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OPEN MEETING

ORIGINAL

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MEMORANDUM
Arizona Corporation Commission
DOCKETED

2015 DEC 24 P 1:23

TO: THE COMMISSION

FROM: Utilities Division

DATE: December 24, 2015

DEC 24 2015

DOCKETED BY *KZ*

AZ CORP COM
DOCKET CONTROL

RE: IN THE MATTER OF THE APPLICATION OF MCC TELEPHONY OF THE WEST, LLC TARIFF FILING TO INCREASE THE INSTALLATION CHARGE AND TO ADD AN ACTIVATION FEE. (DOCKET NO. T-20718A-14-0040)

On February 11, 2014, MCC Telephone of the West, LLC ("MCC" or "Applicant") filed proposed changes to its Arizona Tariff No. 1. MCC is seeking to increase its current rate and add a maximum nonrecurring charge for Customer Installation Charge and add a current and maximum rate for a new nonrecurring Activation Fee. On December 14, 2015, MCC filed revised tariff pages at the request of Staff to correct margin indicators.

MCC has indicated that the proposed nonrecurring charges for new customers are consistent with rates for the same MCC pricing plans in other states and are the same as those of similar services offered by competitors in Arizona. The proposed maximum and current rate increases reflect a reaction to competitive influences. MCC proposes rate changes to the following service offerings:

Service Offering	Existing Tariff		Proposed Tariff	
	Current Rate	Maximum Rate	Current Rate	Maximum Rate
Customer Installation Charge	\$45.95	\$45.95	\$49.00	\$60.00
Activation Fee	\$0.00	\$0.00	\$10.00	\$25.00

On February 27, 2014, Staff sent its First Set of Data Requests to MCC for information responsive to Title 14, Article 11, Section 1110 (Competitive Telecommunications Services) of the Arizona Administrative Code ("A.A.C."). On December 31, 2014, MCC provided responses to Staff's First Set of Data Requests. On July 28, 2015, Staff sent its Second Set of Data Requests to MCC and MCC responded on August 28, 2015. Since the proposed non-recurring charges only apply to new customers and do not affect MCC's current customers, no customer notice was sent.

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 Services Rules, A.A.C. R14-2-1110 applies to MCC's proposal. MCC provided the information required by A.A.C. R14-2-1110 to allow Staff to determine the potential effects of approval of the filing.

The proposed rate increases contained in this filing are for services that have been classified as competitive by the Commission and that are now subject to the Commission's Competitive Telecommunications Services Rules. Under those rules, rates for competitive services are not set according to rate of return regulation standards. Staff requested information from MCC to allow it to determine the potential effects of approval of the filing. MCC provided information that indicates the expected effect of this filing is an increase in MCC's annualized Arizona revenues of less than 1 percent.

Staff obtained information regarding MCC's fair value rate base. Due to 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 MCC, it did not accord that information substantial weight in its analysis of this matter.

The proposed maximum rates are comparable to the rates for similar services provided by other telecommunications companies operating in Arizona. Staff recommends approval of this filing, as amended.



for Thomas M. Broderick
Director
Utilities Division

TMB:LLM:nr\ML

ORIGINATOR: Lori Morrison

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BEFORE THE ARIZONA CORPORATION COMMISSION

SUSAN BITTER SMITH
Chairman
BOB STUMP
Commissioner
BOB BURNS
Commissioner
DOUG LITTLE
Commissioner
TOM FORESE
Commissioner

IN THE MATTER OF THE APPLICATION
OF MCC TELEPHONY OF THE WEST,
LLC TARIFF FILING TO INCREASE THE
INSTALLATION CHARGE AND TO ADD
AN ACTIVATION FEE.

