BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE INVESTIGATION
OF THE COST OF TELECOMMUNICATIONS
ACCESS.

RUCO'S COMMENTS


Many of the issues/questions for which the Procedural Order requests comments are highly substantive in nature. The answers to these questions would require the accumulation and investigation of a significant amount of data as well as an in depth analysis. RUCO anticipates such an analysis would be performed in the context of the Investigatory Docket if it moves forward. Until such analysis is performed RUCO cannot provide meaningful comment to a large portion of the issues/questions set forth in the Procedural Order. Accordingly, many of the issues/questions will not be addressed at this time in this document. Those that do not require the in depth analysis will be addressed here.

9.a) What procedure would you recommend be used to address switched access reform? For example, would you recommend a generic proceeding to address the issues in general with the objective being the reform, restructure and resetting of switched access charges for every LEC in the State?

Answer RUCO believes if the Investigatory Docket on access rates is to go forward it should be on a generic basis. RUCO however, does not necessarily agree that
the objective of the proceeding is the resetting and reform of access rates. The objective of the proceeding will not be apparent until the necessary analysis is completed and an informed position is taken. Prior to such analysis the only objective of the Investigatory Docket should be the investigation of access rates.

b) What issues do you believe should be addressed in a proceeding to determine whether and to what extent intrastate access charges ought to be reformed?

Answer The issues that need to be resolved will become apparent as a result of the analysis performed in this Docket.

c) Would you recommend that the Commission limit the initial switched access charge proceeding to the largest ILECs in Arizona? If your response is yes, please identify those companies that you believe should be included in this proceeding.

Answer No.

d) Would you recommend that the Commission address access charge reform for large, intermediate and small local exchange companies (as defined in the Commission’s Arizona Universal Service Fund rules) individually? Please explain.

Answer No. Initially the docket should proceed on a generic basis and include all local exchange companies. As a result of the parties’ analyses in the initial phase of the Investigatory Docket it is possible further subdivision of the local exchange companies may be indicated. However, RUCO believes initially all size companies should be analyzed together because the interrelationship of the various companies’ access rates.

e) Would you recommend that the proceeding address switched access charges assessed by the CLEC and/or other telecommunications companies?

Answer It is RUCO’s understanding that for competitive telecommunications companies the Commission exercises its rate-setting authority by establishing a maximum
rate and that companies are free to adjust their switched access rates up to or
below that maximum, as long as the price equals or exceeds the total service
long-run incremental cost. However, the presence of the CLECs should be
considered in any recommended access charge reform plan.

f) Given your vision of what the proceeding would address how much time do you
expect would be required to complete the proceeding?

Answer No less than 6 months.

12. Do you believe it would be possible to eliminate the potential that local exchange
service providers can exert monopoly power in the access service market by
assessing the switching, transport and CCL charges on the end users rather than
on the interexchange carriers? Could customers then shop for local exchange
service customers for the least cost provider of access in addition to local
service, etc?

Answer If local exchange carriers assessed the switching, transport, and CCL charges
directly to end users rather than interexchange carriers, customers would still
need to purchase both local and access services from a single carrier. The
minimal amount of competition that currently exists for local exchange service
suggests that competition for access services is unlikely to provide any incentive
for the carrier to minimize such charges.

14. In the CALLS Decision, the FCC implemented changes that would eliminate
carrier common line charges and establish an interstate universal service support
mechanism. Do you believe that the Commission ought to address the Arizona
Universal Service Fund mechanism concurrent with the reform of intrastate
access charges?

Answer The Arizona Universal Service Fund (AUSF) is already being addressed in
Docket No. RT 00000H-97-0137. RU CO believes that is the appropriate place to
address AUSF issues.
The FCC released its Access Charge Reform Order ("MAG Order") for rate of return companies on November 8, 2001. Please comment on the extent to which you believe the ACC should adopt any components of the MAG Order.

Answer

Again, the review and analysis under taken in this docket, will determine whether the ACC should adopt any of the components of the MAG Order.

16. Should the Commission address CLEC access charges as a part of this Docket?

Answer

The Investigatory Docket should address any issue that impacts or is relevant to the determination of regulated access rates.

18. What is the effect of Qwest's Price Cap Plan on the issues raised in this proceeding as they pertain to Qwest? With regard to Qwest, switched access is a Basket 2 service and special access is a Basket 3 Service. What impact does this have, if any, on restructuring access charges in this proceeding as it would pertain to Qwest?

Answer

The outcome of the Investigatory Docket cannot result in a modification to the access rates of any local exchange carrier. Modifications to individual utilities' access rates can only be implemented pursuant to individual rate proceedings. This docket can explore whether there is a general need for access reform, and if so, how that might be accomplished. Qwest's Price Cap Plan's treatment of access charges cannot be modified by this proceeding alone. A subsequent rate proceeding specific to Qwest would be necessary.

RESPECTFULLY SUBMITTED this 8th day of March, 2002.

