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ORIGINAL

OPEN MEETING

MEMORANDUM

2007 NOV 14 A 11: 09

AZ CORP COMMISSION
DOCUMENT CONTROL

TO: THE COMMISSION

FROM: Utilities Division

DATE: November 14, 2007

RE: IN THE MATTER OF THE APPLICATION OF XO COMMUNICATIONS SERVICES, INC. TARIFF FILING TO ADD LANGUAGE RELATED TO THE CHARGE ASSESSED FOR PAYMENTS OF SERVICE FROM ACCOUNTS WITH INSUFFICIENT FUNDS OR FROM NON-EXISTING ACCOUNTS (DOCKET NO. T-04302A-07-0394)

On June 29, 2007, XO Communications Services, Inc. ("XO") filed tariff revisions to add language related to the charge assessed for payments of service from accounts with insufficient funds or from non-existing accounts. This tariff filing pertains to XO's Interexchange Telecommunications Service customers. On July 12, 2007, XO submitted amended tariff pages following telephone and email communications with Staff. The Returned Check charge, also commonly known as the Non Sufficient Fund ("NSF") charge, is the rate assessed for each check submitted by a customer to the Company which a financial institution refuses to honor. In this filing, XO proposes to add language to Tariff No. 6 which increases its maximum charge for NSF from \$20 to \$50 and also adds language to increase its actual charge from \$20 to \$25. XO indicated that in order to recoup bank processing fees and administrative costs incurred, it has proposed an increase to \$25 in Arizona.

Since this filing increases the maximum rates for a component of a service that has been classified as competitive under the Commission's Competitive Telecommunications Services Rules, Arizona Administrative Code R14-2-1110 applies to XO's proposal. The rate increases contained in this filing are for services that have been classified as competitive by the Commission and 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.

XO provided Staff copies of the notice that it sent to customers who would be affected by the proposed rate increases. Staff has reviewed the notices and concluded that they are consistent with the Commission's notice requirement. The amount of the proposed increase is consistent with what other Telecommunications providers are currently charging for a "NSF" charge. The following list represents what telecommunications providers are currently charging their customers for returned checks: Qwest - \$14; Eschelon - \$32.50; McLeod USA - \$20; MCI - \$15; and AT&T - \$25.

Arizona Corporation Commission

DOCKETED

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THE COMMISSION

November 14, 2007

Page 2

Staff requested information from XO to allow it to determine the potential effects of approval for filing. XO provided information that indicates the expected effect of approval of this filing on XO's Arizona revenues is less than one percent. XO stated that it had approximately 4,900 Arizona customers at year end 2006.

Staff recommends approval of this filing.



Ernest G. Johnson

Director

Utilities Division

for

EGJ:MXD:lm\KT

ORIGINATOR: Melvin de la Cruz

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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

IN THE MATTER OF THE APPLICATION
OF XO COMMUNICATIONS SERVICES,
INC. TARIFF FILING TO ADD
LANGUAGE RELATED TO THE CHARGE
ASSESSED FOR PAYMENTS OF SERVICE
FROM ACCOUNTS WITH INSUFFICIENT
FUNDS OR FROM NON-EXISTING
ACCOUNTS

DOCKET NO. T-04302A-07-0394
DECISION NO. _____
ORDER

Open Meeting
November 27 and 28, 2007
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. XO Communications Services, Inc. ("XO") is certificated to provide telecommunications service in the State of Arizona.
2. On June 29, 2007, XO filed tariff revisions to add language related to the charge assessed for payments of service from accounts with insufficient funds or from non-existing accounts:

XO Communications Services, Inc.

Tariff A.C.C. No. 6, Sheet 7, Third Revised
Tariff A.C.C. No. 6, Sheet 32, First Revised
Tariff A.C.C. No. 6, Sheet 102, Second Revised
Tariff A.C.C. No. 6, Sheet 113, First Revised

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1 3. This tariff filing pertains to XO's Interexchange Telecommunications Service
2 customers. On July 12, 2007, XO submitted amended tariff pages following telephone and email
3 communications with Staff. The Returned Check charge, also commonly known as the Non
4 Sufficient Fund ("NSF") charge, is the rate assessed for each check submitted by a customer to the
5 Company which a financial institution refuses to honor. In this filing, XO proposes to add
6 language to Tariff No. 6 which increases its maximum charge for NSF from \$20 to \$50 and also
7 adds language to increase its actual charge from \$20 to \$25. XO indicated that in order to recoup
8 bank processing fees and administrative costs incurred, it has proposed an increase to \$25 in
9 Arizona.

10 4. Since this filing increases the maximum rates for a component of a service that has
11 been classified as competitive under the Commission's Competitive Telecommunications Services
12 Rules, Arizona Administrative Code R14-2-1110 applies to XO's proposal. The rate increases
13 contained in this filing are for services that have been classified as competitive by the Commission
14 and are now subject to the Commission's Competitive Telecommunications services rules. Under
15 those rules, rates for competitive services are not set according to rate of return regulation
16 standards.

17 5. XO provided Staff copies of the notice that it sent to customers who would be
18 affected by the proposed rate increases. Staff has reviewed the notices and concluded that they are
19 consistent with the Commission's notice requirement. The amount of the proposed increase is
20 consistent with what other Telecommunications providers are currently charging for a "NSF"
21 charge. The following list represents what telecommunications providers are currently charging
22 their customers for returned checks: Qwest - \$14; Eschelon - \$32.50; McLeod USA - \$20; MCI -
23 \$15; and AT&T - \$25.

24 6. Staff requested information from XO to allow it to determine the potential effects of
25 approval for filing. XO provided information that indicates the expected effect of approval of this
26 filing on XO's Arizona revenues is less than one percent. XO stated that it had approximately
27 4,900 Arizona customers at year end 2006.

28 7. Staff has recommended approval of this filing.

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CONCLUSIONS OF LAW

1. XO Communications Services, Inc. is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over XO Communications Services, Inc. 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 November 14, 2007, concludes that it is in the public interest to approve the tariff filing.

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ORDER

IT IS THEREFORE ORDERED that the proposed tariff revisions of XO Communications Services, Inc. be and hereby are approved as discussed herein.

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 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 _____ day of _____, 2007.

DEAN S. MILLER
Interim Executive Director

DISSENT: _____

DISSENT: _____

EGJ:MXD:lhm\KT

1 SERVICE LIST FOR: XO Communications Services, Inc.
2 DOCKET NO. T-04302A-07-0394

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4 Regulatory Affairs Director
5 XO Communications Services, Inc.
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7 Reston, Virginia 20190

8 Mr. Ernest G. Johnson
9 Director, Utilities Division
10 Arizona Corporation Commission
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13 Mr. Christopher C. Kempley
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