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

DOCKET NO. RT-000000H-97-0137

DOCKET NO. T-00000D-00-0672

STAFF'S NOTICE OF FILING REJOINDER TESTIMONY

Staff of the Arizona Corporation Commission ("Staff") hereby files the Rejoinder Testimony of Wilfred Shand of the Utilities Division in the above-referenced matter.

RESPECTFULLY SUBMITTED this 4th day of March, 2010.

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Original and fifteen (15) copies of the foregoing filed this 4th day of March, 2010 with:

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Copies of the foregoing mailed this 4th day of March, 2010:

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BEFORE THE ARIZONA CORPORATION COMMISSION

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

DOCKET NO. RT-00000H-97-0137

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

DOCKET NO. T-00000D-00-0672

REJOINER
TESTIMONY
OF
WILFRED SHAND
PUBLIC UTILITIES ANALYST MANAGER
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

MARCH 4, 2010
Q. Please state your name, occupation, and business address.

A. My name is Wilfred Shard. I am a Public Utility Analyst Manager employed by the Arizona Corporation Commission ("ACC" or "Commission") in the Utilities Division ("Staff"). My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

Q. Did you previously file Direct Testimony and Reply Testimony in this proceeding?

A. Yes.

Q. What is the scope of Staff's Rejoinder Testimony in this case?

A. The purpose of the Staff's Rejoinder Testimony is to address an issue that Staff believes could result in a change to its recommendation regarding Arizona Local Exchange Carrier Association ("ALECA") members' intrastate access rates.

Q. What information does Staff Data Request 3.2 request?

A. Staff Data Request 3.2 requests information related to the amount (annually) for each of ALECA's members that would be recoverable through Arizona Universal Service Fund ("AUSF") for reductions in switched access charges, assuming the ALECA proposal is accepted by the Commission, and assuming each of the following:

   A. a reduction in intrastate access rates to the company’s interstate access rates;

   B. a reduction in each company’s intrastate rates to Qwest Corporation’s ("Qwest’s") intrastate access rates; and

   C. the elimination of the CCL component of the company’s intrastate access charges.

Q. Would you please describe the issue that Staff would like to address in its Rejoinder Testimony?

A. During the course of this proceeding, Staff has been operating under the assumption that the ALECA members' individual company interstate access charge rates were lower than
Qwest’s current intrastate access charge rates. In its Confidential Supplemental Response to Staff Data Request STF 3.2 (a.), ALECA’s information indicates that some carriers’ interstate access charge rates are higher than Qwest’s intrastate access charge rates. However, ALECA responded to a subsequent Staff inquiry, that it did not have meaningful data for some of its members.

Q. Why is this a concern to Staff?
A. Staff’s current recommendation is that ALECA members’ intrastate rates be reduced to Qwest’s intrastate rates. Staff’s recommendation is based on the view that this is a reasonable step in the move toward consistency with interstate rates. As stated previously, Staff has been operating under the assumption that the ALECA members’ individual company interstate access charge rates were lower than Qwest’s current intrastate access charge rates. Other parties to this proceeding may also have been operating under this incorrect assumption.

Q. Is Staff continuing to investigate whether individual ALECA members’ interstate access charge rates exceed Qwest current intrastate access charge rates?
A. Yes. Staff is continuing to investigate this matter and conduct additional discovery.

Q. Given the potential for an ALECA member’s rates to be less than its interstate rates if the Commission Orders that its rates be set at Qwest’s intrastate rates, does Staff have any modification to its recommendation regarding the level at which ALECA members’ access charge rates ought to be set?
A. Yes. Staff viewed its recommendation as a reasonable step in the move toward consistency with interstate rates. If an ALECA member’s interstate access charge rates are higher than Qwest’s intrastate access charge rates, Staff recommends that its intrastate
rates should be reduced to the level of its interstate access charge rates. Stated differently, Staff recommends that each ALECA member’s intrastate access charge rates be reduced to the higher of its interstate access charge rates or Qwest’s current intrastate access charge rates.

Q. Does this conclude your Rejoinder Testimony?
A. Yes, it does.