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BEFORE THE ARIZONA CORPORATION COMMISSION

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Chairman
JIM IRVIN
Commissioner
MARC SPITZER
Commissioner

Arizona Corporation Commission

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AZ CORP COMMISSION
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IN THE MATTER OF THE INVESTIGATION
OF THE COST OF TELECOMMUNICATIONS
ACCESS

DOCKET NO. T-00000D-00-0672

I. INTRODUCTION

In September, 2000, the Commission opened this Docket to examine the costs associated with providing intrastate access service. Since that time, interstate access charges have undergone significant change. In light of the significant changes that have occurred at the Federal level with the pricing of interstate access charges, the Staff concluded that it would be appropriate to begin an examination of intrastate charges.

On November 21, 2001, Staff requested that the Hearing Division issue a procedural order which contained the following Staff recommendations:

- a. That interested parties submit comment on a list of issues within 30 days,
- b. That within 10 days thereafter, Staff would file a proposed recommendation regarding how to proceed with this Docket and a proposed procedural schedule,
- c. That parties be given 7 days to respond to Staff's proposed recommendation and procedural schedule and
- d. That the Hearing Division convene a procedural conference immediately thereafter to discuss the Staff's recommendation.

II. DISCUSSION

In response to the Procedural Order issued on January 16, 2002, the following interested parties filed comment on the list of issues:

- a. The Arizona Local Exchange Carrier Association
- b. AT&T Communications of the Mountain States, Inc. and TCG Phoenix
- c. Citizens Communications on behalf of Frontier Citizens Utilities Rural (fka Citizens Utilities Rural Company), Frontier Communications of the White Mountains (fka Citizens Telecommunications of the White Mountains) and Navajo Communications Company

- 1 d. Cox Arizona Telcom, L.L.C.
- 2 e. Eschelon Telecom of Arizona, Inc.
- 3 f. Qwest Corporation
- 4 g. Residential Utility Consumer Office
- 5 h. Sprint Communications Company, L.P.
- 6 i. Table Top Telephone Company
- 7 j. Verizon California Incorporated
- 8 k. WorldCom, Inc.

9 Staff expected that the responses to the issues presented would provide it with some
10 guidance on what the parties' views of the relevant issues are. In addition, the responses were
11 expected clarify the extent to which the parties agreed or disagreed on those issues and would
12 allow Staff to gauge the depth and breadth of the issues about which the parties had
13 significantly different opinions.

14 **III. STAFF RECOMMENDATION**

15 Staff has reviewed the responses submitted by the interested parties and recommends the
16 following:

- 17 a. The proceeding should be a generic proceeding.
- 18 b. The parties should have the opportunity to file direct, rebuttal and surrebuttal
19 testimony before the Hearing.
- 20 c. The Commission should address access charges for both the rate of return
21 companies (rural companies) and price cap companies in the proceeding.
- 22 d. The parties should be required to provide testimony on the following issues, at a
23 minimum:
 - 24 1. Whether IXCs may be at a competitive disadvantage if access charges are
25 not reformed.
 - 26 2. Whether transferring cost recovery responsibility from IXCs through
27 CCL charges to end users (through end flat rate end user charges) results
28 in end users subsidies of ILEC-provided toll services
 - 3. Whether transferring cost recovery responsibility from IXCs (through
CCL charges) to end users (through end flat rate end user charges) results
in end user benefits.
 - 4. What considerations make access charge reform in the public interest and
in addition what considerations make the interested party's proposed
access charge reform plan in the public interest.
- 25 e. While the proceeding should address both switched access and special access
26 issues, the primary focus should be on switched access issues.
- 27 f. Interested parties should submit estimates of the impact of their proposal on end
28 user rates. For example, if the party's recommendation is elimination of CCL
charges with AUSF support, the party should provide the following:

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1. What is the dollar amount of revenues that CCL charges currently generate,
2. What the AUSF amount will be and
3. What local service rate was used to estimate the AUSF funding amount.

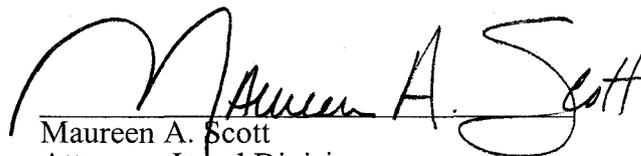
g. The parties should describe the mechanism that would be used to implement the access charge rate changes that are proposed.

h. The parties should address any other issues that they believe are relevant

Finally, Staff recommends the following dates:

June 28, 2002	Intervenor Direct Testimony
July 31, 2002	Staff Direct Testimony
August 30, 2002	Rebuttal Testimony
September 13, 2002	Surrebuttal Testimony
September 23, 2002	Hearing Begins

RESPECTFULLY SUBMITTED this 28th day of March, 2002.



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The original and ten (10) copies of the foregoing were filed this 28th day of March, 2002 with:

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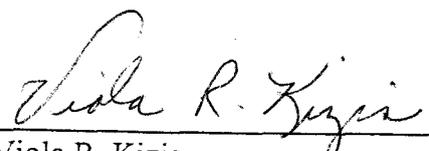
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