BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE REVIEW AND POSSIBLE REVISION OF ARIZONA UNIVERSAL SERVICE FUND RULES, ARTICLE 12 OF THE ARIZONA ADMINISTRATIVE CODE.

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

COX ARIZONA TELCOM’S STATEMENT ON ISSUES

Cox Arizona Telcom, LLC (“Cox”), through undersigned counsel, hereby submits its recommendations on certain initial issues that were identified during industry meetings related to this docket.

While a number of key issues have been identified by ALECA, there has been no clear consensus by the parties on any of the issues. Cox’s position remains unchanged on how best to proceed with these dockets and the issues identified by ALECA. Cox still believes that any substantive action in these dockets should await further action by the FCC. There are pending dockets at the FCC concerning review of Intercarrier Compensation that will ultimately set the stage for federal reform. See In the Matter of Universal Service Contribution Methodology, WC Docket No. 06-112; In the Matter of the High-Cost Universal Service Support and Federal-State Joint Board on Universal Service, WC Docket 05-337, CC Docket 96-45; In the Matter of Developing a Unified Intercarrier Compensation Regime, WC Docket No. 01-92; In the Matter of Intercarrier Compensation for ISP-Bound Traffic, CC Docket No. 99-68; and In the Matter of Access Charge Reform, CC Docket No. 96-262. It is possible that some action will be taken by
the FCC before the end of the year and moving forward at the state level at this time has the potential to result in conflicting reforms. The time and effort of the parties should be reserved as it has become clear that FCC action is imminent. As Cox stated in its Reply Comments filed in this docket, any state proceedings should mirror or at least recognize the federal scheme. Waiting until the FCC takes action will prevent all parties from expending additional time and resources on a possible conflicting state proposal.

Since the beginning of 2008, the parties have discussed a number of issues related to access charge reform and AUSF support. It is apparent that the parties will not come to any clear consensus over many of the issues. Proceeding with this docket will require more time, extensive testimony, hearings and a proposed ruling from the ALJ. This will most likely take 6 -12 additional months. Cox understands that the FCC is very close to finalizing its proposal on Intercarrier Compensation which will address many of the very issues raised in these proceedings. Barring any extraordinary action, it is possible we may finally see the federal regime by year's end. Continuing down a state path when the FCC is this close to releasing its proposal does not appear to be the best use of the parties’ limited resources. Cox believes that this docket should be suspended until the FCC issues its Intercarrier Compensation reform order.

RESPECTFULLY SUBMITTED this _7th_ day of October 2008.

COX ARIZONA TELCOM, LLC

By

[Signature]

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