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April 2, 2014

Via Electronic Filing and U.S. Mail

OREGON PUBLIC UTILITY COMMISSION
ATTENTION: FILING CENTER
PO BOX: 1088
SALEM OR 97308-1088

RE: Docket No. UM 1354 – In the Matter of QWEST CORPORATION Petition for Approval of Price Plan Pursuant to ORS 759.255.

Enclosed for electronic filing in the above-captioned docket is Staff Opening Testimony.

/s/ Mark Brown
Mark Brown
Utility Program, Support Services
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c: UM 1354 Service List (parties)

PUBLIC UTILITY COMMISSION OF OREGON

UM 1354

OPENING TESTIMONY OF

BRUCE HELLEBUYCK
JIM STANAGE
MALIA BROCK
MITCH MOORE

In the Matter of QWEST CORPORATION Petition for Approval of Price Plan Pursuant to ORS 759.255.

REDACTED
April 2, 2014

CASE: UM 1354
WITNESS: BRUCE HELLEBUYCK

PUBLIC UTILITY COMMISSION
OF
OREGON

STAFF EXHIBIT 100

OpeningTestimony

April 2, 2014

CERTAIN INFORMATION CONTAINED IN STAFF EXHIBIT 100 OF

UM 1354 IS CONFIDENTIAL AND SUBJECT TO

PROTECTIVE ORDER NO. 08-116. YOU

MUST HAVE SIGNED

APPENDIX B OF THE PROTECTIVE ORDER IN

DOCKET UM 1354 TO RECEIVE THE

CONFIDENTIAL VERSION

OF THIS EXHIBIT.

Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.

A. My name is Bruce Hellebuyck. I am the Program Manager of the Retail Telecom & Water Regulation section of the Telecommunications and Water Division of the Public Utility Commission of Oregon (Commission). My business address is 3930 Fairview Industrial Dr. SE Salem, Oregon 97302.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE.

A. My Witness Qualification Statement is found in Exhibit Staff/101.

Q. DID YOU PREPARE AN EXHIBIT FOR THIS DOCKET?

A. Yes. I prepared Exhibit Staff/101, consisting of 60 pages, and Staff/102 consisting of 1 page of confidential exhibits.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My testimony addresses the Public Utility Commission of Oregon Staff's (Staff) recommendations regarding the petition of Qwest Corporation, dba CenturyLink QC (the Company) for revision of its price plan in UM 1354 (the Petition or Revised Plan). I will also introduce and summarize the testimony of the other Staff witnesses who are providing testimony in this proceeding. Specifically, my testimony is organized into the following sections:

I. General Principles

I will describe the general principles that Staff used in reviewing the proposals it considered (General Principles). Those principles form the

1 context in which Staff reviewed the Petition and inform Staff's
2 recommendations.

3 **II. Staff Review Criteria**

4 I will describe Staff's criteria for reviewing price plans consistent with the
5 statutory mandate the Commission is directed to consider when evaluating
6 a plan under ORS 759.255 (the Price Plan statute), including taking into
7 consideration the General Principles mentioned above.

8 **III. Staff Recommendations and Rationale**

9 I will the make the following recommendations regarding the Petition and
10 summarize the Staff's review leading to those recommendations.

11 **A. The Commission Should Deny the Petition**

12 The Commission should deny the Petition as it does not meet the
13 standards outlined in the Price Plan statute.

14 **B. The Commission Should Adopt the Oregon Plan**

15 The Commission should adopt an alternative price plan (the Oregon Plan),
16 which Staff designed to address and balance the unique circumstances
17 facing Oregon customers and the Company. This Oregon Plan would
18 allow the Company the additional upward pricing flexibility which Staff
19 encourages the Commission to embrace while also providing the
20 customer safeguards for both pricing and service quality that are
21 necessary during the transition to a period of effective competition.

22 **C. Continued Operation Under the Current Plan**

In the alternate, the Commission should require the Company continue to operate under its current price plan, which was adopted in Commission Order No. 08-408 (the Current Plan).

Q. PLEASE INTRODUCE THE OTHER STAFF WITNESSES WHO WILL BE PROVIDING OPENING TESTIMONY.

A. The following Staff members will be providing opening testimony:

A. **Mr. Jim Stanage - Pricing.**

Mr. Stanage will:

1) describe the telecommunication services affected by the price plans being considered;

2) discuss the Company's experience with increasing pricing flexibility in Oregon and demonstrate that the Commission has a long history of providing incremental pricing flexibility for utilities;

3) describe the level of pricing flexibility in the Current Plan and the extent to which the Company has used that pricing flexibility and show that Qwest has used a relatively small portion of the flexibility it has under the Current Plan;

4) discuss the specific pricing proposals contained in the Oregon Plan and the level of flexibility contained in the Oregon Plan and show how the Oregon Plan provides more flexibility than is contained in the Current Plan; and

5) discuss the specific pricing proposals contained in the Revised Plan and the level of flexibility contained in the Revised Plan.

B. Ms. Malia Brock – Service Quality

Ms. Brock will:

1) describe the service quality standards currently in place in Oregon and being utilized under the Current Plan;

2) discuss Qwest's service quality performance against those standards under the Current Plan and demonstrate that:

a. Qwest has not exceeded those standards as it asserts in the Petition;

b. service quality has steadily declined since 2008; and

c. service related customer complaints have risen steadily since 2010 and total complaints have increased on a per line basis since almost every year since 2008.

3) address the service quality reporting changes proposed by Qwest and;

a. describe the changes proposed by Qwest;

b. discuss the merits of Qwest's proposed amendments; and

c. recommend the Commission deny the proposed changes.

4) discuss Staff's concerns regarding actions companies such as Qwest may be taking in response to increased competition, which may ultimately negatively impact service quality including those related to;

a. reductions in investment;

b. the advanced age and potential obsolescence of the Company's network; and

c. the impact on service quality in rural areas.

C. Mr. Mitch Moore – status of Telecommunication Competition in Oregon and Waivers of Statutes and Oregon Administrative Rules (OARs)

In his testimony regarding the status of telecommunication competition in Oregon, Mr. Moore will:

1) describe a framework of competition that will enable the Commission to determine whether or not the telecommunications markets in Oregon are sufficiently competitive to grant the Company's Petition;
2) explain why it is important to distinguish between the various markets in which Qwest competes for customers;
3) discuss the limited options regarding competitive alternatives to Qwest service in the residential voice market;
4) discuss the competitive alternatives to Qwest service in the Small Business market and demonstrate that most small businesses have only a single landline alternative and that CLEC competition in this market is minimal;
5) discuss the competitive environment in the Mid-market and Enterprise markets and demonstrate that the bulk of the

competition among competitive providers exists primarily in the Enterprise market;

6) discuss the evidence presented by Company Witness John Felz and demonstrate that it does not adequately or coherently analyze the competitive markets in Oregon and that it does not substantiate the Company's claim that the Legacy Qwest service territory is sufficiently competitive for the Commission to grant its petition, and;

7) discuss the impact of price deregulation in other states, and show that price deregulation has led to significant price increases in many areas.

In his testimony regarding the addressing the waivers of statutes and OARs, Mr. Moore will discuss the statutes and rules that Qwest requests be waived in addition to those already waived under the Current Plan and recommend whether or not the Commission should approve or deny each of those additional requested waivers.

I. GENERAL PRINCIPLES

Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

A. As I described earlier, in this section I will discuss the General Principles which Staff used in reviewing the two proposals it considered – the Revised Plan and the Oregon Plan. Those principles form the context in which Staff reviewed those plans and informed Staff's recommendations regarding those plans.

Q. PLEASE LIST STAFF'S GENERAL PRINCIPLES.

A. Staff's General Principles are that:

1. A measured, flexible, "evolutionary" approach is appropriate;
2. A suitable plan must accommodate incomplete and uneven competition;
3. Pricing flexibility should be balanced against pricing safeguards;
4. Impacts of Competition on Service Quality must be monitored;
5. A "one-size-fits all approach" is not appropriate; and
6. Customers should retain access to a reasonably priced single line service.

Q. PLEASE DISCUSS GENERAL PRINICPLE 1: A MEASURED, FLEXIBLE, "EVOLUTIONARY" APPROACH IS APPROPRIATE.

A. The appropriate course for the Commission to pursue at this time is to continue the measured path towards more relaxed regulation that it began when it adopted the Current Plan in Order 08-408. Continuing down that path is the only approach which adequately balances the potential need for customer safeguards during the period of transition to effective competition with the Company's need to address that increased competition. ***While the market is becoming more competitive, not all customers have access to a range of competitive alternatives for all the services they need*** due to geographic, demographic, and other differences among customers. Support for Staff's position regarding the level of competition present in Oregon can be found in Mr. Moore's testimony.

Rather than leap to a total reliance on competition to provide price safeguards as the Company advocates, the Commission should adopt a plan which contains safeguards (e.g., price caps) which will ensure that the plan is

1 operating in the public interest. The Commission should take appropriate,
2 measured steps to modify or even eliminate those mechanisms altogether
3 should competition eventually prove to be robust and complete enough to
4 provide adequate pricing safeguards for all Oregonians.
5 The plan should similarly be flexible enough to accommodate changes in the
6 competitive market. In addition to being able to accommodate changes in the
7 level of competition present, there are also changes in the rules and framework
8 around the provision of telecommunication services that a plan should be
9 flexible enough to accommodate. For instance, the Federal Communications
10 Commission (FCC) has recently released its transformation order and has
11 focused on the deployment of broadband. The FCC is also entertaining
12 "experiments" to determine if areas can go "all IP."

13 The FCC's experiments will focus on how the enduring values underlying
14 operation of today's networks can be preserved and enhanced throughout
15 technological change. These values are fundamental:

16 - Public safety communications must be available no matter the technology
17 - All Americans must have access to affordable communications services
18 - Competition in the marketplace provides choice for consumers and
19 businesses
20 - Consumer protection is paramount

21 New technologies can deliver efficient, innovative services to consumers, spark
22 investment, and grow the economy. But at this time, consumers can revert to
23 legacy services if the newer technologies don't meet their needs. When adoption
24 of new technologies reaches critical mass, many providers may ask the FCC for
25 permission to cease offering those legacy services.

26 (*See* http://www.fcc.gov/encyclopedia/2014-trs-history-docket).

1 Complicating matters is the fact that the transformation order is involved in
2 court appeals and the future of the telecommunications industry is unclear.
3 Similarly, with regard to service quality, the Commission should take the
4 appropriate gradual steps to reduce reporting requirements should the
5 transition to competition prove to result in appropriate incentives such that high
6 quality service is provided to all customers, including those in rural areas. As
7 outlined in Principle 4 below, not enough is known about the impacts of
8 deregulation on service quality to rely entirely on competition to provide service
9 quality safeguards.
10 A measured approach would be consistent with the Commission's Mission
11 Statement to:

12 ***Ensure*** that safe and reliable utility services are provided to
13 consumers at just and reasonable rates while ***fostering*** the use of
14 competitive markets to achieve these objectives.
15 (Emphasis supplied).

16 Having both the objectives to ensure safe and reliable services at just and
17 reasonable rates and to foster competition present in the Commission's mission
18 creates a potential tension between those two objectives, as in this case.
19 The mission statement resolves that tension in the favor of ensuring the
20 objective regarding ensuring safe and reliable services at just and reasonable
21 rates. This language reinforces the notion that the provision to "***[e]nsure*** that
22 safe and reliable utility services are provided to consumers at just and
23 reasonable rates" is predominant over the section regarding "***fostering the*** use

of competitive markets to achieve these objectives." A measured approach is consistent with that predominance of just and reasonable rates.

Finally, this General Principle is also consistent with the language found in ORS 759.255(2)(c), which requires that a plan "Maintains the appropriate balance between the need for regulation and competition"

Achieving this balance, in light of the competitive "gaps" discussed in Mr. Moore's testimony, militates for a measured approach.

Consistent with its stated mission and the Price Plan statute, the Commission need not take a drastic step at this time which relies entirely upon an untested and unproven premise that competition will adequately protect customers both on price and service quality. Instead, the Commission should take a more measured and balanced step.

Q. PLEASE DISCUSS GENERAL PRINCIPLE 2: A SUITABLE PLAN MUST ACCOMMODATE INCOMPLETE AND UNEVEN COMPETITION.

Increased pricing flexibility is desirable to the extent it allows customers to have additional choices at competitive prices. Staff and the Company both believe a move toward additional pricing flexibility is appropriate given changes which are occurring in the industry. The difference is not in the direction but in the magnitude of the increase in flexibility being proposed.

As I will describe later in my testimony, the Company is proposing to remove nearly all the pricing safeguards present in the Current Plan. The Company is attempting to justify its request in this proceeding almost solely on evidence it presents regarding the state of competition for telecommunication alternatives

in Oregon. In response to eleven separate Staff data requests on the topic, the Company asserts:

> ...competitive market forces can be relied upon to ensure discipline over pricing is maintained.

(*Staff Requests 38 and 46 through 55*, *see* Exhibit Staff/101/Hellebuyck/9-19)

For the reasons pointed out in Mr. Moore's testimony, Staff is not nearly as sanguine as the Company regarding this point. In contrast, Staff has developed a healthy skepticism regarding the ability of competition, as it currently exists in Oregon, to be relied upon as the sole provider of pricing and service quality safeguards to customers. There are issues which impact the availability and viability of all the various forms of telecommunications alternatives listed in the Petition. Those issues, as listed below and as expanded upon in Mr. Moore's testimony, are impacted by Oregon's unique nature:

A. Geographic differences – e.g., multiple mountain ranges which impact wireless cell coverage,

B. Demographic differences - entire markets (wire centers) or portions of some markets may be too sparsely populated to be pursued by competitive providers,

C. Other issues, including the fact that most customers have access to only one landline alternative.

The Commission should not determine that adequate competition exists, particularly in rural areas, to provide adequate customer protections for either pricing or service quality. There are clearly "gaps" and unevenness regarding

1 the availability and viability of competition alternatives in Oregon. A suitable
2 plan must contain mechanisms that protect customers without access to robust
3 alternatives.

4 **Q. PLEASE DISCUSS GENERAL PRINCIPLE 3: INCREASED PRICING**
5 **FLEXIBILITY SHOULD BE BALANCED AGAINST PRICING SAFEGUARDS.**

6 A. As previously stated, Staff and the Company both believe a move toward
7 additional pricing flexibility is appropriate given changes which are occurring in
8 the industry. The difference is not in the direction but in the magnitude of the
9 increase in flexibility being proposed.

10 The Company has asserted additional pricing flexibility is necessary in order to:

11 To meet this robust and ubiquitous competition and to ensure the company
12 has the ability to ameliorate the revenue losses associated with access line
13 loss...
14
15 (Petition at 6).

16 Increased pricing flexibility is desirable to the extent it allows customers to have
17 additional choices at competitive prices. Staff also believes some flexibility may
18 be appropriate to allow the Company to increase prices to address the
19 reduction in funds available to invest in and maintain its system (i.e., "to
20 ameliorate the revenue losses associated with access line loss") it claims it is
21 experiencing as a result of competition.

22 However, to address concerns regarding the adequacy of competition
23 described in General Principle 2 and expanded upon in the testimony of Mr.

1 Moore, some additional constraints – not simply those resulting from
2 competition, must be placed on the Company's pricing flexibility.
3 The Commission should balance the need for additional pricing flexibility with
4 the pricing safeguards that are currently necessary.
5 A price plan which simply allows the Company to raise prices in an unlimited
6 manner without pricing safeguards would not ensure just and reasonable rates
7 and the plan and would not meet the public interest standard. In contrast, a
8 balanced approach which contains increased pricing flexibility but also contains
9 adequate pricing safeguards would meet the public interest standard with
10 regard to prices.
11 As was the case with taking a measured approach under Principle 1, the idea
12 of balancing pricing flexibility with pricing safeguards is consistent with the
13 Commission's mission.
14 The language in the Commission's mission argues for the Commission erring
15 on the side of providing pricing customer safeguards when balancing those
16 safeguards with providing additional pricing flexibility.
17 Finally, Staff's general principle regarding balancing pricing flexibility is
18 consistent with the language found in 759.255.(2)(c) which requires that a plan
19 "Maintains the appropriate balance between the need for regulation and
20 competition".
21 Staff believes achieving this balance, in light of the competitive "gaps"
22 discussed in Mr. Moore's testimony, requires customer pricing safeguards.
23 Consistent with its stated mission and the Price Plan statute, the Commission

need not solely rely on the presence of competition to provide adequate pricing safeguards. An approach that balances additional pricing flexibility with the retention of pricing safeguards is appropriate.

Q. PLEASE DISCUSS WHY YOU BELIEVE REASONABLE PRICING SAFEGUARDS WILL NOT HARM THE COMPANY.

The only potential "harm" to the Company which could result from Commission adoption of pricing safeguards would result from Qwest not being able to raise prices above the level established in those safeguards. As an example, under the Current Plan, the Company could raise prices for Other Services, which represent [redacted] percent of their revenues, by as much as 50% per year. As discussed by Mr. Stanage, the level of price increases actually implemented by the Company for Other Services was far below that level.

If the Company's intent is to raise prices above the levels reflected in reasonably set pricing safeguards, it is hard to understand how a plan which would allow such increases would meet either the public interest test or the just and reasonable rates standard contained in ORS759.255. It is also difficult to comprehend how the Company could view the plan as restrictive or harmful in this regard given its assertions regarding the level of competition present in the telecommunications industry. This scenario would only be possible if competition actually causes little or no meaningful limits on pricing. (i.e., that competitive alternatives would place no effective limits on the company's ability to raise prices absent the plan).

1 The Commission should adopt a plan which incorporates the necessary pricing
2 safeguards as there is no apparent downside to doing so. Adoption of such
3 safeguards protects customers while imposing no additional harm on the
4 Company.

5 **Q. PLEASE DISCUSS PRINCIPLE 4: IMPACTS OF COMPETITION ON**
6 **SERVICE QUALITY MUST BE MONITORED.**

7 A. Staff believes that it is necessary for the Commission to remain focused on
8 service quality during the transition to competition as it is not clear what impact
9 competition may have on service quality. Those impacts may vary significantly
10 depending on whether or not a company believes it needs to provide high
11 quality service to a given customer, or group of customers, in order compete
12 with alternative providers. There may also be somewhat unforeseen
13 consequences resulting from a company dealing with the "belt-tightening" that
14 may be necessary due to increased competition in various regions in Oregon.
15 Finally, to the extent overall service quality suffers, the service provided to
16 resellers of the Company would also suffer. This may stifle overall competition
17 by impacting the reseller's ability to provide competitively reliable products.
18 For example, a company may dramatically reduce their investment and
19 maintenance during time of increased competition in response to a reduction in
20 revenues and a resulting reduction in the amount of funds it has available for
21 such purposes. A company may also choose to spend less money on service
22 quality in rural areas where it believes there is little or no effective competition

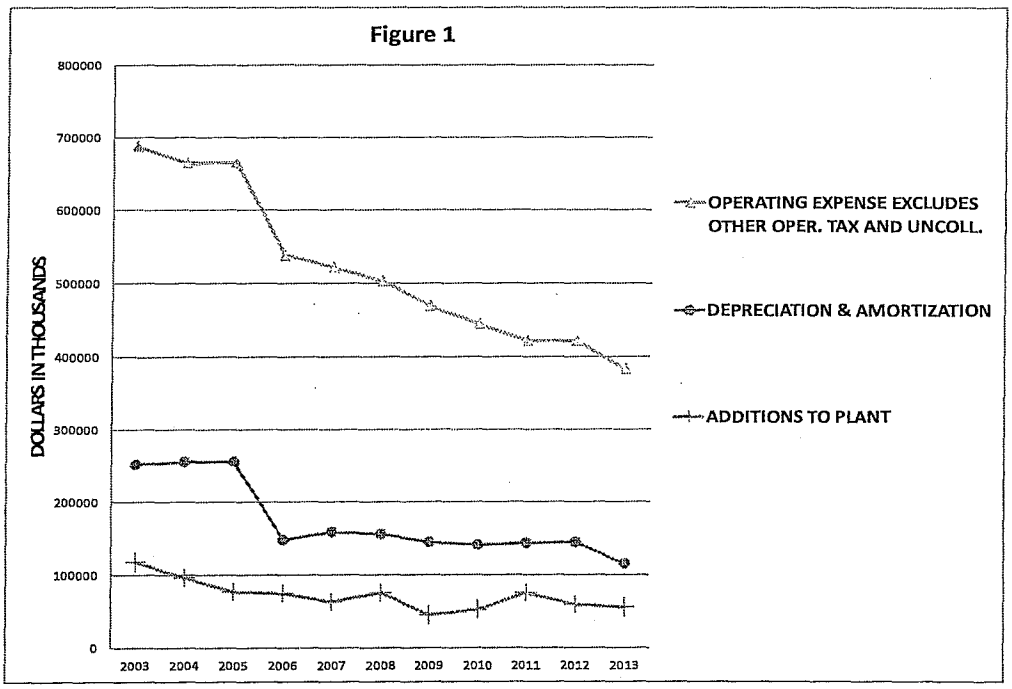
1 and, therefore, providing high quality service is not as important in retaining that
2 customer.
3 The emphasis the Commission places on service quality as well as the notion
4 that service quality may be impacted by changes in the competitive landscape
5 are reflected in the Commission's mission.
6 Once again, having both the objective to both ensure safe and reliable services
7 at just and reasonable rates and the objective to foster competition present in
8 the Commission's mission creates a potential tension between those two
9 objectives. That tension is *not present* regarding this issue. Monitoring service
10 quality during the transition to competition will act to achieve both objectives.
11 Monitoring service quality during the period of transition to competition will
12 contribute to the Commission's ability to ensure safe and reliable services by
13 making the Commission aware of the potential operational issues which may
14 impact service quality. It will also foster competition in at least two ways.
15 First, to the extent overall service quality is monitored and maintained, the
16 vibrancy of the market for products provided by resellers is improved.
17 Second, monitoring the service quality impacts will provide useful information
18 for policy makers as they contemplate decisions regarding further deregulation.
19 The impacts of competition on service quality are not yet known. The
20 Commission should adopt a plan which allows the Commission to monitor
21 those impacts and react accordingly.

1 **Q. DOES THE INFORMATION PROVIDED BY THE COMPANY IN THIS**
2 **DOCKET ALLAY STAFF'S CONCERNS REGARDING THE POTENTIAL**
3 **IMPACTS OF COMPETITION ON THE COMPANY'S SYSTEM?**
4 A. No. To the contrary, the Company's responses have elevated Staff's
5 concerns regarding this issue. Staff sent the following two sets of data
6 requests related to these issues:
7 **Set 1 - Staff 84-86, related to obsolescence** (*see* Exhibit
8 Staff/101/Hellebuyck/20-22)
9 In this series, Staff requested information regarding the availability of both
10 hardware and software replacements for specific switches that Staff believes
11 may be subject to obsolescence. Staff also asked for a general estimate of the
12 portion of remote terminal systems that are obsolete and for the Company's
13 policies and procedures regarding the availability of hardware spares.
14 The Company refused to respond to any of the above requests indicating
15 essentially that the responses were burdensome and outside the scope of the
16 proceeding because the Company is "not seeking relief from complying with
17 any Commission service quality standard..."
18 That response assumes that the Commission and Staff's only service quality
19 concern in this proceeding is related to compliance with specific service quality
20 standards. That is simply not the case. Staff has a broader concern about the
21 viability of the Company's system driven in part by the Company's deteriorating
22 performance against the service quality standards as well as general concerns

regarding the status of the Company's system addressed by Ms. Brock in her testimony.

Set 2 - Staff 111-113 Investment / Expenditure Related obsolescence (*see* Exhibit Staff/101/Hellebuyck/23-31)

In this set of requests, Staff submitted questions regarding the Company's 1) capital additions, 2) operating and maintenance expense, and 2) depreciation expense since 2003. The intent was to gain insight into how the change to a more competitive environment was impacting its spending on its system. Figure 1 below show a significant decline in all three of the components listed above.



The plant additions amounts show that the Company has reduced its annual investment in system plant by 53 percent over the period 2003 thru 2013. The

1 operating and maintenance (O&M) expense amounts show that the Company
2 has reduced its annual expenditures for system maintenance by over 44
3 percent over that same period.
4 With both sets of requests described above, Staff is attempting to take a "look
5 under the hood" to determine if the Company should be allowed to continue
6 under another price plan. This approach is consistent with the Commission's
7 mission as well as meeting the requirements laid out in ORS 759.255(2)(b) that
8 the plan "Ensures high quality of existing telecommunications service and
9 makes new services available;"
10 Staff encourages the Company to provide a demonstration that they are
11 actively addressing the issues regarding age and obsolescence of their
12 systems which are addressed by Ms. Brock in her testimony. In the absence of
13 such a demonstration, Staff recommends that the Commission open an
14 investigation regarding the operational viability of the Company's system.
15 **Q. PLEASE DISCUSS GENERAL PRINICPLE 5: A "ONE-SIZE-FITS ALL"**
16 **APPROACH IS NOT APPROPRIATE?**
17 A. While the name of Staff's proposed plan – the Oregon Plan - may sound a little
18 homespun or provincial, it captures the notion that Staff is attempting to put in
19 place a system that works for Oregon considering both its unique geography
20 and demography as well other factors present in most, if not all, states. That
21 diversity argues for the Commission to fashion a plan that recognizes the
22 unique combination of factors present in Oregon. Mr. Moore will address that

1 unique and sometimes challenging combination of factors in more detail in his
2 testimony regarding the competitive landscape in Oregon.
3 A one-size-fits-all approach to this issue is not appropriate.
4 State regulatory commissions across the nation are dealing with changes in the
5 telecommunications landscape that this Commission is dealing with in this and
6 other dockets. Commissions and legislatures across the nation are adopting a
7 variety of approaches to address these changes. A list of the recent legislative
8 action taken in regard to this issue can be found in the National Regulatory
9 Research Institute's paper "Telecommunications Deregulation: Updating the
10 Scorecard for 2013", Appendix: Passed and Pending Legislation (*see* Exhibit
11 Staff/101/Hellebuyck/32-55).
12 Commissioners may adopt different approaches for addressing this and other
13 issues for a multitude of reasons including 1) differences in the "facts on the
14 ground" and 2) simple differences of opinion.
15 A useful example might be drawn from what has happened in Washington. The
16 Washington Utilities and Transportation Commission (WUTC) recently put in
17 place a revised regulatory regime for the Company.
18 At first blush, a reasonable person might ask "why not simply put in place what
19 the WUTC put in place – why reinvent the wheel?"
20 The simple answer is because Oregon is not Washington. The two factors
21 listed above are present when comparing Oregon with Washington. An
22 example of the first – the "facts on the ground", can be found in population
23 density. According to the US Census bureau's 2010 census, Oregon is 39th in

1 the nation in terms of population density - firmly in the bottom third, while
2 Washington is 25th – clearly in the "middle of the pack".
3 (*see* http://www.census.gov/geo/reference/ua/urban-rural-2010.html)
4 As shown in the testimonies of Mr. Moore and Ms. Brock, there are issues
5 associated with both service quality and the availability of competitive
6 alternatives related to the urban versus rural distinction which is reflected in
7 population densities.
8 In regard to the second issue, simple differences of opinion, the Commission
9 and the WUTC have come to different outcomes on similar issues on a variety
10 of topics. Examples include the system which the respective states employ to
11 allocate the system-wide costs of a multi-state electric utility – PacifiCorp, to the
12 various states served by that utility.
13 Finally, states crafting different solutions is not only appropriate but can be the
14 source of useful information as policy makers mull over decisions regarding
15 further deregulation. For example, the Commission may benefit from
16 knowledge gained from what is happening in other states if the Commission
17 adopts the measured approach outlined in General Principle 1.
18 In summary, a "one-size-fits-all" approach doesn't work for this issue and
19 should not be adopted by the Commission
20 **Q. PLEASE DISCUSS GENERAL PRINICPLE 6: CUSTOMERS SHOULD**
21 **RETAIN ACCESS TO A REASONABLY PRICED SINGLE LINE SERVICE.**
22 It is important to retain the unique combination of affordability and functionality
23 provided by the Primary Line Basic Service, which is valued by some

customers. This single line basic service is the most affordable service that a customer who wants only the ability to make and receive calls, the most basic of essential telephonic service, can purchase from the Company. It also has some functional attributes which are unique to a land line service.

The differences in functional attributes are not trivial and may involve the difference between having access to emergency services and not having access to those emergency services. In the most extreme case, that difference could have life or death consequences.

The Company also recognizes the perceived value of these functional differences and tries to promote its product in a way that leverages those differences. As an example, one of its recent customer mailings, which was provided to over 70,000 customers, includes the following statements asserting the functional superiority if its land line service:

> Works with 911 and when the power's out, or if your Internet goes down, and,
> Works with reverse 911 service to let you know there is an emergency in your area

(*see* Exhibit Staff/101/Hellebuyck/56-60)

Access to this unique combination of affordability and functionality should be retained by the customer.

II. STAFF REVIEW CRITERIA

Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

A. I will describe the standards the Commission is directed to consider when determining whether or not to approve a price plan under ORS759.255. I

will also discuss how Staff structured its analysis and recommendations around those standards.

Q. PLEASE PROVIDE SOME BACKGROUND REGARDING ORS 759.255.

A. ORS 759.255 provides the Commission with additional powers to put in place a new type of regulation – a price plan. Among the most notable components of the plan is the ability approve prices without regard to the return on investment of the utility. As outlined by Mr. Stanage in his testimony, the Commission has an extensive history of providing pricing flexibility to telecommunications utilities. Currently, Qwest is the only company operating under a price plan in Oregon.

Q. PLEASE DESCRIBE THE SPECIFIC STANDARDS THE COMMISSION IS DIRECTED TO CONSIDER WHEN MAKING A DETERMINATION UNDER ORS 759.255.

A. ORS 759.255, the statute under which Qwest is requesting approval of the Petition, states:

> (2) Prior to granting a petition to approve a plan under subsection (1) of this section the commission must find the plan is in the public interest. In making its determination the commission shall consider, among other matters, whether the plan:
>
> (a) Ensures prices for telecommunications services that are just and reasonable;
> (b) Ensures high quality of existing telecommunications service and makes new services available;
> (c) Maintains the appropriate balance between the need for regulation and competition;
> (d) Simplifies regulation.

Q. HOW DID STAFF STRUCURE ITS ANALYSIS AND RECOMMENDATIONS GIVEN THE STANDARD SET OUT IN ORS759.255(2)(a) ENSURING PRICES

1 **FOR TELECOMMUNICATION SERICES THAT ARE JUST AND**
2 **REASONABLE?**
3 A. Staff considered the following three areas when making a recommendation
4 regarding whether the respective plans – the Company's proposed Revised
5 Plan and the Oregon Plan - would result in prices that are just and reasonable:
6 **1. Pricing Flexibility / Pricing Safeguards**
7 Staff performed two specific reviews relating to this criteria A) the portion of
8 the Company's services that would be subject to various types of price
9 protections and a B) the pricing flexibility that would be afforded the specific
10 services. In both cases, the Current Plan served as the baseline for the
11 respective review.
12 **Review 1A Portion of Services Subject to Various Safeguards**
13 Protections under the price plans can be broken into the following categories:
14 **A. Capped at Pre-plan Rates**
15 These represent items for which the pricing under the plan is capped at pre-
16 plan rates (i.e., cannot be increased during the term of the price plan).
17 **B. Subject to Specific Cap**
18 These are items with rates that are allowed to increase at a level specified in
19 the Current Price plan.
20 **C. "Sum of the Piece Parts" Protection – "Pieces" Capped**
21 This item is comprised of the Company's Packages and Bundles under the
22 Current Plan and the Oregon Plan that I will describe later in my testimony.
23 The Current Plan contains the following language related to these products:

> The package or bundle price is not more than the sum of the retail prices of all services available in the package or bundle.

(*see* Commission Order No. 08-408 Exhibit A, p.7)

Because the price of the product cannot exceed the price of the individual pieces offered in that product, Staff denotes this type of protection as the "Sum of the Piece Parts" protection in its testimonies.

The sum of the piece parts protection only has value to the extent the piece parts are limited.

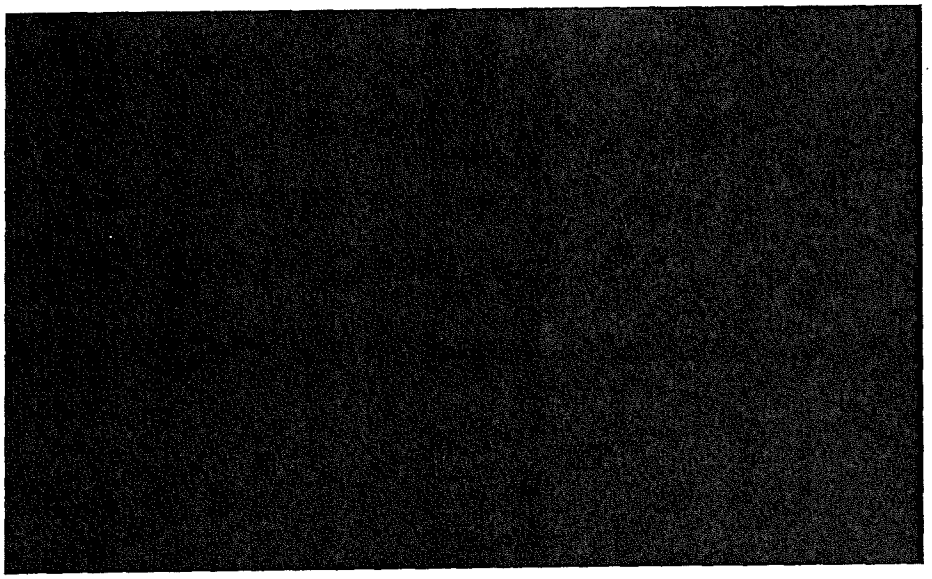
D. "Sum of the Piece Parts" Protection – "Pieces" Uncapped

This item is comprised of the Company's Packages and Bundles under the Revised Plan which I will also describe later in my testimony. The Revised Plan contains the same language described in item 3 above but contains no limits on the "piece parts." As a result, its value as a pricing safeguard is dubious.

E. Subject to No Pricing Limits

These are products the Company may price at any level.

Under the Current Plan, the Company's products are broken down into the above categories as shown in Figure 2 below:



As can be seen in Figure 2, all of the services fall into a category that provides some form of pricing protection.

Review 1B – Pricing Flexibility Afforded Specific Services.

In this section, Staff compared the pricing flexibility under the respective plans to the pricing flexibility in the Current Plan for the following services. The percentage of revenues for each service are based on the 2012 revenues shown in Exhibit Staff/202/Stanage/13.

1. **Primary Line Basic Service (of revenues)**

   With the exception of a potential $1/ month increase to rates for business basic services which the Company did not implement, these prices are capped under the Current Plan.

2. **ISDN-PRS and DS1 services (% of revenues)**

   The majority of these prices are capped at the Portland CPI.

3. **Other Services (% of Revenues)**

1 These prices are allowed to increase 50 percent annually subject to
2 a 200 percent cap on a rolling five year basis.
3 4. **Packages and Bundles (% of Revenues)**
4 The prices are subject to the "sum of the piece parts' protection
5 described above with the piece parts governed under the "Other
6 Services" in item 3.

7 2. **Customer Bill History**

8 Mr. Stanage's Exhibit Staff/202/Stanage/16 shows the changes in customers'
9 bills for various services since 2002. As can be seen in that exhibit, changes
10 in customers' bills have generally been less than the level of inflation since
11 the last rate change implemented by the Company. This demonstrates that
12 the combination of the market and the pricing safeguards present in the
13 Current Plan provided some restraint on upward pricing. For example,
14 Primary Line Basic Service for Residential customers is capped at pre-plan
15 rates and has not increased since 2002. As Mr. Stanage notes in his
16 testimony, the Company used a relatively small portion of the pricing flexibility
17 available to them under the Current Plan.
18 The difference between the changes in customer bills and those inflation
19 indicators creates some degree of confidence that the current Price Plan has
20 worked and that the market may be able to play more of a role in policing
21 price increases in this next 5-year period.
22 **3. Need for Funds**

ORS 759.255 does not require the Commission to ignore costs borne by the Company. Staff analysis demonstrates that it may be appropriate to allow the Company increased pricing flexibility to some extent to address financial challenges the Company is currently facing including the requirement to make investments to maintain its infrastructure despite significant losses in line counts. The Company has pointed to this situation in its Petition in which it states additional pricing and regulatory flexibility is necessary:

> To meet this robust and ubiquitous competition and to ensure the company has the ability to ameliorate the revenue losses associated with access line loss.

(*see* Petition p.6)

Further evidence of the financial distress faced by the Company can be found in the following statements from Company's 2013 Form 10-K.

> (p.18) Risks Affecting Our Business
> *Increasing competition, including product substitution, continues to cause us to lose access lines, which has adversely affected and is expected to continue to adversely affect our operating results and financial condition.*
>
> (p.63) ***Debt and Other Financing Arrangements***
> "In early 2013, CenturyLink's senior unsecured debt ratings were downgraded from "investment grade" to "non-investment grade" by two of the rating agencies, which we believe increased our borrowing costs. Any additional downgrades of CenturyLink's senior unsecured debt ratings could under certain circumstances incrementally increase the cost of our borrowing under the Credit Facility."
> (p.63) ***Dividends***
>
> "We currently expect to continue our current practice of paying quarterly cash dividends in respect of our common stock subject to our Board of Director's discretion to modify or terminate this practice at any time and for any reason. In early 2013, our Board of Directors approved a 25.5% reduction in our quarterly common stock dividend rate to $0.54 per share, which we believe resulted in a dividend payout rate that is more sustainable over the long-term, and thereby increased our flexibility to balance our multiple objectives of managing our business, paying our fixed commitments and returning cash to our shareholders."

Staff does not disagree with the Company's assertion that they have experienced line losses and those losses may be due to competitive offerings (telecommunications or otherwise). The transition from monopoly to being a participant in a more competitive market would be challenging for most companies. In a competitive industry, Companies can, and sometimes do, fail.

Finally, given Staff's analysis regarding service quality and aging infrastructure, we acknowledge that improving the system will require additional expenditures, especially in rural areas. Staff supports increased pricing flexibility to the extent it is matched by an increase in service quality and provides for a better maintained system.

Q. WHY IS STAFF CONCERNED ABOUT CENTURYLINKS AGING INFRASTRUCTURE?

A. Qwest faces differing degrees of competition depending on the geographic area it serves. In areas where there are multiple offerings for customers, they can more easily choose between price and service. In an area with limited or no competitive offerings, the customer can only rely upon the Company. In the areas with fewer alternatives, the Commission should ensure that service quality is maintained so that competitive offerings must either match the level of service quality or provide a discounted price. In other words, it is important to take steps to avoid a "race to the bottom" for the level of service quality provided in less-competitive areas of the state.

1 **Q. WHY DIDSTAFF NOT CONSIDER AT THE COST OF SERVICE**
2 **ASSOCIATED WITH THE COMPANY'S OFFERINGS WHEN MAKING ITS**
3 **RECOMMENDATION REGARDING THE PROVISION OF JUST AND**
4 **REASONABLE RATES?**
5 A. As I noted earlier, one the most notable components of the price plan statute is
6 the Commission's ability to approve prices without regard to the return on
7 investment of the utility. This means that the Company did not file cost based
8 support of the prices in the Revised Price Plan.
9 Utility rates, including telecommunication rates, have traditionally been set to
10 recover reasonable and prudent costs of providing service. Many of the
11 arguments in price setting cases were around whether or not specific costs
12 were reasonable and prudent.
13 As allowed under ORS759.255, the Commission approved the Current Plan in
14 Order No 08-408 without requiring a cost based filing to demonstrate the rates
15 from the Current Plan would be just and reasonable.
16 In this proceeding there is no cost of service based analysis for Staff to rely
17 upon to making its recommendation regarding the just and reasonable rate
18 standard. Instead, Staff has focused on the other areas which I described
19 earlier in making its determination on just and reasonable rates.
20 **Q. HOW DID STAFF STRUCURE ITS ANALYSIS AND RECOMMENDATIONS**
21 **GIVEN THE STANDARD SET OUT IN ORS759.255(2)(b) TO ENSURE THE**
22 **HIGH QUALITY OF EXISTING TELECOMMUNICATIONS SERVICE AND**
23 **MAKES NEW SERVICES AVAILABLE?**

A. Staff considered the following three areas when making a recommendation regarding whether the respective plans ensure the high quality of existing telecommunication.