DOCKET NO. T-20718A-14-0040
DECISION NO. _____
ORDER

Open Meeting
January 12, 2016
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On February 11, 2014, MCC Telephone of the West, L.L.C. ("MCC" or "Applicant")
filed proposed changes to its Arizona Tariff No. 1:

INTRASTATE VOICE AND DATA SERVICES TARIFF

Arizona C.C. Tariff No. 1, Check Sheet, Page 2, 1st Revised

Arizona C.C. Tariff No. 1, Page No. 48, 1st Revised

2. MCC is seeking to increase its current rate and add a maximum nonrecurring charge for
Customer Installation Charge and add a current and maximum rate for a new nonrecurring Activation
Fee.

3. On December 14, 2015, MCC filed revised tariff pages at the request of Staff to correct
margin indicators:

...

INTRASTATE VOICE AND DATA SERVICES TARIFF

Arizona C.C. Tariff No. 1, Page No. 8, 1st Revised

Arizona C.C. Tariff No. 1, Page No. 8, 1st Revised

4. MCC has indicated that the proposed nonrecurring charges for new customers are consistent with rates for the same MCC pricing plans in other states and are the same as those of similar services offered by competitors in Arizona. The proposed maximum and current rate increases reflect a reaction to competitive influences. MCC proposes rate changes to the following service offerings:

Service Offering	Existing Tariff		Proposed Tariff	
	Current Rate	Maximum Rate	Current Rate	Maximum Rate
Customer Installation Charge	\$45.95	\$45.95	\$49.00	\$60.00
Activation Fee	\$0.00	\$0.00	\$10.00	\$25.00

5. On February 27, 2014, Staff sent its First Set of Data Requests to MCC for information responsive to Title 14, Article 11, Section 1110 (Competitive Telecommunications Services) of the Arizona Administrative Code ("A.A.C."). On December 31, 2014, MCC provided responses to Staff's First Set of Data Requests. On July 28, 2015, Staff sent its Second Set of Data Requests to MCC and MCC responded on August 28, 2015. Since the proposed non-recurring charges only apply to new customers and do not affect MCC's current customers, no customer notice was sent.

Staff Conclusions

6. 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 Services Rules, A.A.C. R14-2-1110 applies to MCC's proposal. MCC provided the information required by A.A.C. R14-2-1110 to allow Staff to determine the potential effects of approval of the filing.

1 7. The proposed rate increases contained in this filing are for services that have been
2 classified as competitive by the Commission and that are now subject to the Commission's
3 Competitive Telecommunications Services Rules. Under those rules, rates for competitive services are
4 not set according to rate of return regulation standards. Staff requested information from MCC to
5 allow it to determine the potential effects of approval of the filing. MCC provided information that
6 indicates the expected effect of this filing is an increase in MCC's annualized Arizona revenues of less
7 than 1 percent.

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

12 9. The proposed maximum rates are comparable to the rates for similar services provided by
13 other telecommunications companies operating in Arizona.

14 10. The proposed maximum recurring rates are comparable to the rates for similar services
15 provided by other telecommunications companies operating in the State of Arizona. Staff believes
16 they are just and reasonable. In addition, the rates ultimately charged by MCC will be heavily
17 influenced by the market.

18 **Staff's Recommendation**

19 11. Staff recommends approval of this application, as amended.

20 CONCLUSIONS OF LAW

21 1. MCC Telephone of the West, L.L.C. is a public service corporation within the meaning
22 of Article XV of the Arizona Constitution.

23 2. The Commission has jurisdiction over MCC Telephone of the West, L.L.C and the
24 subject matter in this filing.

25 3. The Commission, having reviewed the filing and Staff's Memorandum dated
26 December 24, 2015, concludes that the proposed tariff revisions, as amended, are reasonable, fair and
27 equitable and therefore in the public interest.

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ORDER

IT IS THEREFORE ORDERED that the proposed tariff revisions, as amended, 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, JODI JERICH, 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 _____, 2016.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

TMR:LLM:nr\ML

1 SERVICE LIST FOR: MCC Telephony of the West, L.L.C.
2 DOCKET NO. T-20718A-14-0040

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