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July 11, 2001

RECEIVED

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JUL 11 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Magalie Roman Salas
Secretary
Federal Communications Commission
The Portals
Washington, D.C. 20554

Re: Ex Parte Presentation – CC Docket Nos. 00-256, 96-45, 98-77, 98-166, *Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers*

Dear Ms. Roman Salas:

On July 10, 2001, representatives of the Multi-Association Group (the "Group") met with Dorothy Attwood, Carol Matthey, Jane Jackson, Katherine Schroder, Rich Lerner, Jack Zinman, Eric Einhorn, and Bill Scher of the Common Carrier Bureau to express support for and discuss issues associated with the Group's proposed plan for regulating non-price cap incumbent LECs, which is the subject of the above-captioned proceeding. David Cohen, Robert Debroux, Marie Guillory, Warren Hight, Margot Humphrey, John Rose, Robert Williams, and the undersigned attended on behalf of the Group. The attached sheets were distributed at the meeting and summarize the meeting. Also discussed were filings of the Group and other parties already in the record in this proceeding.

Eight copies of this letter and the attachment are enclosed for the use of the Secretary, and a copy of this letter and attachment will be provided to each of the Commission attendees.

If you have any questions on this matter, do not hesitate to call me.

Very truly yours,

A handwritten signature in cursive script that reads "William F. Maher, Jr." in black ink.

William F. Maher, Jr.

Attachment
Enclosures
cc: Commission attendees listed above

**MEETING WITH COMMON CARRIER BUREAU
Multi-Association Group
July 10, 2001**

I. COMPREHENSIVE, NOT PIECEMEAL, REGULATORY REFORM IS ESSENTIAL FOR NON-PRICE CAP LECs DURING THE CURRENT TRANSITION PERIOD

Access reform by itself is inadequate to address the regulatory uncertainty experienced by non-price cap LECs

A package of reform initiatives is needed during the transition period established by the Rural Task Force (RTF) Order:

- Access reform, with transitions recommended in the MAG plan for residential, single-line business, and multi-line business SLCs
- Incentive regulation
- Rate-of-return freeze
- Enforcement of Section 254(g) geographic averaging requirements for IXCs
- Reform of pooling system to protect and simplify administration for smallest LECs and their customers
- Removal of the all-or-nothing rule and other FCC rules that limit non-price cap LEC business structures

The Commission's proceeding on inter-carrier compensation introduces long-term uncertainty that these comprehensive MAG reforms should minimize.

II. INCENTIVE REGULATION IS A KEY COMPONENT OF COMPREHENSIVE REFORM

- Rejection of or delay in considering incentive regulation will drive companies out of the NECA pool. This will diminish the usefulness of banding for pool members and potentially exacerbate disparities in access rates among LECs both in and out of the pooling system.

- Incentive regulation for the non-price cap LECs must avoid the characteristics that made price caps unworkable as an option for these LECs while meeting the FCC's policy goals.
- A further notice on incentive regulation could greatly increase regulatory uncertainty

III. MAG ENDORSES A RESIDUAL REVENUE-NEUTRAL SUPPORT MECHANISM, WHICH WILL PROMOTE INFRASTRUCTURE INVESTMENT

- In the MAG Plan, the RAS is that residual mechanism, which is analogous to HCF III in the RTF Order
- Under any access reform plan, a residual mechanism is essential