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BEFORE THE ARIZONA CORPORATION COM

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2008 FEB -4 P 12: 27

AZ CORP COMMISSION
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7
8 IN THE MATTER OF THE REVIEW AND
POSSIBLE REVISION OF ARIZONA
9 UNIVERSAL SERVICE FUND RULES,
ARTICLE 12 OF THE ARIZONA
ADMINISTRATIVE CODE.

Docket No. RT-00000H-97-0137

10
11 IN THE MATTER OF THE
INVESTIGATION OF THE COST OF
12 TELECOMMUNICATIONS ACCESS.

Docket No. T-00000D-00-0672

13
14 **RUCO'S REPLY COMMENTS**

15
16 The Residential Utility Consumer Office ("RUCO") offers these reply comments
17 regarding AUSF and Access Charges.

18 Before addressing the comments of others, RUCO would like to take this opportunity to
19 clarify its earlier response to one of the Staff's questions regarding access charges. The
20 second sentence of RUCO's response to question 15 mistakenly omitted the word "case" after
21 "a rate." Thus, the sentence should have read "However, a rate case would be required for
22 access charges to be modified."

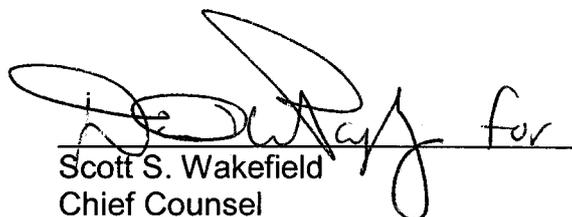
23 Arizona Corporation Commission
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1 Several commenters suggested that in conjunction with decreases in access charges,
2 local exchange carriers be permitted to increase charges for other services in an offsetting
3 amount. While RUCO recognizes that competitive carriers may have greater flexibility to
4 modify their rates without a traditional rate case, offsetting rate increases cannot be
5 implemented for incumbent local exchange carriers without a traditional rate case by the
6 Commission. Most rural incumbent local exchange carriers have not had rate cases in many
7 years. Therefore, it is possible that carriers could be over-earning. The Commission should
8 not blindly assume that an increase in other charges would be necessary to offset access
9 charge decreases. Further, when Qwest's access charges were reduced in its most recent
10 price cap renewal, it was after the Company had provided the Commission substantially all the
11 information traditionally provided for the Commission to determine a utility's revenue
12 requirement. Thus, incumbent local exchange carriers should not be permitted to "rebalance"
13 rates without a complete rate case proceeding.

14 RESPECTFULLY SUBMITTED this 4th day of February 2008.

15
16
17  for
18 Scott S. Wakefield
19 Chief Counsel

20 AN ORIGINAL AND FIFTEEN COPIES
21 of the foregoing filed this 4th day
22 of February 2008 with:

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