Scott S. Wakefield
Chief Counsel
AN ORIGINAL AND TEN COPIES of the foregoing filed this 8th day of March, 2002 with:

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COPIES of the foregoing hand delivered/mailed this 8th day of March, 2002 to:

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Navajo Communications Company, Inc.
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<table>
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<tr>
<th></th>
<th>Company Name</th>
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<tbody>
<tr>
<td>1</td>
<td>Qwest Corporation</td>
<td>3033 N. 3rd Street, Room 1010 Phoenix, AZ 85012</td>
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<td>2</td>
<td>Rio Virgin Telephone Company</td>
<td>12050 Pecos St., Ste. 300 Westminster, CO 80234</td>
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<td>Rio Virgin Telephone &amp; Cablevision</td>
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<td>4</td>
<td>San Carlos Apache Telecommunication Utility, Inc.</td>
<td>752 E. Malley St., PO Box 970 Willcox, AZ 85644</td>
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<td>South Central Utah Telephone Association, Inc.</td>
<td>600 N. Second Ave. Ajo, AZ 85321</td>
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<td>Valley Telephone Cooperative, Inc.</td>
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<td>7</td>
<td>Southwestern Telephone Co., Inc.</td>
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<td>Verizon California, Inc.</td>
<td>37 Winthrop Place Hazlet, NJ 07730</td>
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<td>Single Billing Services, Inc.</td>
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<td>Special Accounts Billing Group, Inc.</td>
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<td>Teligent Services, Inc.</td>
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<td>VYVX, LLC</td>
<td>Williams Local Network, Inc.</td>
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<td>Williams Local Network, Inc.</td>
<td>One Williams Center, MD 29-1 Tulsa, OK 74172</td>
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<td>Western Clec Corporation</td>
<td>3650 131st Ave. SE, Ste. 400 Bellevue, WA 98006</td>
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<td>16</td>
<td>Michael W. Patten</td>
<td>Roshka Heyman &amp; DeWulf, PLC One Arizona Center 400 E. Van Buren St., Ste. 800 Phoenix, AZ 85004</td>
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<td>Cox Communications</td>
<td>Cox Arizona Telecom LLC 20401 N. 29th Ave. Phoenix, AZ 85027</td>
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<td>Archtel, Inc.</td>
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<td>Ernest Communications, Inc.</td>
<td>6475 Jimmy Carter Blvd., Ste. 300 Norcross, GA 30071</td>
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<td>Global Crossing Telecommunications, Inc.</td>
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<td>GST Net, Inc.</td>
<td>80-02 Kew Garden Road, Ste. 5000 Kew Gardens, NY 11415</td>
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<td>IG2, Inc.</td>
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<td>11921 Freedom Drive Reston, VA 20190</td>
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<td>Pac-West Telecomm, Inc.</td>
<td>1776 W. March Lane, #250 Stockton, CA 95207</td>
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<td>Qwest Communications Corporation</td>
<td>555 17th St. Denver, CO 80202</td>
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<td>MCI Worldcom Network Services, Inc.</td>
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<td>Mountain Telecommunications, Inc.</td>
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<td>RCN Telecom Services, Inc.</td>
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<td>Reflex Communications, Inc.</td>
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<td>Rhythm Links, Inc.</td>
<td>9100 E. Mineral Circle Englewood, CO 80112</td>
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<td>Sprint Communications Company L.P.</td>
<td>6860 W. 115th, MS:KSOPKD0105 Overland Park, KS 66211</td>
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<td>TCG Phoenix</td>
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<td>16</td>
<td>The Phone Company/Network Services of New Hope</td>
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<td>Verizon Select Services, Inc.</td>
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<td>Winstar Wireless of Arizona, Inc.</td>
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<td>19</td>
<td>Nextlink Long Distance Services, Inc.</td>
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<td>360Networks (USA), Inc.</td>
<td>12101 Airport way Broomfield, CO 80021</td>
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<td>Allcom USA</td>
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<td>Alliance Group Services, Inc.</td>
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<td>American Telephone Network, Inc.</td>
<td>2313 6th Ave. South Birmingham, AL 35233</td>
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<td>Gregory Hoffman</td>
<td>AT&amp;T Communications of the Mountain States, Inc.</td>
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<td>795 Folsom St., Room 2159 San Francisco, CA 94107-1243</td>
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<td>Citizens Long Distance Company</td>
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<td>4 Triad Center, Suite 200 Salt Lake City, UT 84180</td>
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</table>
1. Comm South Companies, Inc.
   2909 N. Buckner Blvd., Ste. 800
   Dallas, TX 75228

2. COVAD Communications Company
   4250 Burton Drive
   Santa Clara, CA 95054

3. Digital Services Corporation
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6. Intermedia Communications, Inc.
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7. JATO Operating Corp.
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8. Level 3 Communications, LLC
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   Broomfield, CO 80021

9. Max-Tel Communications, Inc.
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   Alvord, TX 76225

10. By Linda Reeves

11. E:\Telephone\Access Charge Investigation (00-0672)\comments.doc