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.

RUCO'S COMMENTS ON INCLUSION OF QWEST IN PHASE II

As set forth in the February 5, 2009, Procedural Order in the above-captioned dockets, the Residential Utility Consumer Office ("RUCO") hereby submits its comments on the inclusion of Qwest in Phase II.

The issue posed is whether Qwest should be involved in the general Access Charge Docket. This exact issue was considered in November 2003, when Judge Nodes asked whether the Access Charge Docket should be separated into two phases: Qwest in Phase I and the remaining telephone companies in Phase II. See Docket RT-00000H-97-0137 and T-00000D-00-0672. Qwest and RUOC objected. Id. Qwest asserted that separation into two phases would result in wasteful duplication of effort and inconsistency between the treatment afforded to Qwest and other carriers. RUOC agreed and asserted that bifurcation would result in inefficiencies because parties might end up with different positions in two phases depending

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on whether they were buyers or sellers of access charges. The remaining parties to the
general Access Charge Docket, including AT&T, argued that Qwest should be included in a
separate docket. *Id.* They argued that there were significant differences between Qwest and
the independent telephone companies (e.g. access charges comprise a significantly larger
percentage of the independents' revenues), that there was another matter pending, Docket No.
T-01051B-03-0454, in which Qwest's access charges could be considered and the
industries had no matters pending.

On November 17, 2003, Judge Nodes decided to bifurcate the matters because at the
time the Commission was reviewing Qwest's price cap plan in Docket No. T-01051B-03-0454.
Judge Nodes ruled that Phase I of the Access Charge Docket would address Qwest's access
charges in conjunction with review of its price cap plan in Docket No. T-01051B-03-0454. The
Judge further ordered that Phase II of the Access Charge Docket would consider access
charges for all other telephone carriers that provide access services. *Id.*

Qwest's price cap plan was reviewed under the above-referenced docket and its access
charges were considered. The matter was resolved by a settlement agreement ("Settlement
Plan") approved by the Commission on March 23, 2006. See Decision No. 68604, Docket No.
T-01051B-03-0454, approving Settlement Plan. The Decision set Qwest's intrastate access
charges. Under the terms of the Settlement Plan, Qwest's access charges were reduced by
$12 million dollars in the first year of the three year Settlement Plan. *Id.* at 7. The reduction
was revenue neutral meaning that Qwest was permitted to increase rates in other areas to
make up for the reduction in switched access charge reductions. *Id.* The Settlement Plan
included a term permitting the extension of the agreement at the request of Qwest. *Id.* at 10.
Qwest made such a request on June 23, 2008. The matter is currently pending before the
Commission.
In response to Judge Rodda's question of whether Qwest should be included in the
general docket discussion relating to Access Charges, AT&T asserts that Qwest should be
included in Phase II of Docket RT-00000H-97-0137 and T00000D-00-0672 because sufficient
time has elapsed which would not preclude further inquiry into whether Qwest's access
charges are currently at appropriate levels. AT&T's filing resurrects an issue that was already
decided by Judge Nodes in Docket RT-00000H-97-0137 and T00000D-00-0672. At that time,
the Commission, over the concerns of Qwest and RUCA, bifurcated the issue of access
charges and placed the discrete issue of Qwest's access charges in Phase I. Now, that Phase
I has concluded, including Qwest in Phase II is tantamount to re-litigating the matter already
decided by the Commission. AT&T has not provided any evidence that Qwest's rates are
inappropriate. Finally, inclusion of Qwest may only serve to delay final resolution of this
matter, which has lingered too long on the Commission's docket.

RUCA asserts the inclusion of Qwest in Phase II may make it more difficult for the
parties to narrow the issues in the scheduled workshops. Moreover, judging from the past, if
additional reductions in Qwest's access charges are warranted as AT&T suggests, the matter
could likely be resolved more expeditiously in Qwest's request to extend its Settlement Plan
pending before the Commission in Docket No. T-01051B-03-0454.

RESPECTFULLY SUBMITTED this 19th day of February 2009.

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