1. Maintenance of Adequate Overall Service Quality Reporting

As Ms. Brock demonstrates in her testimony, it is important that a plan provide adequate service quality reporting to both enable timely Commission action should the Company's performance warrant such action and provide meaningful information to the Commission regarding the efficacy of competition in addressing service quality concerns.

2. Maintenance of Differentiated Reporting

Ms. Brock also addresses Staff's position that a plan should provide service quality information which is detailed or granular enough to provide information regarding service to customers, particularly in the rural areas, who may not have access to robust choice among telecommunication alternatives and who do not enjoy the accompanying attention to service quality by the Company.

3. Monitoring Consequences of Competition

A plan should provide the service quality information necessary to address issues associated with the adequacy of funding both capital investment and operating expenditures in light of stresses which may be put on both in light of increased competition. Those concerns are enhanced by the significant decline in the Company's investment in its Oregon system which I addressed earlier and by the age and obsolescence of some of their equipment in Oregon which is addressed by Ms. Brock in her testimony.

Q. HOW DID STAFF STRUCURE ITS ANALYSIS AND RECOMMENDATIONS GIVEN THE STANDARD SET OUT IN ORS759.255(2)(b) TO MAKE NEW SERVICES AVAILABLE?

A. Staff considered the following area when making a recommendation regarding whether the respective plans make new services available.

1. Pricing Flexibility

Staff considered the pricing flexibility provided by the plan when making a recommendation regarding whether the respective plans make new services available.

Q. HOW DID STAFF STRUCURE ITS ANALYSIS AND RECOMMENDATIONS GIVEN THE STANDARD SET OUT IN ORS759.255(2)(c) TO MAINTAIN THE APPROPRIATE BALANCE BETWEEN THE NEED FOR REGULATION AND COMPETITION?

A. Staff looked at the following three areas when making a recommendation regarding whether the respective plans maintains the appropriate balance between the need for regulation and competition.

1. Pricing Flexibility / Pricing Safeguards

Staff compared the respective plans impact on pricing flexibility compared to Current Plan balanced against the presence of pricing safeguards in the respective plans. This is one of the criteria Staff applied in reviewing the plans performance against 759.255 (2)(a) to ensure prices for telecommunication services that are just and reasonable. It should not be surprising that this

C. Review retail service quality at any time during the plan.

Q. HOW DID STAFF STRUCURE ITS ANALYSIS AND RECOMMENDATIONS GIVEN THE STANDARD SET OUT IN ORS759.255(2)(d) TO SIMPLIFY REGULATION?

A. Staff considered the following two areas when making a recommendation regarding whether or not the respective plans simplify regulation;

1. Waiver of Statutes and Rules

Staff considered if the plan reduces unnecessary burden brought about by enforcement of statues and rules which are no longer necessary given the change in the environment under which telecommunication utilities operate today.

2. General

Staff considered if the overall change in the regulatory regime being proposed simplifies regulation in a sensible way.

Q. DID THE STAFF CONSIDER "OTHER MATTERS" WHEN REVIEWING THE PETITION?

A. Yes. As I discussed earlier, ORS 759.255 states:

(2) Prior to granting a petition to approve a plan under subsection (1) of this section the commission must find the plan is in the public interest. In making its determination the commission shall consider, *among other matters* (emphasis added), whether the plan:

(a) Ensures prices for telecommunications services that are just and reasonable;

(b) Ensures high quality of existing telecommunications service and makes new services available;
(c) Maintains the appropriate balance between the need for regulation and competition;
(d) Simplifies regulation.

In addition to measuring the various plans against the four specific criteria laid out in sections 759.255(2)(a) through (d), Staff also measured the plans against the six General Principles which are:

1. A measured, flexible, "evolutionary" approach is appropriate
2. A suitable plan must accommodate incomplete and uneven competition
3. Pricing flexibility should be balanced against pricing safeguards
4. Impacts of Competition on Service Quality must be monitored
5. A "one-size-fits all approach" is not appropriate
6. Customers should retain access to a reasonably priced single line service

III. Staff Recommendations and Rationale

Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

A. I will make recommendations regarding the Petition and describe the results of the review performed by Staff based on the criteria contained in my testimony in **Section II. Staff Review Criteria.**

III.A. The Commission Should Deny the Petition

Q. PLEASE SUMMARIZE STAFF'S RECOMMENDATION REGARDING THE REVISED PLAN

A. For the reasons described below, the Commission should deny the Petition as it does not meet the ORS759.255 standards as applied through the Staff Review Criteria. Staff's findings are based upon the analysis below and are

reflected in my Exhibit Staff/101/Hellebuyck/2. As can be seen on that exhibit, the Revised Plan fails to meet the criteria ("Fails this test") on 17 of the 19 criteria used by Staff to review the respective plans. Furthermore, the Commission should adopt the Oregon Plan which I describe below. In the alternative, the Commission should require the Company to continue to operate under the Current Plan.

Q. PLEASE SUMMARIZE THE CHANGES QWEST IS PROPOSING THROUGH THE REVISED PLAN.

A. The Revised Plan reflects changes from the Current Plan in the following four areas:

1. Pricing Flexibility / Pricing Safeguards

The Revised Plan contains no explicit price protection for any service other than extended area access (EAS) service. This is in sharp contrast to the Current Plan which provides some form of safeguard on all prices paid by customers.

Under the Revised Plan, not even customers of the most basic essential telephone service – the primary line basic service for residential and business customers - are provided ***any*** explicit price protection.

As a result of the absence of price protections on those items, the Company would have unfettered discretion to raise prices on [redacted] percent of its revenues.

2. Service Quality Reporting

1 As outlined by Ms. Brock, the Company is proposing three changes to service
2 quality reporting. The Company is also proposing retention of one component
3 of the Current Plan which provides the Company leniency regarding Staff's
4 ability to put a Performance Plan in place.

5 **A. Quarterly vs. Monthly Reporting**

6 The Company currently reports service quality on a monthly basis. The
7 Company is proposing to submit those reports on a quarterly basis.

8 **B. Exception Reporting Only**

9 The Company is proposing to submit reports only for those standards on
10 which they have missed the standard for that service quality measure.
11 Currently, the Company reports performance against all standards regardless
12 of whether the standard for that metric was met or missed.

13 **C. Service Quality Reporting Exemption**

14 In the Current Plan, the Company committed not to seek the exemption from
15 service quality reporting which it is allowed in recognition of good
16 performance under the rules. The Revised Plan contains no such
17 commitment.

18 **D. Leniency in the Performance Plan Implementation**

19 The Company is proposing to maintain the provision in the Current Plan
20 which provides leniency to the Company regarding implementation of a
21 Performance Plan – a mechanism through which the Commission can ensure
22 the Company takes corrective action to address a service quality issue. Staff
23 has chosen to focus on this item because, as Ms. Brock demonstrates, that

provision is both inconsistent with the administrative rules which address service quality reporting and counter to the requirements of ORS 759.450(2).

3. Waiver of Statutes and Rules

The Company has proposed the Commission waive statutes and rules in addition to those already waived under the Current Plan. As addressed in the testimony of Mr. Moore, some of the additional waivers are warranted and others are not.

4. **Commission intervention/oversight**

The Company proposes the following three changes to the Commission abilities to terminate or modify the plan.

A. The Company has removed it's commitment not to object to a rate setting proceeding pursuant to ORS759.175 – 759.190 on the grounds it is not subject to either earnings based or rate of return regulation because of either its 1999 election of price cap regulation pursuant to ORS 759.405 - 759.410 or the Commission approval of the Current Plan,

B. the Company has removed the provision allowing the Commission to establish rates at a just and reasonable level under plan termination, and

C. the Company has removed its commitment to retain information sufficient to conduct a general rate case should the plan be terminated.

Q. PLEASE COMMENT ON THE PETITIONS EFFICACY IN ENSURING PRICES FOR TELECOMMNICATION SERVICES THAT ARE JUST AND REASONABLE AS MANDATED UNDER ORS 759.255(2)(a).

A. Staff considered three areas below when making a recommendation regarding whether the Revised Plan would result in prices that are just and reasonable. ***The Petition simply does not meet this requirement.*** The Company has not demonstrated in the Petition that the Revised Plan would produce prices that are just and reasonable.

1. Pricing Flexibility / Pricing Safeguards

Review 1A - Portion of Services Subject to Various Safeguards

The Revised Plan fails this test.

The Revised Plan contains no explicit price protection for any service other extended area access (EAS) service. The lack of protections can be seen by separating the components of the Revised Plan into the protection categories (A. through E.) described earlier in my testimony. Recall from that description, that the amount of pricing protection decreases as you move from A. to E. with both D. and E. providing no effective pricing protection. As can be seen in the Figure 3 below, all but a very small portion of prices under the Revised Plan would fall into categories D. and E. As discussed above, the only service which does not fall into either category D or category E is EAS.

[redacted]

[redacted]

Under the Revised Plan, not even customers of the most basic essential telephone service – the primary line basic service for residential and business customers - are provided ***any*** explicit price protection

It is difficult to comprehend how a plan which places no virtually limits on the prices it charges for services can produce rates which the Commission believes meet the just and reasonable standard. This general lack of pricing protections in the Revised Plan, in combination with the uneven and incomplete competition described by Mr. Moore, does not ensure just and reasonable rates.

Review 1B – Pricing Flexibility Afforded Specific Services.

The Revised Plan fails this test.

In this section, Staff compared the pricing flexibility under the respective plans to the pricing flexibility in the Current Plan for the following services:

1. **Primary Line Basic Service ([redacted]% of revs)**

a. Current Plan - capped at pre-plan rates.

b. Revised Plan – no cap

2. **ISDN-PRS and DS1 services (**[redacted]**% of revs)**

a. Current Plan – the majority capped at the Portland CPI.

b. Revised Plan – no cap

3. **Other Services (**[redacted]**% of revs)**

a. Current Plan – increase 50% annually / 200% 5 year cap

b. Revised Plan – no cap

4. **Packages and Bundles (**[redacted]**% of revs)**

a. Current Plan - "sum of the pie parts", pieces capped

b. Revised Plan - "sum of the pie parts", pieces not capped

This review demonstrates that under the Revised Plan not even customers of the most basic essential telephone service – the primary line basic service for residential and business customers -are provided ***any*** explicit price protection. The lack of pricing protection for specific services in the Revised Plan, in combination with the uneven and incomplete competition described by Mr. Moore, will not likely result in rates which are just and reasonable.

2. Customer Bill Impacts

The Revised Plan fails this test.

Changes in customers' bills have been less than the level of inflation generally since the last rate change implemented by the Company.

1 As stated earlier, that demonstrates that the combination of the market and the
2 pricing safeguards present in the Current Plan have provided some restraint on
3 upward pricing. Without the pricing safeguards present in that combination,
4 Staff is not confident the restraint on upward pricing will continue to be
5 provided.

6 3. **Addressing the Company's Need for Funds**

7 *The Revised Plan Passes This Test*

8 The Revised Plan Meets this test through potentially providing very significant
9 level of funds through the implementation of virtually unlimited price increases.

10 **Q. PLEASE COMMENT ON THE REVISED PLAN'S ABILITY TO ENSURE**
11 **HIGH QUALITY OF EXISTING TELECOMMUNNICATIONS SERVICES AS**
12 **REQUIRED UNDER ORS 759.255(2)(b).**

13 A. Staff considered the three areas below when making a recommendation
14 regarding whether or not the respective plans ensure the high quality of existing
15 telecommunication.

16 **1. Maintenance of Adequate Overall Service Quality Reporting**

17 *The Revised Plan Fails This Test*

18 As Ms. Brock demonstrates, service quality reporting is the main tool the
19 Commission has to measure service quality and thereby ensure a high level
20 of service is being provided to customers. As she also notes, the adoption of
21 the changes to current reporting proposed by the Company would
22 significantly lessen the effectiveness of that tool by delaying the identification

of problems and the associated implementation of remedial actions by the Commission.

Finally, Ms. Brock explains that the type of utility specific changes the Company is proposing are precluded by ORS 759.402(2) which states that the "minimum service quality standards adopted under this section shall apply to all telecommunications carriers."

2. Maintenance of Differentiated Reporting

The Revised Plan Fails This Test

The Revised plan would fail to provide service quality information that is detailed or granular enough to provide information regarding service to customers, particularly in the rural areas, who may not have access to robust choice among telecommunication alternatives and who do not enjoy the accompanying attention to service quality by the Company,

3. Monitor Consequences of Competition

The Revised Plan Fails This Test

The Revised Plan would not provide service quality information necessary to address issues associated with the adequacy of funding both capital investment and operating expenditures in light of stresses which may be put on both in light of increased competition. Those concerns are enhanced by the significant decline in the Company's investment in its Oregon system which I addressed earlier in my testimony and by the age and obsolescence of some of their equipment in Oregon, which are addressed by Ms. Brock in her testimony.

Q. PLEASE COMMENT ON THE PETITIONS ABILITY TO MAKE NEW SERVICES AVAILABLE AS REQUIRED UNDER ORS 759.255(2)(b).

A. Staff considered one item regarding this review.

1. Pricing Flexibility

The Petition passes this test.

The Current Plan includes a price cap on the increases which can be applied to the price of New Services after their introduction. The Petition removes that cap. Staff contends that no cap is necessary on New Services as they do not represent a service, such as the primary line basic service, which provides an essential affordable service that may not be available through other options provided by the Company or its competitors.

Q. PLEASE COMMENT ON THE PETITION'S ABILITY TO MAINTAIN THE APPROPRIATE BALANCE BETWEEN THE NEED FOR REGULATION AND COMPETITION AS REQUIRED UNDER ORS 759.255(2)(c).

A. Staff considered the following three areas when making a recommendation regarding whether the respective plans maintains the appropriate balance between the need for regulation and competition.

1. Pricing Flexibility / Pricing Safeguards

The Revised Plan fails this test

The Revised Plan provides virtually no pricing protections on either a general and specific services level. A plan which places no limits on [redacted] percent of the prices it charges for services does not maintain an appropriate balance between the need for regulation and competition.

1 **2. Service Quality Reporting**

2 *The Revised Plan fails this test*

3 The Company's service quality has declined against a number of metrics and
4 customer complaints have increased on a per line basis. The standards
5 applicable to the Company, and all large utilities, related to Trouble Reports
6 Clearing Time have been eased as a result of rule changes implemented
7 through AR 575. Given that the Company's performance has declined while
8 the standards have already been reduced, a further reduction in requirements
9 as proposed by the Company does not act to achieve an appropriate balance
10 between the need for regulation and competition. If anything, the Company's
11 performance would argue for an increase in service quality reporting.

12 3. **Commission Intervention / Oversight –**

13 *The Revised Plan fails this test*

14 The Revised Plan contains many of the tools the Commission has under the
15 Current Plan. However, in an unlikely situation under which the Commission
16 terminates the plan, it does not provide for the Commission to revise the
17 Company's rates to a just and reasonable level in the proceeding in which the
18 termination occurs.

19 **Q. PLEASE COMMENT ON THE PETITION'S ABILITY TO SIMPLIFY**
20 **REGULATION AS REQUIRED UNDER ORS 759.255(2)(d).**

21 A. Staff considered the following two areas when addressing this issue.

22 **1. Waiver of Statutes and Rules**

23 *The Revised Plan fails this test*

1 The Company has proposed the waiver of several additional statutes and
2 Oregon Administrative Rules (OAR) under the Revised Plan. Staff
3 supports a number of waivers as useful steps towards simplifying
4 regulation. As explained by Mr. Moore, Staff opposes the majority of the
5 additional waivers proposed in the Revised Plan.

6 **2. General**

7 *The Revised Plan fails this test*

8 The Company's pricing proposal fails this test. While its plan may be
9 narrowly viewed as "simplifying regulation," it causes other larger
10 problems by essentially doing away with regulation. This is particularly
11 true regarding the Company's proposal to dramatically reduce the
12 regulation of prices.

13 As an analogy, a person could "simplify" any mechanical problems they
14 may be having with their car by donating it to a charitable cause or by
15 dropping it off for scrap at the local junk yard. While they have "simplified"
16 that problem, now they have a larger problem to contend with – they don't
17 have a car for transportation.

18 Their immediate problem has been "simplified," but their larger issue of
19 obtaining transportation has been worsened.

20 The Commission should consider the larger issue. Elimination is not
21 synonymous with simplification. There may be simpler regulation if the
22 Petition was adopted but that would come at the cost of no customer

1 protections regarding pricing. That is a trade-off which the Commission
2 should find unacceptable.

3 **Q. PLEASE COMMENT ON STAFF'S REVIEW OF THE PETITION BASED**
4 **UPON THE "OTHER MATTERS.".**

5 A. Consistent with the allowance in ORS 759.255 for the Commission to consider
6 "other matters" in addition to the four specific criteria outlined in sections
7 759.255(2)(a) through (d), Staff also measured the plans against the six
8 General Principles which I previously discussed in section I.

9 **Q. PLEASE COMMENT ON THE RESULTS OF STAFF'S REVIEW OF THE**
10 **PETITION BASED ON GENERAL PRINICIPLE 1- A MEASURED,**
11 **"EVOLUTIONARY" APPROACH IS APPROPRIATE.**

12 A. *The Revised Plan fails this test*

13 The changes contained in the Revised Plan regarding pricing, service quality
14 reporting, and statutes and waivers are just too dramatic given the current state
15 of competition in Oregon. The Revised Plan would take us from the Current
16 Plan under which price protections apply to all services to a point where only [redacted]
17 percent of the revenues (those related to EAS), have any form of pricing
18 protections. Primary line Basic Service would be among those provided without
19 protections. Service quality reporting would be reduced even though the
20 Company's performance has deteriorated and the full impacts of competition on
21 service quality are yet to be determined.

1 The Commission can and should take the appropriate gradual steps to modify
2 or even eliminate pricing safeguard mechanisms altogether should competition
3 eventually prove to be robust and complete enough to provide adequate pricing
4 safeguards.
5 With regard to service quality, the Commission should take the appropriate
6 gradual steps to reduce reporting requirements should the transition to
7 competition prove to result in the provision of high quality service to all
8 customers, including those in rural areas.
9 The Commission has the ability under the Price Plan statute to take a more
10 measured approach and it should take advantage of that ability to balance the
11 interests of customers and the Company.
12 **Q. PLEASE COMMENT ONTHE PETITION BASED ON GENERAL PRINICIPLE**
13 **2- A SUITABLE PLAN MUST ACCOMMODATE INCOMPLETE AND**
14 **UNEVEN COMPETITION.**
15 A. *The Revised Plan fails this test*
16 The Company's case relies almost entirely on the ability of competitive markets
17 to provide safeguards for both pricing and service quality. The Revised Plan
18 contains virtually no safeguards on pricing and proposes a reduction in service
19 quality reporting in recognition of this assertion. The Commission should not
20 determine that adequate competition exists, particularly in rural areas, to
21 provide adequate protection consumer protections for either pricing or service
22 quality. As demonstrated by Mr. Moore, currently competition in Oregon is
23 incomplete and uneven and there are clearly "gaps" regarding the availability

1 and viability of competition alternatives in Oregon. The Revised Plan does
2 nothing to address these "gaps."

3 **Q. PLEASE COMMENT ON THE REVIEW OF THE PETITION BASED ON**
4 **GENERAL PRINICIPLE 3- PRICING FLEXIBILITY SHOULD BE BALANCED**
5 **AGAINST PRICING SAFEGUARDS.**

6 A. *The Revised Plan fails this test*

7 The Revised Plan provides virtually no pricing protections on either a general
8 and specific services level. The language in the Commission's mission
9 provides for the Commission weighing in on the side of providing pricing
10 customer safeguards when balancing those safeguards with providing
11 additional pricing flexibility.

12 Achieving this balance, in light of the competitive "gaps" discussed in Mr.
13 Moore's testimony, requires far more pricing safeguards than are present in the
14 Revised Plan.

15 It is worth noting that the concept of balancing pricing flexibility against
16 pricing safeguards has been incorporated in Staff's review regarding three
17 of its criteria:

18 1. Compliance with ORS759.255(2)(a) regarding just and
19 reasonable rates,
20 2. Compliance with ORS759.255(2)(c) regarding the balancing of
21 regulation and competition, and
22 3. In this section regarding the respective plans' ability to address
23 this General Principle.

1 **Q. PLEASE COMMENT ON THE RESULTS OF STAFF'S REVIEW OF THE**
2 **PETITION BASED ON GENERAL PRINICIPLE 4- IMPACTS OF**
3 **COMPETITION ON SERVICE QUALITY MUST BE MONITORED.**
4 A. *The Revised Plan fails this test*

5 It is necessary for the Commission to remain concerned with service quality
6 during the transition to competition as it is not yet clear what impact competition
7 may have on service quality. Those impacts may vary significantly depending
8 on whether or not the Company believes it needs to provide high quality service
9 to a given customer, or group of customers, in order compete with alternative
10 providers. There may also be unforeseen consequences resulting from a
11 company dealing with the "belt-tightening' that may be necessary due to
12 increased competition.
13 Service quality reporting is the most important tool the Commission has to
14 address service quality issues. The changes proposed by the Company lessen
15 the effectiveness of that tool and should not be adopted.
16 **Q. PLEASE COMMENT ON THE RESULTS OF STAFF'S REVIEW OF THE**
17 **PETITION BASED ON GENERAL PRINICIPLE 5- A "ONE-SIZE-FITS-ALL"**
18 **APPROACH IS NOT APPROPRIATE.**
19 A. *The Revised Plan fails this test*

20 The Commission should put in place a system that works for Oregon
21 considering its unique geography and demography and circumstances. That
22 diversity should influences the Commission to fashion a plan that recognizes

1 the unique combination of factors present in Oregon. One of those factors is
2 the incomplete and unbalanced competition present in the state.
3 The Revised Plan, with its excessive and unproven reliance on competition to
4 provide the pricing and service quality safeguards simply does not recognize
5 the reality present in Oregon.
6 **Q. PLEASE COMMENT ON GENERAL PRINICIPLE 6- CUSTOMERS SHOULD**
7 **RETAIN ACCESS TO A REASONABLY PRICED SINGLE LINE SERVICE.**
8 A. *The Revised Plan fails this test*
9 The Revised Plan contains no explicit safeguards regarding the pricing for
10 Primary Line Basic Service. The Company has the unfettered ability to raise
11 the price for this service for both residential and business customers.

12 **IV.B. The Commission Should Adopt the Oregon Plan**

13 **Q. PLEASE SUMMARIZE STAFF'S RECOMMENDATION REGARDING**
14 **THE OREGON PLAN.**
15 A. The Commission should adopt the Oregon Plan. It is superior to both the
16 Current Plan and the Revised Plan when evaluated against the Staff Review
17 Criteria. Staff's conclusions are reflected in my Exhibit
18 Staff/101/Hellebuyck/2. As illustrated in that exhibit, the Oregon Plan meets
19 the criteria ("Passes this test") on every one of the 19 criteria used by Staff
20 to review the respective plans.
21 **Q. PLEASE SUMMARISE THE CHANGES STAFF IS PROPOSING THROUGH**
22 **THE OREGON PLAN.**

A. The Oregon Plan is an improvement compared to the Current Plan in the following four areas:

1. Increased Pricing flexibility – The Oregon Plan includes increased pricing flexibility when compared to the Current Plan. In some cases, this increased flexibility results from the Company having even more flexibility in areas in which the Company already has some flexibility. In other cases, this increased flexibility is the result of the Company receiving pricing flexibility for services in which it currently has no explicit pricing flexibility. The latter category includes Primary Line Basic service for which the Oregon Plan provides over $[redacted] million in pricing flexibility over the next 5 years. These increases in pricing flexibility represent a continuation of the path began by the Commission in Order No 08-408 of providing additional pricing flexibility to the Company.

In addition, the Oregon Plan contains an Exogenous change adjustment through which the Company may petition the Commission for adjustments to the price cap for any service provided under the price plan to reflect factors outside Qwest's control, which will have a material impact on the Company (e.g., changes in law, rule, or tax structure as a result of legislative, judicial, or administrative agency action).

2. Service Quality Reporting – under the Oregon Plan, the Company would continue to provide the reports which are required through the statutes and rules described by Ms. Brock in her testimony and which are provided under the Current Plan with the following two exceptions:

A. **Performance Plan.**

The Company is proposing to maintain the provision in the Current Plan which provides leniency to the Company regarding implementation of a Performance Plan – a mechanism through which the Commission can ensure the Company takes corrective action to address a service quality issue. Staff has chosen to remove this leniency in the Oregon Plan because, as Ms. Brock notes, that provision is both inconsistent with the administrative rules which address service quality reporting and counter to the requirements of ORS 759.450(2).

B. **Service Quality Reporting Exemption**

In the Current Plan, the Company committed not to seek the exemption from service quality reporting which it is allowed in recognition of good performance under the rules. The Oregon Plan contains no such commitment.

As Ms. Brock also describes in her testimony, the rules regarding one of the most significant of those serve quality metrics - Troubles Cleared, have been recently modified in a rulemaking initiated by Staff. As a result of those modifications, which were supported by the Company, the Company will operate under service quality reporting requirements which have been modified since inception of the Current Plan.

3. Reductions in Regulation – as Mr. Moore outlines in his testimony, the Oregon Plan would result in the reduction in reporting and other requirements in a number of areas. Those reductions result from waivers of additional requirements contained in the OARs.

1 4. **Commission Intervention / Oversight**

2 The Oregon Plan largely retains the ability for the Commission to adjust or
3 terminate the price plan contained in the Current Plan.

4 **Q. HAS STAFF DEVELOPED A DETAILED DESCRIPTION OF THE OREGON**
5 **PLAN FOR ADOPTION BY THE COMMISSION?**

6 A. Yes. A detailed description of the Oregon Plan is provided as Exhibit
7 Staff/101/Hellebuyck/3-8 to my testimony. That exhibit is in the same format as
8 Exhibit A to Order No. 08-408, which the Commission approved as the
9 mechanism for implementing the Current Plan. The pricing details of that exhibit
10 are described in more detail in the testimony of Mr. Stanage. The service
11 quality reporting components are discussed in more detail in the testimony of
12 Ms. Brock.

13 Staff has reached an agreement in principle with Frontier Communications
14 Northwest Inc. (Frontier), in Docket UM 1677, regarding a price plan that is
15 similar to the Oregon Plan.

16 **Q. PLEASE COMMENT ON THE OREGON PLAN'S EFFICACY IN**
17 **ENSURING PRICES FOR TELECOMMNICATION SERVICES THAT ARE**
18 **JUST AND REASONABLE AS REQUIRED UNDER ORS 759.255(2)(a).**

19 A. Staff considered the three areas below when making a recommendation
20 regarding whether or not the Oregon Plan would result in prices that are just
21 and reasonable. ***The Oregon Plan meets this requirement.*** For the
22 reasons described below, the Oregon Plan would produce prices that are
23 just and reasonable.

1 **1. Pricing Flexibility / Pricing Safeguards**

2 **Review 1A - Portion of Services Subject to Various Safeguards**

3 *The Oregon Plan passes this test.*

4 The Oregon Plan includes increased pricing flexibility when compared to the
5 Current Plan. In some cases, this increased flexibility results from the
6 Company having even more flexibility in areas in which the Company
7 already has some flexibility. In other cases, this increased flexibility is the
8 result of the Company receiving pricing flexibility for services which it
9 currently has no explicit pricing flexibility. The general increase in flexibility
10 is shown below. The increase in flexibility can be seen by breaking the
11 components of the Oregon Plan into the protection categories (A. through
12 E.). Recall, from that description, that the amount of pricing protection
13 decreases as you go from A. to E. with both D. and E. providing no effective
14 pricing protection. As can be seen in Figure 4 below, all of the prices for
15 existing products would fall into categories A. thru C.
16

[redacted]

[redacted]

As you can see on Exhibit Staff/102/Hellebuyck/1, which provides a comparison of the A to E breakdown for each of the respective plans being considered, the amount in Category A has declined from [redacted] percent to [redacted] percent (representing primarily EAS charges) under the Oregon Plan compared to the Current Plan.

This combination of a general increase in pricing flexibility and retention of the necessary, yet reduced, safeguards would result in just and reasonable rates under the Oregon Plan.

Review 1B – Pricing Flexibility Afforded Specific Services.

The Oregon Plan passes this test.

Staff compared the pricing flexibility under the Oregon Plan plans to the pricing flexibility in the Current Plan for the following services:

1. **Primary Line Basic Service ([redacted]% of revs)**
    a. Current Plan - capped at pre-plan rates.

b. Oregon Plan – recurring charges increase:

i. Residential – $2/month year 1, $1/month year 3

ii. Business – $4/month year 1

2. **ISDN-PRS and DS1 services (%[redacted] of revs)**

a. Current Plan – the majority capped at the Portland CPI.

b. Oregon Plan – prices increase up to 10% annually

3. **Other Services (%[redacted] of revs)**

a. Current Plan – increase 50% annually / 200% 5 year cap

b. Oregon Plan – increase 25% annually no 5 year cap (this could result in an increase of slightly more than 200% over 5 years)

4. **Packages and Bundles (%[redacted] of revs)**

a. Current Plan - "sum of the pie parts", pieces capped

b. Oregon Plan - "sum of the pie parts", pieces capped

This review shows that some of the increased flexibility results from the Company having flexibility in areas in which it currently has no explicit pricing flexibility. As can be seen in Mr. Stanage's Exhibit Staff/202/Stanage/14, the Company would receive pricing flexibility worth up to $[redacted] million of a five year period regarding Primary Line Basic Service under the Oregon Plan. In other cases, this increased flexibility is the result of the Company receiving even more flexibility in areas in which it already has pricing flexibility. Those areas would include ISDN-PRS and DS1. As shown in that same exhibit, the Company would receive

1 additional pricing flexibility worth up to $[redacted] million over a five year period
2 under the Oregon Plan.
3 This combination of specific increase in pricing flexibility and retention of
4 the necessary, yet reduced, safeguards would result in just and
5 reasonable rates under the Oregon Plan.
6 **2. Customer Bill Impacts**
7 *The Oregon Plan passes this test.*
8 Changes in customers' bills have been less than the level of inflation generally
9 since the last rate change implemented by the Company.
10 That shows that the combination of the market and the pricing safeguards
11 present in the Current Plan have provided some restraint on upward pricing.
12 Staff believes the combination of somewhat reduced safeguards in the Oregon
13 Plan and the market will continue to provide a restraint on upward pricing.
14 3. **Addressing the Company's Need for Funds**
15 *The Oregon Plan Passes This Test*
16 The Oregon Plan Meets this test through providing a significant level of funds
17 through the implementation of price increases.
18 **Q. PLEASE COMMENT ON THE OREGON PLAN'S ABILITY TO ENSURE**
19 **HIGH QUALITY OF EXISTING TELECOMMUNNICATIONS SERVICES AS**
20 **REQUIRED UNDER ORS 759.255(2)(b).**
21 A. Staff considered the three areas below when making a recommendation
22 regarding whether or not the respective plans ensure the high quality of existing
23 telecommunication.

1 **1. Maintenance of Adequate Overall Service Quality Reporting**

2 *The Oregon Plan passes this test*

3 Service quality reporting is the main tool the Commission has to measure
4 service quality and thereby ensure a high level of service is being provided to
5 customers. With the two modifications described above, the Oregon Plan
6 keeps that tool in place.

7 **2. Maintenance of Differentiated Reporting**

8 *The Oregon Plan passes this test*

9 The Oregon Plan would provide the same level of service quality reporting
10 which occurs under the Current Plan. That service quality information is
11 detailed or granular enough to provide information regarding service to
12 customers, particularly in the rural areas, who may not have access to robust
13 choice among telecommunication alternatives and who do not enjoy the
14 accompanying attention to service quality by the Company.

15 **3. Monitor Consequences of Competition**

16 *The Oregon Plan passes this test*

17 The Oregon Plan would not change the level of service quality information
18 received by Staff. Assuming the Company addresses in its next round of
19 testimony the issues laid out in General Principle 4 regarding the Company's
20 unwillingness to provide information regarding the systems age, potential
21 obsolescence, and general condition, the current reporting regime will allow
22 Staff information necessary to monitor this issue on an ongoing basis. If the

Company does not make that showing, Staff will recommend the Commission open an investigation regarding the viability of the Company's system.

PLEASE COMMENT ON THE OREGON PLAN'S ABILITY TO MAKE NEW SERVICES AVAILABLE AS REQUIRED UNDER ORS 759.255(2)(b).

A. Staff considered one item regarding this review.

1. Pricing Flexibility

The Oregon Plan passes this test.

The Current Plan includes a price cap on the increases which can be applied to the price of New Services after their introduction. The Oregon Plan removes that cap. No cap is necessary on New Services as they do not represent a service, such as the primary line basic service, which provides an essential affordable service that may not be available thru other options provided by the Company or its competitors.

PLEASE COMMENT ON THE OREGON PLAN'S ABILITY TO MAINTAIN THE APPROPRIATE BALANCE BETWEEN THE NEED FOR REGULATION AND COMPETITION AS REQUIRED UNDER ORS 759.255(2)(c).

A. Staff considered the three areas when making a recommendation regarding whether the respective plans maintains the appropriate balance between the need for regulation and competition.

1. Pricing Flexibility / Pricing Safeguards

The Oregon Plan passes this test

The Oregon Plan includes increased pricing flexibility when compared to the Current Plan. In some cases, this increased flexibility results from the Company having even more flexibility in areas in which the Company already has some flexibility. In other cases, this increased flexibility is the result of the Company receiving pricing flexibility for services which it currently has no explicit pricing flexibility. In combination with that increased flexibility the Oregon Plan provides meaningful price protections on all but "New Services." That combination would result in a plan which maintains an appropriate balance between the need for regulation and competition.

2. Service Quality Reporting

The Oregon Plan passes this test

The Company's service quality has declined against a number of metrics and customer complaints have increased on a per line basis. The standards applicable to the Company, and all utilities, related to Trouble Reports Clearing Time have been eased as a result of AR 575. Given the Company's performance has declined while the standards have already been reduced, the Oregon Plan's provision to maintain the current reporting standards would achieve an appropriate balance between the need for regulation and competition. If anything, the Company's performance would weigh in favor of an increase in regard to service quality reporting.

3. Commission Intervention / Oversight –

The Oregon Plan passes this test

The Oregon Plan largely retains the ability for the Commission to adjust or terminate the price plan contained in the Current Plan.

Q. PLEASE COMMENT ON THE OREGON PLAN'S ABILITY TO SIMPLIFY REGULATION AS REQUIRED UNDER ORS 759.255(2)(d).

A. Staff addressed the following two areas when addressing this issue.

1. Waiver of Statutes and Rules

The Oregon Plan passes this test

The Company has proposed the waiver of several additional statutes and OARs under the Revised Plan. As explained by Mr. Moore, Staff supports a number of new waivers as useful steps towards simplifying regulation.

In the Current Plan, the Company committed not to seek the exemption from service quality reporting which it is allowed in recognition of good performance. Achieving this exemption could result in a simplification of the reporting required by the Company. While not specifically a waiver of a rule, the Oregon Plan contains no such commitment (i.e., would allow the Company to petition for that exemption).

2. General

The Oregon Plan passes this test

The Oregon Plan meets this standard by providing another step under which the Company is able to benefit from the additional waivers discussed above.

In addition, as discussed above, in the Company committed not to seek the exemption from service quality reporting which it is allowed in recognition of good performance under the rules under the Current Plan. Achieving this exemption could result in a simplification of the reporting required by the Company. The Oregon Plan contains no such commitment (i.e., would allow the Company to petition for that exemption).

Finally, the Exogenous adjustment introduced in the Oregon Plan may simplify regulation thru providing the Company a relatively simple, straightforward path for addressing changes in its cost structure which are beyond its control without the need for a larger regulatory process such as filing a revision to its price plan.

Q. PLEASE COMMENT ON THE RESULTS OF STAFF'S REVIEW OF THE OREGON PLAN BASED ON GENERAL PRINICIPLE 1- A MEASURED, "EVOLUTIONARY" APPROACH IS APPROPRIATE.

A. *The Oregon Plan passes this test*

In Order No. 08-408 approving the Current Plan, the Commission stated:

> We firmly believe the provisions of the Stipulation approved in this order provide a progressive regulatory framework for all incumbent local exchange carriers in an increasingly competitive environment.

The provisions in the Oregon Plan regarding pricing, service quality reporting, and waivers of statutes and rules are intended to provide another gradual step in the transition begun in Order No. 08-408.

The Oregon Plan is also flexible enough to accommodate changes in the competitive market. In addition to being able to accommodate changes in the

level of competition present, there are also changes in the rules and framework around the provision of telecommunication services that a plan must be flexible enough to accommodate. One example of the flexibility in the Oregon Plan is the Exogenous adjustment through which the Company may address changes outside the Company's control which may have a material impact on the Company.

Q. PLEASE COMMENT ON THE RESULTS OF STAFF'S REVIEW OF THE OREGON PLAN BASED ON GENERAL PRINICIPLE 2- A SUITABLE PLAN MUST ACCOMMODATE INCOMPLETE AND UNEVEN COMPETITION.

A. *The Oregon Plan passes this test*

There are clearly "gaps" and unevenness regarding the availability and viability of competition alternatives in Oregon. The Oregon Plan contains both pricing and service quality safeguards designed to protect customers in light of that reality.

Q. PLEASE COMMENT ON THE RESULTS OF STAFF'S REVIEW OF THE OREGON PLAN BASED ON GENERAL PRINICIPLE 3- PRICING FLEXIBILITY SHOULD BE BALANCED AGAINST PRICING SAFEGUARDS.

A. *The Oregon Plan passes this test*

The Current Plan contains pricing safeguards for all services. The Oregon Plan provides increased pricing flexibility but still retains pricing protection on all but "New Services." Primary Line Basic Service is among the services subject to an explicit cap. The language in the Commission's mission argues for the Commission erring on the side of providing pricing customer

safeguards when balancing those safeguards with providing additional pricing flexibility.

The increase pricing flexibility combined with the pricing safeguards described above achieves this balance.

Q. PLEASE COMMENT ON THE RESULTS OF STAFF'S REVIEW OF THE OREGON PLAN BASED ON GENERAL PRINICIPLE 4- IMPACTS OF COMPETITION ON SERVICE QUALITY MUST BE MONITORED.

A. *The Oregon Plan passes this test*

Service quality reporting is the most important tool the Commission has to address service quality issues. Under the Oregon Plan, the Commission would retain that tool as it exists today for monitoring the potential impacts of competition on service quality.

Q. PLEASE COMMENT ON THE RESULTS OF STAFF'S REVIEW OF THE OREGON PLAN BASED ON GENERAL PRINICIPLE 5- A "ONE-SIZE-FITS-ALL" APPROACH IS NOT APPROPRIATE.

A. *The Oregon Plan passes this test*

The Commission should put in place a system that works for Oregon considering its unique circumstances. That diversity militates for the Commission to fashion a plan that recognizes the unique combination of factors present in Oregon. One of those factors is the incomplete and unbalanced competition present in the state.

1 The Oregon Plan, with its unique combination of increased pricing flexibility and
2 reduced, yet still present, customer safeguards represents an approach that
3 recognizes the reality present in Oregon.

4 **Q. PLEASE COMMENT ON THE RESULTS OF STAFF'S REVIEW OF THE**
5 **OREGON PLAN BASED ON GENERAL PRINICIPLE 6- CUSTOMERS**
6 **SHOULD RETAIN ACCESS TO A REASONABLY PRICED SINGLE LINE**
7 **SERVICE.**

8 A. *The Oregon Plan passes this test*

9 The Oregon Plan contains explicit price caps regarding the pricing for both
10 residential and business Primary Line Basic Service.

11 **<u>III.C. Continued Operation Under the Oregon Plan</u>**

12 **Q. PLEASE SUMMARIZE STAFF'S RECOMMENDATION SHOULD THE**
13 **COMMISSION NOT ADOPT THE OREGON PLAN**

14 **A.** The Commission should adopt the Oregon Plan as Staff believes it is
15 superior to both the Current Plan and the Revised Plan when evaluated
16 against the Staff Review Criteria. Staff's findings are reflected in my Exhibit
17 Staff/101/Hellebuyck/2. As illustrated in that exhibit, the Oregon Plan meets
18 the criteria ("Passes this test") on every one of the 19 criteria used by Staff
19 to review the respective plans. In contrast, the Revised Plan meets the
20 criteria ("Passes this test") on only two of the 19 criteria used by Staff.
21 Based on this review, Staff concludes the Current Plan is superior to the
22 Revised Plan. Therefore, Staff recommends the Commission adopt the

1 Oregon Price Plan or require the Company to operate under the Current
2 Plan should it not agree to the Oregon Plan.
3 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**
4 A. Yes.
5

CASE: UM 1354
WITNESS: BRUCE HELLEBUYCK

PUBLIC UTILITY COMMISSION
OF
OREGON

STAFF EXHIBIT 101

Witness Qualifications Statements
and
Exhibits in Support
Of Opening Testimony

April 2, 2014

DOCKET NO UM 1354

STAFF/101
HELLEBUYCK/1

WITNESS QUALIFICATION STATEMENT

NAME:	Bruce Hellebuyck
EMPLOYER:	PUBLIC UTIILTY COMMISSION OF OREGON
TITLE:	Program Manager, Retail Telecom & Water Regulation
ADDRESS:	3930 Fairview Industrial Dr. SE Salem, Oregon 97302.
EDUCATION:	B.S. in Accountancy from the University of Illinois Champaign / Urbana, Illinois.
EXPERIENCE:	While at the OPUC, I have overseen Staff's work on two price plan filings and have also worked on filings related to special contracts, promotional concessions, tariff changes, price list changes, and numbering issues. I worked at PacifiCorp, a large northwest electric utility, primarily in the regulatory group, for over twenty years. I held roles of varying responsibility including Director of Economic Regulation and Regulatory Policy Director. In those roles I oversaw a number of regulatory projects. I have sponsored testimony before state regulatory commissions in Oregon, California, Washington, Wyoming, and Montana regarding a wide variety of issues including resource acquisition, cost recovery, industry restructuring, and mergers.

Results of Staff Price Plan Reviews - UM 1354

Staff Review Criteria	Oregon Plan	Qwest Revised Plan
759.255(2)(a) Ensures just and reasonable prices		
1.A. Portion of Services Subject to Various Safeguards	*Passes this test*	***Fails this test***
1.B. Pricing Flexibility Afforded Specific Services	*Passes this test*	***Fails this test***
2. Customer Bill Impacts	*Passes this test*	***Fails this test***
3. Addressing the Company's Need for Funds	*Passes this test*	*Passes this test*
759.255(2)(b) Ensures High Quality of Existing Services		
1. Maintenance of Adequate Overall Service Quality Reporting	*Passes this test*	***Fails this test***
2. Maintenance of Differentiated Reporting	*Passes this test*	***Fails this test***
3. Monitor Consequences of Competition	*Passes this test*	***Fails this test***
Makes New Services Available		
1. Pricing Flexibility for New Services	*Passes this test*	*Passes this test*
759.255(2)(c) Balance regulation / competition		
1. Pricing Flexibility / Pricing Safeguards	*Passes this test*	***Fails this test***
2. Service Quality Reporting	*Passes this test*	***Fails this test***
3. Commission Intervention / Oversight	*Passes this test*	***Fails this test***
759.255(2)(d) Simplify regulation		
1. Waiver Of Statutes and Rules	*Passes this test*	***Fails this test***
2. General	*Passes this test*	***Fails this test***
759.255 "Other Matters" - the General Principles		
1. A measured, flexible, "evolutionary" plan is appropriate	*Passes this test*	***Fails this test***
2. A suitable plan must accommodate incomplete and uneven comp.	*Passes this test*	***Fails this test***
3. Pricing flexibility should be balanced against pricing safeguards	*Passes this test*	***Fails this test***
4. Impacts of Competition on Customer Service must be monitored	*Passes this test*	***Fails this test***
5. A "one-size-fits-all" approach is not appropriate	*Passes this test*	***Fails this test***
6. Customers should retain access to a reasonably priced single line service	*Passes this test*	***Fails this test***

Staff/101
Hellebuyck/2

Exhibit A

CENTURYLINK QC'S PRICE PLAN UNDER ORS 759.255

I. Definitions

A. "Alternative provider" means a provider, other than CenturyLink QC Corporation ("CenturyLink QC") or any affiliate of CenturyLink QC, of any service that is a functionally equivalent or substitutable service, without regard to the technology used to provide the service and without regard to whether the provider is subject to regulation by the Commission or any other agency. "Alternative provider" includes but is not limited to telecommunications carriers, radio common carriers, cable telephony providers, and providers of voice over internet protocol ("VoIP") service.

B. "Essential functions" means those unbundled network elements (UNEs) that ILECs are required to provide pursuant to 47 U.S.C. § 251(c)(3) according to the most current requirements of the FCC. "Nonessential functions" are all other functions used in providing a telecommunications service that are not essential functions. The price of essential functions is the Commission-approved price for UNE purchases by wholesale customers; the price for UNEs without Commission-approved prices is the rate in CenturyLink QC's most current Negotiations Template Agreement for Oregon.

C. "Functionally equivalent or substitutable" means that a service is reasonably interchangeable with the service to which it is being compared, even if the services are not identical, without regard to the technology used to provide the service or whether the service or provider are subject to regulation by the Commission.

D. "New service" means a retail telecommunications service that is offered in Oregon for the first time following the effective date of this price plan. A service is not a new service if it merely renames, repackages, or is a variation of an existing service, or if it is reintroduced in substantially the same form after having being withdrawn or abandoned.

E. "Pre-plan rates" means the rates charged by CenturyLink QC in Oregon pursuant to its tariffs or price lists that were effective on September 1, 2014, or CenturyLink QC's original introductory price for any new service introduced after September 1, 2014, but before the effective date of this price plan.

F. "Primary line basic service" means the first line only of basic local exchange service for an individual residential or business customer account at a single location that is not sold as part of a package. For purposes of this definition, "basic local exchange service" means residential single party flat rate local exchange service; residential single party measured local exchange service, including local exchange usage; business single party

flat rate local exchange service and business single party measured local exchange service, including local exchange usage.

II. Objectives of Price Plan

A. CenturyLink QC's Price Plan will achieve the following objectives;

1. Ensure the Plan is operating in a way that is in the public interest.
2. Produce prices for CenturyLink QC's retail telecommunications services that are just and reasonable.
3. Ensure that the quality of existing telecommunications services will stay at or above current levels.
4. Maintain the appropriate balance between the need for regulation and competition.
5. Simplify and reduce the burden of regulation for both CenturyLink QC and the Commission.
6. Maintain the availability of primary line basic service at a statewide affordable rate.
7. Increase CenturyLink QC's pricing flexibility to meet changing market conditions.
8. Make new telecommunications services available.

B. Pricing and Availability of Services under Price Plan Initial Rates. The rates that CenturyLink QC currently charges in its approved tariffs and price lists will be its pre-Plan rates. These rates are subject to adjustment as provided below.

1. Price Caps
   a. Non-recurring charges for residential and business primary line basic service. Charges remain at pre-Plan rates.
   b. Recurring charges for residential service. Primary line basic service for residential customers will be subject to price caps. Monthly rates for this service may increase a maximum of $3.00 during the period of the Price Plan. CenturyLink QC may increase these rates up to a $2.00 maximum on the Price Plan's effective date, and may increase rates up to an additional $1.00 beginning in year 3 of the Price Plan.
   c. Adjustment of prices. CenturyLink QC is permitted to adjust recurring charges for primary line residential basic service upward or downward between the price caps and the applicable price floors for primary line residential basic service.
   d. Recurring charges for business services. CenturyLink QC may increase recurring charges for business primary line basic service by up to $4.00 on the effective date of the Price Plan.
2. Availability. CenturyLink QC will continue to offer primary line residential and business basic service on a stand-alone basis.
3. Petition to remove or adjust price caps. CenturyLink QC may petition the Commission to remove or adjust the price caps for primary line residential basic service. CenturyLink QC will have the burden of showing that the removal or adjustment of the price caps for primary line residential basic service will result in rates that are just and reasonable. The Commission may also consider whether removal or adjustment of the price caps is in the public interest, considering the factors set forth in ORS 759.255(2).

C. Telephone Assistance Plans. CenturyLink QC will continue to offer current Telephone Assistance Plans (OTAP, Tribal Lifeline, and Tribal Link-Up) pursuant to state and federal requirements.

D. Switched Access. Rates for intrastate switched access services will be capped at current rates and the Commission may adjust the price caps if required by FCC action.

E. EAS. Rates for extended area service (EAS) are capped at current rates but, for billing purposes, the Company is permitted to combine the rate for primary line residential basic service and EAS into a single rate. CenturyLink QC will continue to offer customers all existing options, including measured EAS service combined with monthly flat rate service. CenturyLink QC will not be required to establish any new or expanded EAS routes as long as it operates under the Price Plan.

F. Toll Restriction/Call Trace/Unlisted Numbers. These three services are capped at pre-Plan rates.

G. Directory Listings. The first listing is included with the service. The second and any other additional listings will be subject to the "Other Services" rate cap above.

H. DS-1 and ISDN-PRI Services. Rates for DS-1 and ISDN-PRI services may increase up to 10% annually.

I. E911 Services (including PS/ALI). Rates, terms and conditions remain at pre-Plan status.

J. Other Retail Services. Rates may increase up to 25% annually, or $.50, whichever is greater. Customers who request removal of any service contained in "Other Services" will not incur a non-recurring charge for the removal of the service.

K. New Services. Any new service introduced after the effective date of the Price Plan will not be subject to price caps. (See definition of New Services; does not include repackaging of existing services.)

L. Exogenous change adjustments. CenturyLink QC may petition the Commission for adjustments to the price cap for any service provided under the Price Plan to reflect factors outside CenturyLink QC's control, which will have a material impact on the Company (e.g., changes in law, rule, or tax structure as a result of legislative, judicial, or administrative agency action).

M. Intrastate Special Access. Nothing in this Price Plan affects existing intrastate special access services. CenturyLink QC may petition the Commission separately for any proposed rate changes to intrastate special access services

N. Rate averaging. For residential primary line basic service, and business primary line basic service, CenturyLink QC will not further deaverage beyond the three existing (pre-Plan) rate groups. Existing rate differences between rate groups will not increase. For all other services, CenturyLink QC will maintain the statewide average rates, except for ISDN-BRS which is de-averaged, currently.

O. Packages and Bundles. CenturyLink QC may combine any regulated telecommunications service with any other service(s) to offer packages and bundles of services, which may include primary line residential basic service and EAS, at any price subject to the following conditions:

a. Customers can purchase separately from the company's tariff or price list any regulated telecommunications service included in the package or bundle.

b. The package or bundle price is not less than the sum of the price floors (determined pursuant to ORS 759.255(4)) of the regulated telecommunications services included in the package or bundle.
c. The package or bundle price is not more than the sum of the retail prices of all services available in the package or bundle. Terms applicable to new packages or bundles, including those that include primary line residential basic service, will be established in the Company's price list at least one day prior to their effective date.

P. Notice of tariff changes. CenturyLink QC will provide the Commission notice of price increases or other changes to terms and conditions for services within Sections II.B. through II.I. by making tariff filings at least 30 days prior to the effective date of such price changes. CenturyLink QC will provide the Commission notice of price decreases for services within Sections II.B. through II.I. by making tariff filings at least one day prior to the effective date of such price decreases. CenturyLink QC will make price list changes for New Services, Other Retail Services, and Packages and Bundles at least one day prior to the effective date of any price change. CenturyLink QC will also provide customers at least 30 days prior notice for services they are purchasing at the time of the price increase. For services subscribed on a per-call basis, CenturyLink QC will give reasonable notice to the customer of the price prior to the customer's use of the service.

Q. Services exempt from regulation. Services that the Commission has already ordered to be exempt from regulation will remain exempt from regulation, subject to the conditions of the order that exempted the service from regulation. CenturyLink QC retains the ability to petition the Commission to exempt additional services from regulation under ORS 759.052.

R. Promotions. CenturyLink QC may offer promotions for primary line residential basic service and other regulated services pursuant to ORS 759.182 and 759.267.

S. Service Quality. CenturyLink QC will continue to be subject to the Retail Telecommunications Service Standards for Large Telecommunications Utilities identified in OAR 860-023-0055.

T. Waiver of statues, rules, and UM 1484 Merger Conditions.
a. Statutes. CenturyLink QC's compliance with the following statutes, and all Commission rules implementing these statutes, is waived in full, unless a partial waiver is noted:

- ORS 759.135 Depreciation accounts; un-depreciated investment allowed in rates; conditions. Full waiver.
- ORS 759.180 to ORS 759.200 (with the exception of ORS 759.182).
- Full waiver of statutes listed below:
  ORS 759.180 Hearing on reasonableness of rates; procedures; exceptions
  ORS 759.185 Suspension of rates pending hearing; time limitation; refund of revenue collected; interim rates.
  ORS 759.190 Notice of Schedule Change
  ORS 759.195 Price listing of services; conditions; maximum rates; essential services; justification by utility of rates for price-listed services.
  ORS 759.200 Inclusion of amortizations in rates; deferral of certain expenses or revenues; limitation on amounts; prohibited uses.
- ORS 759.215(2) Public access to schedules. Full waiver.

- ORS 759.220 Joint rates and classifications; procedure; considerations – Partial waiver with regard to joint rates and establishment of new through services, but not with regard to canceling any existing through service.
- ORS 759.285 Charging rates based on cost of property not presently providing service. Full waiver.
- ORS 759.300 to ORS 759.393 360 - Issuance of Securities.

1. Rules. CenturyLink QC's compliance with the following Commission rules is waived in full, unless a partial waiver is noted:
   - ORS 759.120 Form and manner of accounts prescribed by Commission; Partial to the extent allowed by Order 11-095, Condition #11
   - ORS 759.125 Records and accounts prescribed by Commission; Partial to the extent allowed by Order 11-095, Condition #11.
   - ORS 759.130 Closing data of accounts; Partial to the extent allowed by Order 11-095
   - OAR 860-022-0025(2)(b) and (c) Partial waiver of Requirements for Filing Tariffs or Schedules Changing Rates.
   - OAR 860-022-0030 Requirements for Filing Tariffs or Schedules Naming Increased Rates – full waiver.
   - OAR 860-027-0015 New Construction Budget
   - OAR 860-027-0050 Uniform System of Accounts for Large Telecommunications Utilities, partial waiver per Order 10-067, condition #12.
   - OAR 860-027-0052 Allocation of Costs by a Large Telecommunications Utility

III. Term and Conditions for Review of CenturyLink QC Performance under Price Plan.

A. Term. The Price Plan will extend for five years, with an option for CenturyLink QC to extend the Price Plan by an additional (sixth) year. No later than the end of the fourth year of the Price Plan, CenturyLink QC will notify the Commission of its intent to extend the Plan for a sixth year or petition the Commission seeking 1) a new price plan; 2) modification to the existing Price Plan; or 3) any other form of regulation that may be applicable. If CenturyLink QC elects to extend the Price Plan for a sixth year, it will be required to petition the Commission for a new form of regulation no later than the end of the fifth year of the Price Plan. Should CenturyLink QC provide notice that it intends to extend the Price Plan for the sixth year, rates will remain at the negotiated cap(s) for basic residential and business service unless CenturyLink QC has not exercised the full dollar amount of the cap(s).

B. Five-year review. CenturyLink QC's performance under the Price Plan will be reviewed by the Commission every five years.

1. CenturyLink QC will file a report regarding its performance as compared to the objectives of the plan by the 90th day of the fifth year of operation under the plan. The report will review how the objectives of the plan are being met and will include the following information:
   a. An analysis of current market conditions for the various categories of CenturyLink QC's regulated retail telecommunications services and functionally equivalent or substitutable services, to the extent such information is publically available.
   b. Data regarding the gain or loss of access lines by wire center.
   c. A discussion of how the pricing flexibility allowed CenturyLink QC to meet the plans objectives.

d. Identification of any new services CenturyLink QC has introduced.
e. Identification of any ways in which the burden of regulation for both CenturyLink QC and the Commission has been simplified or reduced.

C. Evaluation of market, modifications to Plan. The Commission will review the data submitted by CenturyLink QC and any other relevant evidence regarding the competitiveness of the market for services that are functionally equivalent or substitutable for services offered by CenturyLink QC, as well as any other relevant factors, and determine whether other modifications to the Plan are appropriate to provide CenturyLink QC with additional regulatory flexibility beyond that included in the original Price Plan.

D. The Commission may open an investigation at any time pursuant to ORS 756.515 to determine whether further adjustments to the price plan or termination of the Price Plan is required by the public interest, according to the factors set forth in ORS 759.255(2). The Commission may order further adjustments to the Price Plan or termination of the Price Plan only after providing CenturyLink QC notice and an opportunity for hearing. In any such investigation and proceeding, the Joint Parties agree that the Commission should first attempt to identify and require adjustments to the price plan such that the continuation of the Price Plan is in the public interest before it orders termination of the Price Plan.

1. If the Commission orders termination of the Price Plan, CenturyLink QC would no longer be able to increase its rates as it was permitted to do under the Price Plan, but CenturyLink QC would be allowed to decrease its rates subject to any applicable price floor.
2. If the Commission orders termination of the Price Plan, CenturyLink QC may thereafter pursue any form of price regulation or relief therefrom then permitted under Oregon law, including but not limited to: exemptions from regulation pursuant to ORS 759.052; price listing pursuant to ORS 759.054, 759.056, and/or 759.195; rate regulation pursuant to ORS 759.175-759.190; another price plan pursuant to ORS 759.255; or price cap regulation pursuant to ORS 759.405-759.410.
3. If the Commission orders termination of the Price Plan, the Parties agree the Commission may also, in the same proceeding, adjust CenturyLink QC's rates to ensure that CenturyLink QC's rates are just and reasonable, and the Parties agree not to advocate for rates that are lower than pre-Plan rates. CenturyLink QC would no longer be able increase its rates as it was permitted to do under the Price Plan, but CenturyLink QC would be allowed to decrease its rates subject to any applicable price floor.

OREGON
Docket No. UM 1354
Response to PUC Staff Data Request
Respondent: John Felz
Response Date: June 27, 2013

Data Request PUC STAFF No. 38

In the Petition of Qwest Corporation for Revision of Price Plan (Petition), Qwest Corporation d/b/a/ CenturyLink QC (CenturyLink QC or the Company) is proposing that it be granted an unfettered discretion to raise customer prices other than those related to 1) recurring charges for primary line residential basic service, 2) Switched Access, and 3) extended area service (EAS) service.

Please explain how unfettered discretion to raise prices on all but a relatively small portion of the retail services it provides in Oregon is consistent with the requirement that the plan provide just and reasonable prices as required under ORS 759.255(2)(a), which states:;

(2) Prior to granting a petition to approve a plan under subsection (1) of this section, the commission must find that the plan is in the public interest. In making its determination the commission shall consider, among other matters, whether the plan:

(a) Ensures prices for telecommunications services that are just and reasonable;

RESPONSE:

As demonstrated in CenturyLink's Price Plan Performance Report filed on November 13, 2012, CenturyLink QC is facing ever increasing competitive pressure from competitive providers, including cable, wireless and VoIP providers who continue to gain market share. As a result, competitive market forces can be relied upon to ensure discipline over pricing is maintained. The artificial pricing constraints that only CenturyLink QC is currently subject to are unnecessary to ensure rates for telecommunications services are just and reasonable.

OREGON
Docket No. UM 1354
Response to PUC Staff Data Request
Respondent: John Felz
Response Date: July 2, 2013

Data Request PUC STAFF No. 46

CenturyLink QC proposes to remove the current price plan caps on non-recurring charges for primary line basic services. Please explain how this is in the public interest.

RESPONSE:

Per ORS 795.255 in evaluating CenturyLink QC's proposed modifications to its Price Plan, the Commission must find that the plan is in the public interest and shall consider, among other matters, whether the plan:

a. Ensures prices for telecommunications services that are just and reasonable:
c. Maintains the appropriate balance between the need for regulation and competition;

As demonstrated in CenturyLink's Price Plan Performance Report filed on November 13, 2012, CenturyLink QC is facing ever increasing competitive pressure from alternative providers, including cable, wireless and VoIP providers who continue to gain market share. As a result, competitive market forces can be relied upon to ensure discipline over pricing is maintained and the artificial pricing constraints that only CenturyLink QC is currently subject to are unnecessary to ensure rates for telecommunications services are just and reasonable. Further, those competitive market forces render the need for price caps for this service moot.

OREGON
Docket No. UM 1354
Response to PUC Staff Data Request
Respondent: John Felz
Response Date: July 2, 2013

Data Request PUC STAFF No. 47

CenturyLink QC proposes to remove the current price plan caps on primary line basic service for business customers. Please explain how this is in the public interest.

RESPONSE:

Please see response to Staff DR 46.

OREGON
Docket No. UM 1354
Response to PUC Staff Data Request
Respondent: John Felz
Response Date: July 2, 2013

Data Request PUC STAFF No. 48

CenturyLink QC proposes to change how Business Basic Services in Rate Group 3 are regulated. Currently, the rates for these services are established under ORS 759.425(2)(a). Please explain how this change is in the public interest.

RESPONSE:

Please see response to Staff DR 46.

OREGON
Docket No. UM 1354
Response to PUC Staff Data Request
Respondent: John Felz
Response Date: July 2, 2013

Data Request PUC STAFF No. 49

CenturyLink QC proposes to remove the current price plan caps on Public Access Lines (PAL) service. Please explain how this is in the public interest.

RESPONSE:

Please see response to Staff DR 46.

OREGON
Docket No. UM 1354
Response to PUC Staff Data Request
Respondent: John Felz
Response Date: July 2, 2013

Data Request PUC STAFF No. 50

CenturyLink QC proposes to remove the current price plan caps on Toll Restriction service. Please explain how this is in the public interest.

RESPONSE:

Please see response to Staff DR 46.

OREGON
Docket No. UM 1354
Response to PUC Staff Data Request
Respondent: John Felz
Response Date: July 2, 2013

Data Request PUC STAFF No. 51

CenturyLink QC proposes to remove the current price plan caps on Call Trace services (*i.e.*, *59). Please explain how this is in the public interest.

RESPONSE:

Please see response to Staff DR 46.

OREGON
Docket No. UM 1354
Response to PUC Staff Data Request
Respondent: John Felz
Response Date: July 2, 2013

Data Request PUC STAFF No. 52

CenturyLink QC proposes to remove the current price plan caps on Unlisted Numbers and Directory Listings and may discontinue directory listings with basic service. Please explain how this is in the public interest.

RESPONSE:

Please see response to Staff DR 46.

OREGON
Docket No. UM 1354
Response to PUC Staff Data Request
Respondent: John Felz
Response Date: July 2, 2013

Data Request PUC STAFF No. 53

CenturyLink QC proposes to remove the current price plan caps on intrastate DS- 1 service. Please explain how this is in the public interest.

RESPONSE:

Please see response to Staff DR 46.

OREGON
Docket No. UM 1354
Response to PUC Staff Data Request
Respondent: John Felz
Response Date: July 2, 2013

Data Request PUC STAFF No. 54

CenturyLink QC proposes to remove the current price plan caps on intrastate ISDN-PRI services. Please explain how this is in the public interest.

RESPONSE:

Please see response to Staff DR 46.

OREGON
Docket No. UM 1354
Response to PUC Staff Data Request
Respondent: John Felz
Response Date: July 2, 2013

Data Request PUC STAFF No. 55

CenturyLink QC proposes to remove the current price plan prohibition against further geographical deaveraging of rates. Please explain how this is in the public interest.

RESPONSE:

Per ORS 795.255 in evaluating CenturyLink QC's proposed modifications to its Price Plan, the Commission must find that the plan is in the public interest and shall consider, among other matters, whether the plan:

b. Ensures prices for telecommunications services that are just and reasonable:
d. Maintains the appropriate balance between the need for regulation and competition;

As demonstrated in CenturyLink's Price Plan Performance Report filed on November 13, 2012, CenturyLink QC is facing ever increasing competitive pressure from alternative providers, including cable, wireless and VoIP providers who continue to gain market share. As a result, competitive market forces can be relied upon to ensure discipline over pricing is maintained and the artificial pricing constraints that only CenturyLink QC is currently subject to, including the prohibition against geographical deaveraging of rates, are unnecessary to ensure rates for telecommunications services are just and reasonable.

Oregon
Docket No. UM 1354
Response to Staff Data Request No. 84
Respondent: Legal
Response Date: February 27, 2014

STAFF-84

For the following list (i-xiii):

A. Please advise if CenturyLink QC has received notification from the manufacturer for each of the following central office switch types (84, B, i-xiii) that this type of switch is no longer supported by the manufacturer for hardware and software upgrades, or both.

B. Please advise whether or not original equipment manufacturer (OEM) parts are currently available for each of the central office switches listed below. For each instance where OEM parts are not available, please explain where the company intends to find replacement parts, as they are needed.

i. DMS10
ii. DMS10 Host
iii. DMS100 Host
iv. DMS100 Remote
v. DMS200
vi. 5ESS
vii. DMSRSC
viii. RLCM
ix. DMS1/20
x. 5ORM
xi. RSC-S
xii. 5RSM

RESPONSE:

CenturyLink objects to this request on the grounds that it is overly broad, unduly burdensome, and seeks information that is irrelevant and not reasonably calculated to lead to the discovery admissible information. In this proceeding, CenturyLink is not seeking relief from complying with any Commission service quality standard and this request will not provide the Commission any admissible evidence regarding the issues to be decided in this case – specifically, CenturyLink's proposed Price Plan modifications to provide additional pricing flexibility and relief from certain regulatory reporting requirements.

Oregon
Docket No. UM 1354
Response to Staff Data Request No. 85
Respondent: Legal
Response Date: February 27, 2014

STAFF-85

Please estimate, as a percentage, the number of all CenturyLink QC remote terminal systems (i.e. pair gain systems) in Oregon generating dial tone that are currently manufacturer obsolete.

RESPONSE:

CenturyLink objects to this request on the grounds that it is overly broad, unduly burdensome, and seeks information that is irrelevant and not reasonably calculated to lead to the discovery admissible information. In this proceeding, CenturyLink is not seeking relief from complying with any Commission service quality standard and this request will not provide the Commission any admissible evidence regarding the issues to be decided in this case – specifically, CenturyLink's proposed Price Plan modifications to provide additional pricing flexibility and relief from certain regulatory reporting requirements.

Oregon
Docket No. UM 1354
Response to Staff Data Request No. 86
Respondent: Legal
Response Date: February 27, 2014

STAFF-86

Please provide CenturyLink QC's current practices and policies relating the availability of hardware spares (e.g., cards, control units, etc.) for both central office and remote terminal equipment (e.g., pair gain systems) in Oregon. This question relates to OEM parts for network equipment that are currently manufacturer supported.

RESPONSE:

CenturyLink objects to this request on the grounds that it is overly broad, unduly burdensome, and seeks information that is irrelevant and not reasonably calculated to lead to the discovery admissible information. In this proceeding, CenturyLink is not seeking relief from complying with any Commission service quality standard and this request will not provide the Commission any admissible evidence regarding the issues to be decided in this case – specifically, CenturyLink's proposed Price Plan modifications to provide additional pricing flexibility and relief from certain regulatory reporting requirements.

Oregon
Docket No. UM 1354
Response to Staff Data Request No. 111
Respondent: John Felz
Response Date: February 27, 2014

STAFF-111

The amounts below represent the capital additions provided by the company on page Ob-1 of its Form O for the period 2003 thru 2012. These amounts represent the company's Oregon situs capital expenditures for regulated and non-regulated operations.

Year	($000)
2003	153,924
2004	40,842
2005	35,960
2006	no amount provided in form O
2007	31,829
2008	43,267
2009	44,562
2010	63,183
2011	60,725
2012	55,998

a. Please provide the similar amounts for 2006 and 2013.
b. Do you believe the numbers above from the Form O would provide a good basis for an analysis with the goal of capturing yearly changes in the company's annual capital expenditures for its regulated operations in Oregon?
c. If the answer to b is no, please provide the historical capital addition information for the period 2003 thru 2013 broken down into regulated and non-regulated amounts for the Company's operations in Oregon.
d. Please provide forecasted capital expenditure information for the period 2014 thru 2018 in the same format as deemed appropriate by the Company in response to questions b. and c. above.

RESPONSE:

The company filed page ob-1 of Form O only in years 2003 and 2012. In the intervening years 2004-2011 the company filed replacement company standard reports per agreement with Staff in 2004, an agreement subsequently adopted in the Price Plan.

a. Please see response to subpart (b).
b. No, the numbers provided by Staff in the data request do not represent annual capital expenditures. First, both the ob-1 (2003 and 2012) and the standard

company report MR2a (2004-2011) include non-capital expenditure accounting entries. Second, in pulling data from the MR2a report Staff picked up amounts for Total Outside Plant only. The company's actual capital expenditures for Oregon Total Gross Property, Plant, & Equipment appropriate for analysis are provided in Attachment A for 2003 - 2013.

c. Not applicable.

d. CenturyLink does not forecast capital expenditures at a state or operating company level, nor does it forecast capital expenditures for five years. Therefore, the requested information is not available.

Oregon
Docket No. UM 1354
Response to Staff Data Request No. 111

STF-111 Attachment A

($000's)

Year	Total Gross Property, Plant, & Equipment
2003	118,092
2004	96,626
2005	77,076
2006	75,012
2007	63,473
2008	75,745
2009	45,260
2010	52,998
2011	75,322
2012	59,676
2013	55,749

Oregon
Docket No. UM 1354
Response to Staff Data Request No. 112
Respondent: John Felz
Response Date: February 27, 2014

STAFF-112

The amounts below represent the depreciation expense information provided by the company on page Oi-1 of its Form O for the period 2003 thru 2012. These amounts represent the company's Oregon situs depreciation expense for regulated and non-regulated operations.

Year	($000)
2003	222,949
2004	226,020
2005	228,770
2006	no amount provided in form O
2007	no amount provided in form O
2008	145,390
2009	141,395
2010	138,382
2011	139,218
2012	140,956

a. Please provide the similar amounts for 2006, 2007 and 2013.
b. Do you believe the numbers above from the Form O would provide a good basis for an analysis with the goal of capturing yearly changes in the company's annual depreciation expense for its regulated operations in Oregon?
c. If the answer to b is no, please provide the historical depreciation information for the period 2003 thru 2013 broken down into regulated and non-regulated amounts for the Company's operations in Oregon.
d. Please provide forecasted depreciation expenditure information for the period 2014 thru 2018 in the same format as deemed appropriate by the Company in response to questions b. and c. above.

RESPONSE:

The company filed page oi-1 of Form O only in years 2003 and 2012. In the intervening years 2004-2011 the company filed replacement company standard reports per agreement with Staff in 2004, an agreement subsequently adopted in the Price Plan.

a. Please see response to subpart (b).
b. No. There appear to be transposition or transcription errors in 2009 & 2010 in the Staff data provided in the request. Additionally, the data Staff

provides only depreciation expense on Telephone Plant in Service (account 6561) and excludes depreciation amortization expenses (accounts 6563 Tangible and 6564 Intangible). While an analysis of solely account 6561 can be appropriate in certain situations, it is also often necessary to address depreciation amortization. Consequently, the company's actual total Oregon depreciation expenses on telephone plant in service and total Oregon depreciation & amortization expenses appropriate for analysis are both provided in Attachment A for years 2003-2013.

c. Not applicable.

d. CenturyLink does not forecast depreciation expense at a state or operating company level, nor does it forecast depreciation expense for five years. Therefore, the requested information is not available.

Oregon
Docket No. UM 1354
Response to Staff Data Request No. 112

STF-112 Attachment A

($000's)

Year	Booked Depr on TPIS [1]	Total Booked Depr & Amort Expense [1]
2003	222,949	251,919
2004	226,020	255,507
2005	228,770	255,730
2006	128,140	148,180
2007	147,908	158,679
2008	145,390	156,052
2009	141,935	144,666
2010	138,682	140,895
2011	139,218	143,266
2012	140,956	144,639
2013	112,009	115,147

Note 1: 2013 Form O is not yet available; amounts are preliminary.

Oregon
Docket No. UM 1354
Response to Staff Data Request No. 113
Respondent: John Felz
Response Date: February 27, 2014

STAFF-113

The amounts below represent the operations and maintenance (O&M) expense information provided by the company on page Oi-1 of its Form O for the period 2003 thru 2012. These amounts represent the company's Oregon situs O&M expense for regulated and non-regulated operations.

Year	($000)
2003	687,948
2004	704,733
2005	714,882
2006	no amount provided in form O
2007	no amount provided in form O
2008	524,127
2009	497,447
2010	468,232
2011	421,137
2012	421,834

a) Please provide the similar amounts for 2006, 2007, and 2013.
b) Do you believe the numbers above from the Form O would provide a good basis for an analysis with the goal of capturing yearly changes in the company's annual O&M expense for its regulated operations in Oregon?
c) If the answer to b is no, please provide the historical O&M expense information for the period 2003 thru 2013 broken down into regulated and non-regulated amounts for the Company's operations in Oregon.
d) Please provide forecasted O&M expense information for the period 2014 thru 2018 in the same format as deemed appropriate by the Company in response to questions b. and c. above.

RESPONSE:

The company filed page oi-1 of Form O only in years 2003 and 2012. In the intervening years 2004-2011 the company filed replacement company standard reports per agreement with Staff in 2004, an agreement subsequently adopted in the Price Plan.

a) Please see response to subpart (b).
b) No. The data provided by Staff in the data request is inconsistent in the expenses it captures; Uncollectibles and Other Operating Taxes are excluded from years 2003, 2011 and 2012 but included in the remaining years.

Additionally, in some instances the data appears to include transcription errors or other unidentifiable differences. The company's actual Oregon Total Operating Expense including Other Oper Tax & Uncollectibles and Oregon Operating Expense excluding Other Oper Tax & Uncollectibles appropriate for analysis are both provided in Attachment A for years 2003-2013.

c) Not applicable.

d) CenturyLink does not forecast O&M expense at a state or operating company level, nor does it forecast O&M expense for five years. Therefore, the requested information is not available.

Oregon
Docket No. UM 1354
Response to Staff Data Request No. 113

STF-113 Attachment A

($000's)

Year	Booked Total Operating Expense (Includes Other Oper Tax & Uncoll) [1]	Booked Total Operating Expense (Excludes Other Oper Tax & Uncoll) [1]
2003	724,837	687,950
2004	704,680	664,134
2005	714,882	665,577
2006	576,629	538,601
2007	556,879	521,724
2008	524,127	502,747
2009	496,230	469,468
2010	468,232	444,503
2011	443,792	421,121
2012	443,394	421,834
2013	408,225	382,550

Note 1: 2013 Form O is not yet available; amounts are preliminary.

Appendix: Passed and Pending Legislation

Staff/101
Hellebuyck/32

Legislation Passed Between 2009 and 2013

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/ VoIP	Wholesale	Other
AL	http://e-lobbyist.com/gaits/text/324571	SB 87, amending Section 37-2A-8 of the code of Alabama, 1975, 6/1/11	ILEC basic service, including bundled service, must be tariffed.	No oversight of basic residential-service pricing	No oversight of quality of service	ILEC must extend line if cost is <$8K or if USF has sufficient funds; ILEC can fulfill COLR obligations using any available technology; no COLR obligations where landlord has obtained alt. svc			No regulation	TA96 wholesale obligations; CLECs have no COLR obligation	
AL	http://e-lobbyist.com/gaits/text/622219	HB 169, effective 7/1/12	Basic Service=any mode of service including wireless provided by an ILEC or affiliate	ILECs no longer required to provide basic service		Carrier may drop COLR obligation on request; if a customer in an existing service area cannot obtain svc from any other carrier or via any other mode, PUC can order ILEC to provide.	May continue to designate ETCs		No regulation	Regulations consistent with federal law (Sections 251/252)	
AR	http://www.arkleg.state.ar.us/assembly/2011/2011R/Acts/Act594.pdf	3/23/2011, Act 594 (SB 755)		VoIP and wireless customers outnumber wireline connections; therefore, ILEC exchanges are competitive.	Eliminates QS regs for carriers operating in a competitive exchange; prohibits new standards.		ETCs in competitive exchanges are no longer bound by commission rules (§23-17-404(e)(1)(B)		Broadband-service deployment supported by HCF.	TA96 wholesale obligations	

Staff/101
Hellebuyck/33

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/ VoIP	Wholesale	Other
AR	http://legiscan.com/AR/text/SB948/id/782616/Arkansas-2013-SB948-Draft.pdf	SB 948; **Passed - now Act 1098, 2013**	No tariffs for deregulated carriers; rates posted on its website	Basic local service, switched intrastate access		VoIP providers contribute			No VoIP regulation except USF	251/252 requirements	
CA	http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb_1151-1200/sb_1161_bill_20120326_amended_sen_v98.pdf	SB 1161, An Act to add Sections 239 and 710 to the public utilities code, introduced 2/22/12	continues landline voice oversight	continues landline voice oversight	continues landline voice oversight	No changes to landline USF/COLR reqs	no change to landline oversight	no change to landline oversight	No regulation of broadband, VoIP, or other IP-enabled service; providers continue to pay 911 and other fees	regulations consistent with Federal law (Sections 251/252)	
DE	http://legis.delaware.gov/LIS/LIS147.nsf/vwLegislation/HB+96?Opendocument	DE HB96, An Act to amend title 26 of the Delaware code relating to the jurisdiction of the PSC and public utilities providing telecommunications service	No tariff filings; basic service rate may increase 10%/year	Basic service required and regulated only in locations where no competitor offers an alternate svc.	No oversight	COLR requirement rescinded; utilities no longer have to extend lines to any subscriber that wishes	No change	Customers may dispute availability of basic svc; commission has jurisdiction over adequacy of basic service only; cannot adjudicate any other retail complaints	No oversight	Section 251/252	Carrier may "abandon" a competitive offering without notice; Regulatory assessments cease 7/1/13

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/ VoIP	Wholesale	Other
FL	http://laws.flrules.org/files/Ch_2011-036.pdf	4/28/11 - - HJ 893	PSC has no authority over retail services; PSC cannot regulate prices for any services	removes PSC regulatory oversight of all services (basic and non-basic)	PSC has no authority over retail services	COLR obligations withdrawn 1/1/09	Designate wireline ETCs only	PSC can no longer prohibit cramming but can regulate wholesale slamming. Customer complaints handled by Department of Agriculture and Consumer Affairs.	Considered equivalent service in defining competition; not subject to PSC regulation or state business laws	TA96 wholesale obligations	
GA	http://www1.legis.ga.gov/legis/2009_10/pdf/hb168.pdf	7/1/10: The Telecom Jobs and Investment Act of 2010, amending Ch 5 of Title 46 of the official code of GA	Companies may elect to set their own rates for competitive svcs; intrastate access tariffs req., carriers must adjust access rates to bring inter and intrastate rates to same level. by 12/31/15	Basic local svc remains regulated. Rates may be adjusted to compensate for access charge reductions.	Can set rules only for RoR cos.	All companies must contribute to USF. GA telcos may use "accumulated unexpired GA net operating losses for tax yrs prior to 1/1/10 to reduce up to 50% of its USF contribution.	No change	PUC may address customer complaints. Customers/com-panies may bring complaints for abuse of market power in rate setting.	The PUC shall not have any jurisdiction, right, power, authority, or duty to impose any requirement or regulation relating to the setting of rates or terms and conditions for the offering of broadband service, VoIP, or wireless services.	TA96 wholesale obligations	

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/ VoIP	Wholesale	Other
GA	http://www1.legis.ga.gov/legis/2011_12/pdf/hb1115.pdf	HB 1115; An Act to revise and update certain provisions relating to telecommunications, signed 5/1/12, effective 7/1/12	Tariffs optional; no rate oversight; no rate reporting required.			No COLR requirements if carrier does not receive USF money			No regulation	Operator service no longer required.	
ID	http://www.legislature.idaho.gov/legislation/2011/S1156.pdf	An Act Amending Section 62-606 , Idaho Code, effective 7/1/11	Carriers no longer req. to file price lists or tariffs for business services; rates must be published on company website.	No regulation of business customers; no residential regulation in competitive areas.				Commission continues to have the authority to resolve customer complaints	No regulation	TA96 wholesale obligations	
IL	http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-0927	Public Act 096-0927, 6/15/2010	No rate oversight for competitive carriers. Basic pkgs req. but no rate reg.	Carriers may declare themselves competitive ("electing carrier"); three types of "safe harbor" basic pkgs req. @2010 rates	Install = 5 days; restore=30 hours; issue credits for failure to meet install/restore times; does not apply to electing carriers.	ICC no longer measures telecom penetration.	ICC establishes "affordable price" for ETC svc; removes req. that co provide customers w/rpt on available svcs.	Commission may not file rate complaints against competitive carriers.	Carriers must register. ICC may collect surcharges.	TA96 wholesale obligations	

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/ VoIP	Wholesale	Other
IN	http://www.in.gov/legislative/bills/2012/HE/HE1112.1.html	An Act to Amend the Indiana Code Concerning Utilities - signed 2/23/12			Continues federal reqs for SQ and COLR.	ILECs may withdraw as COLR if there are a total of two svc providers (including ILEC) using any technology; COLR req. ends 6/30/14.			No regulation	Regulations consistent with federal law (Sections 251/252)	
KS	http://www.kssos.org/pubs/sessionlaws/2011%20Session%20Laws%20Volume%201.pdf	SB 72, 4/14/11; An Act concerning telecommunications amending KSA 2010 Supp.66-2005	Electing carrier can charge no more for a single residential or business line in its rural exchanges than the average of its rates for those lines in its urban exchanges.	Any price-cap regulated local exchange carrier that has deregulated a majority of its local-exchange access lines may elect to be regulated as a telecommunications carrier rather than as a local exchange carrier. Intrastate access remains regulated. Must offer single-line residential local service.		Electing carriers eligible for USF lifeline funding; may be relieved of COLR obligations in urban areas with notice to commission. No KUSF funding if they shed the obligation. The local rates of electing carriers will not be included in determining KUSF rates for rural carriers.	ILECs electing telecom carrier regulation may keep Lifeline status.		VOIP is an equivalent service for defining competition.	Retains rules regarding reasonable resale of retail service and unbundling and interconnection obligations. Must allow interconnection regardless of the technology used to carry the call.	

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/ VoIP	Wholesale	Other
KS	http://legiscan.com/KS/text/HB2201/id/736391/Kansas-2013-HB2201-Amended.pdf	HB 2201, An act concerning telecommuni-cations (updating 2011 legislation); **4/8/13** awaiting signature	Commission may investigate rates over which it has control. Electing carriers not under commission control. May substitute rates if existing rates are unjust or unreasonable.	Commission may resume price cap reg if determines there is no longer competition; continue to issue CPCNs but may not use this authority to provide additional regulation; intrastate switched access.	No oversight, including no oversight to "prevent fraud and other practices harmful to consumers."	Administer contributions to USF. As of 1/1/2014 - no KUSF funds for lines in price-deregulated exchanges; identical support rule ended; no support for "electing (i.e., deregulated) carriers;" price cap carriers receive support until 3/1/17; audit KUSF.	Commission continues to administer; carriers may opt out with 90 days' notice.	Commission may "administer" customer complaints, but may not use this authority to "regulate" carriers.	No VoIP oversight. Rpt on status of FCC IP Interconnection proceeding by 1/15/14	Interconnec-tion required unless there is "an applicable exemption from interconnection generally." Commission may not exercise jurisdiction over services that are "exempt from or otherwise not subject to [its] jurisdiction.	Create a study committee to study KUSF, USF, creation of state bb fund, and other telecom issues. Report 13115
KS	http://legiscan.com/KS/text/HB2326/id/813052/Kansas-2013-HB2326-Enrolled.pdf	HB 2326 - AN ACT concerning certain Internet Protocol - enabled services. **2013**				VoIP carriers are eligible for USF funds			No regulation of VoIP or IP-enabled services.		
LA	http://www.lpsc.louisiana.gov/_docs/_Utilities/8-14-09-3.pdf	LA PUC General Order R-30347, 8/13/2009	Competitive tariffs are deregulated; pricing on company website and provided to commission	Service "baskets;" basic service pricing may be increased	No SQ measures for services that designated as "competitive"; report every 2 years	COLR requirements automatically lifted when CLEC (including cable) line share reaches 25%. Managed on a per-exchange basis.			No regulation	Sections 251/252 continue to apply ; CLECs must provide QS reporting.	

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	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/ VoIP	Wholesale	Other
ME	http://www.mainelegislature.org/legis/bills/bills_125th/chappdfs/PUBLIC623.pdf	An Act To Reform Telecommun-ications Regulation, signed 4/4/12	No tariffs other than POLR	POLR service only; single POTS line, unlimited local calling, toll blocking, IXC connectivity.	POLR service only	ILEC is POLR; may petition for relief or transfer; hearing required; USF funds only to POLR.	Commission designates ETCs.	POLR service only.	Contribute to USF; no VoIP reg.	Regulations consistent with Federal law (Sections 251/252); CLECs no longer post bonds.	
MI	http://www.legislature.mi.gov/documents/2011-2012/publicact/pdf/2011-PA-0058.pdf	Michigan Telecommuni-cations Act 58; 6/15/11	Local tariff filing optional; access tariffs continue to be required; carriers may pass on all their costs (including fines) to customers; rate regulation withdrawn.	Providers no longer required to offer primary basic local exchange service to residential customers. Repeals requirement to provide toll service to all customers.	Eliminates quality-of-service rules filed before 1/1/06. May create new rules under subsection (1)c.	Exempts carrier from COLR obligations if there is more than 1 provider in an area	Commission may establish a lifeline charge to all end-user customers to recover the costs of service provided.	PSC may investigate and resolve complaints; cannot fine for complaints older than two years. Carriers may discontinue all services in a bundle if customer does not pay for a non-regulated service.	PSC has no jurisdiction over VoIP.	TA96 wholesale obligations; providers can discontinue service if a comparable service is available in the exchange, including VoIP and wireless services.	
MO	http://www.house.mo.gov/billtracking/bills111/billpdf/truly/HB0339T.PDF	An Act to Amend Chapter 392 by Adding Thereto One New Section Relating to Telecommunica-tions. 7/8/11	Companies may elect to be exempt from tariff req'ments for retail services. Retail rates may be published on the company's website.	Companies may elect to be exempt from rules already mandated by the FCC, including CPNI, slamming, cramming, and the installation and provision of retail telephone service.	No service quality beyond FCC reporting require-ments.	Carriers relieved of COLR obligations where another provider is contracted to provide svc.; no COLR obligations in St. Louis County and in St. Louis and Kansas City.		Telcos may exempt themselves from PSC consumer regulations already mandated by the FCC.		TA96 wholesale obligations	

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/ VoIP	Wholesale	Other
MS	http://billstatus.ls.state.ms.us/2012/pdf/history/HB/HB0825.xml	HB 825, An Act to Amend Section 77-3-3; signed 4/19/12	Commission may regulate only intrastate switched access svcs	"Competition adequately protects the public interest;" the commission no longer has jurisdiction over these services.	Carriers no longer file quality reports; FCC quality standards apply to ETCs.	COLR obligations/basic service no longer apply.	Designate ETCs	Retain oversight of regulated services (access); enforce contract agreements.	No jurisdiction over video, VoIP, wireless, IP-enabled services, broadband services.	Enforce regulations consistent with federal (not state) law, including carrier-to-carrier complaints.	
MT	http://data.opi.mt.gov/bills/2011/seslaws/ch0263.pdf	SB 246 amending Section 69-3-809 MCA, 4/21/11	AFOR plan approved if it will produce fair, just, and reasonable rates.	Allows carriers to petition for alternate reg.	AFOR plan should not degrade quality of service.				No regulation	TA96 wholesale obligations	
NE	http://nebraskalegislature.gov/FloorDocs/Current/PDF/Slip/LB257.pdf	Leg Bill 257, 3/16/11, amending § 86-143 and 86-144 of the Telecommunications Regulation Act	No tariffs for business services. Publish rates and terms on company website. Includes IXC charges.	Basic local exchange rates are regulated where competition does not exist. The commission may reconsider whether competition exists on its own motion.	No change; continues to regulate.	State fund unchanged; basic local service required only where no competition.		No change; continues to investigate/ resolve.	No regulation	TA96 wholesale obligations.	

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/ VoIP	Wholesale	Other
NH	http://www.gencourt.state.nh.us/legislation/2011/SB0022.html	Chapter 175, SB 22, signed 6/14/11; an act relative to alternative regulation of small incumbent local exchange carriers.	Basic service rate must not exceed comparable rate charged by the largest ILEC in the state. Rate increases limited to 5 percent in each of the 4 years after a plan is approved. Additional increases to reflect changes in federal, state, or local government taxes, mandates, rules, regulations, or statutes.	Small ILECs under ROR regulation and with 25,000 access lines may petition to be regulated the same as CLECs. The commission must approve the plan if the ILEC has 25% fewer lines than it had on 12/31/04.			Affordable, standalone local service preserved.		Must consider competition from wireline, wireless, and broadband when considering alternative regulation.	TA96 wholesale obligations	
NH	http://www.gencourt.state.nh.us/legislation/2012/SB0048.pdf	SB 48; signed 6/15/12; imple-mented 8/10/12	Basic svc regulated. Only ILECs must provide basic service.	Basic service; rates may not increase by more than 10%/year for eight years.			Designates ETCs; Lifeline rates may not increase more than 5%/year.	Cannot investigate user complaints; consumer advocate may not investigate.	No regulation of VoIP.	Regulations consistent with Federal law (Sections 251/252).	No merger or transfer oversight.

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/ VoIP	Wholesale	Other
NC	http://www.ncga.state.nc.us/Sessions/2011/Bills/Senate/PDF/S343v4.pdf	S343, 4/26/11; The Comm. Regulatory Reform and Investment Act of 2011	LEC that has opted into alt. regulation no longer subject to tariffing reqs or rate regs; CLECs may also opt in.	All retail services deregulated; no basic service.	Provide yearly customer satisfaction reports. Requirement sunsets after three years (2015).	No COLR requirements; non-regulated carriers may no longer take state subsidies (USF, etc.).	Designates LL and ETC.	Continues to handle consumer complaints.	PUC cannot impose reqs. for terms, conditions, or service availability	TA96 wholesale obligations; Commission may make interconnection and unbundling rules; no price oversight of competitive carriers. CLECs may opt into Alt Reg.	
ND	http://legiscan.com/ND/text/2234/id/807357/North_Dakota-2013-2234-Enrolled.pdf	SB 2234; Study Bill on VoIP; signed by governor, 2013.							Legislation to study the requirements for VoIP regulation. To be completed by 2014 session.		
OH	http://www.legislature.state.oh.us/bills.cfm?ID=128_SB_162	OH SB 162	Basic service	Basic service	Oversight of basic service only.	ILEC retains COLR requirements.	ILEC required to offer.	Basic local service only.	No oversight	TA96 wholesale obligations	
TN	http://state.tn.us/sos/acts/107/pub/pc0068.pdf	Uniform Access, Competition, and Consumer Fairness Act of 2011; SB598,signed 4/12/11; published 4/28/11	Intra- and interstate access-charge parity; achieve party with 60 days of act effective date; retail rates may be adjusted to recoup losses from reduced access rates.	TRA may not review or regulate price changes to recoup access-charge losses.					No regulation	TA96 wholesale obligations; CLEC access rates must = ILEC.	

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/ VoIP	Wholesale	Other
TN	http://legiscan.com/TN/bill/SB1180	An Act to amend TN Code relative to regulation of telecommunications; signed by governor 3/26/13.	No oversight; certification requirements removed.	No market regulated carrier will be subject to regulation where it designates itself unregulated.	No oversight		No new discount programs w/o carrier reimbursement. Current programs sunset 60 days after passage. TRS remains.	No oversight for market regulated carriers	No regulation	Oversight remains	Tax rules amended
TX	http://www.legis.state.tx.us/tlodocs/82R/billtext/pdf/SB00980F.pdf#navpanes=0	An Act relating to communications services and markets.	No tariffs; price-cap carriers may change tariffs or withdraw svc w/o approval; cost support for prices not req'd.	No EAS orders after 9/1/11; no markets may be re-regulated; ILECs may petition for dereg. if two unaffiliated carriers w/any svc type, including satellite.	Removes SQ rules	Ensure reasonable transparency and accountability of USF; no POLR reqs in dereg markets; do not have to file rpts w PUC.			No VoIP regulation	TA96 wholesale obligations	
VA	http://lis.virginia.gov/cgi-bin/legp604.exe?111+ful+CHAP0738	HB 2367; 3/28/11	All services may be detariffed a/o 7/1/13; competitive svcs detariffed; IXC detariffed; access tariffs remain; no basic local svc after 7/1/13.	Must provide reasonably adequate svc at just rates. No regulation of competitive svcs. All are competitive.	Commission may track customer complaints to determine SQ.	No COLR obligations where alternate providers regardless of svc type; no req. to build wireline if svc can be provided by wireless or other terrestrial svc.	Continues to certify ETCs	Commission monitors complaints and reqs cos to respond.	No oversight of VoIP; VoIP not classified as local or IXC service; access tariffs allowed.	TA96 wholesale obligations	

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VT	http://www.leg.state.vt.us/docs/2012/Acts/ACT169.pdf	SB180 disburse USF funds to ILECs to provide basic svc; signed 5/18/12.	PUC to conduct a cost study to establish maximum basic svc price.	Basic service	Rules for ETCs unchanged.	USF to fund basic svc provided by ILEC; cost-based funding.	Establish a group to study cost/disbursement of funds; ETC reqs. unchanged.				Establish a USF to allow ILECs to provide basic service in high-cost areas.
WI	https://docs.legis.wisconsin.gov/2011/related/acts/22	Wisconsin Act 22, 6/8/11	Eliminates tariff reqs except intrastate switched access; inter- and intrastate access at parity by 2016.	No regulation of competitive svcs (including ILEC svc deemed competitive).	No quality oversight for competitive svcs.	LEC may apply to PSC to waive COLR obligations.	Advanced telco services not supported.	Addressed by Dept. of Ag and Consumer Affairs.	No VoIP, cable, or broadband reg.; imposes intrastate access charges on VoIP carriers.	TA96 wholesale obligations	
WY	http://legiscan.com/WY/text/HB0018	Act 82, exempting Internet protocol enabled services from regulation, 2013					VoIP providers who accept state USF must adhere to rules for BLS.		Remove all broadband/VoIP oversight; providers must contribute to comm. assessments & 911 fees.		

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Legislation Pending as of 4/2013

AZ	http://legiscan.com/AZ/text/HB2532	HB 2532, Corporation Commission Internet Service; pending in House Rules Committee		Intrastate switched access; implement federal ICC rules					No regulation, including mkt entry and exit, rates, terms, conditions	251/252 requirements	Continue to assess E911 rates
CO	http://legiscan.com/CO/text/HB1255	HB 13-1255, Concerning the exemption of certain Internet Protocol-enabled services from PUC oversight; in committee	Intrastate access	PUC retains jurisdiction over 911 as provided by "basic emergency service providers."			No change to state or federal high cost funding; basic svc is dial tone and 911		No regulation of existing or future VoIP or other Internet enabled svcs.	251/252 requirements; arbitrate intercarrier comp disputes	Any product not defined in the law and that is not already classified by the bill is deregulated (present or future); SB 194 also under consideration - will repeal State USF.

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	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/ VoIP	Wholesale	Other
CT	http://openstates.org/ct/bills/2013/HB6401/documents/CTD00013162/	HB 6401, HB 6402; still pending	No tariffs for competitive svcs; carriers may withdraw tariffs 7/1/13; rates in company cust svc guide filed annually with PUC; rate formula discontinued	Basic service only; commission may not reclassify a competitive svc as non-competitive; withdraws req for annual rpt on status of telecom svc and competition	Non-competitive svcs only			For non-competitive svcs only; withdraws annual report on svcs; AG may address unfair trade practices	No authority shall enact, adopt or enforce . . . any law, rule, regulation, ordinance, standard, order or other provision . . . regulating the entry, rates, terms or conditions of interconnect-ed VoIP service.		Competitive svcs: svcs offered before 7/1/94, WATS, 800, Centrex, business, bundled residential svc, including voice + bb svc and local/toll bundle; co may withdraw competitive svcs w 30 days notice; provide info on svc and locations only.
IN	http://legiscan.com/IN/text/SB0492/id/755974/Indiana-2013-SB0492-Amended.html	Senate Bill 492, A bill for an act to amend the Indiana Code concerning utilities; adds to regs removed by 2012 bill; sent to governor 3/26/13	Tariffs for intrastate switched access and special access take effect upon filing; no other tariffs required; tariff notification on commission website	Requirement to notify customers of availability of basic svc expires 6/30/13; rules sunset 6/30/13; deletes pricing oversight for basic svcs	Ends commission oversight of QS		Continues to designate ETCs;	Continue to enforce slamming/ cramming rules	Removes language related to broadband oversight and reqs that carriers offer broadband; does not specifically note that IP or IP-enabled services may not be regulated	Cannot exceed FCC requirements; regulatory flexibility comm to file competition reports every 2 years beginning in 2013 rather than every year	Adds a committee to study competition and regulation in electricity; limits information provided for competition and pricing study to that provided to the FCC; competition study req. expires 6/30/13

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/ VoIP	Wholesale	Other
IA	http://coolice.legis.iowa.gov/Cool-ICE/default.asp?Category=BillInfo&Service=Billbook&ga=85&hbill=SSB1048	Senate Study Bill 1048 ; An Act exempting IP-enabled service and VoIP service from regulation; failed in committee			State business regulations continue to apply	No change to 911, TRS rules			No regulation of mkt entry, rates, terms, or conditions		Failed in committee; IUB has opened an inquiry into changes required to telecommunications regulation
KS	http://legiscan.com/KS/text/HB2201/id/736391/Kansas-2013-HB2201-Amended.pdf	HB 2201, An act concerning telecommunications (updating 2011 legislation); 4/12 awaiting signature	Commission may investigate rates over which it has control. Electing carriers not under commission control. May substitute rates if existing rates are unjust or unreasonable	Commission may resume price cap reg if determines there is no longer competition; con-tinue to issue CPCNs but may not use this authority to provide additional regulation; intrastate switched access;	No oversight, including no oversight to "prevent fraud and other practices harmful to consumers"	Administer contributions to USF. As of 1/1/2014 - no KUSF funds for lines in price-deregulated exchanges; identical support rule ended; no support for "electing (i.e., deregulated) carriers;" price cap carriers receive support until 3/1/17; audit KUSF	Commission continues to administer; carriers may opt out with 90 days' notice	Commission may "administer" customer complaints, but may not use this authority to "regulate" carriers	No VoIP oversight. Rpt on status of FCC IP Interconnection proceeding by 1/15/14	Interconnec-tion required unless there is "an applicable exemption from interconnection generally." Commission may not exercise jurisdiction over services that are "exempt from or otherwise not subject to [its] jurisdiction.	Create a study committee to study KUSF, USF, creation of state bb fund, and other telecom issues. Report 1/31/15

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/ VoIP	Wholesale	Other
KY	http://www.lrc.ky.gov/record/13RS/SB88.htm	SB 88 (HB 236); An Act relating to telecommunications - returned to committee, 3-12-13; did not pass	Not required but remain in effect until withdrawn	Basic service only; offered in exchanges w <5,000 housing units; alternate svc may substitute	For ETCs only; not to exceed FCC requirements	Carrier may be relieved of BLS if 2 unaffiliated providers offer service; 1 is a facilities-based provider and there is 1 BB provider that can deliver voice svc; relieve burden in 90 days after petition		Continue to "assist" in complaint resolution	Market-based and not subject to state reg.; all BB requirements in existence as of 7/15/04 voided	Retain federal obligations	Remove commission oversight of change of ownership or control
MA	http://legiscan.com/MA/text/H2930	HB 2930, Act modernizing telephone regulation and encouraging economic growth; in committee		No oversight of svc where 2 providers offering svc of any type (wireless, VoIP)	No longer applicable		Lifeline and link-up oversight	AG may continue to enforce general consumer protection laws;		251/252 continue to apply	No oversight of wireless;

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/ VoIP	Wholesale	Other
MN	http://legiscan.com/MN/text/SF584/id/742221	S.F. 584; Telecommunications Statute Modernization; not reported out of committee	Tariffs for basic svc and intrastate access; tariffs effective 30 days after filing	Basic svc - dial tone line; wireline providers get CPCN; advanced svc providers register; alt reg plans terminated	Commission may investigate basic and wholesale svcs for adequacy and availability	MN has no COLR requirements		Basic and wholesale only	No regulation of "advanced services;" providers pay into TRS, TAP, 911 funds	Wholesale svcs include intrastate access; continue 251/252 oversight; ILEC may disconnect CLEC for non-payment; objections filed within 20 days	Dept of Commerce duties move to PUC 7/1/19; financial assessment of telecommunications companies reduced; commission assessments on basic and wholesale svcs only; 7/1/19, assessment reduced to 3/32 of 1% of total gross rev from wholesale and basic
MO	http://legiscan.com/MO/text/HB601/id/740754	HB 601, Broadband and commmunications deployment 237 waiving rules for certification; pending	Carriers may be exempt from filing	Carriers may exempt themselves	Carriers may exempt themselves	Carriers continue to collect USF funds; no change from 2011	No change	Carriers may exempt themselves	VoIP is not a telecom service; 911 requirement only	Regulations consistent with Federal law (Sections 251/252)	8/28/13 - telecommunications companies certificated under same rules as VoIP providers; bill is an addition to the bill passed in 2012 but specifically includes a VoIP component

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/ VoIP	Wholesale	Other
MS	http://legiscan.com/MS/text/HB991	HB 991: revise jurisdiction of PSC to include certain technological services; died in committee	Basic local service only; rates may rise once/year	Standalone POTS only; may not be combined w. any other product, features	Rpt only what is required by the FCC	ILEC must provide single line POTS only if </= to $5K and only if no other providers available	No change	BLS only	No regulation	Regulations consistent with Federal law (Sections 251/252)	
NM	http://legiscan.com/NM/text/HB58	SB 58, HB58, Rural telecommunications act of New Mexico; pending signature	Reduce rate oversight and regulation for rural cos; tariffs effective in ten days; no newspaper ads req., rates may increase	Basic svc provided to rural end-users consistent with TA96		NM state rural USF continues; comm shall decide requests within six mos of filing					Appoint an interim legislative committee to conduct a study to consider reduced regulation of incumbent rural local exchange carriers in the state.

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/ VoIP	Wholesale	Other
NY	http://legiscan.com/NY/text/A04143	S 4143, Omnibus telecommunications reform act of 2014; in committee		BLS defined by commission; def may change; prices may increase as more svcs added; Sec S90-A	Network must be reliable and high quality; rpt on state-wide svc availability by svc type; quality must be high enough to ensure 911 access; study svc quality practices and standards and create rules that apply to all providers that offer 911	creates state USF to make basic voice and bb svc available in high cost areas; facilities based & resale providers to be fully reimbursed for the diff between reasonable and actual costs; bill surcharge; any technology; comm to designate COLR; carriers may ask to drop out; report on impacts of any sale/reorg of cos.	Essential services should be available to all	Report on wireless consumer protections	Create broadband authority to provide bb to rural areas; SQ rules apply to any provider that offers 911	Networks must be interoperable based on open standards; reliable, survivable, diversely pathed, as widely inter-connected as is reasonable	Yearly rpt on HCF income and expenditures; establishes state-wide cable franchises; building owners must allow telecom cos access; merger oversight; prepare and submit rpt on the potential impact of the sale of upstate networks by 8/1/14

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	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/ VoIP	Wholesale	Other
NV	http://legiscan.com/NV/text/SB41	NV SB 41;To revise certain provisions governing the regulation of certain providers of telecommunication services by the Public Utilities Commission of Nevada. (BDR 58-324)				Small COLRs may file price chgs via advice letter; staff may ask for review	Adopts new rules; allows lifeline rates to apply to broadband; basic svc or any bundled service offering that includes voice telephony and any other services specified in 47 C.F.R. Sec 54.40(b) as of 4/2/12 are included		No regulation; commission may exercise authority over bb as allowed by Federal statutes or FCC orders		NV deregulated telecommunications in 2007, including specifying no oversight for VoIP and broadband enabled services

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/ VoIP	Wholesale	Other
NV	http://legiscan.com/NV/text/AB486/id/803480/Nevada-2013-AB486-Introduced.pdf	AB 486, removing COLR require-ments and addressing regulation of VoIP; submitted 3/25/13	Post on carrier website;	No rate regulation for "alternative voice service," a retail svc made available through any technology or service arrangement except satellite voice service		COLR may elect to be relieved of obligations if alternative svc is available after filing notice w PUC and providing data; alt service may be of any type and from any provider; providers granted relief prior to 10/1/13 shall be deemed fully released; removes language requiring equivalent service			Prohibits any state agency or political subdivision from regulating VoIP or IP-enabled svcs.; VoIP providers contribute to 911, TRS, other funds	251/252 obligations continue	
RI	http://legiscan.com/RI/bill/S0111	S 0111; Telephone Regulation Moderniza-tion Act; senate commerce committee	BLS remains but may be satisfied with any technology. Price may not exceed the price of traditional svc.	Intrastate switched access; rules in 47 USC Sections 251/252	Wireless service used to provide POTs must meet POTs reqs.		Commission continues to designate ETCs	AG may enforce consumer complaints under current laws	No regulation of wireless and broadband	Federal regulations	The great majority of other states have already enshrined [non-regulation of VoIP and wireless] in statute Sec. 1(4)

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	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/ VoIP	Wholesale	Other
TX	ftp://ftp.legis.state.tx.us/bills/83R/billtext/html/senate_bills/SB00200_SB00299/SB00259I.htm	SB 259, An act relating to telecommunications services and markets; approved by Senate, in House	No approval required for price changes to bundled svc or BLS in a deregulated area; no cost studies	All companies must be regulated similarly; no additional burdens may be imposed on any other company serving the same area. No req to provide uniform terms and conditions to all customers	No oversight	Deregulated carriers no longer must fulfill COLR requirements					No pre-approval required for a filing that "adds, modifies, withdraws, or grandfather" a non-basic service or basic svc in a deregulated mkt; deregulated carriers are non-dominant
Other											
CO	https://www.dora.state.co.us/pls/efi/EFI_Search_UI.Show_Decision?p_session_id=&p_dec=17972	Decision No. C12-1442, Docket No. 12r-862t, In the Matter of the Proposed Rules Regulating Telecommunications Providers, Services, and Products	BLS only; rates set through market forces; BLS is technology neutral; intrastate switched access rates; contract pricing allowed	"Basic Service" required in non-competitive areas; emergency svcs remain reg.	Non-ECA areas only	High-cost support retained only where there is no "effective competition;" providers seeking to drop POLR must file app w commission 45 days in advance and notify customers	Non ECA areas only	Do not accept complaints in areas w effective competition (ECA)	No decision at this time; retain status quo - no regulation on IP enabled service; continue 911 requirements including requiring contribution to E911 funds	251/252 reqs continue	Rules are technology-neutral; limited reg in areas w multiple providers -- "effective competition." Hearing to determine where there is effective competition. Only facilities based providers may be considered.

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/ VoIP	Wholesale	Other
WA	http://legiscan.com/WA/text/SB5351	SB 5351, Creating a state universal service fund									All carriers - wireline, wireless, VoIP will pay into the USF
IA	https://efs.iowa.gov/cs/groups/external/documents/docket/mdaw/mty4/~edisp/137447.pdf	IUB NOI regarding changes to telecommunications rules	Should tariffs continue? CAF suggests that they should in some cases.	Should IUB take jurisdiction over pole attachments; rights of way; etc.?	Can competition substitute for SQ regs?	IA statute reqs all carriers to serve all in their territory, but ILEC bears the brunt. What would a new rule look like?	Should IA continue to participate in Fed programs delegated to the states; including USF	IUB continues to get slamming/ cramming complaints. Is there still a need for cons protection?	Is VoIP a different technology requiring different reg? Should all reg be reduced regardless of tech? Should IUB promote BB?	Should IUB continue to resolve intercarrier disputes?	Changes in technology require a re-evaluation; some level of reg necessary to protect the public interest; how should IUB assess costs to cost causers, including cost of the IUB itself and competitive oversight
NE	http://legiscan.com/MT/text/SB308	LB 617, Establishing a Broadband Universal Service Fund; postponed indefinitely									

Oregon
Docket No. UM 1354
Response to Staff Data Request No. 126
Respondent: John Felz
Response Date: March 26, 2014

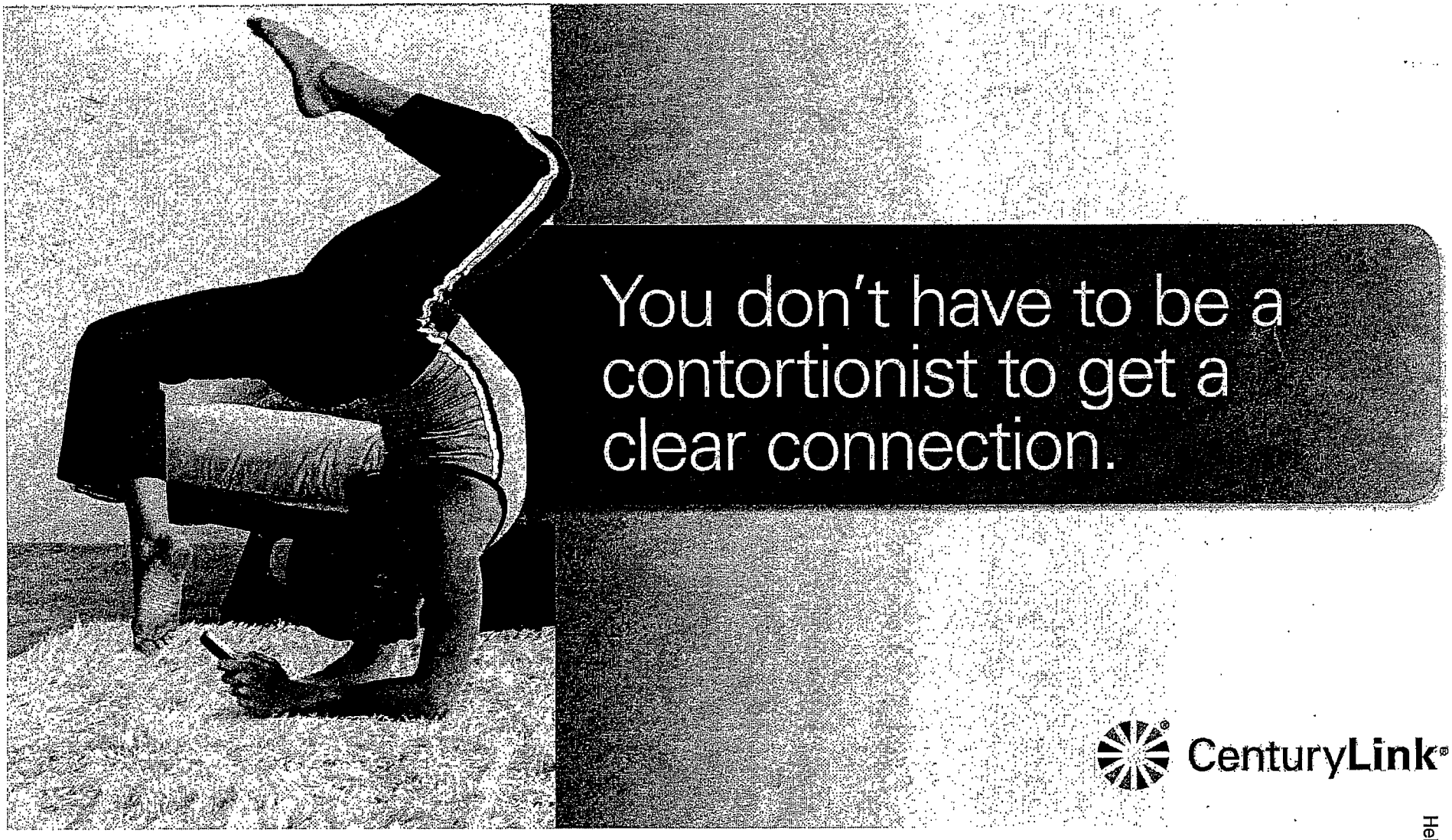
STAFF-126

How many copies of the attached flyer (Attachment B) "A BETTER MORE RELIABLE CONNECTION DOESN'T NEED A CELL TOWER" have been mailed to Oregon customers?

RESPONSE:

The table below provides information on the dates and number of copies of the referenced communication that was distributed to Oregon customers.

Date	Qty
12/18/2013	11,875
11/20/2013	12,348
10/23/2013	23,489
9/25/2013	24,289
Total	72,001



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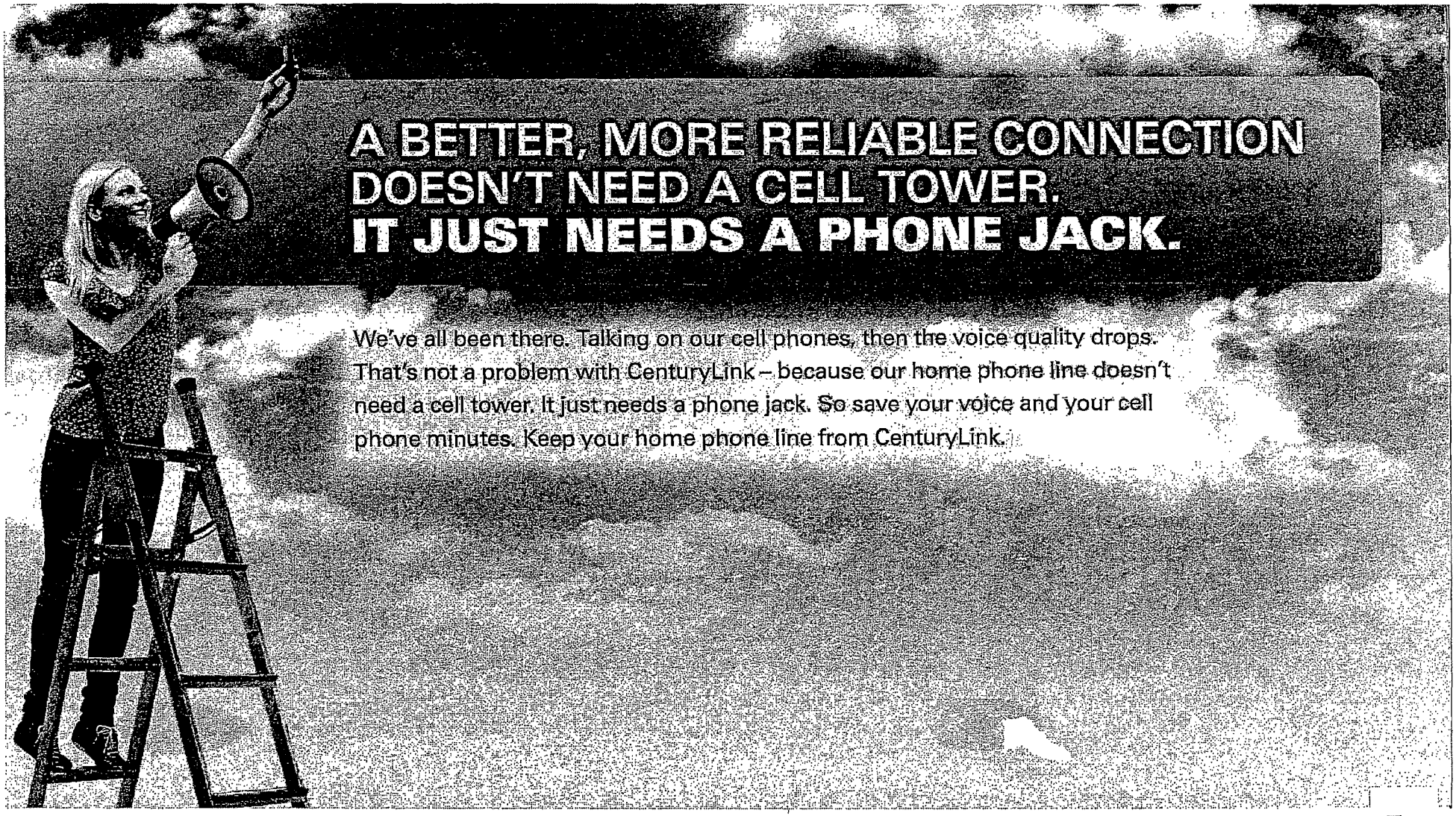

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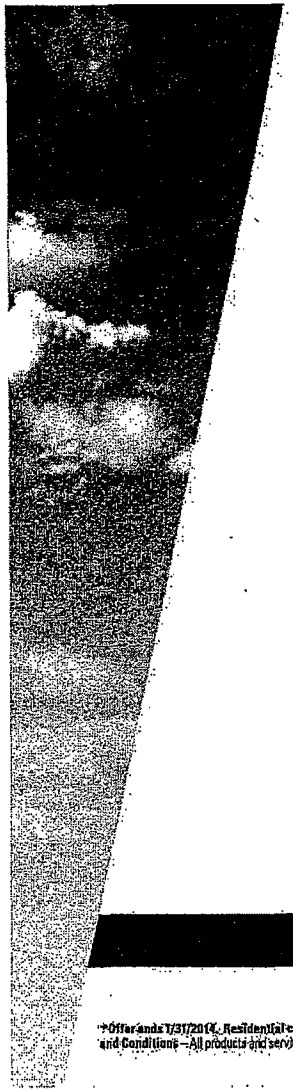

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Staff/101
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CASE: UM 1354
WITNESS: BRUCE HELLEBUYCK

PUBLIC UTILITY COMMISSION
OF
OREGON

STAFF EXHIBIT 102

Exhibits in Support
Of Opening Testimony

April 2, 2014

STAFF EXHIBIT 102

IS CONFIDENTIAL AND SUBJECT TO MODIFIED

PROTECTIVE ORDER NO. 08-116. YOU MUST HAVE SIGNED

APPENDIX B OF THE MODIFIED PROTECTIVE ORDER IN

DOCKET UM 1354 TO RECEIVE THE

CONFIDENTIAL VERSION

OF THIS EXHIBIT.

CASE: UM 1354
WITNESS: JIM STANAGE

PUBLIC UTILITY COMMISSION OF OREGON

STAFF EXHIBIT 200

Opening Testimony

April 2, 2014

CERTAIN INFORMATION CONTAINED IN STAFF EXHIBIT 200
OF

UM 1354 IS CONFIDENTIAL AND SUBJECT TO

PROTECTIVE ORDER NO. 08-116. YOU

MUST HAVE SIGNED

APPENDIX B OF THE PROTECTIVE ORDER IN

DOCKET UM 1354 TO RECEIVE THE

CONFIDENTIAL VERSION

OF THIS EXHIBIT.

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS**
2 **ADDRESS.**
3 A. My name is James R. Stanage. I am employed by the Public Utility
4 Commission of Oregon (PUC or Commission) as a senior telecommunications
5 analyst in the Telecommunications Division of the Utility Program. My business
6 address is 3930 Fairview Industrial Drive SE, Salem, Oregon 97302.
7 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK**
8 **EXPERIENCE.**
9 A. My Witness Qualification Statement is found in Exhibit Staff/201, p. 1.
10 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**
11 A. I describe the telecommunications services affected in the Qwest Corporation
12 (Qwest) Petition for approval of a price plan pursuant to Oregon Revised
13 Statute (ORS) 759.255, and the pricing flexibility allowed the company
14 pursuant to its current price plan as well as Oregon statutes and rules. In
15 addition, I will describe the level of pricing flexibility present in Qwest's current
16 price plan and the degree to which the company has used that pricing
17 flexibility. Finally, I will describe the pricing components and the flexibility
18 contained in the Oregon Plan, staff's proposed price plan compared to the
19 current Qwest Price Plan.
20 **Q. DID YOU PREPARE AN EXHIBIT FOR THIS DOCKET?**
21 A. Yes. In addition to this testimony, Exhibit Staff/200, I have prepared: Exhibit
22 Staff/201, Witness Qualification Statement and Non-Confidential supporting

1 documents, and Exhibit Staff/202, which consists of Confidential supporting
2 documents.

3 **Q. HOW IS YOUR TESTIMONY ORGANIZED?**

4 A. My testimony is organized as follows:

5 I. Description of telecommunications services affected by the proposed Price
6 Plan.

7 II. The company's experience with increasing pricing flexibility.

8 III. The level of pricing flexibility present in the plan the company is currently
9 operating under which was adopted in Order No. 08-408 (the current plan) and
10 the degree to which the company has used that pricing flexibility.

11 IV. The specific pricing components/ flexibility contained in the Oregon Plan versus
12 the Current Qwest Price Plan.

13 V. The specific pricing components/flexibility contained In Qwest's Proposed Price
14 Plan versus the current Qwest Price Plan.

