which includes QCC) or their successors ("Qwest" or "the Company"), (the Parties") agreed to a settlement of the Complaint and Petition for Order to Show Cause Docket ("Docket") filed by Staff and currently pending before the Arizona Corporation Commission ("Commission"), in Docket No. T-04190A-04-0904 (hereinafter referred to as "the Staff Complaint"). The Staff Complaint alleges that Qwest LD Corp. was required to file tariff and/or price list revisions with the Commission prior to implementing a \$2.99 surcharge as part of its Qwest Choice Long Distance calling plan, which applies to both interstate and intrastate long distance calls made by Arizona customers. The terms and conditions of the Settlement Agreement were intended to resolve all of the issues associated with Qwest's implementation of the \$2.99 surcharge as part of its Qwest Choice Long Distance calling plans as set forth in the Staff Complaint.

5. In the Settlement Agreement (see Attachment A), Qwest acknowledged and agreed to accept on an interim basis, without prejudice, and until further Order of the Commission or until the conclusion of the Generic Docket¹, the Staff's interpretation of the Arizona statutes and rules regarding tariffing of monthly recurring charges for long distance plans which are applicable to both interstate and intrastate calls. The Generic Docket was required as part of the Settlement Agreement.

6. On December 19, 2006, Staff filed its report in the Generic Docket. In its report, Staff recommended:

"...that QLDC be given the option of (1) listings all long distance rates and charges within its Arizona intrastate tariffs or (2) denoting within its Arizona intrastate tariffs those charges and rates which are listed in QLDC's interstate tariffs."

"...that QLDC be given 90 days to modify its Arizona intrastate tariffs accordingly."

"...that all intrastate long distance providers comply with the above Staff interpretation of tariffing rules and statutes. Intrastate long

¹ In The Matter Of The Generic Investigation Of Tariffing And Notice Requirements For Combined Interstate And Intrastate Calling Plans, Docket No. RT-00000J-05-0329

1 distance providers should be given 90 days to modify their Arizona
2 intrastate tariffs accordingly, if necessary.”

3 7. A decision has not been reached by the Commission in the Generic Docket. Until
4 such time as the Commission makes a determination in the Generic Docket, the provisions of the
5 Settlement Agreement continue to apply.

6 8. Since QCC proposes to increase the maximum monthly rate for a component of a
7 service that has been classified as competitive under the Commission's Competitive
8 Telecommunications Service Rules, Arizona Administrative Code Rule (“A.A.C.”) R14-2-1110
9 applies to QCC's proposal. QCC provided the information required by A.A.C. R14-2-1110 to
10 allow Staff to determine the potential affects of approval of the filing.

11 9. The proposed rate increase contained in this filing is for a service that has been
12 classified as competitive by the Commission and is now subject to the Commission's Competitive
13 Telecommunications Services Rules. Under those rules, rates for competitive services are
14 generally not set according to rate of return regulation.

15 10. QCC provided information in a confidential exhibit that indicated the Estimated
16 Potential Additional Revenues associated with this filing at end of year 2007 were less than
17 \$5,000².

18 11. At end of year 2007, the customer base for this service was less than 1,000³
19 residence customers.

20 12. The revenue increase associated with the proposed maximum rates is less than 1
21 percent of QCC's 2006 intrastate revenues⁴. Additionally, QCC provided information indicating
22 that its proposed rates are comparable to those of competitor calling plans⁵.

23 13. Staff obtained information regarding QCC's fair value rate base. Because of the
24 nature of the competitive market and other factors, a fair value analysis is not necessarily
25 representative of the company's operations. Therefore, while Staff considered the fair value rate

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27 ² Information provided to Staff in Confidential Exhibit 2.

³ Id.

⁴ Qwest Communications Corporation 2006 Annual Report, April 15, 2007.

⁵ e.g., AT&T - \$2.00, \$2.95, \$7.95, \$32.99; Cox - \$3.95, \$25.00; Embarq - \$5.95, \$6.95.

1 base information of QCC, it did not accord that information substantial weight in it analysis of this
2 matter.

3 14. Staff notes that QCC did not file changes to the current rates corresponding to the
4 maximum proposed rates, as are required by A.A.C. R14-2-1109(B). QCC, therefore, is not
5 increasing the current or actual prices at this time but, rather, plans at some future time to file for
6 such increases. This filing will not have immediate impact on the prices paid by residence
7 customers. At a time when QCC does propose raising its current or actual rates, QCC must file
8 such changes consistent with the requirements of A.A.C. R14-2-1109(B).

9 15. Staff has recommended approval of this filing.

10 16. In its filing, QCC provided evidence that it has provided notice to its customers.
11 Because Staff believes that the Company did not comply with the Commission's public notice
12 requirements, Staff recommends that QCC re-notice customers in a manner and form consistent
13 with Commission requirements.

14
15 CONCLUSIONS OF LAW

16 1. Qwest Communications Corporation is an Arizona public service corporation within
17 the meaning of Article XV, Section 2, of the Arizona Constitution.

18 2. The Commission has jurisdiction over Qwest Communications Corporation and over
19 the subject matter of this Application.

20 3. The Commission, having reviewed the tariff pages (copies of which are contained in
21 the Commission's tariff files) and Staff's Memorandum dated March 25, 2008 concludes the tariff
22 filing is reasonable, fair and equitable, and is therefore in the public interest.

23 ORDER

24 IT IS THEREFORE ORDERED that the tariff filing be and hereby is approved.

25 ...
26 ...
27 ...
28 ...

1 IT IS FURTHER ORDERED that Qwest Communications Corporation re-notice customers
2 in a manner and form consistent with Commission requirements.

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

4 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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6
7 *Lowell F. Blum*
8 CHAIRMAN

COMMISSIONER

9
10 *Jeffery W. Hatch*
11 COMMISSIONER

COMMISSIONER

Gary Stein
COMMISSIONER

12 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
13 Director of the Arizona Corporation Commission, have
14 hereunto, set my hand and caused the official seal of this
15 Commission to be affixed at the Capitol, in the City of
16 Phoenix, this 24th day of April, 2008.

17 *Brian C. McNeil*
18 BRIAN C. McNEIL
19 Executive Director

20 DISSENT: *[Signature]*

21 DISSENT: *[Signature]*

22 EGJ:AFF:lhm\MAS

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2 DOCKET NO. T-02811B-08-0029

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