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BEFORE THE ARIZONA CORPORATION COMMISSION

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5
6 IN THE MATTER OF THE COST OF
TELECOMMUNICATIONS ACCESS.

DOCKET NO. T-00000D-00-0672

8 **COMMISSION STAFF'S REQUEST FOR A**
9 **PROCEDURAL ORDER**

10 **I. INTRODUCTION**

11 In September, 2000, the Commission opened this Docket to examine the costs associated
12 with providing intrastate access service. Since that time, interstate access charges have undergone
13 significant change. In light of the significant changes that have occurred at the Federal level with
14 the pricing of interstate access charges, the Staff believes that it would be appropriate to begin an
15 examination of intrastate charges. Staff, therefore, respectfully requests that the Hearing Division
16 issue a procedural order consistent with the discussion below.

17 **II. DISCUSSION**

18 Staff believes that it would be helpful in deciding how to proceed with this investigation to
19 obtain comment from interested parties on the following questions.

- 20 1. Do you believe that the Commission ought to restructure access charges? Please
21 explain your response.
- 22 2. What recommendation to the Commission would you make regarding how intrastate
23 access charges should be reformed?
- 24 3. Would you recommend the Commission address both switched and special access
25 in an access charge reform proceeding? If your response is yes, please explain.
- 26 4. Parties who desire that switched access charges be reformed often state that switched
27 access charges in general, and the CCL rate element in particular, contain implicit
28 subsidies. Do you agree with this statement? Please provide an explanation of the
rationale for your position, including any computations that you might have made.

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- 1 5. Can implicit subsidies be quantified?
- 2 a. What is the appropriate cost standard to be used to determine whether access
- 3 charges are free of implicit subsidies?
- 4 b. What cost standard is used to set interstate access charges? Is this cost
- 5 standard appropriate for intrastate rates?
- 6 6. Do you believe that interexchange carrier switched access charges ought to exist?
- 7 Please provide your rationale for your position on this matter.
- 8 7. Please provide the following to assist in developing a rough estimate of the extent to
- 9 which implicit subsidies exist in access charges assessed by Arizona local exchange
- 10 companies.
- 11 a. What is your estimate of the implicit subsidies in access charges that exist on
- 12 a statewide basis?
- 13 b. Please explain how that estimate was developed.
- 14 c. What is your estimate of the existing implicit subsidies that exist by local
- 15 exchange company?
- 16 8. Should access charges be set at the same rates as unbundled network elements for the
- 17 same network elements and functionalities? Please explain your response.
- 18 9. Your responses to the following questions will assist the Commission in determining
- 19 how to proceed with this case from a procedural perspective.
- 20 a. What procedure would you recommend be used to address switched access
- 21 charge reform? For example, would you recommend a generic proceeding
- 22 to address the issues in general with the objective being the reform,
- 23 restructure and resetting of switched access charges for every LEC in the
- 24 State?
- 25 b. What issues do you believe should be addressed in a proceeding to determine
- 26 whether and to what extent intrastate access charges ought to be reformed?
- 27 c. Would you recommend that the Commission limit the initial switched access
- 28 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.
- 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.
- e. Would you recommend that the proceeding address switched access charges assessed by CLECs and/or other telecommunications companies?
- f. Given your vision of what the proceeding would address, how much time do you expect would be required to complete the proceeding?

- 1 10. For companies that provide access service, please provide the dollar amount of
2 revenues from switched access charges that you received by rate element, by month,
3 for the period July 1, 2000 through June 30, 2001.
- 4 11. For companies that purchase access service, please provide the dollar amount of the
5 payments for switched access charges that you made (by company, rate element, and
6 month if possible) for the period July 1, 2000 through June 30, 2001.
- 7 12. Do you believe that it would be possible to eliminate the potential that local exchange
8 service providers can exert monopoly power in the access service market by
9 assessing the switching, transport and CCL charges on the end users rather than on
10 interexchange carriers? Could customers then shop for local exchange service
11 customers for the least cost provider of access in addition to local service, etc.?
- 12 13. Do you believe that there is a difference in the costs of providing interstate switched
13 access service versus intrastate-switched access service? In your response, please
14 include a description of how costs are defined in your response and how those costs
15 relate to costs allocated to the intrastate jurisdiction under the FCC's Separations
16 rules.
- 17 14. In the CALLS Decision, the FCC implemented changes that would eliminate carrier
18 common line charges and establish an interstate universal service support
19 mechanism. Do you believe that the Commission ought to address the Arizona
20 Universal Service Fund mechanism concurrent with the reform of intrastate access
21 charges?
- 22 15. The FCC released its Access Charge Reform Order ("MAG Order") for rate of return
23 companies on November 8, 2001. Please comment on the extent to which you
24 believe the ACC should adopt any components of the MAG Order.
- 25 16. Should the Commission address CLEC access charges as part of this Docket?
- 26 17. Should additional considerations be taken into account when restructuring and/or
27 setting access charges for small rural carriers? Please explain your response.
- 28 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?
19. With regard to Qwest, what impact would Qwest receiving Section 271 authority
have on the issues raised in this proceeding? Please explain your response.
20. One of the stated objectives of the Qwest Price Cap Plan was to achieve parity
between interstate and intrastate access charges. Is this something that should be
looked at by the Commission in this proceeding?
21. Are there other issues besides the rate restructuring and costing issues raised herein
that should be addressed by the Commission in this Docket?
22. Are there other State proceedings and/or decisions that you would recommend the
Commission examine before it proceeds with this Docket? Please attach any relevant
State commission decisions to your comments.
23. Please provide your recommendations for a procedural schedule in this case.

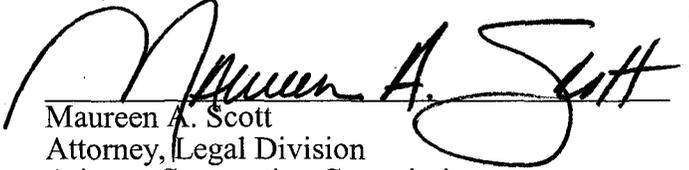
- 1 24. Please comment on the issues raised in Docket No. T-01051B-01-0391, In the Matter
2 of Qwest Corporation's Tariff Filing to Introduce a New Rate Structure for an Access
3 Service Used By Interexchange Carriers and their relationship to this Docket.
4 25. Please comment on any other issues you believe may be relevant to the Commission's
5 examination of intrastate access charges.

6 Staff recommends that the Hearing Division issue a procedural order which requests that
7 interested parties submit comment on the above issues within 30 days. Within 15 days thereafter,
8 Staff will file a proposed recommendation regarding how to proceed with this Docket and a proposed
9 procedural schedule. Staff suggests that parties be given 7 days to respond to Staff's proposed
10 recommendation and procedural schedule. Staff recommends that the Hearing Division convene a
11 procedural conference immediately thereafter to discuss the Staff's recommendation.

12 **III. CONCLUSION**

13 The Commission Staff respectfully requests that the Hearing Division issue a procedural
14 order consistent with the Discussion and recommendations contained above.

15 RESPECTFULLY SUBMITTED this 21st day of November, 2001.

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