15 **<u>I. DESCRIPTION OF TELECOMMUNICATIONS SERVICES AFFECTED BY</u>**
16 **<u>THE PROPOSED PRICE PLAN.</u>**

17 **Q. WHAT SERVICES ARE INCLUDED IN QWEST'S PETITION FOR**
18 **APPROVAL OF A PRICE PLAN PURSUANT TO ORS 759.255?**

19 A. Qwest is requesting a price plan that includes all regulated residential and
20 business services. The price plan includes all regulated switched residential
21 and business services listed in the company's Exchange and Network Services
22 tariff, PUC Oregon No. 33, its Advanced Communications Services tariff, PUC
23 Oregon No. 30, its Private Line Transport Services tariff, PUC Oregon No. 31,

its Access Service tariff, PUC Oregon No. 32, its Access Service Price List - Oregon and its Exchange and Network Services Price List – Oregon.

The Commission has interpreted the term "service" (also referred to as "service element") to mean any item that is separately listed in the company's tariff with its own unique price. See, e.g. Order No. 01-810 Docket UT 125 at 18. The price plan includes over 4,000 basic and non-basic services. Qwest's current price plan, Section I.G., states: "'Primary line basic service' means the first line only of basic local exchange service for an individual residential or business customer account at a single location that is not sold as part of a package." For purposes of this definition, "'basic local exchange service' means residential single party flat rate local exchange service; residential single party measured local exchange service, including local exchange usage; business single party flat rate local exchange service...(the classification of Qwest exchanges by Rate Group is set forth in Qwest's P.U.C. Oregon No. 33 Exchange and Network Services tariff, Section 5.1.2); and business single party measured local exchange service, including local exchange usage." OAR 860-032-0190 defines the term "basic telephone service."

For analysis purposes, staff is using the same service list and order as the Qwest Price Plan. The services are as follows:

- Flat rate local exchange service - (business or residential);
- Measured rate local exchange service - (business or residential);
- Non-recurring Service Installation (business or residential);

- Business Basic Services in Rate Group 3;
- Telephone Assistance Plans;
- Public Access Lines;
- Switched Access;
- Extended Area Service (EAS);
- Toll Restriction service;
- Call Trace;
- Unlisted Numbers/Directory Listings;
- DS-1;
- Integrated Services Digital Network-Primary Rate Service (ISDN-PRS);
- New Services; and
- Other Retail Services, including custom calling features, packages/bundles and other discretionary services;
- Packages and Bundles.

The Tables of Contents to the company's tariffs and price lists group the over 4,000 individual services that are at issue in the price plan into approximately 70 service groups (also referred to as service offerings) including service packages.

Qwest's current price plan, in general, lists the services under the above labels. (See Exhibit Staff/201, Stanage/2-13.)

Q. WHY IS IT APPROPRIATE TO GROUP QWEST'S SERVICES IN THIS MANNER?

A. I am analyzing Qwest's price plan with these service groupings because it essentially how services are categorized in Qwest's current price plan, and therefore, using the same context facilitates comparisons with Qwest's proposed price plan, with staff's proposed price plan, and with past performance under the current price plan.

Q. ARE THERE OTHER REASONABLE METHODS OF GROUPING QWEST'S 4,000 PLUS SERVICES TO FACILITATE ANALYSES OF AN APPROPRIATE PRICE PLAN?

A. Yes. If the Commission grants Qwest a price plan, it may be reasonable to provide some services more pricing protection than other services. Some examples of services that might appropriately be provided with regulatory pricing protection are: primary lines (both flat and measured rate) that are not a part of a service package, which are often used by low income residential customers or small businesses; Toll Restriction service, which is often used by low income customers; security related services such as Call Trace (*59); as well as other services such as routing service for the hearing impaired or Telephone Assistance Plans.

Q. PLEASE DESCRIBE THE ABOVE GROUPING OF QWEST'S SERVICES.

A. Here are descriptions for the above services.

Flat rate local exchange service - A One-party Flat Rate Line service provides a flat rate local exchange access line to residential (1FR) and business (1FB) customers. Service is furnished at a fixed monthly rate which provides

1 unlimited calling within a customer's local calling area. Rates for 1FR and 1FB
2 service vary among Qwest's three rate groups.
3 Measured rate local exchange service - A One-party Measured Rate Line
4 service provides a local exchange access line to residential (LW1) and
5 business (LMB) customers that involves a fixed monthly charge as well as
6 measured per minute charges for local usage. This service does not include
7 any free minutes of use.
8 Non-recurring Service Installation – Customers are charged an initial
9 installation fee when they begin new service at a service location. The charge
10 is applied on a per line basis.
11 Telephone Assistance Plans – This refers to the Oregon Telephone Assistance
12 Program (OTAP), also known as Lifeline Service, which provides reduced
13 monthly rates for low-income residential customers who meet eligibility
14 requirements established by the Commission. Total federal and state Lifeline
15 support is $12.75 per month, $9.25 in federal support, plus $3.50 in OTAP
16 support.
17 Public Access Lines - Public Access Line (PAL) Service is provided for use
18 with Payphone Service Provider (PSP) pay telephones at locations accessible
19 to the public. PSPs provide telephone service using a pay telephone
20 instrument, generally placed in public areas, for transient use on a pay-per-call
21 basis.
22 Switched Access – This service provides for the transport of switched traffic
23 between end-users and carriers. Switched Access connects end-users to

Interexchange Carriers (IXCs), Wireless Carriers, and Competitive Local Exchange Carriers (CLECs). Long distance calls and calls to cellular phones both rely upon switched access services to connect end-users to the networks of the called carrier.

Extended Area Service - EAS is a replacement for long distance (toll) service that allows telephone customers in one exchange to call one or more nearby exchanges without incurring long distance charges. Instead of paying long distance charges, customers are given a choice between a flat monthly EAS rate and a measured EAS rate (i.e., a per minute rate) within the extended area.

Toll Restriction service - is a feature offered by telephone companies which allows a local access line to be so programmed that it is impossible to originate long distance calls from that line, or to accept charges reversed to the number by other parties. Such lines usually allow calls to be made to no-charge numbers locally and toll-free (in North America, area codes 800, 888, 877 and 866), so customers can still make some long-distance calls. Most commonly this restriction is applied at the request of the owner of the premises, who does not wish to be subject to unlimited liability for costly unauthorized calls made by others at the site.

Call Trace – This custom calling feature allows a called party to initiate an automatic trace of the last incoming call received. You must dial the designated code to activate the option each time you want to trace the last call. You do not need to keep the caller on the line for any length of time for

Call Trace to work. Call Trace is a pay-per-use service. Successful trace information is provided only to the customer's law enforcement agency and will be used when investigating harassment. The call trace information is never divulged to the customer by the company.

Unlisted Numbers – An unlisted phone number is a residential phone number that is not published in any phone directory or phone book provided to the general public. Since it would be irrational for a business to have an unpublished number, it applies primarily to residential phone service customers who do not wish for their phone number to be available to the public.

Directory Listings - Essential information in the telephone directory or directory assistance records that allows telephone users to determine the telephone number of a listed customer.

Digital Signal 1 or DS1 (sometimes DS-1) is a T-carrier signaling scheme devised by Bell Labs. DS1 is a widely used standard in telecommunications in North America to transmit voice and data between devices. DS1 is the logical bit pattern used over a physical T1 line; however, the terms "DS1" and "T1" are often used interchangeably. DS1 Service provides for the two-way transmission of 1.544 Mbps digital signals, on a point-to-point basis only. DS1 Service can be provisioned on copper, fiber, or other suitable facilities, at the discretion of the company. DS1 Service may be used for the transmission of voice, data, and video signals, or any combination thereof.

1 ISDN-PRS – This service consists of 23 bearer (B)-channels and one data (D)-
2 channel, for a total transmission rate of 1.544 Megabits per second (Mbps). It
3 is designed for transmission through a T1 facility. Each 64 Kilobits per second
4 (Kbps) B-channel carries user information such as voice calls, circuit-switched
5 data, or video. The D-channel is a 64 kbps channel that is used to carry the
6 control or signaling information.
7 Packages and Bundles – The terms "package" and "bundle" are generally
8 used interchangeably to mean two or more services grouped together at one
9 price. A package/bundle can be composed of any of its retail
10 telecommunications services with any other service at any price, provided the
11 following conditions apply:
12 a) Any regulated telecommunications service may be purchased
13 separately at or below the maximum price.
14 b) The price of the package is not less than the sum of the price floors of
15 each regulated retail telecommunications service included in the
16 package.
17 c) The price of a package that is comprised entirely of regulated retail
18 telecommunications services does not exceed the sum of the maximum
19 prices for each of the services.
20 d) The price of a package comprised of regulated and unregulated retail
21 telecommunications services does not exceed the sum of the maximum
22 prices established under this section for regulated services and the

retail price charged by the carrier for the individual unregulated services in the package.

II. THE COMPANY'S EXPERIENCE WITH INCREASING PRICING FLEXIBILITY.

Q. WHAT HAS BEEN THE COMPANY'S GENERAL EXPERIENCE WITH INCREASING PRICING FLEXIBILITY?

A. Generally, Qwest has enjoyed extensive pricing flexibility since the early 1990s regarding the requirements for filing changes to rates, terms, or conditions of a regulated telecommunications service with the Commission. As outlined below in my testimony, pursuant to the Price Plan, Price Cap, and Alternative Form of Regulation statutes the company has had competitive pricing flexibility under these variations of "price cap regulation" allowing it to react to competitive pressures in the market by reducing prices for its services, and has been able to do so upon notice of the changes to the Commission as long as the new prices are not below the long run incremental cost of service (LRIC). Also, the Competitive Zone service regulation statute, as outlined below in my testimony, currently allows the company to react to competitive pressures in the market and reduce prices for any competitive zone services, and can become effective upon filing with the Commission. Additionally, the special contracts statute allows the company to enter into a special contract for competitive services and file with the Commission within 90 days *after* the effective date of the contract. Current statute, ORS 759.182, *Rate schedules for service promotions; rules*, as well as ORS 759.267, *Service promotion activities*, allow service promotion schedules to become effective upon filing with the Commission.

The company currently has downward pricing flexibility allowing it to respond to a competitive market. I believe that what the company would gain from Commission approval of its proposed price plan is more upward pricing flexibility (the ability to increase rates without review). Under the current price plan Qwest cannot increase its rates for basic services without successfully petitioning the Commission to do so and must charge all customers the same rate for the same service within a given rate group service area.

Q. WHAT HAS BEEN THE COMPANY'S SPECIFIC EXPERIENCE WITH INCREASING PRICING FLEXIBILITY?

A. Qwest has enjoyed extensive pricing flexibility since the early 1990s under at least eight provisions of Oregon law:

1. the price listing statute, ORS 759.030[1];
2. filing "competitive response" or Customer Incentive Program tariffs under the Commission's general powers, ORS 756.040 and ORS 759.036;
3. the service promotion statutes, ORS 759.182 and ORS 759.267;
4. the alternative form of regulation statute, ORS 759.195;
5. the competitive zone statute, ORS 759.050;
6. the special contracts statute, ORS 759.250;
7. Senate Bill (SB 622), which authorized "price cap regulation," ORS 759.400 et. Seq.; and
8. "Price Plan" regulation since August 8, 2008, ORS 759.255.

[1] This statute was revised into three statutes in 2005 and now consists of ORS 759.054, 759.056, and 759.058.

Q. WHAT DOES "PRICE LISTING" ALLOW THE COMPANY TO DO IN TERMS OF PRICING FLEXIBILITY?

A. A telecommunications utility may petition the Commission, under ORS 759.054(1) and Oregon Administrative Rule (OAR) 860-032-0035, for authorization to price list a service that it currently offers as part of local exchange telecommunications service if it can demonstrate (1) that the service is subject to competition, or (2) that the service is not an essential service. That is, the Commission may authorize a telecommunications utility to price list services if the services are not essential services, without any requirement that the services be subject to competition.

OAR 860-032-0035 (6)(j) allows a rebuttable presumption that a *package of telecommunications services* is not essential provided that each service within the package is readily available to customers *separately*.

OAR 860-032-0035(7) requires that "The rate set for a price listed service shall not be lower than the long-run incremental cost of providing the service." The utility must petition the Commission sixty days prior to the effective date. The Commission can conduct an investigation of a price list petition, including public hearings, and either allow the petition or reject it.

The price list or any revision of the price list is not subject to the provisions of ORS 759.180 to 759.190 and shall become effective immediately upon filing with the commission unless a later date is specified.

Pursuant to OAR 860-032-0035(12), the Commission may, at any time, review a telecommunications utility's price-listed services and, after hearing,

order the utility to change the rates, terms or conditions of its price-listed services.

Therefore, changes to price listed services, including rate increases are not subject to suspension or interim rate refunds.

Q. WHAT DOES A "COMPETITIVE RESPONSE" TARIFF OR PRICE LIST ALLOW THE COMPANY TO DO IN TERMS OF PRICING FLEXIBILITY?

A. The "competitive response" or Customer Incentive Program is an offering for potential *new* residential or business local exchange customers and to *existing* customers to induce the retention or continuation of existing services by those customers. In addition, the company may provide a retention benefit to any existing customer who has retained a service for some period of time.

For potential new customers, the company may provide an incentive offer no more often than once in any two year period. In retention situations, the company may provide an incentive no more often than once in any two year period with respect to any particular service or feature.

Offers may differ based on reasonable criteria, including the following criteria or combinations of criteria below:

1) The sales channel through which the products are sold;
2) A specific geographic area;
3) Existing customers who request to have one or more products disconnected;

4) Customers who identify a better competitive offer available to them. Qwest representatives may present to these customers multiple offers up to the maximum value under this Price List;

5) Such other facts, criteria, and circumstances as the company believes are a reasonable basis upon which to distinguish among groups of customers.

Customers may be offered one of the following, or the equivalent monetary value, on selected products as determined by the company:

a. A waiver of an amount up to 100% of the current nonrecurring charge(s), or

b. A waiver of up to three months of the recurring rates, or

c. A waiver of an amount up to 100% of the current nonrecurring charge(s) and up to three months of the recurring rate(s).

Qwest's Price List, Section 5, states the provisions of the "Competitive Response" tariff at Exhibit Staff/201, Stanage14-18.

Q. WHAT DO THE "PROMOTION" STATUTES ALLOW THE COMPANY TO DO IN TERMS OF PRICING FLEXIBILITY?

A. The promotion statutes, ORS 759.182 and ORS 759.267, allow Telecommunications utilities to promote the use of their services, under ORS 759.267, by offering a waiver of part or all of a recurring or nonrecurring charge, a redemption coupon, or a premium with the purchase of a service. In addition, under ORS 759.182, telecommunications utilities are allowed to file promotional rate schedules with the Commission that are concurrent with the effective date for promotion, but are required to price promotional services at

1 prices that are not below the price that the service is sold to another carrier.
2 Large telecommunications utilities are required, under OAR 860-026-0025, not
3 to promote any regulated service for more than 180 days in any 12-month
4 period.
5 Since the current Qwest Price Plan began in 2008, Qwest has made
6 seventeen promotional filings. (See Exhibit Staff/201, Stanage/19.)
7 **Q. WHAT WAS QWEST 'S EXPERIENCE WITH REGULATION UNDER THE**
8 **"ALTERNATIVE FORM OF REGULATION (AFOR)" STATUTE?**
9 A. In November 1991, the Commission offered U S WEST Communications, Inc.,
10 an AFOR plan, pursuant to ORS 759.195, and under terms and conditions set
11 forth in Order No. 91-1598 (docket UT 80). U S WEST accepted the offer, and
12 the AFOR was implemented effective January 1, 1992. Under the AFOR any
13 regulated services that was not "essential" was price listed. A list of "essential"
14 services was established by the Commission in OAR 860-032-0200, which
15 allowed Custom Call features, service packages, Integrated Services Digital
16 Network (ISDN) service, Advanced Services, Frame Relay Service; Centrex-
17 type service; Private Line or Dedicated Point-to-Point Service; and Packet
18 Switched Service to be price listed.
19 In response to reduced service quality by U S WEST, the Commission
20 terminated the company's alternative form of regulation (AFOR) plan authorized
21 in Order No. 91-1598. U S WEST's AFOR was terminated effective
22 May 1, 1996, through Order No. 96-107 and pursuant to the terms and

1 conditions contained therein, the company's rates for services thereafter were
2 considered interim rates subject to refund with interest.
3 On December 29, 1999, U S WEST elected to be subject to price cap
4 regulation and was so regulated without regard to earnings, rate base or rate of
5 return through November 8, 2008. U S WEST was acquired by Qwest
6 Communications International on June 30, 2000. This AFOR-type plan was
7 created through Oregon Senate Bill 622 and ORS 759.400 through 759.425.
8 The rates for "basic" services were established in September, 2001, by
9 Commission Order No. 01-810 in docket UT 125, which had been ongoing at
10 the time SB 622 went into effect. Price caps for "non-basic" services, along with
11 TSLRIC price floors, were established in docket UT 125.
12 "Basic telephone service," under OAR 860-032-0190, means retail
13 telecommunications service that is single party, has voice grade or equivalent
14 transmission parameters and tone-dialing capability, provides local exchange
15 calling, and gives customers access to but does not include: EAS; Long
16 Distance Service; Relay Service for the hearing and speech impaired; Operator
17 Service such as call completion assistance, special billing arrangements,
18 service and trouble assistance, and billing inquiry; Directory Assistance; and
19 Emergency 9-1-1 service, including E-9-1-1 where available. In addition, the
20 following services were not considered basic services: ISDN service; Digital
21 Subscriber Line (DSL) service; Frame Relay Service; Centrex-type service;
22 Private Line or Dedicated Point-to-Point Service; Packet Switched Service;

1 Foreign Exchange Service; Multiparty service; and Custom Calling features,
2 such as Call Waiting and Caller ID.
3 **Q. PLEASE DESCRIBE THE PRICING FLEXIBILITY THAT THE COMPANY IS**
4 **PERMITTED BY "COMPETITIVE ZONE" SERVICE REGULATION.**
5 A. ORS 759.050(4) allows the Commission to designate all or part of a local
6 telephone exchange as a competitive zone "upon application by a
7 telecommunications utility and a showing of competition within its local
8 exchange, whether or not from certificated providers." ORS 759.050(5)(b)
9 requires that the price of a competitive zone service, or any essential function
10 used in providing the competitive zone service, may not be higher than those
11 prices in effect when the competitive zone was established, unless authorized
12 by the Commission. Thus, while a telecommunications utility does not have
13 upward pricing flexibility under competitive zone service regulation, it does have
14 downward pricing flexibility. ORS 759.050(5)(b) states: "The price and terms of
15 service offered by a telecommunications utility for a competitive zone service
16 within a competitive zone may differ from that outside of the zone. However, the
17 price for a competitive zone service within the zone may not be lower than the
18 total service long run incremental cost, for nonessential functions, of providing
19 the service within the zone and the charges for essential functions used in
20 providing the service..."
21 ORS 759.050 became law prior to the passage of the relevant portion of
22 Senate Bill 622, which is codified as ORS 759.400, et seq., . Thus, because
23 ORS 759.400, ET SEQ., establishes a price cap and price floor regime for

Qwest's non-basic services, ORS 759.050 applied only to Qwest's basic services back when Qwest was regulated under ORS 759.400, et seq., . Under ORS 759.050, Qwest currently has pricing flexibility for basic services within a competitive zone. Qwest may change the price for such services between the price of the service at the time the competitive zone was established and the price floor for the service. Such price changes may be effective upon notice to the Commission and are not subject to the hearing, suspension, and notice requirements of ORS 759.180 through 759.190.

Q. DID THE ESTABLISHMENT OF QWEST'S COMPETITIVE ZONE BY THE COMMISSION REQUIRE QWEST TO PROVIDE EVIDENCE OF COMPETITION AS DESCRIBED UNDER OREGON LAW?

A. No, the establishment of Qwest's competitive zone by the Commission did not require Qwest to provide evidence of competition as described under Oregon law and, in fact, ORS 759.050(2)(b) specifically states: "Price and service competition within the meaning of ORS 759.052 [*'Commission authority to exempt telecommunications services from regulation'*] may not be deemed to exist by virtue of the establishment of a competitive zone." In actual practice, a competitive zone applicant need only show that a single competitive provider holds a Commission issued *certificate of authority* for prospectively providing service in the zone in question.

Q. HOW MANY OF QWEST'S OREGON EXCHANGES AND CUSTOMERS ARE COVERED BY COMPETITIVE ZONE AUTHORITY?

A. Currently, 64 of Qwest's 68 Oregon exchanges are currently classified as competitive zone exchanges, which serve 99 percent of Qwest's customers.

Q. PLEASE EXPLAIN QWEST'S PRICING FLEXIBILITY UNDER THE SPECIAL CONTRACT STATUTE.

A. ORS 759.250, "*Contracts for special services; procedure for filing and approval; subsequent review and investigation,*" allows the company, under certain conditions, to enter into special contracts with customers for the provision of telecommunications services. The company may enter into a special contract with a customer if the service is: (1) new with limited availability; (2) designed to respond to a unique customer requirement; or (3) subject to competition. ORS 759.250(2) allows the company to file a special contract with the Commission no later than 90 days following its effective date.

In effect, the special contracts statute *allows a telecommunications utility to discriminate* among similarly situated customers as long as the customer's contract meets one of the three requirements of the statute and they offer similarly situated customers the same rates, terms, and conditions of service for the same services.

Q. HOW MANY SPECIAL CONTRACTS HAS QWEST FILED WITH THE COMMISSION SINCE THE CURRENT PRICE PLAN BEGAN?

A. Since the current Qwest Price Plan began in 2008, Qwest has made two hundred forty-seven special contract filings with the Commission through March 1, 2014. (See Exhibit Staff/201, Stanage/32-42.)

1 **Q. PLEASE EXPLAIN QWEST'S PRICING FLEXIBILITY UNDER PRICE CAP**
2 **REGULATION.**
3 A. The 1999 Oregon State Legislature passed Senate Bill 622 (SB 622), now
4 codified as ORS 759.400, *et seq.*, which introduced a price cap regulation
5 option to replace rate of return regulation for telecommunications utilities that
6 elect the option. Qwest elected the price cap regulation option on
7 November 30, 1999, to be effective December 30, 1999.
8 Under SB 622, the Commission defines and sets rates for basic telephone
9 services for utilities such as Qwest that have elected price cap regulation and
10 sets maximum prices (price caps) and minimum prices (price floors) for non-
11 basic telephone services.
12 Pursuant to ORS 759.410(4) the price floor must be equal to "the sum of the
13 total service long run incremental cost of providing the service for the
14 nonessential functions of the service and the price that is charged to the other
15 telecommunications carriers for the essential functions." The Commission set
16 the prices for Qwest's basic telephone service elements and established initial
17 price caps and floors for Qwest's non-basic telephone service elements in
18 Order No. 01-810 (Docket No. UT 125.)
19 Pursuant to ORS 759.400, *et seq.,* Qwest currently has pricing flexibility for its
20 non-basic telephone services between the price cap and the price floor for the
21 service. Price changes are not subject to the hearing, suspension, and notice
22 requirements of ORS 750.180 through ORS 759.190. Qwest need only notify

1 the Commission of any price change within 30 days after the effective date of
2 the change.

3 **Q. PLEASE DESCRIBE QWEST'S CURRENT "PRICE PLAN" FORM OF**
4 **REGULATION, AS PROVIDED FOR UNDER ORS 759.255, AND THE**
5 **DEGREE OF FLEXIBILITY THAT QWEST IS ALLOWED IN THE PRICING**
6 **OF ITS SERVICES UNDER THE PRICE PLAN.**

7 A. On August 8, 2008, the Commission issued Order No. 08-408, approving the
8 Stipulation Agreement among the parties and adopting their Price Plan as
9 provided for under ORS 759.255. Qwest, Staff, CUB and TRACER jointly filed
10 Testimony and a Stipulation with a Price Plan. Although they did not sponsor
11 the testimony, Joint CLECs, as well as the sponsoring parties, executed the
12 Stipulation adopting the Price Plan, effective November 9, 2008. The terms of
13 the Price Plan may be summarized as follows:

14 Price caps apply to Primary Line Basic Service, both residential and business,
15 and related non-recurring charges and are capped at pre-Plan rates.

16 Recurring charges for business primary lines are capped, starting at pre-Plan
17 rates, but the cap will increase to $1.00 above the pre-Plan rate on the third
18 anniversary of the Price Plan---i.e., November 9, 2010, unless approved earlier
19 by the Commission.

20 Qwest can adjust recurring and non-recurring charges for primary line basic
21 service up or down between price caps and price floors.

22 Primary line basic service will continue to be available on a stand-alone basis.

1 Extended Area Service (EAS) is capped at pre-Plan rates. No new or
2 expanded EAS routes are allowed as long as the Price Plan is in effect.
3 DS-1 and ISDN-PRS services are treated differently from other advanced
4 services for business customers and rate increases are capped and increase
5 annually by the amount of increase in the Portland CPI for the corresponding
6 time period.
7 After *four years*, Qwest may petition the Commission to remove or increase
8 primary line basic service price caps for residential customers, effective in the
9 *fifth year*. Qwest may file such a petition for primary line basic service price
10 caps *for business customers at any time*. In both case, Qwest has the burden
11 to show that such price cap removal, or rate increase, is just and reasonable.
12 For Directory Assistance, custom calling features, and most other regulated
13 services, Qwest can increase the rates according to specified procedures.
14 Rates for these services may be increased up to 50 percent per year, not to
15 exceed 200 percent in five years. Qwest has been allowed to eliminate the two-
16 free call per month allowance for Directory Assistance
17 The Commission may review Qwest's retail service quality at any time and
18 take specified actions for failure to meet standards, including suspension of
19 Qwest's authority to raise prices under the Price Plan or open an investigation
20 and review pricing levels in their entirety. The Commission may open
21 investigations at any time regarding the Price Plan and may make adjustments
22 to the Price Plan after opportunity for hearing. A party bringing a complaint will
23 have the burden to show that the market has not produced a just and

reasonable rate for the service in question, and the Commission will consider specific factors in reaching its conclusion.

III. PRICING FLEXIBILITY IN THE CURRENT PLAN AND THE DEGREE TO WHICH THE COMPANY HAS USED THAT PRICING FLEXIBILITY.

Q. TO WHAT DEGREE HAS THE COMPANY *USED* THE PRICING FLEXIBILITY IT WAS ALLOWED UNDER ITS CURRENT PRICE PLAN?

A. I will generally describe the degree to which Qwest has used the pricing flexibility it was granted under its current price plan by the broad categories of services in the current Price Plan. For detailed information, please see Exhibit Staff/201, Stanage/20 and 28-31, for an analysis of the rate changes (increases) to-date as reported by Qwest in Transmittal No. 2011-017-PL. As part of this filing, Qwest provided a *Price Cap Tracking Report* (control list), which is a list of the services and their respective rate increases in comparison to the Price Plan established price caps. The report is intended to demonstrate compliance with the price caps that are specified in Section III, K, L and N, of the Price Plan. See Exhibit Staff/201, Stanage/6-7.

The services included in the Price Plan show the following results.

Non-Recurring Charges - Non-recurring charges for primary line basic services were *capped at pre-plan rates*. Consistent with this limitation, Qwest has not modified the rates for non-recurring charges for primary line basic service since the Price Plan began.

Residential Basic Service - Primary line basic service rates for residential customers were *capped at pre-plan rates*. Qwest was provided an option to

1 petition the Commission for removal or adjustment of the price caps. *Qwest*
2 *has not modified the rates for residential primary line basic service, nor sought*
3 *Commission approval for removal or adjustment of the price caps.* Therefore,
4 rates for primary line basic residential service remain at pre-plan rates.
5 Business Basic Service - Primary line basic service for business customers
6 was *initially capped at pre-plan rates*. Effective *August 14, 2011*, the third
7 anniversary of the effective date of the plan, the *price cap increased to $1.00*
8 *above pre-plan rates. Qwest has not modified the rates for business primary*
9 *line basic service*. Therefore, rates for primary line basic business service
10 remain at pre-plan rates.
11 Switched Access, EAS, Toll Restriction, Call Trace and Unlisted
12 Numbers/Directory Listings - The rates for these services were *capped at pre-*
13 *plan rates*. Consistent with this limitation, Qwest has not increased the rates for
14 these services since the Price Plan began.
15 DS-1 Service - The rates for intrastate DS-1 service were subject to price caps.
16 The initial price cap for each rate element for both recurring and non-recurring
17 charges, except for the recurring transport mileage element, has been the
18 average of the rates charged for that rate element as of May 1, 2008 in the 13
19 other states in Qwest's ILEC region. The initial price cap for each recurring transport
20 mileage element was 125 percent of pre-plan rates and the price cap could be
21 increased annually by the amount of increase in the Portland CPI for the
22 corresponding time period. Qwest has not increased the rates for this service
23 since the Price Plan began.

1 ISDN-PRS Service - The rates for ISDN-PRS were capped at the average of
2 the rates charged as of May 1, 2008 in the 13 other states in Qwest's ILEC
3 region and allowed to increase annually by the amount of increase in the
4 Portland CPI. Qwest has not increased the rates for this service since the Price
5 Plan began.
6 Other Retail Services - The rates for all remaining residential and business
7 services, including packages and bundles, were subject to a price cap which
8 allowed increases for each service up to 50 percent annually, with no more
9 than a 200 percent increase over the five-year Price Plan period. Qwest was
10 also allowed to remove the monthly two free-call allowance for directory
11 assistance service, which it did in its 2008 Price Plan filings, Advice No. 2073
12 and Transmittal No. 2008-003-PL. Qwest utilized the pricing flexibility provided
13 for select services under these provisions of the Price Plan with annual filings
14 being completed in 2008, 2009, 2010 and 2011. Qwest price increases for
15 services covered by these provisions of the Price Plan did not exceed the 50
16 percent annual cap or the 200 percent cumulative cap.
17 The monthly rates several widely subscribed features, including Caller ID,
18 Call Waiting, and Call Forwarding for residential customers have been
19 increased by 100 to 175 percent during the first three years of the plan.
20 Business feature rates also experienced similar rate increases.
21 Local and National Directory Assistance Call rates increased 120 and 124
22 percent, respectively, over the same period.

1 Another area of significant rate increases was business PBX trunk rates for
2 Rate Group 1, which were increased by 9 to 14 percent.
3 In regard to "New Services," Qwest established new packages/bundles under
4 its current price plan, including Qwest Home Phone (Transmittal
5 No. 2009-015-PL), Core Connect 1 (Transmittal No. 2012-007-PL), Primary
6 Rate Service (PRS) Bundle (Advice No. 2109), and Core Connect Professional
7 Bundle (Advice No. 2112). However, the definition of new services in the Price
8 Plan states: "A service is not a new service if it merely renames, repackages, or
9 is a variation of an existing service..." Therefore, the above packages/bundles are
10 not new services because they are composed of previously offered services.
11 Residential Packages/Bundles
12 In another rate related Qwest initiative, four widely subscribed residential
13 packages were grandfathered:
14 • Qwest Choice Home
15 • Qwest Choice Home 2 Line
16 • Qwest Choice Home Plus
17 • Qwest Choice Home Plus 2 Line
18 Qwest established the Home Phone package/bundle to replace the four
19 grandfathered packages above as well as ten other residential packages that
20 Qwest grandfathered in 2009. The rates for the grandfathered packages were
21 increased by 3 to 20 percent in 2010. The grandfathered packages had
22 monthly rates that ranged from $24.95 to $42.95. The rate for the Home Phone
23 package is $35.00, and can be extended to include unlimited toll service for

$45.00, which is not offered under any of the grandfathered packages. The Home Phone package is now the only residential package offered to customers who are not grandfathered into a previously offered package. Packages play an important role in Qwest's residential access line sales and make up [redacted] percent of the access lines and [redacted] percent of the revenues from services that include a residential access line as shown in the notes at Exhibit Staff/202, Stanage/10-12. Also, residential and business packages that include an access line account for [redacted] percent of Qwest's total Oregon revenues and [redacted] percent of its total Oregon access lines in service, as shown Exhibit Staff/202, Stanage/10, Line 63.

Business Packages/Bundles

Qwest increased the rates for its leading business packages/bundles during the first three years of the Price Plan by 10 to 40 percent. This group of packages includes Choice Business, Choice Business Plus, Add-A-Line, and Choice Business Prime, which have monthly rates that ranged from $35.00 to $55.00. More favorable rates for these packages are available under volume and term discounting agreements. See Exhibit Staff/201, Stanage/29 and 30.

Qwest grandfathered its Business Line Plus and Utility Line packages, which have monthly rates that ranged from $25.00 to $30.00, in 2010. The rates for the Business Line Plus and Utility Line packages were increased by five to 28 percent in 2010. See Exhibit Staff/201, Stanage/27.

1 Packages play an important role in Qwest's business access line sales and
2 account for ■ percent of the all access lines and ■ percent of the all
3 revenues. See Staff/202, Stanage/12, Line 59.

4 **Q. HOW MANY SERVICE RATES HAS QWEST INCREASED AND HOW**
5 **MANY HAS IT REDUCED SINCE THE CURRENT PRICE PLAN BEGAN?**

6 A. Since the current Qwest Price Plan began in 2008, Qwest has increased rates
7 for one hundred fifty-four services and has decreased rates for four services,
8 all of which are lightly used special listing services. See Staff/201,
9 Stanage/28-31, Column titled 5-Year Cumulative Percent Change.

10 **IV. THE SPECIFIC PRICING COMPONENTS/ FLEXIBILITY CONTAINED IN THE**
11 **OREGON PLAN VERSUS THE CURRENT QWEST PRICE PLAN.**

12 **Q. HOW DO THE PRICING COMPONENTS/FLEXIBILITY CONTAINED IN**
13 **THE OREGON PLAN COMPARE TO THE CURRENT QWEST PRICE**
14 **PLAN?**

15 A. The Oregon Plan, staff's proposed price plan for Qwest for the next five years,
16 offers extensive upward pricing flexibility that is not offered by Qwest's current
17 price plan. I describe the differences below by service.

18 Primary Line Basic Services, Non-Recurring Charges – The non-recurring
19 installation charge for residential and business primary line basic services
20 would remain *capped at pre-plan rates* for both customer classes as they under
21 the current price plan.

22 Primary Line Basic Services, Recurring Charges - Recurring charges for
23 residential primary line basic services would be allowed a $2.00 increase on

1 the Oregon Plan's effective date plus an additional $1.00 increase at the
2 beginning of the plan's third year, which would allow the rates in Rate Groups
3 1, 2, and 3 to rise to $15.80, $16.80, and $17.80, respectively. The rates in
4 Rate Groups 1, 2, and 3 are currently $12.80, $13.80, and $14.80,
5 respectively.
6 The business recurring charge would be allowed a $4.00 increase above
7 current rates on the Oregon Plan's effective date of the price, which would
8 allow the rates in Rate Groups 1, 2, and 3 to rise to $30.00, $32.50, and
9 $34.50, respectively, at the beginning of the plan's third year. The business
10 recurring charges were *capped at pre-plan rates* under the current price plan
11 for the first three years. The business recurring rate caps increased by $1.00
12 on the third anniversary (November, 2011) of the current price plan. However,
13 Qwest did not increase the respective business rates. The rates in Rate
14 Groups 1, 2, and 3 are currently $26.00, $28.50, and $30.50, respectively.
15 However, Rate Group 3 Primary Line Basic Business service is excluded from
16 the current price plan, but Staff recommends that Rate Group 3 Primary Line
17 Basic Business service be added to the price plan covered services under the
18 Oregon Plan, Staff's proposed price plan.
19 Business Basic Services in Rate Group 3 – These services are not included in
20 Qwest's current price plan, but are regulated under ORS 759.425(2)(a). Staff
21 proposes that the regulation of Business Basic Services in Rate Group 3 be
22 included under the price plan form of regulation and limited to the $4.00 rate
23 increase described last Q & A, above. Staff also proposes that the current

business service rate differences---i.e., with the Rate Group 2 rate $2.50 more than for Rate Group 1 and with the Rate Group 3 rate $4.50 more than for Rate Group 1---be maintained or decreased.

Telephone Assistance Plans - Qwest continues to offer current Telephone Assistance Plans (OTAP and Tribal Lifeline) in compliance with state and federal requirements.

Public Access Lines - The rates for public access line (PAL) service continue to be regulated by the Commission in compliance with federal requirements.

Switched Access - Both the Oregon Plan and the current price plan cap the rates at their pre-plan levels and the Commission may adjust the price caps if required by FCC action. Because the authority over rates for these services is not directly under the Commission's control, staff has not included revenues for Switched Access in its analysis. Qwest's response to Data Request PUC Staff No. 57 shows $[redacted] for Switched Access and a total of $[redacted] for Oregon regulated revenue in 2012. Staff would then subtract the $[redacted] of Switched Access from the total of $[redacted] to arrive at an *adjusted* total Oregon regulated revenue of $[redacted] in 2012. See Staff 202, Stanage/1 and 2. Please note that this adjusted total revenue figure is slightly different from the $[redacted] shown on the "TOTAL" line at Staff/202, Stanage/12, which is a *2012 year-ending* amount that is the sum of the revenues estimated by Qwest using *year-ending service units* multiplied by each service's respective year ending rate. That is, Qwest's revenue total in response to Data Request PUC Staff No. 57, $[redacted], is an actual revenue amount derived

from the company's Form O report, whereas Qwest's revenue total in response to Data Request PUC Staff No. 58, $[redacted], is an estimate that was calculated on a different basis.

EAS, Toll Restriction service, Call Trace, and Unlisted Numbers - Both the Oregon Plan and the current price plan cap the rates at their pre-plan levels for EAS, Toll Restriction service, Call Trace, and Unlisted Numbers.

Directory Listings - Both the Oregon Plan and the current price plan include Directory Listings with Basic service.

ISDN-PRS - The Oregon Plan would allow rates to increase by 10% each year over the five-year term of the plan. The current plan rates for intrastate ISDN-PRS service are subject to a price cap. The initial price cap for each rate element for both recurring and non-recurring charges is the average of the rates charged for that rate element as of May 1, 2008, in the 13 other states in Qwest's ILEC region. Under the current plan the price cap would increase annually by the amount of increase in the Portland CPI for the corresponding time period.

DS-1 - The Oregon Plan would allow rates to increase by 10% each year over the five-year term of the plan. The current plan rates for intrastate DS-1 service are subject to a price cap. The initial price cap for each rate element for both recurring and non-recurring charges is the average of the rates charged for that rate element as of May 1, 2008, in the 13 other states in Qwest's ILEC region. Under the current plan the price cap would increase annually by the amount of increase in the Portland CPI for the corresponding time period.

1 New Services – Under the proposed Oregon Plan, any new service established
2 after the effective date of the Price Plan would not be subject to price caps,
3 whereas, the current price plan caps the rates for new services according to
4 the "Other Retail Services" provisions of the current plan---i.e., it allows
5 increases for each service up to 50 percent annually, with no more than a 200
6 percent increase over the five-year Price Plan period.
7 Other Retail Services - The Oregon Plan would allow rates to increase by up to
8 25% annually, or $0.50, whichever is greater, each year of the five-year term of
9 the plan for all remaining residential and business services---*those not*
10 *specifically listed above*---except for packages and bundles. This means that
11 the rates for each of the "Other Retail Services" could increase by
12 approximately 205 percent over five years. In contrast, the current plan rates
13 for all remaining residential and business services were subject to a price cap
14 which allows increases for each service up to 50 percent annually, with no
15 more than a 200 percent increase over the five-year Price Plan period. See
16 Exhibit Staff/201, Stanage/7, Item N.
17 Packages and Bundles - The Oregon Plan would allow rates to increase as
18 long as the rate for a package or bundle does not exceed the sum of the
19 maximum prices established under this section for regulated services and the
20 retail price charged by the carrier for the individual unregulated services in the
21 package. In contrast, the current plan rates for all remaining residential and
22 business services were subject to a price cap which allows increases for each

service up to 50 percent annually, with no more than a 200 percent increase over the five-year Price Plan period. See Exhibit Staff/201, Stanage/7, Item N. Rate Averaging – Both the Oregon Plan and the current price plan would prohibit further rate de-averaging for residential or business services. However, the Oregon Plan proposes maintaining or reducing rate differences between primary basic access line rates for the three rate groups, an issue to which the current price plan does not speak. The Oregon Plan also proposes that services that do not currently have de-averaged rates applied to them remain at statewide averaged rates.

