BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS
KRISTIN K. MAYES - CHAIRMAN
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

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 COMMENTS ON PROCESS AND PROPOSED PROTECTIVE ORDER

Cox Arizona Telcom, LLC ("Cox"), through undersigned counsel, submits its comments on procedural recommendations and the proposed protective order submitted by Commission Staff on January 16, 2009.

A. Cox’s Procedural Recommendations.

Cox continues to believe that an examination of intrastate switched access rates in Arizona is premature and that any substantive action in these dockets should await further action by the FCC. There are still 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; and In the Matter of Access Charge Reform, CC Docket No. 96-262.
Although the FCC did not act on these dockets before the end of 2008, the dockets remain open and Cox believes that the FCC will act on these issues in due course. Cox continues to believe that any state proceedings should at least follow the federal scheme because moving forward at the state level at this time has the potential to result in conflicting reforms. Waiting until the FCC takes action will prevent all parties from expending unnecessary time and resources on a possibly conflicting state proposal.

Should the Commission decide to move forward on these issues at this time, Cox believes the Commission should consider several elements in shaping the appropriate process. There are numerous potentially affected carriers whose access charges may be reduced. Depending on the bases for potential access charge reductions, each carrier would present different facts that must be considered for any proposed reductions. It would be unwieldy and resource intensive to attempt to conduct carrier-specific proceedings at this point.

Initially, the Commission should conduct a generic process to determine the policy of the Commission on access charges, including basic issues such as whether the access charges should be entirely cost-based and how changes in access charges should affect other rates or support received by carriers, whether from the AUSF or federal universal service subsidies. This approach would most likely involve workshops leading to a rulemaking. As has been done in other states such as California, the rulemaking would address the issues raised in this docket and could set forth a process for setting access charges on a going-forward basis. The rulemaking also could reduce potential due process issues for the many carriers that have chosen not to participate in this generic docket but which may be asked to modify their access charges.

If the Commission is not inclined to conduct a rulemaking at this time, then its initial phase of access charge reform should focus on the Rural ILECs. Those entities are fewer in number and have rates that are ostensibly set on cost, not market and the Commission has ample cost data to evaluate each carrier’s situation. This phasing would be less resource intensive, particularly if separate hearings are required for each carrier. Given the complexity and variety of the numerous CLECs operating in Arizona, reform of CLEC access charges should be the last to
proceed.

B. Comments on Proposed Protective Order

Cox finds the proposed protective order to be acceptable except that the last sentence of Section 1(c) is confusing to the extent it references “states”. Cox does not understand that any information provided in this docket would be used outside of Arizona and, therefore, that sentence should be removed or clarified.

RESPECTFULLY SUBMITTED this 23rd day of January 2009.

COX ARIZONA TELCOM, LLC

By

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