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August 17, 2001

RECEIVED

AUG 17 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 August 16, 2001, representatives of the LEC Multi-Association Group (the "Group") met with Rich Lerner, Doug Slotten, Marvin Sacks, Eric Einhorn, and Geoff Waldau of the Common Carrier Bureau to discuss incentive regulation issues associated with the Group's proposed plan for regulating non-price cap incumbent LECs. That plan is the subject of the above-captioned proceeding. Scott Reiter, Margot Humphrey, John Rose, Bob Debroux, John Jones, and the undersigned attended on behalf of the Group.

The representatives of the Group expressed continued support for an incentive regulation option as a component of regulatory reform for non-price cap incumbent LECs. They described important policy goals for incentive regulation of these LECs. These include the need for creating incentives for efficient infrastructure investment by non-price cap incumbent LECs, the need for competitive neutrality, and the need for optionality because of these LECs' diverse operating environments. They explained the Plan's proposal for pricing flexibility outside the NECA pooling environment.

The representatives of the Group also discussed the incentive regulation proposals of AT&T, GCI, and Western Wireless in an *ex parte* presentation in this proceeding dated July 25, 2001. The representatives of the Group noted that although some proposals of these parties are nominally consistent with the policy goals described above, the proposals as a whole would create an overly restrictive form of regulation with very limited efficiency incentives. The representatives of the Group discussed the importance of devising incentive regulation and universal service mechanisms that function in a pooling environment.

Magalie Roman Salas

August 17, 2001

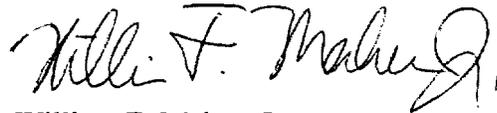
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With respect to incentive regulation issues such as sharing, the basis for determining revenues per line (RPL), and adjustments to RPL, the representatives of the Group described the Group's efforts to evaluate these issues. They committed to inform the Commission staff of further developments in this area. Also discussed were filings of the Group and other parties already in the record in this proceeding.

Eight copies of this letter are enclosed for the use of the Secretary, and a copy of this letter 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." The signature is written in dark ink and is positioned above the printed name.

William F. Maher, Jr.

Enclosures

cc: Commission attendees listed above