Q. WHAT WOULD THE PRICE FLOORS BE UNDER STAFF'S PROPOSED PRICE PLAN, THE OREGON PLAN?

A. The price floors under the Oregon Plan for all services would be equal to the sum of the total service long run incremental cost of providing the service for the nonessential functions of the service and the price that is charged to other telecommunications carriers for the essential functions. However, as stated in ORS 759.255(4): "the commission may allow a telecommunications utility to establish rates for residential local exchange service at any level necessary to achieve the commission's universal service objectives."

Q. PLEASE EXPLAIN WHAT YOU MEAN BY A "DE-AVERAGED RATE GROUP."

A. In August 1996, the Federal Communications Commission (FCC) adopted a rule that requires each state commission to establish different prices for unbundled network elements (UNEs) "in at least three defined geographic

areas within the state to reflect geographic cost differences." In Order No. 00-481 (Docket UT 148/UM 963), the Commission divided Qwest's wire centers into three rate zones, or "Rate Groups."

In Order No. 01-810 (Docket UT 125), the Commission adopted de-averaged pricing for approximately 20 of the service groups involved in Qwest's proposed price plan. Qwest wire centers included in each of the three Rate Groups referred to in the company's tariff are the same as the wire centers included in each of the three "de-averaged loop zones" adopted in Order No. 00-481.

Prior to Order No. 01-810, Qwest was required to charge the same price for any service to any customer within its service territory throughout the State of Oregon. Order No. 01-810 establishes three individual prices for each of the service groups with de-averaged pricing, i.e. a different price in each of the three Rate Groups.

Q. WHAT CONCLUSIONS MIGHT YOU DRAW FROM YOUR COMPARATIVE ANALYSIS OF THE OREGON PLAN TO THE CURRENT QWEST PRICE PLAN?

A. The Oregon Plan, staff's proposed price plan for Qwest for the next five years, offers extensive upward pricing flexibility that could result in a larger revenue gain for Qwest than would the current price plan. Assuming maximum allowed rate increases, as represented in Staff/202, Stanage/13, Qwest could receive a total revenue increase of [redacted] percent than the year ending 2012 revenues under the current price plan (Table 1-B), but could realize a revenue increase of [redacted] percent under the Oregon Plan (Table 2-B). As shown by Table 3-B, Qwest's

1 proposed price plan that would allow unlimited rate increases does not allow a
2 comparison.

3 **V. THE SPECIFIC PRICING COMPONENTS/ FLEXIBILITY CONTAINED IN**
4 **QWEST'S REVISED (PROPOSED) PRICE PLAN VERSUS THE CURRENT**
5 **QWEST PRICE PLAN.**

6 **Q. HOW DO THE PRICING COMPONENTS/FLEXIBILITY CONTAINED IN**
7 **QWEST'S REVISED PRICE PLAN COMPARE TO THE CURRENT QWEST**
8 **PRICE PLAN?**

9 A. Qwest's proposed Revised Price Plan would simply remove all current caps on
10 their services and fails to mention what would be the treatment of services that
11 are currently safeguarded in the customer's interest, such as Business Basic
12 Services in Rate Group 3, Telephone Assistance Plans, Public Access Lines, Call
13 Trace, and Unlisted Numbers. This is in stark contrast to the current plan that
14 offers explicit caps for almost all services and offers safeguards for those
15 services not affected by the current plan.

16 **Q. HOW DO THE PRICING COMPONENTS/FLEXIBILITY CONTAINED IN**
17 **QWEST'S REVISED PRICE PLAN AFFECT QWEST CUSTOMERS IN**
18 **EXCHANGES WHERE CUSTOMERS HAVE FEW OR NO COMPETITIVE**
19 **CHOICES?**

20 A. Qwest would have the ability to increase rates in geographical areas where
21 customers have limited choices by large amounts since telephone service can
22 be a practical necessity in times of stress, such as health emergencies and
23 weather events.

1 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

2 A. Yes.

CASE: UM 1354
WITNESS: JIM STANAGE

PUBLIC UTILITY COMMISSION
OF
OREGON

STAFF EXHIBIT 201

Witness Qualifications Statements
and
Exhibits in Support
Of Opening Testimony

April 2, 2014

WITNESS QUALIFICATION STATEMENT

NAME:	JAMES R. STANAGE
EMPLOYER:	PUBLIC UTIILTY COMMISSION OF OREGON
TITLE:	SENIOR ECONOMIC ANALYST TELECOMMUNICATIONS AND WATER REGULATION SECTION
ADDRESS:	3930 FAIRVIEW INDUSTRIAL DRIVE SE, SALEM, OREGON 97302.
EDUCATION:	M.S. IN PUBLIC AFFAIRS, UNIVERSITY OF OREGON B.S., HISTORY, BLACK HILLS STATE UNIVERSITY
EXPERIENCE:	Since August 1975, I have been employed by various state and local government and nonprofit agencies in Oregon. Since joining the OPUC Telecommunications Division in January 1987, I have served as a witness on behalf of OPUC staff in numerous dockets including several that concerned local exchange rates, Extended Area Service (EAS), price list of services, the resale of local services, pay telephones, and deregulation dockets. I have presented staff's local services rate design testimony in dockets UT 51, UT 67, UT 71, UT 83, UT 101, UT 125, UT 127, UT 141, and UT 152. I have served as staff's witness in several deregulation dockets including UM 348, UX 20, UX 21, UX 22, UX 23, UX 24, UX 25, UX 26, UX 27, and UX 31. I served as the principal witness on behalf of OPUC staff in 15 dockets concerning petitions to price list telecommunications utility services as well as seven dockets concerning petitions to abandon service.

QWEST'S PRICE PLAN UNDER ORS 759.255

I. Definitions

A. "Alternative provider" means a provider, other than Qwest Corporation ("Qwest") or any affiliate of Qwest, of any service that is a functionally equivalent or substitutable service, without regard to the technology used to provide the service and without regard to whether the provider is subject to regulation by the Commission or any other agency. "Alternative provider" includes but is not limited to telecommunications carriers, radio common carriers, cable telephony providers, and providers of voice over internet protocol ("VoIP") service.

B. "Essential functions" means those unbundled network elements (UNEs) that ILECs are required to provide pursuant to 47 U.S.C. § 251(c)(3) according to the most current requirements of the FCC. "Nonessential functions" are all other functions used in providing a telecommunications service that are not essential functions. The price of essential functions is the Commission-approved price for UNE purchases by wholesale customers; the price for UNEs without Commission-approved prices is the rate in Qwest's most current Negotiations Template Agreement for Oregon, Exhibit A, which is available at http://www.qwest.com/wholesale/clecs/sgatswireline.html.

C. "Functionally equivalent or substitutable" means that a service is reasonably interchangeable with the service to which it is being compared, even if the services are not identical, without regard to the technology used to provide the service or whether the service or provider are subject to regulation by the Commission.

D. "New service" means a retail telecommunications service that is offered in Oregon for the first time following the effective date of this price plan. A service is not a new service if it merely renames, repackages, or is a variation of an existing service, or if it is reintroduced in substantially the same form after having being withdrawn or abandoned.

E. "Portland CPI" means the Consumer Price Index as published by the Bureau of Labor Statistics of the United States Department of Labor for the Portland, Oregon, area, specifically known as "Series Title: CPI - U: Portland-Salem, OR-WA; All items; 1982-84=100; NSA" and currently found at **http://www.bls.gov**.

F. "Pre-plan rates" means the rates charged by Qwest in Oregon pursuant to its tariffs or price lists that were effective on January 1, 2008, or Qwest's original introductory price for any new service introduced after January 1, 2008, but before the effective date of this price plan.

G. "Primary line basic service" means the first line only of basic local exchange service for an individual residential or business customer account at a single location that is not sold as part of a package. For purposes of this definition, "basic local exchange service" means residential single party flat rate local

exchange service; residential single party measured local exchange service, including local exchange usage; business single party flat rate local exchange service in Rate Groups 1 and 2 (the classification of Qwest exchanges by Rate Group is set forth in Qwest's P.U.C. Oregon No. 33 Exchange and Network Services tariff, Section 5.1.2); and business single party measured local exchange service, including local exchange usage in Rate Groups 1 and 2.

II. Objectives of Price Plan

A. General objectives. Qwest's price plan will achieve the following objectives:

1. Ensure the plan is operating in a way that is in the public interest.

2. Produce prices for Qwest's retail telecommunications services that are just and reasonable.

3. Ensure that the quality of existing telecommunications services will stay at or above current high levels. Qwest will meet or exceed the Commission's applicable retail service standards and will continue its current reporting practices.

4. Maintain the availability of primary line basic service at affordable rates.

5. Allow Qwest to price other services competitively with services offered by alternative providers, including those using landline, wireless, cable, and VoIP technologies.

6. Increase Qwest's pricing flexibility to meet changing market conditions.

7. Make new telecommunications services available.

8. Simplify and reduce the burden of regulation for both Qwest and the Commission.

B. Specific commitments.

1. **Service performance guarantee.** Within 90 days of the effective date of the price plan, Qwest will implement a service performance guarantee program which includes guaranteed appointments and guaranteed commitments for specific types of services, which will be backed by a promise to credit customers $25.00 for each missed commitment. The commitments and credits will be subject in the tariff to reasonable and customary exceptions for matters which are outside of Qwest's reasonable control, including without limitation rescheduling and unavailability of the customer, severe weather, severe public disturbances, and labor difficulties (e.g., strikes, slowdowns, picketing, and boycotts).

a. Service Types. Qwest will offer guaranteed appointments and guaranteed commitments for the following types of services:

(i) Reconnect an existing service following move-out/move-in or disconnection for non-payment.

(ii) Connect a new or additional service or change an existing service.

(iii) Repair existing service when a customer is unable to receive and/or place a telephone call.

b. Guaranteed appointment. A guaranteed appointment is a mutually agreed upon appointment for a given day between a customer and Qwest for a service to be provided which requires the customer to be present. A guaranteed appointment is considered kept if: 1) the Qwest representative arrives by the agreed upon date even if the service is completed at a later date, or 2) Qwest notifies the customer the day following the day the order was placed that it will be unable to meet the due date because of a lack of available facilities and a new appointment must be made.

c. Guaranteed commitment. A guaranteed commitment is a mutually agreed upon commitment between a customer and Qwest to provide service on or before a specific date when the service to be provided does not require that the customer be present.

2. **Network and other project investments.** Qwest will make incremental investments of $4 million in network improvements and other projects as a shareholder expense. Specific projects will be agreed to by Qwest and the Commission or its designee. These investments will be made during the first three years of the price plan, unless otherwise provided in the plan or directed by the Commission. Qwest will file its proposed investment plan with the Commission prior to expending any of these funds.

a. **Consumer information center.** One of the projects will be the establishment and operation of a consumer information center which will provide information to Oregon consumers to assist with understanding the nature and pricing of service offerings by telecommunications carriers and alternative providers. Of the total network investment, Qwest will commit up to a total of $2 million towards this project. Establishment and operation of this center will be overseen by the Commission and the specific details – such as the actual amount of the investment, the timing of the investment (which may be made over the first five years of operation under the price plan), the scope of operations, the identity of the operator, and the operating budget – will be

discussed among the Parties and established by the Commission following approval of plan.

3. **Service quality reporting.** Qwest will not seek an exemption from its current service quality reporting requirements pursuant to OAR 860-023-0055(16)(d).

III. Pricing and Availability of Services Under Price Plan

A. **Initial Rates.** The rates that Qwest charges upon commencing operation under the price plan will be its pre-plan rates. These rates are subject to adjustment as provided below.

B. **Primary line basic service.**

1. **Price caps.**

a. Non-recurring charges. Non-recurring charges for primary line basic services are capped at pre-plan rates.

b. Recurring charges for residential service. Primary line basic service for residential customers will be subject to price caps. The initial price cap will be pre-plan rates.

c. Recurring charges for business service. Primary line basic service for business customers will be subject to price caps. The initial price cap will be pre-plan rates. Without the need for Qwest to file a petition or otherwise seek Commission approval, the price cap will increase to $1.00 above pre-plan rates on the third anniversary of the effective date of the plan, unless the Commission has already increased the price cap by at least $1.00 before the third anniversary based on a petition by Qwest under Section III.B.3. of the price plan.

d. Adjustment of prices. Qwest is permitted to adjust recurring and non-recurring charges for primary line basic service upward or downward between the price caps and the applicable price floors for primary line basic service.

2. **Availability.** Qwest will continue to offer primary line basic service on a stand-alone basis (*i.e.*, Qwest will not require customers to purchase a package to obtain these services).

3. **Petition to remove or adjust price caps.** Qwest may petition the Commission to remove or adjust the price caps for primary line basic service. Qwest will have the burden to show that removal or adjustment of the price caps for primary line basic service will result in rates that are just and reasonable, considering the factors set forth in Section V.B.2.b. of

this plan. The Commission may also consider whether removal or adjustment of the price caps is in the public interest, considering the factors set forth in ORS 759.255(2). Qwest may not file any such petition with respect to primary line basic service for residential customers until after the fourth anniversary of the effective date of the price plan and no increase, if granted by the Commission, would be effective until after the fifth anniversary of the effective date of the price plan. Qwest may file such a petition with respect to primary line basic service for business customers at any time.

C. **Business Basic Services in Rate Group 3.** Certain basic business services in Rate Group 3, including primary line basic local exchange service, will not be included in the plan. These include business single party flat rate local exchange service, business single party measured local exchange service, including local exchange usage, and private branch exchange (PBX) service. The prices for these services will continue to be established by the Commission pursuant to ORS 759.425(2)(a).

D. **Telephone Assistance Plans.** Qwest will continue to offer current Telephone Assistance Plans (OTAP, Tribal Lifeline, and Link-Up) pursuant to state and federal requirements.

E. **Public Access Lines.** The rates for public access line (PAL) service will continue to be regulated by the Commission pursuant to federal requirements.

F. **Switched Access.** Rates for intrastate switched access services are capped at pre-plan rates. The Commission may adjust the price caps if required by FCC action.

G. **EAS.** Rates for extended area service (EAS) are capped at pre-plan rates. Qwest will not be required to establish any new or expanded EAS routes as long as it operates under the price plan.

H. **Toll Restriction.** Rates for toll restriction service are capped at pre-plan rates.

I. **Call Trace (*59).** Rates for call trace services (*i.e.*, *59) are capped at pre-plan rates.

J. **Unlisted Numbers/Directory Listings.** Rates for unlisted numbers are capped at pre-plan rates. Qwest will continue to include directory listings with basic service.

K. **DS-1 Service.** Rates for intrastate DS-1 service will be subject to a price cap. With the exception of the recurring rates for the transport mileage elements, the initial price cap for each rate element for both recurring and non-recurring charges will be the average of the rates charged for that rate element as of May 1, 2008 in the 13 other states in Qwest's ILEC region. The initial price cap for each recurring transport mileage element will be 125 percent of pre-plan rates. The

price cap will increase annually by the amount of increase in the Portland CPI for the corresponding time period.

L. **ISDN-PRI Service.** Rates for intrastate ISDN-PRI service will be subject to a price cap. The initial price cap for each rate element for both recurring and non-recurring charges will be the average of the rates charged for that rate element as of May 1, 2008 in the 13 other states in Qwest's ILEC region. The price cap will increase annually by the amount of increase in the Portland CPI for the corresponding time period.

M. **New Services.** Rates for all new services will be priced above the applicable price floor. Subsequent price increases will be subject to the price cap as established in Section III.N.1.

N. **Other Retail Services.** Each rate for all remaining residential and business services not previously listed in this section ("Other Services") is subject to a price cap as follows:

1. Qwest may increase the rate for each service up to 50 percent annually. However, the cumulative rate increase over any rolling five-year period is not to exceed 200 percent.

2. For directory assistance, Qwest is allowed to remove the monthly two free-call allowance as well as increase rates pursuant to the price cap defined in Section III.N.(1) of this plan.

Qwest may increase or decrease such rates, subject only to the price cap set forth above and a price floor equal to the total service long run incremental cost for nonessential functions of providing the service and the charges for essential functions used in providing the service.

O. **No Further Deaveraging.** Qwest agrees that it will not geographically de-average the rate for any services under the plan any further than they were as of January 1, 2008.

P. **Packages and Bundles.** Qwest may combine any regulated telecommunications service with any other service(s) to offer packages and bundles of services, which may include primary line basic service and EAS, at any price, subject to the following conditions:

1. Customers can purchase separately from the company's tariff or price list any regulated telecommunications service included in the package or bundle.

2. The package or bundle price is not less than the sum of the price floors (determined pursuant to ORS 759.255(4)) of the regulated telecommunications services included the package or bundle.

3. The package or bundle price is not more than the sum of the retail prices of all services available in the package or bundle.

4. Qwest will provide notice to the Commission of any change in price or withdrawal of a package or bundle within 30 days after the effective date of the change.

5. Qwest's procedure is and will continue to be to advise customers when the price for the specific services they select from those available in a package or bundle would be lower if the services were purchased separately and not in a package or bundle.

Q. **Notice of price changes.** Qwest will provide the Commission notice of price increases for services within Sections III.B. to III.L. by making tariff filings at least 30 days prior to the effective date of such price changes. Qwest will provide the Commission notice of price decreases for services within Sections III.B. to III.L. by making tariff filings at least one day prior to the effective date of such price decreases. Qwest will make price list filings for new services and Other Services within Sections III.M. and III.N. at least one day prior to the effective date of any price change. Qwest will also provide customers with at least 30 days' prior notice of price increases for services they are purchasing at the time of the price increase. For services purchased on a per-call basis, Qwest will give reasonable notice to the customer of the price prior to the customer's use of the service.

R. **Services exempt from regulation.** Services that the Commission has already ordered to be exempt from regulation will remain exempt from regulation subject to the conditions of the order that exempted the service from regulation. Qwest retains the ability to petition the Commission to exempt additional services from regulation under ORS 759.052.

S. **Special contracts.** Qwest may offer primary line basic service and other regulated services under special contracts pursuant to ORS 759.250.

T. **Promotions.** Qwest may offer promotions for primary line basic service and other regulated services pursuant to ORS 759.182.

IV. Waiver of statutes and rules

A. **Statutes.** Qwest's compliance with the following statutes, and all Commission rules implementing these statutes, is waived in full, unless a partial waiver is noted:

- ORS 759.120 (partial, to the extent allowed in Commission Order No. 06-514)
- ORS 759.125 (partial, to the extent allowed in Commission Order No. 06-514)

- ORS 759.130 (partial, to the extent allowed in correspondence between Qwest and the Commission from May 4, 2004 through December 21, 2004; *see* copies attached as Attachment A). In addition, Qwest will include the following detailed information in the Annual Report Form O, Schedule Ob-1, Oregon Rate Base: Plant Additions in Column (d), Plant Retirements in Column (e), and Transfers and Adjustments in Column (f); with the Commission's approval, Qwest may present this information in a different format.

- ORS 759.135 (partial, to the extent allowed in Commission Order No. 06-514)

- ORS 759.180 to ORS 759.200 (with the exception of ORS 759.182)

- ORS 759.215(2)

- ORS 759.220 with regard to joint rates and establishment of new through services, but not with regard to canceling any existing through service.

- ORS 759.285

- ORS 759.300 to ORS 759.393

B. **Rules.** Qwest's compliance with the following Commission rules is waived in full, unless a partial waiver is noted:

- OAR 860-023-0055(15)(a)

- OAR 860-027-0015 (partial, to the extent agreed to between Qwest and Commission Staff in an October 7, 2004 letter and a November 7, 2004 meeting; *see* copies attached as Attachment A).

- OAR 860-027-0050 (partial, to the extent allowed in Commission Order No. 06-514)

- OAR 860-027-0052

- OAR 860-027-0070 (partial, to the extent allowed in correspondence between Qwest and the Commission from May 4, 2004 through December 21, 2004; *see* copies attached as Attachment A). In addition, Qwest will include the following detailed information in the Annual Report Form O, Schedule Ob-1, Oregon Rate Base: Plant Additions in Column (d), Plant Retirements in Column (e), and Transfers and Adjustments in Column (f); with the Commission's approval, Qwest may present this information in a different format.

- OAR 860-032-0190 (partial). This rule defines "basic telephone service" for purposes of administering ORS 759.425, among other statutes. Qwest seeks a

partial waiver of this rule so that the Commission will establish the rates for only certain basic business services in Rate Group 3 (identified in Section III. C. above), which services are not included in the plan. Pursuant to this partial waiver, only the services listed in OAR 860-032-0190(3)(b), (d), (e), and (f) and provided in Rate Group 3 would be considered "basic telephone service" for purposes of applying ORS 759.425(2)(a). For all other purposes involving application of the rule, including administration and distribution of the universal service fund, Qwest would still be subject to the definition of "basic telephone service" found in OAR 860-032-0190.

V. Conditions for Review of Qwest's Performance Under Plan

A. **Five-year reviews.** Qwest's performance under the price plan will be comprehensively reviewed by the Commission every five years. To commence that review, Qwest will file a detailed report regarding its performance as compared to the objectives of the plan by the 90th day of the fifth year of operation under the plan, and every five years thereafter unless and until ordered otherwise by the Commission. Qwest will promptly respond to data requests submitted by Staff and other parties related to information contained in Qwest's report.

1. **Contents of Report.** The report will review how the objectives of the plan are being met and will include the following information:

   a. A summary of Qwest's performance for the review period with respect to the Commission's retail service quality standards and any other relevant information.

   b. An analysis of current market conditions for the various categories of Qwest's regulated retail telecommunications services and functionally equivalent or substitutable services, to the extent such information is publicly available.

   c. Data regarding the gain or loss of access lines, organized by Qwest Oregon wire center.

   d. A discussion of how the pricing flexibility allows Qwest to meet the plan's objectives.

   e. A detailed description of Qwest's network investments and other project investments as committed to in the plan.

   f. Identification of any new services Qwest has introduced.

   g. Identification of any ways in which the burden of regulation for both Qwest and the Commission has been simplified or reduced.

2. **Performance of objectives.** The Commission will evaluate Qwest's performance as compared to the objectives of the plan. If the Commission determines that Qwest has not substantially satisfied its objectives, as set forth in Section II of this plan, the Commission may enter discussions with Qwest to establish an agreement, including a timeline and a process, under which Qwest will achieve compliance with the objectives. If the Commission and Qwest cannot reach such an agreement within a reasonable time of commencing such discussions the Commission may order modifications to the plan, following notice and an opportunity for hearing, or open an investigation under Section V.B.3. of this plan.

3. **Evaluation of market, modifications to plan.** The Commission will review the data submitted by Qwest and other relevant evidence regarding the competitiveness of the market for services that are functionally equivalent or substitutable for services offered by Qwest and determine whether other modifications to the plan are appropriate to provide Qwest with additional regulatory flexibility beyond that included in the original price plan or better ensure the plan is in the public interest according to the factors set forth in ORS 759.255(2).

B. **Ongoing conditions for review**

1. **Review of service quality.** The Commission may review Qwest's retail customer service quality at any time during operation of the price plan. If Qwest does not meet the objective service levels for one or more individual standards in OAR 860-023-0055 for three months out of a twelve month sliding window,[1] then the Commission may require Qwest to submit a performance plan pursuant to ORS 759.450(5) and may suspend Qwest's authority under the price plan to increase retail prices until such time as Qwest has met all the goals of the performance plan. If the Commission determines after a notice and an opportunity for hearing that Qwest has not met the goals of a performance plan within six months, or if the plan is disapproved by the Commission, then, in addition to the remedies set forth in ORS 759.450(5) – (7), the Commission may open an investigation under Section V.B.3. of this plan.

2. **Review of rate increases.**

a. **Procedure for review.** The Commission may investigate Qwest's rate for any of the Other Services upon receiving a complaint filed by any affected person, or by the Commission on its own motion, at any time. The Commission shall follow its ordinary hearing procedures.

[1] Sliding 12-month window: The 12-month window consists of the current reporting month and data from the previous eleven months. For example, using "commitments for service" with an objective service level of 90 percent (OAR 860-023-0055(4)(b)(A)), a performance plan may be required if three or more months during the 12-month window were reported with less than 90 percent commitments met. Each new month would look at the adjusted 12-month window and the data would be compared to the objective service level.

b. Standard for review. The party(ies) bringing the complaint will have the burden to show that the market has not produced a just and reasonable rate for that service. In making this determination, the Commission will also consider:

(i) Whether a retail telecommunications service or a functionally equivalent or substitutable service is available from one or more telecommunications carriers or alternative providers in the relevant market;

(ii) The prices, terms, and conditions for functionally equivalent or substitutable services that are available from one or more telecommunications carriers or alternative providers; and

(iii) Such other factors as determined by the Commission.

c. Remedy. If the Commission sustains such a complaint, the Commission may adjust the price cap for the specific service to ensure that the rate is just and reasonable. The Parties agree that the Commission should first consider a price cap which is no lower than the rate that was in effect before the most recent price change for that service (the "Prior Rate") if the Prior Rate was in effect for at least six months. If the Prior Rate was not in effect for at least six months, the Parties agree that the Commission should then consider a price cap which is no lower than the rate that was in effect immediately before the Prior Rate. The Parties further agree that the Commission may order a different price cap, and the Parties will not advocate for a price cap that is lower than the pre-plan rate. Unless the Commission orders otherwise, if the service was originally subject to Section III(N) "Other Retail Services," then the new price cap will continue to be subject to those price increase restrictions.

3. Public interest.

a. The Commission may open an investigation at any time pursuant to ORS 756.515 to determine whether further adjustments to the price plan or termination of the price plan is required by the public interest, according to the factors set forth in ORS 759.255(2). The Commission may order further adjustments to the price plan or termination of the price plan only after providing Qwest notice and an opportunity for hearing. If the Commission determines to hold such a hearing, it may suspend Qwest's authority to increase prices pending the conclusion of the proceeding. In any such investigation and proceeding, the Parties agree that the Commission should first attempt to identify and require adjustments to the price plan such that continuation of the price plan is in the public interest before it orders termination of the price plan

(unless this proceeding was opened pursuant to Section V.A.2. of the plan).

b. If the Commission orders termination of the price plan, the Parties agree the Commission may also, in the same proceeding, adjust Qwest's rates to ensure that Qwest's rates are just and reasonable, and the Parties agree not to advocate for rates that are lower than pre-plan rates. Qwest would no longer be able increase its rates as it was permitted to do under the price plan, but Qwest would be allowed to decrease its rates subject to any applicable price floor.

c. If the Commission orders termination of the price plan, Qwest may thereafter pursue any form of price regulation or relief therefrom then permitted under Oregon law, including but not limited to: exemptions from regulation pursuant to ORS 759.052; price listing pursuant to ORS 759.054, 759.056, and/or 759.195; rate regulation pursuant to ORS 759.175 – 759.190; another price plan pursuant to ORS 759.255; or price cap regulation pursuant to ORS 759.405 – 759.410.

d. If the Commission orders termination of the price plan, the Commission may thereafter commence a proceeding to set Qwest's rates pursuant to ORS 759.175 – 759.190, and Qwest will not object on the ground that it is not subject to earnings-based or rate-of-return regulation because of either its 1999 election of price cap regulation pursuant to ORS 759.405 – 759.410 or the Commission's approval of this price plan pursuant to ORS 759.255. The Parties agree that the Commission should not commence any such proceeding within 120 days of the effective date of termination of the plan in order to provide Qwest the opportunity to first pursue an alternative option as set forth in Section V.B.3.c. of this plan. Qwest agrees to maintain records sufficient to create a Form O and Form I, and associated detail, and to maintain other data sufficient for use in a general rate case.

e. The Parties agree that if the Commission orders termination of the price plan, the Commission should further order that Sections V.B.3.b., V.B.3.c., and V.B.3.d. of the plan are severable from the rest of the price plan and will remain in effect after the price plan's termination.

5. EXCHANGE SERVICES

5.2 LOCAL EXCHANGE SERVICE (Cont'd) (M) (N)

5.2.11 COMPETITIVE RESPONSE

A. Residence Customer Incentive Program

1. Description

The Customer Incentive Program is an offering for potential new residence local exchange customers and to existing residence customers to induce the retention or continuation of existing services by those customers.

2. Terms and Conditions

a. This competitive response offering may be offered to potential new Qwest residence local exchange customers. In addition, the Company may provide a retention benefit to any existing residence customer who has retained a service for some period of time.

b. For potential new residence customers, the Company may provide an incentive offer no more often than once in any two year period. In retention situations, the Company may provide an incentive no more often than once in any two year period with respect to any particular service or feature.

c. To qualify for these offers, residence customers are required to have a satisfactory credit rating with the Company in accordance with 2.3.3 of the Exchange and Network Services Tariff. (T)

d. The recipients of the customer incentive offer and the amount of the customer incentive offer shall be in the sole discretion of the Company, but the value of the retention benefit may not exceed the sum of 3.a., following.

e. The Company shall determine the particular details, including but not limited to periods and duration, class of customers, services, amounts, and geographic area, so long as each such offer to a particular residence customer is not inconsistent with the provisions of this Price List and the amount does not exceed the maximum amount set forth in 3.a., following. The Company may prohibit use of this program in conjunction with another offer being marketed by the Company and/or a Company affiliate. (T) (N)

(M) Material moved to Sheet 153.

NOTICE
THE INFORMATION CONTAINED IN THIS DOCUMENT IS SUBJECT TO CHANGE.

5. EXCHANGE SERVICES

(M)
(N)

5.2 LOCAL EXCHANGE SERVICE
5.2.11 COMPETITIVE RESPONSE

A.2. (Cont'd)

f. Offers may differ based on reasonable criteria, including the following criteria or combinations of criteria below:

(1) The sales channel through which the products are sold;
(2) A specific geographic area;
(3) Existing customers who request to have one or more products disconnected;
(4) Customers who identify a better competitive offer available to them. Qwest representatives may present to these customers multiple offers up to the maximum value under this Price List; (T)
(5) Such other facts, criteria, and circumstances as the Company believes are a reasonable basis upon which to distinguish among groups of customers.

g. The Company reserves the right to discontinue this offer.

3. Rates and Charges

a. Customers may be offered one of the following, or the equivalent monetary value, on selected products as determined by the Company:

(1) A waiver of an amount up to 100% of the current residence nonrecurring charge(s), or
(2) A waiver of up to three months of the recurring rates, or
(3) A waiver of an amount up to 100% of the current residence nonrecurring charge(s) and up to three months of the recurring rate(s), or
(4) A benefit or consideration offered or provided that is not associated with a service or product offered by the Company such as CPE, merchandise, or discounts on merchandise offered by others, gift certificates, gift cards, or otherwise, in the discretion of the Company. In determining the value of non-cash offers or benefits, the actual cost incurred by the Company, not to exceed the sum of 3.a.(3) above, shall be used.

b. The waiver(s) will appear in the form of a credit(s) on the customer's bill. The waiver may be one-time, or spread over a period of up to 12 months in a fashion determined by the Company. (N)

(M) Material moved to Sheet 154.

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Qwest Corporation
PRICE LIST
OREGON

5. EXCHANGE SERVICES

(M)
(N)

5.2 LOCAL EXCHANGE SERVICE
5.2.11 COMPETITIVE RESPONSE
A.3.a. (Cont'd)

c. Waiver amounts are calculated on the first month's nonrecurring charge(s) and monthly rate(s). The total waived amount will not exceed the value of the total nonrecurring charge(s) plus three months service of the monthly rate(s).

d. In all cases, resellers who use the Customer Incentive Program shall be provided the maximum monetary equivalent of the program as allowed by this Price List and can distribute that value to their end user customers in any manner that they choose. Further, resellers are not required to match the Company's program offers or timing in order to take advantage of the program, and no further wholesale discount is provided to the maximum monetary equivalent. Resellers shall be provided monetary equivalents and they shall not be provided merchandise, coupon offers, or the like. (T)

B. Business Customer Incentive Program

1. Description

The Customer Incentive Program is an offering for potential new business local exchange customers and to existing business customers to induce the retention or continuation of existing services by those customers.

2. Terms and Conditions

a. This competitive response offering may be offered to potential new Qwest business local exchange customers. In addition, the Company may provide a retention benefit to any existing business customer who has retained a service for some period of time.

b. For potential new business customers, the Company may provide an incentive offer no more often than once in any two year period. In retention situations, the Company may provide an incentive no more often than once in any two year period with respect to any particular service or feature.

c. To qualify for these offers, business customers are required to have a satisfactory credit rating with the Company in accordance with 2.3.3 of the Exchange and Network Services Tariff. (T)

(N)

(M) Material moved to Sheet 155.

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5. EXCHANGE SERVICES

(M)
(N)

5.2 LOCAL EXCHANGE SERVICE
5.2.11 COMPETITIVE RESPONSE

B.2. (Cont'd)

d. For potential new business customers, the Company will condition its offers upon a business customer remaining with the Company for a minimum of one year. Any minimum period of time shall be identified to the business customer as part of the offer. In such cases, if the customer terminates service early, they will be billed all of the nonrecurring charge(s) and monthly rate(s) waived under this program.

e. The recipients of the customer incentive offer and the amount of the customer incentive offer shall be in the sole discretion of the Company, but the value of the retention benefit may not exceed the sum of 3.a., following.

f. The Company shall determine the particular details, including but not limited to periods and duration, class of customers, services, amounts, and geographic area, so long as each such offer to a particular business customer is not inconsistent with the provisions of this Price List and the amount does not exceed the maximum amount set forth in 3.a., following. The Company may prohibit use of this program in conjunction with another offer being marketed by the Company and/or a Company affiliate. (T)

g. Offers may differ based on reasonable criteria, including the following criteria or combinations of criteria below:

(1) The sales channel through which the products are sold;

(2) A specific geographic area;

(3) Existing customers who request to have one or more products disconnected;

(4) Customers who identify a better competitive offer available to them. Qwest representatives may present to these customers multiple offers up to the maximum value under this Price List; (T)

(5) Such other facts, criteria, and circumstances as the Company believes are a reasonable basis upon which to distinguish among groups of customers.

h. The Company reserves the right to discontinue this offer. (N)

(M) Material moved to Sheet 156.

NOTICE
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5. EXCHANGE SERVICES

(M)
(N)

5.2 LOCAL EXCHANGE SERVICE
5.2.11 COMPETITIVE RESPONSE

B. Business Customer Incentive Program (Cont'd)

3. Rates and Charges

a. Customers may be offered one of the following, or the equivalent monetary value, on selected products as determined by the Company:

(1) A waiver of an amount up to 100% of the current business nonrecurring charge(s), or

(2) A waiver of up to three months of the recurring rate(s), or

(3) A waiver of an amount up to 100% of the current business nonrecurring charge(s) and up to three months of the recurring rate(s), or

(4) A benefit or consideration offered or provided that is not associated with a service or product offered by the Company such as CPE, merchandise, or discounts on merchandise offered by others, gift certificates, gift cards, or otherwise, in the discretion of the Company. In determining the value of non-cash offers or benefits, the actual cost incurred by the Company, not to exceed the sum of 3.a.(3), above, shall be used.

b. The waiver(s) will appear in the form of a credit(s) on the customer's bill. The waiver may be one-time, or spread over a period of up to 12 months in a fashion determined by the Company.

c. Waiver amounts are calculated on the first month's nonrecurring charge(s) and monthly rate(s). The total waived amount will not exceed the value of the total nonrecurring charge(s) plus three months service of the monthly rate(s).

d. In all cases, resellers who use the Customer Incentive Program shall be provided the maximum monetary equivalent of the program as allowed by this Price List and can distribute that value to their end user customers in any manner that they choose. Further, resellers are not required to match the Company's program offers or timing in order to take advantage of the program, and no further wholesale discount is provided to the maximum monetary equivalent. Resellers shall be provided monetary equivalents and they shall not be provided merchandise, coupon offers, or the like. (T)

(N)

(M) Material moved to Sheet 157.

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ADVICE FILING LOG: QWEST PROMOTIONS, AUGUST 8, 2008, TO MARCH 1, 2014

DATE FILED	COMPANY	ADVICE/ DOCKET NO.	ANALYST	EFFECT DATE	PUBLIC MTG	TYPE	MEMO DONE	COMPLETED ACTION	DESCRIPTION	TYPE	SERVICE
8/25/2008	Qwest	2070	Sloan	8/25/2008	N/A	N/A	NA	WITHDRAWN	Filing is a promotion for ISDN PRS for retail and wholesale business customers.	Promo	ISDN PRS
5/22/2009	Qwest	2080	Stanage	5/26/2009	N/A	N/A	6/8/2009	Acknowledged	Filing is a promotion for ISDN and DSS.	Promo	ISDN and DSS
5/22/2009	Qwest	2009-005-PL	Stanage	5/26/2009	N/A	N/A	6/8/2009	Acknowledged	Filing is a promotion for ISDN and DSS.	Promo	ISDN and DSS
7/17/2009	Qwest	2009-007-PL	Stanage	7/20/2009	N/A	N/A	8/7/2009	Acknowledged	Promotion for Qwest Choice Home package	Promo	Qwest Choice Home
10/19/2009	Qwest	2009-010-PL	Stanage	10/19/2009	N/A	N/A	10/21/2009	Acknowledged	Promotion to the Exchange and Network Services Price List for the Qwest Choice® Home package with the the Qwest® Unlimited Long Distance Plan	Promo	Qwest Choice® Home
10/16/2009	Qwest	2009-009-PL	Stanage	10/18/2009	N/A	N/A	11/19/2009	Acknowledged	Promotion to the Exchange and Network Services Price List for the Qwest Choice® Home package with other specific services	Promo	Qwest Choice® Home
1/15/2010	Qwest	2010-001-PL	Sloan	1/16/2010	N/A	N/A	1/20/2010	Acknowledged	Promotion to the Exchange and Network Services Price List for the Qwest Choice® Business Plus package with other specific services	Promo	Qwest Choice® Business Plus
1/15/2010	Qwest	2010-002-PL	Stanage	1/17/2010	N/A	N/A	2/2/2010	Acknowledged	Promotion to the Exchange and Network Services Price List for the Qwest Choice® Home package with other specific services	Promo	Qwest Choice® Home
6/3/2010	Qwest	2010-010-PL	Stanage	6/7/2010	NA	NA	6/21/2010	Acknowledged	Special per span promotional pricing for three Basic and Advanced DSS	Promo	DSS
12/8/2010	Qwest	2010-023-PL	Stanage	12/12/2010	NA	NA	12/9/2010	Acknowledged	Promotion for residence customers for Qwest Home Phone and Qwest Home Unlimited Long Distance Plan	Promo	Home Phone & Home Unlimited LD Plan
2/4/2011	Qwest	2011-002-PL	Stanage	2/7/2011	NA	NA	2/7/2011	Acknowledged	Offer promotion for subscribing to Qwest Home Phone and Qwest Home Unlimited Long Distance Plan	Promo	Qwest Home Phone and Qwest Unlimited Long Distance Plan
2/10/2011	Qwest	2011-003-PL	Wittekind	2/13/2011	NA	NA	2/17/2011	Acknowledged	Promotion for QWEST CHOICE Business	Promo	QWEST CHOICE Business
7/1/2011	Qwest	2011-012-PL	Stanage	7/8/2011	NA	NA	7/7/2011	Acknowledged	Promotional offer the QWEST CHOICE Business Plus package.	Promo	QWEST CHOICE Business Plus
10/18/2012	Qwest	2012-005-PL	Stanage	10/19/2012	NA	NA	10/25/2012	Acknowledged	Promotion for current Core Connect subscribers who purchase additional Core Connect packages	Promo	Core Connect packages
11/16/2012	Qwest	2012-008-PL	Stanage	11/19/2012	NA	NA	11/19/2012	Acknowledged	Promotional offer to new business customers who purchase Core Connect 1 under a three year term.	Promo	Core Connect 1
1/30/2013	Qwest	2013-001-PL	Hellebuyck	2/1/2013	NA	NA	2/20/2013	Acknowledged	Promotion for new business customers who purchase Core Connect 1 under a 3-year term.	Promo	Core Connect 1
3/1/2013	Qwest	2013-002-PL	Stanage	3/3/2013	NA	NA	3/6/2013	Acknowledged	Promotion for current Core Connect and Choice Business subscribers who purchase additional Core Connect packages	Promo	Core Connect & Choice Business packages

Oregon Rate Increases Effective December 5, 2011

Product	Old Monthly Rate	New Monthly Rate
FEATURES		
Call Forwarding Variable	$5.50	$6.00
Call Forwarding Busy Line Intraoffice	$0.35	$0.45
Call Forwarding Busy Line Interoffice	$0.35	$0.45
Call Rejection	$5.50	$6.00
Call Waiting	$6.75	$8.00
Call Waiting ID	$6.75	$8.00
Caller ID with Privacy +	$10.75	$11.25
Continuous Redial	$4.00	$4.50
Last Call Return	$5.00	$5.50
Number Forwarding	$6.95	$8.00
Anywhere Voice Mail	$16.95	$18.00
Mailbox Extension	$4.95	$6.00
Priority Call	$4.50	$5.00
Selective Call Forwarding	$4.50	$5.50
Speed Calling – 8 Number	$3.25	$4.50
Three-Way Calling	$5.50	$6.00
Home Receptionist – Name & Number*	$10.00	$15.00
Home Receptionist – Number only*	$10.00	$15.00
Home Receptionist – Caller ID with Privacy*	$14.95	$19.25

Product	Old Monthly Rate	New Monthly Rate
RESIDENTIAL PACKAGES		
Choice Home* Grandfathered June 18, 2010	$29.99	$30.99
Choice Home Plus*	$42.99	$44.99
Two-Line Custom Choice*	$39.95	$41.95
Two-Line ValueChoice*	$34.99	$36.99
Choice Home* Grandfathered August 16, 2004	$25.99	$27.99

*Services are not available to new customers.

