

January 24, 2000

VIA ELECTRONIC FILING

Magalie Roman Salas, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

RE: *Ex Parte* Presentation in CC Docket Nos. 94-1, 96-45, 99-249 and 96-262

Dear Ms. Salas:

This letter is being filed in compliance with the Commission's *Ex Parte* rules, 47 C.F.R. § 1.1200 *et seq.*

On January 21,2000, representatives of Citizens Utilities Company met with Commission Staff for the purpose of making an *ex parte* presentation in CC Docket Nos. 94-1, 96-45, 99-249 and 96-262 regarding the CALLS proposal. Present at the meeting were Michael Shultz and Robert Caprye of Citizens, Ted Heckman and Pat Rupich of Cincinnati Bell, and Larry Strickling, Jane Jackson, Aaron Goldschmidt, and another Staff member from the Commission.

During the meeting, Citizens discussed the CALLS proposal. Citizens Communications made the following points which heretofore had not been addressed in the record.

- Citizens agrees with the FCC that comprehensive, meaningful access and price cap reform must involve a broad approach that is implemented over a transition period.
- Fundamental rate rebalancing is required between classes of service and potentially between jurisdictions. Unfortunately, the CALLS proposal

when implemented by the FCC represents only about a 25% solution – each state PUC must adopt a similar regulatory approach.

- Citizens expressed concern that CALLS and any other reform proposal be constructed in a competitively neutral fashion. Citizens is facing price competition for business customers as a result of being required to implement price cap and access reform, while some rate of return company competitors have not and can offer lower capped SLCs and no PICCs.
- The CALLS proposal is an opportunity for Citizens to achieve a degree of regulatory certainty as the plan would cover a five-year period of time.
- Citizens could not support the original CALLS proposal due to the aggressive access rate reduction targeting to rate levels that would not be compensatory, i.e., rates below cost.
- Citizens expressed concern that mandatory CALLS participation would bring serious financial consequences to existing Citizens operations, as well as, introduce an unsettling level of uncertainty associated with the operations of newly acquired properties.
- Citizens is evaluating the latest proposal and determining what adjustments can be made to the plan in order to address Citizens concerns.

Sincerely,

Robert C. Caprye
Manager, Regulatory Affairs