

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

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In the Matter of)	
)	
Multi-Association Group (MAG) Plan for)	CC Docket No. 00-256
Regulation of Interstate Services of)	
Non-Price Cap Incumbent Local Exchange)	
Carriers and Interexchange Carriers)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	
)	
Access Charge Reform of Incumbent)	CC Docket No. 98-77
Local Exchange Carriers Subject to)	
Rate-of-Return Regulation)	
)	
Prescribing the Authorized Rate of Return For)	CC Docket No. 98-166
Interstate Services of Local Exchange Carriers)	
_____)	

**COMMENTS OF THE ARIZONA LOCAL EXCHANGE
CARRIERS ASSOCIATION**

The Arizona Local Exchange Carriers Association (ALECA) files these comments to support Commission adoption of the MAG plan for improved regulation of the interstate services of non-price cap incumbent local exchange carriers and interexchange carriers. The Commission should adopt the MAG plan in its entirety, and should implement it as soon as possible. Doing so will help ensure that small and mid-sized rural telephone companies will be able to serve their customers for years to come.

The Arizona Local Exchange Carriers Association is a recently formed association of incumbent local exchange carriers currently representing mid to small size companies, including individually owned, tribally owned and holding company controlled operations. The ALECA

supports the MAG Plan due to consumer benefits, including improved service. The Plan offers rural telephone companies a package of access charge / universal service reforms, similar to that developed by the CALLS coalition for price cap companies. It raises the subscriber line charge with the expectation of lowering long distance rates. Per minute access charges would be reduced, but geographical averaging of rates that is so important to rural customers would continue.

Additionally, approval of the Plan will end much regulatory uncertainty that exists at the federal level today. This will also promote investment, allowing consumers in rural America to receive access to advanced services while keeping rates affordable. By removal of the cap on universal service, rural companies would be provided the necessary economic incentives to invest and upgrade their service more rapidly, while doing so efficiently. We believe this is compatible with the Rural Task Force (RTF) Recommendation on Universal Service in providing regulatory certainty and stability to rural America.

We believe that a one-size fits all concept simply does not work. Therefore it is entirely appropriate to provide rural companies a choice of "paths". The Plan's elective structure allows participating LECs to choose between the "Path A" and "Path B" regulatory regimes. The member companies support the MAG plan's incentive regulation strategy tailored to rural LECs. Furthermore, because the MAG plan was developed with input from affected companies, the regulation plan takes into consideration the diversity of the small and mid-sized rural telephone companies while at the same time preserving rate of return regulation for those companies that need it.

The retention of the existing authorized interstate rate of return is a vital part of the MAG plan. In today's slowing economy, the Commission's current authorized rate of return reflects the

minimum realistic cost of capital. To alter that rate of return would create serious investment disincentives for the member companies of the Arizona Local Exchange Carriers Association.

The ALECA also supports adoption of the proposed rule requiring IXCs to offer rural customers the same discount calling plans they offer in urban areas. Such a rule is needed to ensure that rural customers receive the benefit of geographic toll rate averaging while access charges are reformed. The Plan goes beyond calling for enforcement of section 254(g); by lowering access charges, the Plan makes it much easier for long distance companies to comply with the law, which gives consumers more carriers and calling plans choices.

In summary, we support adoption of the plan in its entirety, and request the Commission to do so as soon as possible. The MAG Plan takes into account the vast changes experienced in the telecommunications industry since the Telecommunications Act of 1996, and will allow smaller LECs in rural areas to continue providing their customers with services that are comparable in quality and price to those enjoyed by people in low-cost urban markets. In addition, it is compatible with the RTF Recommendations to the Joint Board on Universal Service. We thank the Commission for the opportunity to comment on the MAG plan.

Respectfully submitted,

By: _____
For The Arizona Local Exchange Carriers
Association
Address:
Date: