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BEFORE THE ARIZONA CORPORATION COMMISSION

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Chairman

WILLIAM A. MUNDELL  
Commissioner

JEFF HATCH-MILLER  
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Commissioner

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Commissioner

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IN THE MATTER OF INVESTIGATION )	DOCKET NO. T-00000D-00-0672
OF THE COST OF )	
TELECOMMUNICATIONS ACCESS )	<b>ESCHELON TELECOM OF ARIZONA,</b>
)	<b>INC.'S COMMENTS ON</b>
)	<b>APPROPRIATE PROCEDURE FOR</b>
)	<b>ADDRESSING ACCESS CHARGES IN</b>
)	<b>ARIZONA</b>

Eschelon Telecom of Arizona, Inc. ("Eschelon") provides these comments on the appropriate procedure for addressing access charges in Arizona as requested by the Administrative Law Judge at the October 14, 2003 Procedural Hearing.

Eschelon believes that the access charge proceeding should be bifurcated with Phase I focusing on Qwest access charges. During the Arizona Corporation Commission (the "Commission") open meeting at which the Commission supported Qwest's entry into the Arizona long distance market, the Commission directed its staff to investigate Qwest access costs and charges. The Commission's directive was in response to concerns of interexchange carriers that they will experience a price squeeze because Qwest sets a very significant component of interexchange carrier costs and can influence the pricing of long distance calling. Since this investigation is driven by Qwest's imminent entry into long distance, time is of the essence. Consolidating the Qwest access charge matter with the

access charges relating to other carriers will needlessly complicate and delay the determination of new Qwest access charges and defeat the purpose of the Commission directive.

Eschelon also urges the Commission to postpone for at least a year any evaluation of CLEC access charges for two reasons.

1. The regulatory environment is changing.

There are a number of significant regulatory proceedings that may have major impact on the CLEC industry. It would be premature to study CLEC access charges until those proceedings are done. For instance, implementing the triennial review order may change CLEC business plans significantly, such as if RBOC's are no longer required to offer UNE-P. Qwest and other ILECs also have filed petitions for forbearance at the FCC that may prevent CLEC's from collecting access charges for UNE-P lines which would dramatically change CLECs access revenues it earns today. Moreover, the FCC's current rulemaking proceeding on TELRIC cost structure may change costing principles. Finally, the FCC will likely commence an intercarrier compensation proceeding that could affect the principles that should apply in access pricing.

While some of these proceedings also may have some impact on Qwest, the investigation of Qwest access charges should not be delayed because of the Commission's desire to address interexchange carrier price squeeze concerns prior to Qwest's entry into long distance.

2. CLEC markets are not yet mature.

Facilities-based CLECs, like Eschelon, are still moving towards making full use of their capacity and, therefore, moving towards average minimum cost. Long established companies, like Qwest and other ILECs, have had almost a century to adjust and grow capacity and demand and, as a result, their costs are much lower than a CLEC.

Small CLEC networks do not yet have the economies of scale and scope. Since the CLECs are a very small part of the overall local market, postponing evaluation of CLEC access charges will not have a significant impact on the public. On the other hand, unfairly tying CLEC access charges to Qwest access charges will damage emerging local competition.

While the investigation of Qwest access rates at this time is reasonable, it is not reasonable or necessary to investigate CLEC access charges at this time. Eschelon urges the Commission to wait for the CLEC industry to mature and for certain FCC regulatory matters to be resolved before reviewing CLEC access charges.

Respectfully submitted this 3<sup>rd</sup> day of November, 2003.

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