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BEFORE THE ARIZONA CORPORATION COMMISSION

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

Docket No. RT-00000H-97-0137

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

Docket No. T-00000D-00-0672

RUCO'S COMMENTS ON INCLUSION OF QWEST IN PHASE II

14 As set forth in the February 5, 2009, Procedural Order in the above-captioned dockets,
15 the Residential Utility Consumer Office ("RUCO") hereby submits its comments on the
16 inclusion of Qwest in Phase II.

17 The issue posed is whether Qwest should be involved in the general Access Charge
18 Docket. This exact issue was considered in November 2003, when Judge Nodes asked
19 whether the Access Charge Docket should be separated into two phases: Qwest in Phase I
20 and the remaining telephone companies in Phase II. See Docket RT-00000H-97-0137 and T-
21 00000D-00-0672. Qwest and RUCO objected. Id. Qwest asserted that separation into two
22 phases would result in wasteful duplication of effort and inconsistency between the treatment
23 afforded to Qwest and other carriers. RUCO agreed and asserted that bifurcation would result
24 in inefficiencies because parties might end up with different positions in two phases depending

1 on whether they were buyers or sellers of access charges. The remaining parties to the
2 general Access Charge Docket, including AT&T, argued that Qwest should be included in a
3 separate docket. *Id.* They argued that there were significant differences between Qwest and
4 the independent telephone companies (e.g. access charges comprise a significantly larger
5 percentage of the independents' revenues), that there was another matter pending, Docket No.
6 T-01051B-03-0454, in which Qwest's access charges could be considered and the
7 independents had no matters pending.

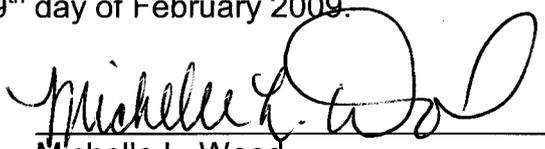
8 On November 17, 2003, Judge Nodes decided to bifurcate the matters because at the
9 time the Commission was reviewing Qwest's price cap plan in Docket No. T-01051B-03-0454.
10 Judge Nodes ruled that Phase I of the Access Charge Docket would address Qwest's access
11 charges in conjunction with review of its price cap plan in Docket No. T-01051B-03-0454. The
12 Judge further ordered that Phase II of the Access Charge Docket would consider access
13 charges for all other telephone carriers that provide access services. *Id.*

14 Qwest's price cap plan was reviewed under the above-referenced docket and its access
15 charges were considered. The matter was resolved by a settlement agreement ("Settlement
16 Plan") approved by the Commission on March 23, 2006. See Decision No. 68604, Docket No.
17 T-01051B-03-0454, approving Settlement Plan. The Decision set Qwest's intrastate access
18 charges. Under the terms of the Settlement Plan, Qwest's access charges were reduced by
19 \$12 million dollars in the first year of the three year Settlement Plan. *Id.* at 7. The reduction
20 was revenue neutral meaning that Qwest was permitted to increase rates in other areas to
21 make up for the reduction in switched access charge reductions. *Id.* The Settlement Plan
22 included a term permitting the extension of the agreement at the request of Qwest. *Id.* at 10.
23 Qwest made such a request on June 23, 2008. The matter is currently pending before the
24 Commission.

1 In response to Judge Rodda's question of whether Qwest should be included in the
2 general docket discussion relating to Access Charges, AT&T asserts that Qwest should be
3 included in Phase II of Docket RT-00000H-97-0137 and T00000D-00-0672 because sufficient
4 time has elapsed which would not preclude further inquiry into whether Qwest's access
5 charges are currently at appropriate levels. AT&T's filing resurrects an issue that was already
6 decided by Judge Nodes in Docket RT-00000H-97-0137 and T00000D-00-0672. At that time,
7 the Commission, over the concerns of Qwest and RUCO, bifurcated the issue of access
8 charges and placed the discrete issue of Qwest's access charges in Phase I. Now, that Phase
9 I has concluded, including Qwest in Phase II is tantamount to re-litigating the matter already
10 decided by the Commission. AT&T has not provided any evidence that Qwest's rates are
11 inappropriate. Finally, inclusion of Qwest may only serve to delay final resolution of this
12 matter, which has lingered too long on the Commission's docket.

13 RUCO asserts the inclusion of Qwest in Phase II may make it more difficult for the
14 parties to narrow the issues in the scheduled workshops. Moreover, judging from the past, if
15 additional reductions in Qwest's access charges are warranted as AT&T suggests, the matter
16 could likely be resolved more expeditiously in Qwest's request to extend it's Settlement Plan
17 pending before the Commission in Docket No. T-01051B-03-0454.

18 RESPECTFULLY SUBMITTED this 19th day of February 2009.

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20 Michelle L. Wood
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23 of the foregoing filed this 19th day of February, 2009 with:

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