Attachment C: 2008 Qwest Price Plan Control List

Exchange and Network Services Price List Fourth Edition

Transmittal #	Effective Date	Location	Sheet	Service	USOC	Pre-plan Price	Current Price	2008 Proposed Price	12-Month Percent Change	5-Year Rolling Cumulative Percent Change
2008-003-PL	11/1/2008	5.4.3.D.2	75	Call Fwd, Variable	ESM	$2.50	$2.50	$3.75	50.00%	50.00%
2008-003-PL	11/1/2008	5.4.3.D.2	77	Call Rejection	NSY	$4.00	$4.00	$5.00	25.00%	25.00%
2008-003-PL	11/1/2008	5.4.3.D.2	77	Call Transfer	EO3	$5.00	$5.00	$6.00	20.00%	20.00%
2008-003-PL	11/1/2008	5.4.3.D.2	77	Call Waiting	ESX	$3.00	$3.00	$4.50	50.00%	50.00%
2008-003-PL	11/1/2008	5.4.3.D.2	77	Call Waiting Identification	N2W	$5.00	$5.00	$6.50	30.00%	30.00%
2008-003-PL	11/1/2008	5.4.3.D.2	77	Caller ID with Privacy Plus	N6S	$9.95	$9.95	$10.25	3.02%	3.02%
2008-003-PL	11/1/2008	5.4.3.D.2	77	Caller ID Name & Number	NNK	$5.00	$5.00	$7.50	50.00%	50.00%
2008-003-PL	11/1/2008	5.4.3.D.2	77	Caller ID Number	NSD	$5.00	$5.00	$7.50	50.00%	50.00%
2008-003-PL	11/1/2008	5.4.3.D.2	77	Continuous Redial	NSS	$2.00	$2.00	$3.00	50.00%	50.00%
2008-003-PL	11/1/2008	5.4.3.D.2	78	Last Call Return	NSQ	$2.95	$2.95	$4.40	49.15%	49.15%
2008-003-PL	11/1/2008	5.4.3.D.2	78	Priority Call	NSK	$2.00	$2.00	$3.00	50.00%	50.00%
2008-003-PL	11/1/2008	5.4.3.D.2	78	Remote Access Forwarding	AFM	$5.00	$5.00	$5.50	10.00%	10.00%
2008-003-PL	11/1/2008	5.4.3.D.2	79	Selective Call Forwarding	NCE	$2.00	$2.00	$3.00	50.00%	50.00%
2008-003-PL	11/1/2008	5.4.3.D.2	79	Selective Call Waiting	S7W	$5.00	$5.00	$6.50	30.00%	30.00%
2008-003-PL	11/1/2008	5.4.3.D.2	79	Selective Call Waiting	S7Y	$5.00	$5.00	$6.50	30.00%	30.00%
2008-003-PL	11/1/2008	5.4.3.D.2	79	Speed Calling 8 Number (res)	ESL	$2.00	$2.00	$2.00	0.00%	0.00%
2008-003-PL	11/1/2008	5.4.3.D.2	79	Speed Calling 30 Number (res)	ESF	$3.00	$3.00	$3.00	0.00%	0.00%
2008-003-PL	11/1/2008	5.4.3.D.2	79	Three-Way Calling	ESC	$2.50	$2.50	$3.75	50.00%	50.00%
2008-003-PL	11/1/2008	5.4.3.D.2	80	Call Fwd, Variable	ESM	$2.50	$2.50	$3.75	50.00%	50.00%
2008-003-PL	11/1/2008	5.4.3.D.2	81	Call Fwd, Busy Line (Overflow)	EVO	$1.36	$1.36	$2.00	47.06%	47.06%
2008-003-PL	11/1/2008	5.4.3.D.2	82	Call Rejection	NSY	$1.55	$1.55	$2.30	48.39%	48.39%
2008-003-PL	11/1/2008	5.4.3.D.2	82	Call Transfer	EO3	$2.00	$2.00	$3.00	50.00%	50.00%
2008-003-PL	11/1/2008	5.4.3.D.2	82	Call Waiting	ESX	$2.00	$2.00	$3.00	50.00%	50.00%
2008-003-PL	11/1/2008	5.4.3.D.2	82	Caller ID Name & Number	NNK	$7.95	$7.95	$9.00	13.21%	13.21%
2008-003-PL	11/1/2008	5.4.3.D.2	82	Caller ID Number	NSD	$7.50	$7.50	$9.00	20.00%	20.00%
2008-003-PL	11/1/2008	5.4.3.D.2	82	Continuous Redial	NSS	$1.50	$1.50	$2.25	50.00%	50.00%
2008-003-PL	11/1/2008	5.4.3.D.2	83	Last Call Return	NSQ	$1.50	$1.50	$2.25	50.00%	50.00%
2008-003-PL	11/1/2008	5.4.3.D.2	83	Priority Call	NSK	$1.50	$1.50	$2.25	50.00%	50.00%
2008-003-PL	11/1/2008	5.4.3.D.2	83	Remote Access Forwarding	AFD	$5.45	$5.45	$8.15	49.54%	49.54%
2008-003-PL	11/1/2008	5.4.3.D.2	83	Scheduled Forwarding	ATF	$6.45	$6.45	$9.15	41.86%	41.86%
2008-003-PL	11/1/2008	5.4.3.D.2	83	Selective Call Forwarding	NCE	$1.50	$1.50	$2.25	50.00%	50.00%
2008-003-PL	11/1/2008	5.4.3.D.2	83	Selective Call Waiting	S7W	$2.00	$2.00	$3.00	50.00%	50.00%
2008-003-PL	11/1/2008	5.4.3.D.2	83	Selective Call Waiting	S7Y	$2.00	$2.00	$3.00	50.00%	50.00%
2008-003-PL	11/1/2008	5.4.3.D.2	83	Speed Calling 8 Number (bus)	ESL	$1.50	$1.50	$2.25	50.00%	50.00%
2008-003-PL	11/1/2008	5.4.3.D.2	83	Speed Calling 30 Number (bus)	ESF	$1.50	$1.50	$2.25	50.00%	50.00%
2008-003-PL	11/1/2008	5.4.3.D.2	84	Three-Way Calling	ESC	$3.45	$3.45	$5.15	49.28%	49.28%

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Exchange and Network Services Price List Fourth Edition

Transmittal #	Effective Date	Location	Sheet	Service	USOC	Pre-plan Price	Current Price	2008 Proposed Price	12-Month Percent Change	5-Year Rolling Cumulative Percent Change
2008-003-PL	11/1/2008	5.4.4.C	88	Mkt Expansion Line 1st	RCF	$16.00	$16.00	$20.00	25.00%	25.00%
2008-003-PL	11/1/2008	5.4.4.C	88	Mkt Expansion Line Ad	RCA	$16.00	$16.00	$20.00	25.00%	25.00%
2008-003-PL	11/1/2008	5.4.4.C	88	Mkt Expansion Line 1st Msrd	RD5	$16.00	$16.00	$20.00	25.00%	25.00%
2008-003-PL	11/1/2008	5.4.4.C	88	Mkt Expansion Line 1st Msrd	RD6	$16.00	$16.00	$20.00	25.00%	25.00%
2008-003-PL	11/1/2008	5.4.11.D.1	110	Series Hunting	HSO	$1.36	$1.36	$2.00	47.06%	47.06%
2008-003-PL	11/1/2008	5.4.11.D.1	110	Muntiline Hunting	HSHRT	$1.36	$1.36	$2.00	47.06%	47.06%
2008-003-PL	11/1/2008	5.7.1.D.2	129	Business Additional Listing	CLT	$1.85	$1.85	$2.75	48.65%	48.65%
2008-003-PL	11/1/2008	5.7.1.D.2	130	Residence Additional Listing	RLT	$0.95	$0.95	$1.40	47.37%	47.37%
2008-003-PL	11/1/2008	5.7.1.D.2	130	Foreign Listing	FAL	$0.95	$0.95	$1.40	47.37%	47.37%
2008-003-PL	11/1/2008	5.7.1.D.2	131	Information Listing	XLL	$1.85	$1.85	$2.75	48.65%	48.65%
2008-003-PL	11/1/2008	5.7.1.D.2	131	Information Listing	XLL	$0.95	$0.95	$1.40	47.37%	47.37%
2008-003-PL	11/1/2008	5.7.1.D.2	131	Secretarial Listing	9FK	$1.85	$1.85	$2.75	48.65%	48.65%
2008-003-PL	11/1/2008	5.7.1.D.2	131	E-Mail Listing	EM6	$1.50	$1.50	$2.00	33.33%	33.33%
2008-003-PL	11/1/2008	5.7.1.D.2	131	URL Listing	NL1	$12.00	$12.00	$2.00	-83.33%	-83.33%
2008-003-PL	11/1/2008	5.7.1.D.2	131	E-Mail/URL Listing	L9GEU	$10.50	$10.50	$4.00	-61.90%	-61.90%
2008-003-PL	11/1/2008	5.7.1.D.2	132	Alpha Listing	RNCAF	$5.00	$5.00	$6.00	20.00%	20.00%
2008-003-PL	11/1/2008	6.2.1.A.4	6	OPH Calling Card Call	N/A	$0.50	$0.50	$0.75	50.00%	50.00%
2008-003-PL	11/1/2008	6.2.1.A.4	6	OPH Station to Station Call	N/A	$1.30	$1.30	$1.95	50.00%	50.00%
2008-003-PL	11/1/2008	6.2.1.A.4	6	OPH Person to Person Call	N/A	$3.00	$3.00	$4.50	50.00%	50.00%
2008-003-PL	11/1/2008	6.2.4.A.3	18	Local DA Call	N/A	$0.50	$0.50	$0.75	50.00%	50.00%
2008-003-PL	11/1/2008	6.2.4.B.3	20	National DA Call	N/A	$0.85	$0.85	$1.25	47.06%	47.06%

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TBD	11/9/2009	5.4.3.D.2	75	Call Fwd, Variable (res)	ESM	$2.50	$3.75	$5.00	33.33%	100.00%
TBD	11/9/2009	5.4.3.D.2	77	Call Rejection (res)	NSY	$4.00	$5.00	$5.50	10.00%	37.50%
TBD	11/9/2009	5.4.3.D.2	77	Call Transfer (res)	EO3	$5.00	$6.00	$6.50	8.33%	30.00%
TBD	11/9/2009	5.4.3.D.2	77	Call Waiting (res)	ESX	$3.00	$4.50	$6.75	50.00%	125.00%
TBD	11/9/2009	5.4.3.D.2	77	Call Waiting Identification (res)	N2W	$5.00	$6.50	$6.75	3.85%	35.00%
TBD	11/9/2009	5.4.3.D.2	77	Caller ID with Privacy Plus (res)	N6S	$9.95	$10.25	$10.75	4.88%	8.04%
TBD	11/9/2009	5.4.3.D.2	77	Caller ID Name & Number (res)	NNK	$5.00	$7.50	$9.00	20.00%	80.00%
TBD	11/9/2009	5.4.3.D.2	77	Caller ID Number (res)	NSD	$5.00	$7.50	$9.00	20.00%	80.00%
TBD	11/9/2009	5.4.3.D.2	77	Continuous Redial (res)	NSS	$2.00	$3.00	$4.00	33.33%	100.00%
TBD	11/9/2009	5.4.3.D.2	78	Last Call Return (res)	NSQ	$2.95	$4.40	$5.00	13.64%	69.49%
TBD	11/9/2009	5.4.3.D.2	78	Priority Call (res)	NSK	$2.00	$3.00	$4.50	50.00%	125.00%
TBD	11/9/2009	5.4.3.D.2	78	Remote Access Forwarding (res)	AFM	$5.00	$5.50	$6.00	9.09%	20.00%
TBD	11/9/2009	5.4.3.D.2	79	Selective Call Forwarding (res)	NCE	$2.00	$3.00	$4.50	50.00%	125.00%
TBD	11/9/2009	5.4.3.D.2	79	Selective Call Waiting (res)	S7W	$5.00	$6.50	$6.75	3.85%	35.00%
TBD	11/9/2009	5.4.3.D.2	79	Selective Call Waiting (res)	S7Y	$5.00	$6.50	$6.75	3.85%	35.00%
TBD	11/9/2009	5.4.3.D.2	79	Speed Calling 8-Number (res)	ESL	$2.00	$2.00	$3.00	50.00%	50.00%
TBD	11/9/2009	5.4.3.D.2	79	Speed Calling 30 Number (res)	ESF	$3.00	$3.00	$4.50	50.00%	50.00%
TBD	11/9/2009	5.4.3.D.2	79	Three-Way Calling (res)	ESC	$2.50	$3.75	$4.50	20.00%	80.00%
TBD	11/9/2009	5.4.3.D.2	80	Call Fwd, Variable (bus)	ESM	$2.50	$3.75	$5.50	46.67%	120.00%
TBD	11/9/2009	5.4.3.D.2	81	Call Fwd, Busy Line (Overflow) (bus	EVO	$1.36	$2.00	$3.00	50.00%	120.59%
TBD	11/9/2009	5.4.3.D.2	82	Call Rejection (bus)	NSY	$1.55	$2.30	$3.25	41.30%	109.68%
TBD	11/9/2009	5.4.3.D.2	82	Call Transfer (bus)	EO3	$2.00	$3.00	$4.50	50.00%	125.00%
TBD	11/9/2009	5.4.3.D.2	82	Call Waiting (bus)	ESX	$2.00	$3.00	$4.50	50.00%	125.00%
TBD	11/9/2009	5.4.3.D.2	82	Caller ID with Privacy Plus (bus)	N6S	$10.95	$10.95	$11.50	5.02%	5.02%
TBD	11/9/2009	5.4.3.D.2	82	Caller ID Name & Number (bus)	NNK	$7.95	$9.00	$10.00	11.11%	25.79%
TBD	11/9/2009	5.4.3.D.2	82	Caller ID Number (bus)	NSD	$7.50	$9.00	$10.00	11.11%	33.33%
TBD	11/9/2009	5.4.3.D.2	82	Continuous Redial (bus)	NSS	$1.50	$2.25	$3.25	44.44%	116.67%
TBD	11/9/2009	5.4.3.D.2	83	Last Call Return (bus)	NSQ	$1.50	$2.25	$3.25	44.44%	116.67%
TBD	11/9/2009	5.4.3.D.2	83	Priority Call (bus)	NSK	$1.50	$2.25	$3.25	44.44%	116.67%
TBD	11/9/2009	5.4.3.D.2	83	Remote Access Forwarding (bus)	AFD	$5.45	$8.15	$9.00	10.43%	65.14%
TBD	11/9/2009	5.4.3.D.2	83	Scheduled Forwarding (bus)	ATF	$6.45	$9.15	$10.00	9.29%	55.04%
TBD	11/9/2009	5.4.3.D.2	83	Selective Call Forwarding (bus)	NCE	$1.50	$2.25	$3.25	44.44%	116.67%
TBD	11/9/2009	5.4.3.D.2	83	Selective Call Waiting (bus)	S7W	$2.00	$3.00	$4.50	50.00%	125.00%
TBD	11/9/2009	5.4.3.D.2	83	Selective Call Waiting (bus)	S7Y	$2.00	$3.00	$4.50	50.00%	125.00%
TBD	11/9/2009	5.4.3.D.2	83	Speed Calling 8 Number (bus)	ESL	$1.50	$2.25	$3.25	44.44%	116.67%
TBD	11/9/2009	5.4.3.D.2	83	Speed Calling 30 Number (bus)	ESF	$1.50	$2.25	$3.25	44.44%	116.67%

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Exchange and Network Services Price List Fourth Edition

Transmittal #	Effective Date	Location	Sheet	Service	USOC	Pre-plan Price	Current Price	2009 Proposed Price	12-Month Percent Change	5-Year Rolling Cumulative Percent Change
TBD	11/9/2009	5.4.3.D.2	84	Three-Way Calling (bus)	ESC	$3.45	$5.15	$6.00	16.50%	73.91%
TBD	11/9/2009	5.4.4.C	88	Mkt Expansion Line 1st (bus/res)	RCF	$16.00	$20.00	$22.00	10.00%	37.50%
TBD	11/9/2009	5.4.4.C	88	Mkt Expansion Line Adl (bus/res)	RCA	$16.00	$20.00	$22.00	10.00%	37.50%
TBD	11/9/2009	5.4.4.C	88	Mkt Expansion Line 1st Msrd (bus/re	RD5	$16.00	$20.00	$22.00	10.00%	37.50%
TBD	11/9/2009	5.4.4.C	88	Mkt Expansion Line 1st Msrd (bus/re	RD6	$16.00	$20.00	$22.00	10.00%	37.50%
TBD	11/9/2009	5.4.11.D.1	110	Series Hunting (bus/res)	HSO	$1.36	$2.00	$3.00	50.00%	120.59%
TBD	11/9/2009	5.4.11.D.1	110	Muntiline Hunting (bus/res)	HSHPT	$1.36	$2.00	$3.00	50.00%	120.59%
TBD	11/9/2009	5.7.1.D.2	129	Business Additional Listing	CLT	$1.85	$2.75	$4.10	49.09%	121.62%
TBD	11/9/2009	5.7.1.D.2	130	Residence Additional Listing	RLT	$0.95	$1.40	$2.10	50.00%	121.05%
TBD	11/9/2009	5.7.1.D.2	130	Foreign Listing (res)	FAL	$0.95	$1.40	$2.10	50.00%	121.05%
TBD	11/9/2009	5.7.1.D.2	131	Information Listing (bus)	XLL	$1.85	$2.75	$4.10	49.09%	121.62%
TBD	11/9/2009	5.7.1.D.2	131	Information Listing (res)	XLL	$0.95	$1.40	$2.10	50.00%	121.05%
TBD	11/9/2009	5.7.1.D.2	131	Secretarial Listing	9FK	$1.85	$2.75	$4.10	49.09%	121.62%
TBD	11/9/2009	5.7.1.D.2	131	E-Mail Listing (res)	EM6	$1.50	$2.00	$2.00	0.00%	33.33%
TBD	11/9/2009	5.7.1.D.2	131	URL Listing (res)	NL1	$12.00	$2.00	$2.00	0.00%	-83.33%
TBD	11/9/2009	5.7.1.D.2	131	E-Mail/URL Listing (res)	L9GEU	$10.50	$4.00	$4.00	0.00%	-61.90%
TBD	11/9/2009	5.9.1.A.3	143	Add-A-Line	PGOQN	$25.00	$25.00	$27.00	8.00%	8.00%
TBD	11/9/2009	5.9.1.B.3	149	Add-A-Line	PGOQN	$25.00	$25.00	$27.00	8.00%	8.00%
TBD	11/9/2009	6.2.1.A.4	6	OPH Calling Card Call	N/A	$0.50	$0.75	$0.75	0.00%	50.00%
TBD	11/9/2009	6.2.1.A.4	6	OPH Station to Station Call	N/A	$1.30	$1.95	$1.95	0.00%	50.00%
TBD	11/9/2009	6.2.1.A.4	6	OPH Person to Person Call	N/A	$3.00	$4.50	$4.50	0.00%	50.00%
TBD	11/9/2009	6.2.4.A.3	18	Local DA Call	N/A	$0.50	$0.75	$1.12	49.33%	124.00%
TBD	11/9/2009	6.2.4.B.3	20	National DA Call	N/A	$0.85	$1.25	$1.87	49.60%	120.00%
TBD	11/9/2009	5.2.5.A.3	4	Stand-By Line	A2Y	$18.00	$18.00	$19.00	5.56%	5.56%
TBD	11/9/2009	5.2.5.A.3	4	Stand-By Line	A2W	$18.00	$18.00	$19.00	5.56%	5.56%

Attachment C: 2010 Qwest Price Plan Control List

Exchange and Network Services Price List Fourth Edition

Transmittal #	Effective Date	Location	Sheet	Service	USOC	Pre-plan Price	Current Price	2010 Proposed Price	12-Month Percent Change	5-Year Rolling Cumulative Percent Change
TBD	11/9/2009	5.4.3.D.2	75	Call Fwd, Variable (res)	ESM	$2.50	$5.00	$5.50	10.00%	120.00%
TBD	11/9/2009	5.4.3.D.2	77	Call Rejection (res)	NSY	$4.00	$5.50	$5.50	0.00%	37.50%
TBD	11/9/2009	5.4.3.D.2	77	Call Transfer (res)	EO3	$5.00	$6.50	$6.50	0.00%	30.00%
TBD	11/9/2009	5.4.3.D.2	77	Call Waiting (res)	ESX	$3.00	$6.75	$6.75	0.00%	125.00%
TBD	11/9/2009	5.4.3.D.2	77	Call Waiting Identification (res)	N2W	$5.00	$6.75	$6.75	0.00%	35.00%
TBD	11/9/2009	5.4.3.D.2	77	Caller ID with Privacy Plus (res)	N6S	$9.95	$10.75	$10.75	0.00%	8.04%
TBD	11/9/2009	5.4.3.D.2	77	Caller ID Name & Number (res)	NNK	$5.00	$9.00	$10.00	11.11%	100.00%
TBD	11/9/2009	5.4.3.D.2	77	Caller ID Number (res)	NSD	$5.00	$9.00	$10.00	11.11%	100.00%
TBD	11/9/2009	5.4.3.D.2	77	Continuous Redial (res)	NSS	$2.00	$4.00	$4.00	0.00%	100.00%
TBD	11/9/2009	5.4.3.D.2	78	Last Call Return (res)	NSQ	$2.95	$5.00	$5.00	0.00%	69.49%
TBD	11/9/2009	5.4.3.D.2	78	Priority Call (res)	NSK	$2.00	$4.50	$4.50	0.00%	125.00%
TBD	11/9/2009	5.4.3.D.2	78	Remote Access Forwarding (res)	AFM	$5.00	$6.00	$6.00	0.00%	20.00%
TBD	11/9/2009	5.4.3.D.2	79	Selective Call Forwarding (res)	NCE	$2.00	$4.50	$4.50	0.00%	125.00%
TBD	11/9/2009	5.4.3.D.2	79	Selective Call Waiting (res)	S7W	$5.00	$6.75	$6.75	0.00%	35.00%
TBD	11/9/2009	5.4.3.D.2	79	Selective Call Waiting (res)	S7Y	$5.00	$6.75	$6.75	0.00%	35.00%
TBD	11/9/2009	5.4.3.D.2	79	Speed Calling 8-Number (res)	ESL	$2.00	$3.00	$3.25	8.33%	62.50%
TBD	11/9/2009	5.4.3.D.2	79	Speed Calling 30 Number (res)	ESF	$3.00	$4.50	$4.50	0.00%	50.00%
TBD	11/9/2009	5.4.3.D.2	79	Three-Way Calling (res)	ESC	$2.50	$4.50	$5.50	22.22%	120.00%
TBD	11/9/2009	5.4.10.C.5.a	106	Custom Ringing 1st additional #(res)	RGG1+	$5.00	$5.00	$6.00	20.00%	20.00%
TBD	11/9/2009	5.4.10.C.5.a	106	Custom Ringing 2nd additional #(res)	RGG2+	$2.50	$2.50	$3.50	40.00%	40.00%
TBD	11/9/2009	5.4.10.C.5.a	106	Custom Ringing 3rd additional #(res)	RGG3+	$2.50	$2.50	$3.50	40.00%	40.00%
TBD	11/4/2010	105.9.1.A.3	39	CustomChoice - Rate Group 1 (res)	PGOCC	$32.95	$32.95	$35.99	9.23%	9.23%
TBD	11/4/2010	105.9.1.A.3	39	CustomChoice - Rate Group 2 (res)	PGOCC	$32.95	$32.95	$35.99	9.23%	9.23%
TBD	11/4/2010	105.9.1.A.3	39	CustomChoice - Rate Group 3 (res)	PGOCC	$32.95	$32.95	$35.99	9.23%	9.23%
TBD	11/4/2010	105.9.1.D.3	46	CustomChoice - Rate Group 1 (res)	PGOCA	$29.95	$29.95	$32.99	10.15%	10.15%
TBD	11/4/2010	105.9.1.D.3	46	CustomChoice - Rate Group 2 (res)	PGOCA	$29.95	$29.95	$32.99	10.15%	10.15%
TBD	11/4/2010	105.9.1.D.3	46	CustomChoice - Rate Group 3 (res)	PGOCA	$29.95	$29.95	$32.99	10.15%	10.15%
TBD	11/4/2010	105.9.1.G.3	53	PopularChoice - Rate Group 1 (res)	PGOP7	$34.95	$34.95	$35.99	2.98%	2.98%
TBD	11/4/2010	105.9.1.G.3	53	PopularChoice - Rate Group 2 (res)	PGOP7	$34.95	$34.95	$35.99	2.98%	2.98%
TBD	11/4/2010	105.9.1.G.3	53	PopularChoice - Rate Group 3 (res)	PGOP7	$34.95	$34.95	$35.99	2.98%	2.98%
TBD	11/4/2010	105.9.1.G.3	53	PopularChoice - Rate Group 1 (res)	PGOPX	$34.95	$34.95	$35.99	2.98%	2.98%
TBD	11/4/2010	105.9.1.G.3	53	PopularChoice - Rate Group 2 (res)	PGOPX	$34.95	$34.95	$35.99	2.98%	2.98%
TBD	11/4/2010	105.9.1.G.3	53	PopularChoice - Rate Group 3 (res)	PGOPX	$34.95	$34.95	$35.99	2.98%	2.98%
TBD	11/4/2010	105.9.1.I.3	57	CustomChoice Complete - Rate Grp 1 (res)	PGOC7	$39.95	$39.95	$39.99	0.10%	0.10%
TBD	11/4/2010	105.9.1.I.3	57	CustomChoice Complete - Rate Grp 2 (res)	PGOC7	$39.95	$39.95	$39.99	0.10%	0.10%
TBD	11/4/2010	105.9.1.I.3	57	CustomChoice Complete - Rate Grp 3 (res)	PGOC7	$39.95	$39.95	$39.99	0.10%	0.10%
TBD	11/4/2010	105.9.1.I.3	57	CustomChoice Complete - Rate Grp 1 (res)	PGOCX	$39.95	$39.95	$39.99	0.10%	0.10%
TBD	11/4/2010	105.9.1.I.3	57	CustomChoice Complete - Rate Grp 2 (res)	PGOCX	$39.95	$39.95	$39.99	0.10%	0.10%
TBD	11/4/2010	105.9.1.I.3	57	CustomChoice Complete - Rate Grp 3 (res)	PGOCX	$39.95	$39.95	$39.99	0.10%	0.10%
TBD	11/4/2010	105.9.1.K.3	61	ValueChoice - Rate Group 1 (res)	PCV6X	$24.99	$24.99	$29.99	20.01%	20.01%
TBD	11/4/2010	105.9.1.K.3	61	ValueChoice - Rate Group 2 (res)	PCV6X	$24.99	$24.99	$29.99	20.01%	20.01%
TBD	11/4/2010	105.9.1.K.3	61	ValueChoice - Rate Group 3 (res)	PCV6X	$24.99	$24.99	$29.99	20.01%	20.01%
TBD	11/4/2010	105.9.1.M.3	67	PreferredChoice - Rate Group 1 (res)	PGOFD	$34.99	$34.99	$35.99	2.86%	2.86%
TBD	11/4/2010	105.9.1.M.3	67	PreferredChoice - Rate Group 2 (res)	PGOFD	$34.99	$34.99	$35.99	2.86%	2.86%
TBD	11/4/2010	105.9.1.M.3	67	PreferredChoice - Rate Group 3 (res)	PGOFD	$34.99	$34.99	$35.99	2.86%	2.86%
TBD	11/4/2010	105.9.1.M.3	67	PreferredChoice - Rate Group 1 (res)	PGOFE	$34.99	$34.99	$35.99	2.86%	2.86%

TBD	11/4/2010	105.9.1.M.3	67	PreferredChoice - Rate Group 2 (res)	PGOFE	$34.99	$34.99	$35.99	2.86%	2.86%
TBD	11/4/2010	105.9.1.M.3	67	PreferredChoice - Rate Group 3 (res)	PGOFE	$34.99	$34.99	$35.99	2.86%	2.86%
TBD	11/4/2010	105.9.1.W.3	99	ChoiceHome - Rate Group 1 (res)	PGO1H	$25.99	$25.99	$29.99	15.39%	15.39%
TBD	11/4/2010	105.9.1.W.3	99	ChoiceHome - Rate Group 2 (res)	PGO1H	$25.99	$25.99	$29.99	15.39%	15.39%
TBD	11/4/2010	105.9.1.W.3	99	ChoiceHome - Rate Group 3 (res)	PGO1H	$25.99	$25.99	$29.99	15.39%	15.39%
TBD	11/4/2010	105.9.1.X.3	102	ChoiceHome 2 Line - Rate Group 1 (res)	PGO2H	$35.99	$35.99	$39.99	11.11%	11.11%
TBD	11/4/2010	105.9.1.X.3	102	ChoiceHome 2 Line - Rate Group 2 (res)	PGO2H	$35.99	$35.99	$39.99	11.11%	11.11%
TBD	11/4/2010	105.9.1.X.3	102	ChoiceHome 2 Line - Rate Group 3 (res)	PGO2H	$35.99	$35.99	$39.99	11.11%	11.11%
TBD	11/4/2010	105.9.1.Y.3	105	ChoiceHome Plus - Rate Group 1 (res)	PGO1P	$32.99	$32.99	$34.99	6.06%	6.06%
TBD	11/4/2010	105.9.1.Y.3	105	ChoiceHome Plus - Rate Group 2 (res)	PGO1P	$32.99	$32.99	$34.99	6.06%	6.06%
TBD	11/4/2010	105.9.1.Y.3	105	ChoiceHome Plus - Rate Group 3 (res)	PGO1P	$32.99	$32.99	$34.99	6.06%	6.06%
TBD	11/9/2009	105.9.1.Z.3	109	ChoiceHome Plus 2 Line - Rate Group 1 (res)	PGO2P	$42.99	$42.99	$42.99	0.00%	0.00%
TBD	11/9/2009	105.9.1.Z.3	109	ChoiceHome Plus 2 Line - Rate Group 2 (res)	PGO2P	$42.99	$42.99	$42.99	0.00%	0.00%
TBD	11/9/2009	105.9.1.Z.3	109	ChoiceHome Plus 2 Line - Rate Group 3 (res)	PGO2P	$42.99	$42.99	$42.99	0.00%	0.00%
TBD	11/9/2009	5.4.3.D.2	80	Call Fwd, Variable (bus)	ESM	$2.50	$5.50	$5.50	0.00%	120.00%
TBD	11/9/2009	5.4.3.D.2	81	Call Fwd Busy Line (Overflow) (bus)	EVO	$1.36	$3.00	$3.00	0.00%	120.59%
TBD	11/9/2009	5.4.3.D.2	82	Call Rejection (bus)	NSY	$1.55	$3.25	$3.25	0.00%	109.68%
TBD	11/9/2009	5.4.3.D.2	82	Call Transfer (bus)	EO3	$2.00	$4.50	$4.50	0.00%	125.00%
TBD	11/9/2009	5.4.3.D.2	82	Call Waiting (bus)	ESX	$2.00	$4.50	$4.50	0.00%	125.00%
TBD	11/9/2009	5.4.3.D.2	82	Caller ID with Privacy Plus (bus)	N6S	$10.95	$11.50	$11.50	0.00%	5.02%
TBD	11/9/2009	5.4.3.D.2	82	Caller ID Name & Number (bus)	NNK	$7.95	$10.00	$10.00	0.00%	25.79%
TBD	11/9/2009	5.4.3.D.2	82	Caller ID Number (bus)	NSD	$7.50	$10.00	$10.00	0.00%	33.33%
TBD	11/9/2009	5.4.3.D.2	82	Continuous Redial (bus)	NSS	$1.50	$3.25	$3.25	0.00%	116.67%
TBD	11/9/2009	5.4.3.D.2	83	Last Call Return (bus)	NSQ	$1.50	$3.25	$3.25	0.00%	116.67%
TBD	11/9/2009	5.4.3.D.2	83	Priority Call (bus)	NSK	$1.50	$3.25	$3.25	0.00%	116.67%
TBD	11/9/2009	5.4.3.D.2	83	Remote Access Forwarding (bus)	AFD	$5.45	$9.00	$9.00	0.00%	65.14%
TBD	11/9/2009	5.4.3.D.2	83	Scheduled Forwarding (bus)	ATF	$6.45	$10.00	$10.00	0.00%	55.04%
TBD	11/9/2009	5.4.3.D.2	83	Selective Call Forwarding (bus)	NCE	$1.50	$3.25	$3.25	0.00%	116.67%
TBD	11/9/2009	5.4.3.D.2	83	Selective Call Waiting (bus)	S7W	$2.00	$4.50	$4.50	0.00%	125.00%
TBD	11/9/2009	5.4.3.D.2	83	Selective Call Waiting (bus)	S7Y	$2.00	$4.50	$4.50	0.00%	125.00%
TBD	11/9/2009	5.4.3.D.2	83	Speed Calling 8 Number (bus)	ESL	$1.50	$3.25	$3.25	0.00%	116.67%
TBD	11/9/2009	5.4.3.D.2	83	Speed Calling 30 Number (bus)	ESF	$1.50	$3.25	$3.25	0.00%	116.67%
TBD	11/9/2009	5.4.3.D.2	84	Three-Way Calling (bus)	ESC	$3.45	$6.00	$6.00	0.00%	73.91%
TBD	11/9/2009	5.4.4.C	88	Mkt Expansion Line 1st (bus/res)	RCF	$16.00	$22.00	$22.00	0.00%	37.50%
TBD	11/9/2009	5.4.4.C	88	Mkt Expansion Line Adl (bus/res)	RCA	$16.00	$22.00	$22.00	0.00%	37.50%
TBD	11/9/2009	5.4.4.C	88	Mkt Expansion Line 1st Msrd (bus/res)	RD5	$16.00	$22.00	$22.00	0.00%	37.50%
TBD	11/9/2009	5.4.4.C	88	Mkt Expansion Line 1st Msrd (bus/res)	RD6	$16.00	$22.00	$22.00	0.00%	37.50%
TBD	11/9/2009	5.4.11.D.1	110	Series Hunting (bus/res)	HSO	$1.36	$3.00	$3.00	0.00%	120.59%
TBD	11/9/2009	5.4.11.D.1	110	Muntiline Hunting (bus/res)	HSHPT	$1.36	$3.00	$3.00	0.00%	120.59%
TBD	11/9/2009	5.7.1.D.2	129	Business Additional Listing	CLT	$1.85	$4.10	$4.10	0.00%	121.62%
TBD	11/9/2009	5.7.1.D.2	130	Residence Additional Listing	RLT	$0.95	$2.10	$2.10	0.00%	121.05%
TBD	11/9/2009	5.7.1.D.2	130	Foreign Listing (res)	FAL	$0.95	$2.10	$2.10	0.00%	121.05%
TBD	11/9/2009	5.7.1.D.2	131	Information Listing (bus)	XLL	$1.85	$4.10	$4.10	0.00%	121.62%
TBD	11/9/2009	5.7.1.D.2	131	Information Listing (res)	XLE	$0.95	$2.10	$2.10	0.00%	121.05%
TBD	11/9/2009	5.7.1.D.2	131	Secretarial Listing	9FK	$1.85	$4.10	$4.10	0.00%	121.62%
TBD	11/9/2009	5.7.1.D.2	131	E-Mail Listing (res)	EM6	$1.50	$2.00	$2.00	0.00%	33.33%
TBD	11/9/2009	5.7.1.D.2	131	URL Listing (res)	NL1	$12.00	$2.00	$2.00	0.00%	-83.33%
TBD	11/9/2009	5.7.1.D.2	131	E-Mail/URL Listing (res)	L9GEU	$10.50	$4.00	$4.00	0.00%	-61.90%
TBD	11/9/2009	5.9.1.A.3	143	Add-A-Line (bus)	PGOQN	$25.00	$27.00	$35.00	29.63%	40.00%
TBD	11/4/2010	5.9.1.B.3	149	Add-A-Line (bus)	PGOQN	$25.00	$27.00	$35.00	29.63%	40.00%
	11/4/2010	5.9.1.A.3	143	Qwest Choice Business	PGOQL	$39.99	$39.99	$45.00	12.53%	12.53%
	11/4/2010	5.9.1.B.3	143	Qwest Choice Business Plus	PGOQM	$49.99	$49.99	$55.00	10.02%	10.02%
	11/4/2010	5.1.1.C.3	155	Qwest Choice Business Prime	PGOQT	$34.00	$34.00	$40.00	17.65%	17.65%

