N A R U C

National Association of Regulatory Utility Commissioners

EX PARTE OR LATE FILED

RECEIVED

OCT - 1 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

October 1, 2001

Ms. Magalie R. Salas
Secretary
Federal Communications Commission
445 12th Street, SW Portals II Building
Washington, DC 20554

RE: Ex Parte Notice - Two originals too be filed in the proceedings captioned "*In the Matter of Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers (CC Docket No. 00-256); Federal-State Joint Board on Universal Service (CC Docket No. 96-45); Access Charge Reform for Incumbent Local Exchange Carriers Subject to Rate-of-Return Regulation (CC Docket No. 98-77); Prescribing the Authorized Rate of Return For Interstate Services of Local Exchange Carriers (CC Docket No. 98-166).*

Dear Ms. Salas:

In accordance with Section 1.1206(b)(1) of the FCC's rules, the National Association of Regulatory Utility Commissioners ("NARUC") submits for filing this notice of *ex parte* contacts for inclusion in the public record of this proceeding. On September 27 and 28, 2001, I spoke with Sam Feder, and separately with Jordan Goldstein about the proposal in the above captioned docket. I also e-mailed copies of this *ex parte* to each of the FCC Commissioners' offices.

Generally, I reiterated the NARUC State member concerns inherent in the attached resolution and suggested that, because of the wide ranging potential impacts of action on the MAG plan, at the very minimum, the FCC, before taking final action, should either refer those portions of the MAG plan that impact universal service to the Federal-State Joint Board on Universal Service for further review, or consult with the Joint Board, and should also consider issue workshops and other ADR options to improve this plan.

If you have any questions about these or any other NARUC positions, please do not hesitate to contact me at 202.898.2207 or jramsay@naruc.org.

Respectfully Submitted,

James Bradford Ramsay
NARUC General Counsel

No. of Copies rec'd 0+2
List A B C D E

1101 Vermont Avenue, NW, Suite 200, Washington D.C. 20005 • 202.898.2200 • 202.898.2213 *fax* • http://www.naruc.org

Resolution Concerning the MAG Plan for Access Charge Reform

WHEREAS, On January 5, 2001, the Federal Communications Commission requested comment on an industry-proposed plan (Multi-Association Group or "MAG" plan) for interstate regulatory reform, including access reform, for local exchange carriers subject to rate of return regulation, and

WHEREAS, The FCC is considering whether the MAG proposal contains an appropriate method for interstate access restructuring, and whether it should be accomplished by increasing the federal universal service fund, and

WHEREAS, An appropriate access reform plan should seek to preserve geographically averaged toll rates in all areas of the country and to make optional calling plans ubiquitously available, and

WHEREAS, Experience has shown interexchange carriers will likely surcharge any increases in universal service funding to their customers, and an acceptable access charge reform plan should ensure that appropriate offsetting reductions in long distance rates or increased availability of optional calling plans will result, and

WHEREAS, A regulatory reform plan should provide reasonable explanation of how incentive regulation will reduce cost of service or promote expanded services in the long run, and

WHEREAS, A regulatory reform plan should contain provisions that encourage carriers to make investments at an appropriate time based on market demand and the availability of technology, and

WHEREAS, One of the principal benefits of competition is lower customer charges; however, the primary manner in which the MAG plan proposes to encourage competitors to serve rural areas may significantly increase SLCs and other customer charges, and

WHEREAS, Any plan to reform interstate access charges must balance the interests of carriers and consumers; *now therefore be it*

RESOLVED, That the Board of Directors of the National Association of Regulatory Utility Commissioners (NARUC) convened in its 2001 Winter Committee Meetings in Washington D.C., that the FCC should carefully consider whether the MAG regulatory reform plan is consistent with sound regulatory principles, *and be it further*

RESOLVED, That NARUC supports the goals of providing geographically averaged toll rates in all areas of the country, increased incentives to efficiently expand advanced services in rural America, and providing increased incentives for efficiency of rural LECs, *and be it further*

RESOLVED, That NARUC supports further examination of the MAG plan and how it balances carrier and customer interests, *and be it further*

RESOLVED, That at the very minimum, the FCC should either refer those portions of the MAG plan that impact universal service to the Federal-State Joint Board on Universal Service for further

review, or consult with the Joint Board, and should consider issue workshops and other ADR options to improve this plan, *and be it further*

RESOLVED, That NARUC counsel is directed to file comments with the FCC consistent with this resolution.

Sponsored by the Committee on Telecommunications
Adopted by the NARUC Board of Directors February 28, 2001