

OPEN MEETING



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ORIGINAL

MEMORANDUM

RECEIVED

Arizona Corporation Commission

TO: THE COMMISSION

2009 JAN 20 A 8:53

DOCKETED

FROM: Utilities Division

AZ CORP COMMISSION
DOCKET CONTROL

JAN 20 2009

DATE: January 20, 2009

DOCKETED BY 

RE: IN THE MATTER OF THE APPLICATION OF ELECTRIC LIGHTWAVE, LLC DBA INTEGRA TELECOM TARIFF FILING FOR APPROVAL OF A NEW MAXIMUM RATE AND TO INCREASE THE CURRENT RATE FOR DIRECTORY ASSISTANCE WITH CALL COMPLETION (DOCKET NO. T-03054A-08-0392)

On August 8, 2008, Electric Lightwave, LLC d/b/a Integra Telecom ("Integra" or "Company") filed tariff revisions to increase the maximum rate and current rate for its Directory Assistance with Call Completion service. This filing seeks to increase Integra's Directory Assistance with Call Completion maximum rate from \$1.75 to \$2.50 and the current rate from \$1.75 to \$1.95.

According to Integra, the Company is proposing the rate increase in order to recover declining revenues associated with its Directory Assistance feature as well as to maintain a market appropriate rate. Integra also indicates that although there is not a direct cost based reason for the proposed rate increase, the Company is continuing to pay a usage-based rate to its vendor for the duration of the customer's call when the customer chooses the call completion option. In addition, the Company also states that its parent company, Integra Telecom Holdings, Inc. is attempting to standardize the Directory Assistance rates among its subsidiaries.

In responses to Staff's Data Request, Integra provided an affidavit that the customer notice was sent during the August billing cycle. The Company also stated that the notice was set to run during the September billing cycle as well. Staff has reviewed the customer notification, a copy of which was included in the filing and has concluded that it is consistent with Commission rules.

Since this filing increases the maximum rate for a component of a service that has been classified as competitive under the Commission's Competitive Telecommunications Service Rules, Arizona Administrative Code ("A.A.C.") Rule R14-2-1110 applies to Integra's proposal. Integra provided the information required by A.A.C. R14-2-1110 to allow Staff to determine the potential affects of approval of the filing.

The rate increase contained in this filing is for a service that has been classified as competitive by the Commission and is now subject to the Commission's Competitive Telecommunications Services Rules. Under those rules, rates for competitive services are not set

THE COMMISSION

January 20, 2009

Page 2

according to rate of return regulation standards. Staff requested information from Integra to allow it to determine the potential effects of approval of this filing. Integra provided information that indicates the additional Arizona revenues that could be derived from the proposed increase to the current maximum rate is less than \$2,000. In addition, Integra stated that the average call volume for its Directory Assistance feature is 2,400 calls a month.

Staff obtained information regarding Integra's fair value rate base. Because of the nature of the competitive market and other factors, a fair value analysis is not necessarily representative of the company's operations. Therefore, while Staff considered the fair value rate base information of Integra, it did not accord that information substantial weight in its analysis of this matter.

Staff recommends approval of this filing.



for

Ernest G. Johnson
Director
Utilities Division

EGJ:CLA:lhmm\MAS

ORIGINATOR: Candrea Allen

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BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES
Chairman

GARY PIERCE
Commissioner

PAUL NEWMAN
Commissioner

SANDRA D. KENNEDY
Commissioner

BOB STUMP
Commissioner

IN THE MATTER OF THE APPLICATION)
OF ELECTRIC LIGHTWAVE, LLC DBA)
INTEGRA TELECOM TARIFF FILING FOR)
APPROVAL OF A NEW MAXIMUM RATE)
AND TO INCREASE CURRENT RATE FOR)
DIRECTORY ASSISTANCE WITH CALL)
COMPLETION)

DOCKET NO. T-03054A-08-0392

DECISION NO. _____

ORDER

Open Meeting
February 2 and 3, 2009
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Electric Lightwave, LLC d/b/a Integra Telecom (“Integra” or “Company”) is certificated to provide telecommunications service as a public service corporation in the State of Arizona.

2. On August 8, 2008, Integra filed tariff revisions to increase the maximum rate and current rate for its Directory Assistance with Call Completion service:

Electric Lightwave, LLC dba Integra Telecom

Arizona C.C. Tariff No. 2; Sheet No. 1, Fifth Revised,
Arizona C.C. Tariff No. 2; Sheet No. 2, Third Revised
Arizona C.C. Tariff No. 2; Sheet No. 146, First Revised

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1 3. This filing seeks to increase Integra's Directory Assistance with Call Completion
2 maximum rate from \$1.75 to \$2.50 and the current rate from \$1.75 to \$1.95.

3 4. According to Integra, the Company is proposing the rate increase in order to
4 recover declining revenues associated with its Directory Assistance feature as well as to maintain a
5 market appropriate rate. Integra also indicates that although there is not a direct cost based reason
6 for the proposed rate increase, the Company is continuing to pay a usage-based rate to its vendor
7 for the duration of the customer's call when the customer chooses the call completion option. In
8 addition, the Company also states that its parent company, Integra Telecom Holdings, Inc. is
9 attempting to standardize the Directory Assistance rates among its subsidiaries.

10 5. Integra provided evidence that it had provided notice to its customers in accordance
11 with Commission rules. In responses to Staff's Data Request, Integra provided an affidavit that
12 the customer notice was sent during the August billing cycle. The Company also stated that the
13 notice was set to run during the September billing cycle as well. Staff has reviewed the customer
14 notification, a copy of which was included in the filing and has concluded that it is consistent with
15 Commission rules.

16 6. Since this filing increases the maximum rate for a component of a service that has
17 been classified as competitive under the Commission's Competitive Telecommunications Service
18 Rules, Arizona Administrative Code ("A.A.C.") Rule R14-2-1110 applies to Integra's proposal.
19 Integra provided the information required by A.A.C. R14-2-1110 to allow Staff to determine the
20 potential affects of approval of the filing.

21 7. The rate increase contained in this filing is for a service that has been classified as
22 competitive by the Commission and is now subject to the Commission's Competitive
23 Telecommunications Services Rules. Under those rules, rates for competitive services are not set
24 according to rate of return regulation standards. Staff requested information from Integra to allow
25 it to determine the potential effects of approval of this filing. Integra provided information that
26 indicates the additional Arizona revenues that could be derived from the proposed increase to the
27 current maximum rate is less than \$2,000. In addition, Integra stated that the average call volume
28 for its Directory Assistance feature is 2,400 calls a month

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ORDER

IT IS THEREFORE ORDERED that the proposed tariff revisions be and hereby are 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, 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 _____ day of _____, 2009.

BRIAN C. McNEIL
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

EGJ:CLA:lhM\MAS

1 SERVICE LIST FOR: Electric Lightwave, LLC d/b/a Integra Telecom
2 DOCKET NO. T-03054A-08-0392

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4 Manager, Regulatory Affairs
5 Integra Telecom
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7 Minneapolis, Minnesota 55402

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

13 Ms. Janice M. Alward
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