	11/4/2010	105.9.1.R.3	84	ChoiceBusiness	PGOBA	$39.99	$39.99	$45.00	12.53%	12.53%
	11/4/2010	105.9.1.S.3	88	ChoiceBusiness 2 Line	PGOBD	$59.99	$59.99	$70.00	16.69%	16.69%
	11/4/2010	105.9.1.V.3	96,46T	Business Line Plus - Rate Group 1	NLUDE	$29.90	$29.90	$35.00	17.06%	17.06%
	11/4/2010	105.9.1.V.3	96,46T	Business Line Plus - Rate Group 2	NLUDE	$32.78	$32.78	$35.00	6.77%	6.77%
	11/4/2010	105.9.1.V.3	96,46T	Business Line Plus, 1yr term - Rate Group 1	NLUDY	$26.00	$26.00	$30.00	15.38%	15.38%
	11/4/2010	105.9.1.V.3	96,46T	Business Line Plus, 1yr term - Rate Group 2	NLUDY	$28.50	$28.50	$30.00	5.26%	5.26%
	11/4/2010	105.9.1.V.3	96,46T	Business Line Plus, 2yr term - Rate Group 1	NLUDZ	$24.70	$24.70	$30.00	21.46%	21.46%
	11/4/2010	105.9.1.V.3	96,46T	Business Line Plus, 2yr term - Rate Group 2	NLUDZ	$27.08	$27.08	$30.00	10.78%	10.78%
	11/4/2010	105.9.1.V.3	96,46T	Business Line Plus, 3yr term - Rate Group 1	NLUDL	$24.70	$24.70	$30.00	21.46%	21.46%
	11/4/2010	105.9.1.V.3	96,46T	Business Line Plus, 3yr term - Rate Group 2	NLUDL	$27.08	$27.08	$30.00	10.78%	10.78%
TBD	11/9/2009	6.2.1.A.4	6	OPH Calling Card Call	N/A	$0.50	$0.75	$0.75	0.00%	50.00%
TBD	11/9/2009	6.2.1.A.4	6	OPH Station to Station Call	N/A	$1.30	$1.95	$1.95	0.00%	50.00%
TBD	11/9/2009	6.2.1.A.4	6	OPH Person to Person Call	N/A	$3.00	$4.50	$4.50	0.00%	50.00%
TBD	11/9/2009	6.2.4.A.3	18	Local DA Call	N/A	$0.50	$1.12	$1.12	0.00%	124.00%
TBD	11/9/2009	6.2.4.B.3	20	National DA Call	N/A	$0.85	$1.87	$1.87	0.00%	120.00%
TBD	11/9/2009	5.2.5.A.3	4	Stand-By Line	A2Y	$18.00	$19.00	$19.00	0.00%	5.56%
TBD	11/9/2009	5.2.5.A.3	4	Stand-By Line	A2W	$18.00	$19.00	$19.00	0.00%	5.56%
TBD	11/9/2009	5.3.3.C	33	Flat Rate Trk, 2 way,4 wire, RG1	THHCX	$47.36	$52.36	$52.36	0.00%	10.56%
TBD	11/9/2009	5.3.3.C	33	Flat Rate Trk, In only w/DID, RG1	TRH1X	$47.36	$52.36	$52.36	0.00%	10.56%
TBD	11/9/2009	5.3.3.C	34	Flat Rate Trunk, 2 way, RG1	TFB	$28.00	$30.50	$30.50	0.00%	8.93%
TBD	11/9/2009	5.3.3.C	34	Flat Rate Trunk, out only, RG1	TFU	$28.00	$30.50	$30.50	0.00%	8.93%
TBD	11/9/2009	5.3.3.C	34	Flat Rate Trunk, out only, RG1	TFB1N	$28.00	$30.50	$30.50	0.00%	8.93%
TBD	11/9/2009	5.3.3.C	34	Flat Rate Trunk, out with DID, RG1	TDD	$29.36	$33.50	$33.50	0.00%	14.10%
TBD	11/9/2009	5.3.3.C	34	Flat Rate Trunk, out with DID, RG2	TDD	$31.86	$33.50	$33.50	0.00%	5.15%
TBD	11/9/2009	5.3.6.B	50	Network Access Reg, 2 way	EQA	$18.36	$19.00	$19.00	0.00%	3.49%
TBD	11/9/2009	5.3.6.B	50	Network Access Reg, In only	EQB	$18.36	$19.00	$19.00	0.00%	3.49%
TBD	11/9/2009	5.3.6.B	50	Network Access Reg, Out only	EQC	$17.00	$18.00	$18.00	0.00%	5.88%
TBD	11/9/2009	5.6.C	115	Joint Use Service, Individual	JUF	$1.85	$2.75	$2.75	0.00%	48.65%
TBD	11/9/2009	105.2.5.B.3	2	Utility Line - Rate Group 1	AWL	$19.50	$23.00	$25.00	8.70%	28.21%
TBD	11/9/2009	105.2.5.B.3	2	Utility Line - Rate Group 2	AWL	$21.38	$23.00	$25.00	8.70%	16.93%
TBD	11/9/2009	105.2.5.B.3	2	Utility Line - Rate Group 3	AWL	$22.80	$23.00	$25.00	8.70%	9.65%
NONRECURRING CHARGES										
TBD	11/9/2009	5.8.4.C.1	139	Split Number Referral (bus) - 1 mo.	S1W1X	$50.00	$0.00	$0.00	0.00%	-100.00%
TBD	11/9/2009	5.8.4.C.1	139	Split Number Referral (bus) - 3 mo.	S1W3X	$135.00	$125.00	$125.00	0.00%	-7.41%
TBD	11/9/2009	5.8.4.C.1	139	Split Number Referral (bus) - 6 mo.	S1W6X	$255.00	$245.00	$245.00	0.00%	-3.92%
TBD	11/9/2009	5.8.4.C.1	139	Split Number Referral (bus) - 9 mo.	S1W9X	$360.00	$365.00	$365.00	0.00%	1.39%
TBD	11/9/2009	5.8.4.C.1	139	Split Number Referral (bus) -12 mo.	S1WTX	$450.00	$490.00	$490.00	0.00%	8.89%
TBD	11/9/2009	5.8.4.C.1	139	Split Number Referral (res)-Change	S1WCX	$15.00	$0.00	$0.00	0.00%	-100.00%
TBD	11/9/2009	5.8.4.C.1	139	Split Number Referral (res) - 1 mo.	S1W1X	$20.00	$0.00	$0.00	0.00%	-100.00%
TBD	11/9/2009	5.8.4.C.1	139	Split Number Referral (res) - 3 mo.	S1W3X	$50.00	$40.00	$40.00	0.00%	-20.00%
TBD	11/9/2009	Intro 5.8.4		New Number Referral (bus) - 1 mo.	A1W1X	N/A	$10.00	$10.00	0.00%	-
TBD	11/9/2009	Intro 5.8.4		New Number Referral (bus) - 2 mo.	A1WAX	N/A	$20.00	$20.00	0.00%	-
TBD	11/9/2009	Intro 5.8.4		New Number Referral (bus) - 3 mo.	A1W3X	N/A	$30.00	$30.00	0.00%	-
TBD	11/9/2009	Intro 5.8.4		New Number Referral (bus) - 6 mo.	A1WSX	N/A	$45.00	$45.00	0.00%	-
TBD	11/9/2009	Intro 5.8.4		New Number Referral (bus) - 9 mo.	A1W9X	N/A	$55.00	$55.00	0.00%	-
TBD	11/9/2009	Intro 5.8.4		New Number Referral (bus) -12 mo.	A1WTX	N/A	$65.00	$65.00	0.00%	-
TBD	11/9/2009	Intro 5.8.4		New Number Referral (res)- 1 mo.	A1W1X	N/A	$5.00	$5.00	0.00%	-
TBD	11/9/2009	Intro 5.8.4		New Number Referral (res)- 2 mo.	A1WAX	N/A	$10.00	$10.00	0.00%	-
TBD	11/9/2009	Intro 5.8.4		New Number Referral (res)- 3 mo.	A1W3X	N/A	$15.00	$15.00	0.00%	-

Attachment C: 2011 Qwest d/b/a CenturyLink QC Price Plan Control List

Exchange and Network Services Price List Fourth Edition

Transmittal #	Effective Date	Location	Sheet	Service	USOC	Pre-plan Price	Current Price	2011 Proposed Price	12-Month Percent Change	5-Year Rolling Cumulative Percent Change
2011-0XXPL	12/5/2011	5.4.3.D.2	75	Call Fwd, Variable (res)	ESM	$2.50	$5.50	$6.00	9.09%	140.00%
2011-0XXPL	12/5/2011	5.4.3.D.2	75	Call Fwd, Busy Line Intraoffice (res)	EVO	$0.35	$0.35	$0.45	28.57%	28.57%
2011-0XXPL	12/5/2011	5.4.3.D.2	75	Call Fwd, Busy Line Interoffice (res)	FBJ	$0.35	$0.35	$0.45	28.57%	28.57%
2011-0XXPL	12/5/2011	5.4.3.D.2	77	Call Rejection (res)	NSY	$4.00	$5.50	$6.00	9.09%	50.00%
N/A	11/9/2009	5.4.3.D.2	77	Call Transfer (res)	EO3	$5.00	$6.50	$6.50	0.00%	30.00%
2011-0XXPL	12/5/2011	5.4.3.D.2	77	Call Waiting (res)	ESX	$3.00	$6.75	$8.00	18.52%	166.67%
2011-0XXPL	12/5/2011	5.4.3.D.2	77	Call Waiting Identification (res)	N2W	$5.00	$6.75	$8.00	18.52%	60.00%
2011-0XXPL	12/5/2011	5.4.3.D.2	77	Caller ID with Privacy Plus (res)	N6S	$9.95	$10.75	$11.25	4.65%	13.07%
N/A	11/9/2009	5.4.3.D.2	77	Caller ID Name & Number (res)	NNK	$5.00	$10.00	$10.00	0.00%	100.00%
N/A	11/9/2009	5.4.3.D.2	77	Caller ID Number (res)	NSD	$5.00	$10.00	$10.00	0.00%	100.00%
2011-0XXPL	12/5/2011	5.4.3.D.2	77	Continuous Redial (res)	NSS	$2.00	$4.00	$4.50	12.50%	125.00%
2011-0XXPL	12/5/2011	5.4.3.D.2	78	Last Call Return (res)	NSQ	$2.95	$5.00	$5.50	10.00%	86.44%
2011-0XXPL	12/5/2011	5.4.3.D.2	78	Priority Call (res)	NSK	$2.00	$4.50	$5.00	11.11%	150.00%
N/A	11/9/2009	5.4.3.D.2	78	Remote Access Forwarding (res)	AFM	$5.00	$5.00	$6.00	0.00%	20.00%
2011-0XXPL	12/5/2011	5.4.3.D.2	79	Selective Call Forwarding (res)	NCE	$2.00	$4.50	$5.50	22.22%	175.00%
N/A	11/9/2009	5.4.3.D.2	79	Selective Call Waiting (res)	S7W	$5.00	$6.75	$6.75	0.00%	35.00%
N/A	11/9/2009	5.4.3.D.2	79	Selective Call Waiting (res)	S7Y	$5.00	$6.75	$6.75	0.00%	35.00%
2011-0XXPL	12/5/2011	5.4.3.D.2	79	Speed Calling 8-Number (res)	ESL	$2.00	$3.25	$4.50	38.46%	125.00%
N/A	11/9/2009	5.4.3.D.2	79	Speed Calling 30 Number (res)	ESF	$3.00	$4.50	$4.50	0.00%	50.00%
2011-0XXPL	12/5/2011	5.4.3.D.2	79	Three-Way Calling (res)	ESC	$2.50	$5.50	$6.00	9.09%	140.00%
N/A	11/9/2009	5.4.10.C.5.a	106	Custom Ringing 1st additional #(res)	RGG1+	$5.00	$6.00	$6.00	0.00%	20.00%
N/A	12/5/2012	5.4.10.C.5.a	106	Custom Ringing 2nd additional #(res)	RGG2+	$2.50	$3.50	$3.50	0.00%	40.00%
N/A	11/9/2009	5.4.10.C.5.a	106	Custom Ringing 3rd additional #(res)	RGG3+	$2.50	$3.50	$3.50	0.00%	40.00%
2011-0XXPL	12/5/2011	5.4.19.C.2	113	Number Forwarding	VTL	$6.95	$6.95	$8.00	15.11%	15.11%
2011-0XXPL	12/5/2011	105.4.3.C.1	17	Home Receptionist - Name and Number	EWY2X	$10.00	$10.00	$15.00	50.00%	50.00%
2011-0XXPL	12/5/2011	105.4.3.C.1	17	Home Receptionist - Number only	EWY2O	$10.00	$10.00	$15.00	50.00%	50.00%
2011-0XXPL	12/5/2011	105.4.3.C.1	17	Home Receptionist - w/CALLER ID PRIVACY	EWY29	$14.95	$14.95	$19.25	28.76%	28.76%
N/A	11/4/2010	105.9.1.A.3	39	CustomChoice - Rate Group 1 (res)	PGOCC	$32.95	$35.99	$35.99	0.00%	9.23%
N/A	11/4/2010	105.9.1.A.3	39	CustomChoice - Rate Group 2 (res)	PGOCC	$32.95	$35.99	$35.99	0.00%	9.23%
N/A	11/4/2010	105.9.1.A.3	39	CustomChoice - Rate Group 3 (res)	PGOCC	$32.95	$35.99	$35.99	0.00%	9.23%
N/A	11/4/2010	105.9.1.D.3	46	CustomChoice - Rate Group 1 (res)	PGOCA	$29.95	$32.99	$32.99	0.00%	10.15%
N/A	11/4/2010	105.9.1.D.3	46	CustomChoice - Rate Group 2 (res)	PGOCA	$29.95	$32.99	$32.99	0.00%	10.15%
N/A	11/4/2010	105.9.1.D.3	46	CustomChoice - Rate Group 3 (res)	PGOCA	$29.95	$32.99	$32.99	0.00%	10.15%
2011-0XXPL	12/5/2011	105.9.1.F.3	51	CustomChoice Two Line - Rate Group 1 (res)	PGOCG	$39.95	$39.95	$41.95	5.01%	5.01%
2011-0XXPL	12/5/2011	105.9.1.F.3	51	CustomChoice Two Line - Rate Group 2 (res)	PGOCG	$39.95	$39.95	$41.95	5.01%	5.01%
2011-0XXPL	12/5/2011	105.9.1.F.3	51	CustomChoice Two Line - Rate Group 3 (res)	PGOCG	$39.95	$39.95	$41.95	5.01%	5.01%
N/A	11/4/2010	105.9.1.G.3	53	PopularChoice - Rate Group 1 (res)	PGOP7	$34.95	$35.99	$35.99	0.00%	2.98%
N/A	11/4/2010	105.9.1.G.3	53	PopularChoice - Rate Group 2 (res)	PGOP7	$34.95	$35.99	$35.99	0.00%	2.98%
N/A	11/4/2010	105.9.1.G.3	53	PopularChoice - Rate Group 3 (res)	PGOP7	$34.95	$35.99	$35.99	0.00%	2.98%
N/A	11/4/2010	105.9.1.G.3	53	PopularChoice - Rate Group 1 (res)	PGOPX	$34.95	$35.99	$35.99	0.00%	2.98%
N/A	11/4/2010	105.9.1.G.3	53	PopularChoice - Rate Group 2 (res)	PGOPX	$34.95	$35.99	$35.99	0.00%	2.98%
N/A	11/4/2010	105.9.1.G.3	53	PopularChoice - Rate Group 3 (res)	PGOPX	$34.95	$35.99	$35.99	0.00%	2.98%
N/A	11/4/2010	105.9.1.I.3	57	CustomChoice Complete - Rate Grp 1 (res)	PGOC7	$39.95	$39.99	$39.99	0.00%	0.10%
N/A	11/4/2010	105.9.1.I.3	57	CustomChoice Complete - Rate Grp 2 (res)	PGOC7	$39.95	$39.99	$39.99	0.00%	0.10%
N/A	11/4/2010	105.9.1.I.3	57	CustomChoice Complete - Rate Grp 3 (res)	PGOC7	$39.95	$39.99	$39.99	0.00%	0.10%
N/A	11/4/2010	105.9.1.I.3	57	CustomChoice Complete - Rate Grp 4 (res)	PGOCX	$39.95	$39.99	$39.99	0.00%	0.10%

N/A	11/4/2010	105.9.1.I.3	57	CustomChoice Complete - Rate Grp 2 (res)	PGOCX	$39.95	$39.99	$39.99	0.00%	0.10%
N/A	11/4/2010	105.9.1.I.3	57	CustomChoice Complete - Rate Grp 3 (res)	PGOCX	$39.95	$39.99	$39.99	0.00%	0.10%
N/A	11/4/2010	105.9.1.K.3	61	ValueChoice - Rate Group 1 (res)	PCV6X	$24.99	$29.99	$29.99	0.00%	20.01%
N/A	11/4/2010	105.9.1.K.3	61	ValueChoice - Rate Group 2 (res)	PCV6X	$24.99	$29.99	$29.99	0.00%	20.01%
N/A	11/4/2010	105.9.1.K.3	61	ValueChoice - Rate Group 3 (res)	PCV6X	$24.99	$29.99	$29.99	0.00%	20.01%
2011-0XXPL	12/5/2011	105.9.1.L.3	64	ValueChoice Two Line - Rate Group 1 (res)	PGOVB	$34.99	$34.99	$36.99	5.72%	5.72%
2011-0XXPL	12/5/2011	105.9.1.L.3	64	ValueChoice Two Line - Rate Group 2 (res)	PGOVB	$34.99	$34.99	$36.99	5.72%	5.72%
2011-0XXPL	12/5/2011	105.9.1.L.3	64	ValueChoice Two Line - Rate Group 3 (res)	PGOVB	$34.99	$34.99	$36.99	5.72%	5.72%
N/A	11/4/2010	105.9.1.M.3	67	PreferredChoice - Rate Group 1 (res)	PGOFD	$34.99	$35.99	$35.99	0.00%	2.86%
N/A	11/4/2010	105.9.1.M.3	67	PreferredChoice - Rate Group 2 (res)	PGOFD	$34.99	$35.99	$35.99	0.00%	2.86%
N/A	11/4/2010	105.9.1.M.3	67	PreferredChoice - Rate Group 3 (res)	PGOFD	$34.99	$35.99	$35.99	0.00%	2.86%
N/A	11/4/2010	105.9.1.M.3	67	PreferredChoice - Rate Group 1 (res)	PGOFE	$34.99	$35.99	$35.99	0.00%	2.86%
N/A	11/4/2010	105.9.1.M.3	67	PreferredChoice - Rate Group 2 (res)	PGOFE	$34.99	$35.99	$35.99	0.00%	2.86%
N/A	11/4/2010	105.9.1.M.3	67	PreferredChoice - Rate Group 3 (res)	PGOFE	$34.99	$35.99	$35.99	0.00%	2.86%
2011-0XXPL	12/5/2011	105.9.1.O.3	73	ChoiceHome - Rate Group 1 (res)	PGORA	$25.99	$25.99	$27.99	7.70%	7.70%
2011-0XXPL	12/5/2011	105.9.1.O.3	73	ChoiceHome - Rate Group 2 (res)	PGORA	$25.99	$25.99	$27.99	7.70%	7.70%
2011-0XXPL	12/5/2011	105.9.1.O.3	73	ChoiceHome - Rate Group 3 (res)	PGORA	$25.99	$25.99	$27.99	7.70%	7.70%
2011-0XXPL	12/5/2011	105.9.1.W.3	99	ChoiceHome - Rate Group 1 (res)	PGO1H	$25.99	$29.99	$30.99	3.33%	19.24%
2011-0XXPL	12/5/2011	105.9.1.W.3	99	ChoiceHome - Rate Group 2 (res)	PGO1H	$25.99	$29.99	$30.99	3.33%	19.24%
2011-0XXPL	12/5/2011	105.9.1.W.3	99	ChoiceHome - Rate Group 3 (res)	PGO1H	$25.99	$29.99	$30.99	3.33%	19.24%
N/A	11/4/2010	105.9.1.X.3	102	ChoiceHome 2 Line - Rate Group 1 (res)	PGO2H	$35.99	$39.99	$39.99	0.00%	11.11%
N/A	11/4/2010	105.9.1.X.3	102	ChoiceHome 2 Line - Rate Group 2 (res)	PGO2H	$35.99	$39.99	$39.99	0.00%	11.11%
N/A	11/4/2010	105.9.1.X.3	102	ChoiceHome 2 Line - Rate Group 3 (res)	PGO2H	$35.99	$39.99	$39.99	0.00%	11.11%
N/A	11/4/2010	105.9.1.Y.3	105	ChoiceHome Plus - Rate Group 1 (res)	PGO1P	$32.99	$34.99	$34.99	0.00%	6.06%
N/A	11/4/2010	105.9.1.Y.3	105	ChoiceHome Plus - Rate Group 2 (res)	PGO1P	$32.99	$34.99	$34.99	0.00%	6.06%
N/A	11/4/2010	105.9.1.Y.3	105	ChoiceHome Plus - Rate Group 3 (res)	PGO1P	$32.99	$34.99	$34.99	0.00%	6.06%
2011-0XXPL	12/5/2011	105.9.1.Z.3	109	ChoiceHome Plus 2 Line - Rate Group 1 (res)	PGO2P	$42.99	$42.99	$44.99	4.65%	4.65%
2011-0XXPL	12/5/2011	105.9.1.Z.3	109	ChoiceHome Plus 2 Line - Rate Group 2 (res)	PGO2P	$42.99	$42.99	$44.99	4.65%	4.65%
2011-0XXPL	12/5/2011	105.9.1.Z.3	109	ChoiceHome Plus 2 Line - Rate Group 3 (res)	PGO2P	$42.99	$42.99	$44.99	4.65%	4.65%
N/A	11/9/2009	5.4.3.D.2	80	Call Fwd, Variable (bus)	ESM	$2.50	$5.50	$5.50	0.00%	120.00%
N/A	11/9/2009	5.4.3.D.2	81	Call Fwd, Busy Line (Overflow) (bus)	EVO	$1.36	$3.00	$3.00	0.00%	120.59%
N/A	11/9/2009	5.4.3.D.2	82	Call Rejection (bus)	NSY	$1.55	$3.25	$3.25	0.00%	109.68%
N/A	11/9/2009	5.4.3.D.2	82	Call Transfer (bus)	EO3	$2.00	$4.50	$4.50	0.00%	125.00%
N/A	11/9/2009	5.4.3.D.2	82	Call Waiting (bus)	ESX	$2.00	$4.50	$4.50	0.00%	125.00%
N/A	11/9/2009	5.4.3.D.2	82	Caller ID with Privacy Plus (bus)	N6S	$10.95	$11.50	$11.50	0.00%	5.02%
N/A	11/9/2009	5.4.3.D.2	82	Caller ID Name & Number (bus)	NNK	$7.95	$10.00	$10.00	0.00%	25.79%
N/A	11/9/2009	5.4.3.D.2	82	Caller ID Number (bus)	NSD	$7.50	$10.00	$10.00	0.00%	33.33%
N/A	11/9/2009	5.4.3.D.2	82	Continuous Redial (bus)	NSS	$1.50	$3.25	$3.25	0.00%	116.67%
N/A	11/9/2009	5.4.3.D.2	83	Last Call Return (bus)	NSQ	$1.50	$3.25	$3.25	0.00%	116.67%
N/A	11/9/2009	5.4.3.D.2	83	Priority Call (bus)	NSK	$1.50	$3.25	$3.25	0.00%	116.67%
N/A	11/9/2009	5.4.3.D.2	83	Remote Access Forwarding (bus)	AFD	$5.45	$9.00	$9.00	0.00%	65.14%
N/A	11/9/2009	5.4.3.D.2	83	Scheduled Forwarding (bus)	ATF	$6.45	$10.00	$10.00	0.00%	55.04%
N/A	11/9/2009	5.4.3.D.2	83	Selective Call Forwarding (bus)	NCE	$1.50	$3.25	$3.25	0.00%	116.67%
N/A	11/9/2009	5.4.3.D.2	83	Selective Call Waiting (bus)	S7W	$2.00	$4.50	$4.50	0.00%	125.00%
N/A	11/9/2009	5.4.3.D.2	83	Selective Call Waiting (bus)	S7Y	$2.00	$4.50	$4.50	0.00%	125.00%
N/A	11/9/2009	5.4.3.D.2	83	Speed Calling 8 Number (bus)	ESL	$1.50	$3.25	$3.25	0.00%	116.67%
N/A	11/9/2009	5.4.3.D.2	83	Speed Calling 30 Number (bus)	ESF	$1.50	$3.25	$3.25	0.00%	116.67%
N/A	11/9/2009	5.4.3.D.2	84	Three-Way Calling (bus)	ESC	$3.45	$6.00	$6.00	0.00%	73.91%
N/A	11/9/2009	5.4.4.C	88	Mkt Expansion Line 1st (bus/res)	RCF	$16.00	$22.00	$22.00	0.00%	37.50%
N/A	11/9/2009	5.4.4.C	88	Mkt Expansion Line Adl (bus/res)	RCA	$16.00	$22.00	$22.00	0.00%	37.50%
N/A	11/9/2009	5.4.4.C	88	Mkt Expansion Line 1st Msrd (bus/res)	RD5	$16.00	$22.00	$22.00	0.00%	37.50%
N/A	11/9/2009	5.4.4.C	88	Mkt Expansion Line 1st Msrd (bus/res)	RD6	$16.00	$22.00	$22.00	0.00%	37.50%
N/A	11/9/2009	5.4.11.D.1	110	Series Hunting (bus/res)	HSO	$1.36	$3.00	$3.00	0.00%	120.59%

N/A	11/9/2009	5.4.11.D.1	110	Muntiline Hunting (bus/res)	HSHPT	$1.36	$3.00	$3.00	0.00%	120.59%
N/A	11/9/2009	5.7.1.D.2	129	Business Additional Listing	CLT	$1.85	$4.10	$4.10	0.00%	121.62%
N/A	11/9/2009	5.7.1.D.2	130	Residence Additional Listing	RLT	$0.95	$2.10	$2.10	0.00%	121.05%
N/A	11/9/2009	5.7.1.D.2	130	Foreign Listing (res)	FAL	$0.95	$2.10	$2.10	0.00%	121.05%
N/A	11/9/2009	5.7.1.D.2	131	Information Listing (bus)	XLL	$1.85	$4.10	$4.10	0.00%	121.62%
N/A	11/9/2009	5.7.1.D.2	131	Information Listing (res)	XLL	$0.95	$2.10	$2.10	0.00%	121.05%
N/A	11/9/2009	5.7.1.D.2	131	Secretarial Listing	SFK	$1.85	$4.10	$4.10	0.00%	121.62%
N/A	11/9/2009	5.7.1.D.2	131	E-Mail Listing (res)	EM6	$1.50	$2.00	$2.00	0.00%	33.33%
N/A	11/9/2009	5.7.1.D.2	131	URL Listing (res)	NL1	$12.00	$2.00	$2.00	0.00%	-83.33%
N/A	11/9/2009	5.7.1.D.2	131	E-Mail/URL Listing (res)	L9GEU	$10.50	$4.00	$4.00	0.00%	-61.90%
N/A	11/9/2009	5.9.1.A.3	143	Add-A-Line (bus)	PGOQN	$25.00	$35.00	$35.00	0.00%	40.00%
N/A	11/4/2010	5.9.1.B.3	149	Add-A-Line (bus)	PGOQN	$25.00	$35.00	$35.00	0.00%	40.00%
N/A	11/4/2010	5.9.1.A.3	143	Qwest Choice Business	PGOQL	$39.99	$45.00	$45.00	0.00%	12.53%
N/A	11/4/2010	5.9.1.B.3	143	Qwest Choice Business Plus	PGOQM	$49.99	$55.00	$55.00	0.00%	10.02%
N/A	11/4/2010	5.11.C.3	155	Qwest Choice Business Prime	PGOQT	$34.00	$40.00	$40.00	0.00%	17.65%
N/A	11/4/2010	105.9.1.R.3	84	ChoiceBusiness	PGOBA	$39.99	$45.00	$45.00	0.00%	12.53%
N/A	11/4/2010	105.9.1.S.3	88	ChoiceBusiness 2 Line	PGOBD	$59.99	$70.00	$70.00	0.00%	16.69%
N/A	11/4/2010	105.9.1.V.3	96,46T	Business Line Plus - Rate Group 1	NLUDE	$29.90	$35.00	$35.00	0.00%	17.06%
N/A	11/4/2010	105.9.1.V.3	96,46T	Business Line Plus - Rate Group 2	NLUDE	$32.78	$35.00	$35.00	0.00%	6.77%
N/A	11/4/2010	105.9.1.V.3	96,46T	Business Line Plus, 1yr term - Rate Group 1	NLUDY	$26.00	$30.00	$30.00	0.00%	15.38%
N/A	11/4/2010	105.9.1.V.3	96,46T	Business Line Plus, 1yr term - Rate Group 2	NLUDY	$28.50	$30.00	$30.00	0.00%	5.26%
N/A	11/4/2010	105.9.1.V.3	96,46T	Business Line Plus, 2yr term - Rate Group 1	NLUDZ	$24.70	$30.00	$30.00	0.00%	21.46%
N/A	11/4/2010	105.9.1.V.3	96,46T	Business Line Plus, 2yr term - Rate Group 2	NLUDZ	$27.08	$30.00	$30.00	0.00%	10.78%
N/A	11/4/2010	105.9.1.V.3	96,46T	Business Line Plus, 3yr term - Rate Group 1	NLUDL	$24.70	$30.00	$30.00	0.00%	21.46%
N/A	11/4/2010	105.9.1.V.3	96,46T	Business Line Plus, 3yr term - Rate Group 2	NLUDL	$27.08	$30.00	$30.00	0.00%	10.78%
N/A	11/9/2009	6.2.1.A.4	6	OPH Calling Card Call	N/A	$0.50	$0.75	$0.75	0.00%	50.00%
N/A	11/9/2009	6.2.1.A.4	6	OPH Station to Station Call	N/A	$1.30	$1.95	$1.95	0.00%	50.00%
N/A	11/9/2009	6.2.1.A.4	6	OPH Person to Person Call	N/A	$3.00	$4.50	$4.50	0.00%	50.00%
N/A	11/9/2009	6.2.4.A.3	18	Local DA Call	N/A	$0.50	$1.12	$1.12	0.00%	124.00%
N/A	11/9/2009	6.2.4.B.3	20	National DA Call	N/A	$0.85	$1.87	$1.87	0.00%	120.00%
N/A	11/9/2009	5.2.5.A.3	4	Stand-By Line	A2Y	$18.00	$19.00	$19.00	0.00%	5.56%
N/A	11/9/2009	5.2.5.A.3	4	Stand-By Line	A2W	$18.00	$19.00	$19.00	0.00%	5.56%
N/A	11/9/2009	5.3.3.C	33	Flat Rate Trk, 2 way, 4 w/e, RG1	THHCX	$47.36	$52.36	$52.36	0.00%	10.56%
N/A	11/9/2009	5.3.3.C	33	Flat Rate Trk, in only w/DID, RG1	TRH1X	$47.36	$52.36	$52.36	0.00%	10.56%
N/A	11/9/2009	5.3.3.C	34	Flat Rate Trunk, 2 way, RG1	TFB	$28.00	$30.50	$30.50	0.00%	8.93%
N/A	11/9/2009	5.3.3.C	34	Flat Rate Trunk, out only, RG1	TFU	$28.00	$30.50	$30.50	0.00%	8.93%
N/A	11/9/2009	5.3.3.C	34	Flat Rate Trunk, out only, RG1	TFB1N	$28.00	$30.50	$30.50	0.00%	8.93%
N/A	11/9/2009	5.3.3.C	34	Flat Rate Trunk, out with DID, RG1	TDD	$29.36	$33.50	$33.50	0.00%	14.10%
N/A	11/9/2009	5.3.3.C	34	Flat Rate Trunk, out with DID, RG2	TDD	$31.86	$33.50	$33.50	0.00%	5.15%
N/A	11/9/2009	5.3.6.B	50	Network Access Reg, 2 way	EQA	$18.36	$19.00	$19.00	0.00%	3.49%
N/A	11/9/2009	5.3.6.B	50	Network Access Reg, In only	EQB	$18.36	$19.00	$19.00	0.00%	3.49%
N/A	11/9/2009	5.3.6.B	50	Network Access Reg, Out only	EQC	$17.00	$18.00	$18.00	0.00%	5.88%
N/A	11/9/2009	5.6.C	115	Joint Use Service, Individual	JUF	$1.85	$2.75	$2.75	0.00%	48.65%
N/A	11/9/2009	105.2.5.B.3	2	Utility Line - Rate Group 1	AWL	$19.50	$25.00	$25.00	0.00%	28.21%
N/A	11/9/2009	105.2.5.B.3	2	Utility Line - Rate Group 2	AWL	$21.38	$25.00	$25.00	0.00%	16.93%
N/A	11/9/2009	105.2.5.B.3	2	Utility Line - Rate Group 3	AWL	$22.80	$25.00	$25.00	0.00%	9.65%
NONRECURRING CHARGES										
N/A	11/9/2009	5.8.4.C.1	139	Split Number Referral (bus) - 1 mo.	S1W1X	$50.00	$0.00	$0.00	0.00%	-100.00%
N/A	11/9/2009	5.8.4.C.1	139	Split Number Referral (bus) - 3 mo.	S1W3X	$135.00	$125.00	$125.00	0.00%	-7.41%
N/A	11/9/2009	5.8.4.C.1	139	Split Number Referral (bus) - 6 mo.	S1WSX	$255.00	$245.00	$245.00	0.00%	-3.92%
N/A	11/9/2009	5.8.4.C.1	139	Split Number Referral (bus) - 9 mo.	S1W9X	$360.00	$365.00	$365.00	0.00%	1.39%
N/A	11/9/2009	5.8.4.C.1	139	Split Number Referral (bus) -12 mo.	S1WTX	$450.00	$490.00	$490.00	0.00%	8.89%
N/A	11/9/2009	5.8.4.C.1	139	Split Number Referral (res) Change	S1WCX	$15.00	$0.00	$0.00	0.00%	-100.00%

N/A	11/9/2009	5.8.4.C.1	139	Split Number Referral (res) - 1 mo.	S1W1X	$20.00	$0.00	$0.00	0.00%	-100.00%
N/A	11/9/2009	5.8.4.C.1	139	Split Number Referral (res) - 3 mo.	S1W3X	$50.00	$40.00	$40.00	0.00%	-20.00%
N/A	11/9/2009	Intro 5.8.4		New Number Referral (bus) - 1 mo.	A1W1X	N/A	$10.00	$10.00	0.00%	-
N/A	11/9/2009	Intro 5.8.4		New Number Referral (bus) - 2 mo.	A1WAX	N/A	$20.00	$20.00	0.00%	-
N/A	11/9/2009	Intro 5.8.4		New Number Referral (bus) - 3 mo.	A1W3X	N/A	$30.00	$30.00	0.00%	-
N/A	11/9/2009	Intro 5.8.4		New Number Referral (bus) - 6 mo.	A1WSX	N/A	$45.00	$45.00	0.00%	-
N/A	11/9/2009	Intro 5.8.4		New Number Referral (bus) - 9 mo.	A1W9X	N/A	$55.00	$55.00	0.00%	-
N/A	11/9/2009	Intro 5.8.4		New Number Referral (bus) - 12 mo.	A1WTX	N/A	$65.00	$65.00	0.00%	-
N/A	11/9/2009	Intro 5.8.4		New Number Referral (res)- 1 mo.	A1W1X	N/A	$5.00	$5.00	0.00%	-
N/A	11/9/2009	Intro 5.8.4		New Number Referral (res)- 2 mo.	A1WAX	N/A	$10.00	$10.00	0.00%	-
N/A	11/9/2009	Intro 5.8.4		New Number Referral (res)- 3 mo.	A1W3X	N/A	$15.00	$15.00	0.00%	-

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8/14/2008	Qwest	C8-2008	Stanage	8/5/2008	N/A	N/A	8/21/2008	Acknowledged	Filing is a special contract for ISDN PRS.	SC	ISDN-PRS
8/28/2008	Qwest	C9-2008	Stanage	11/26/2008	11/25/2008	Consent	11/17/2008	11/25/2008	Filing is a special contract for Business Access Lines	SC	Buainess Access Lines
10/29/2008	Qwest	C10-2008	Stanage	1/27/2009	1/20/2009	Consent	1/20/2009	Acknowlwdged	Filing is a special contract for ISDN PRS.	SC	ISDN PRS
11/10/2008	Qwest	C11-2008	Sloan	2/8/2009	2/3/2009	Consent	1/21/2009	Acknowledged	Filing is a ISDN PRS special contract.	SC	ISDN PRS
11/10/2008	Qwest	C12-2008	Sloan	2/8/2009	2/3/2009	Consent	1/21/2009	Acknowledged	Filing is a ISDN PRS special contract.	SC	ISDN PRS
11/13/2008	Qwest	C13-2008	Sloan	2/11/2009	2/3/2009	Consent	1/21/2009	Acknowledged	Filing is a ISDN/Line Volume contract.	SC	ISDN/Line Volume
1/21/2009	Qwest	C15-2009	Sloan	1/5/2009	4/7/2009	Consent	3/30/2009	Acknowledged	Special Contract for MOE	SC	MOE
1/27/2009	Qwest	C1-2009	Stanage	4/27/2009	4/21/2009	Consent	4/8/2009	Acknowledged	Filing is a 36-month special contract for multistate ISDN and DSS	SC	ISDN and DSS
2/5/2009	Qwest	C2-2009	Sloan	1/22/2009	4/21/2009	Consent	4/13/2009	Acknowledged	Special Contract for ISDN-PRS	SC	ISDN-PRI
2/5/2009	Qwest	C3-2009	Stanage	5/6/2009	5/5/2009	Consent	4/22/2009	Acknowledged	Filing is a special contract for Business Access Line/Packages.	SC	Business Access Lines
2/6/2009	Qwest	C4-2009	Sloan	3/26/2008	N/A	N/A	2/9/2009	Acknowledged	Special Contract ISDN-PRI	SC	ISDN-PRI
2/9/2009	Qwest	C5-2009	Stanage	2/6/2009	5/5/2009	Consent	4/23/2009	Acknowledged	Special Contract ISDN-PRI	SC	ISDN-PRI
2/20/2009	Qwest	C6-2009	Stanage	7/3/2008	N/A	N/A	2/26/2009	Acknowledged	SC for ISDN-PRS (prior to price Plan)	SC	ISDN-PRS
2/20/2009	Qwest	C7-2009	Stanage	7/9/2008	N/A	N/A	2/26/2009	Acknowledged	SC for ISDN-PRS (prior to price Plan)	SC	ISDN-PRS
2/23/2009	Qwest	C8-2009	Stanage	2/19/2009	5/19/2009	Consent	5/7/2009	Acknowledged	Special Contract for ISDN-PRS	SC	ISDN-PRS
3/4/2009	Qwest	C9-2009	Stanage	2/19/2009	5/19/2009	Consent	3/19/2009	Acknowledged	Special Contract for ISDN-PRS	SC	ISDN-PRS
4/21/2009	Qwest	C10-2009	Sloan	7/20/2009	7/16/2009	Consent	7/2/2009	Acknowledged	Filing is special contract for ISDN-PRS.	SC	ISDN-PRS
4/27/2009	Qwest	C11-2009	Stanage	7/26/2009	7/16/2009	Consent	6/29/2009	Acknowledged	Filing is a special contract for ISDN-PRS.	SC	ISDN-PRS
4/28/2009	Qwest	C12-2009	Sloan	7/27/2009	7/16/2009	Consent	7/2/2009	Acknowledged	Filing is a special contract for ISDN-PRS.	SC	ISDN-PRS
4/30/2009	Qwest	C13-2009	Stanage	7/29/2009	7/28/2009	Consent	6/29/2009	Acknowledged	Filing is special contract for ISDN-PRS.	SC	ISDN-PRS
4/30/2009	Qwest	C14-2009	Sloan	7/29/2009	7/28/2009	Consent	7/16/2009	Acknowledged	Filing is special contract for ISDN-PRS.	SC	ISDN-PRS
5/22/2009	Qwest	C16-2009	Sloan	8/20/2009	N/A	N/A	6/3/2009	Acknowledged	Filing is a special contract for multistate ISDN and DSS. The underlying contracts is acting as a price list for the current contract customer.	SC	ISDN and DSS
5/20/2009	Qwest	C17-2009	Sloan	8/18/2009	N/A	N/A	6/3/2009	Acknowledged	Filing is a special contract for Business Access Lines. The contract memorializes discount provisions already stated in the tariffs.	SC	Business Access Lines
5/21/2009	Qwest	C18-2009	Stanage	8/19/2009	7/28/2009	Consent	6/30/2009	Acknowledged	Filing is a special contract for multistate ISDN and DSS.	SC	ISDN and DSS
6/2/2009	Qwest	C19-2009	Stanage	8/31/2009	8/25/2009	Consent	8/12/2009	Acknowledged	Filing is a special contract for Business Access Lines.	SC	Business Access Lines
6/17/2009	Qwest	C20-2009	Sloan	9/15/2009	N/A	N/A	6/18/2009	Acknowledged	Filing is a special contract for ISDN and DSS.	SC	ISDN and DSS
6/19/1909	Qwest	C21-2009	Stanage	9/17/2009	9/8/2009	Consent	8/26/2009	Acknowledged	Filing is a special contract for ISDN and DSS.	SC	ISDN and DSS
6/29/2009	Qwest	C22-2009	Sloan	9/24/2009	N/A	N/A	6/29/2009	Acknowledged	Special Contract for ISDN-PRS	SC	ISDN-PRS
7/15/2009	Qwest	C23-2009	Stanage	10/13/2009	10/6/2009	Consent	9/23/2009	Acknowledged	Establishes special contract arrangements between Qwest and a confidential customer for Qwest business line services.	SC	Business Line Svc
7/16/2009	Qwest	C24-2009	Stanage	10/14/2009	N/A	N/A	9/10/2009	Acknowledged	Special pricing for Qwest Business Access Lines under the Qwest Line Volume Advantage Plan	SC	Business Line Svc

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7/23/2009	Qwest	C25-2009	Stanage	10/21/2009	9/22/2009	Consent	NA	WITHDRAWN	Establishes special contract arrangements between Qwest and a confidential customer for Metro Optical Ethernet Service.	SC	Metro Optical Ethernet Service
7/27/2009	Qwest	C26-2009	Stanage	10/25/2009	10/20/2009	Consent	10/7/2009	Acknowledged	Establishes special contract arrangements between Qwest and a confidential customer for Metro Optical Ethernet Service.	SC	Metro Optical Ethernet Service
8/5/2009	Qwest	C27-2009	Sloan	11/3/2009	10/20/2009	Consent	10/8/2009	Acknowledged	One year special pricing to Business Access Lines customers	SC	Business Access Lines
8/7/2009	Qwest	C28-2009	Stanage	11/5/2009	11/3/2009	Consent	10/21/2009	Acknowledged	One year special pricing to Business Access Lines customers	SC	Business Access Lines
8/10/2009	Qwest	C29-2009	Sloan	11/8/2009	11/3/2009	Consent	10/23/2009	Acknowledged	1-year SC for ISDN-PRS	SC	ISDN-PRS
8/19/2009	Qwest	C30-2009	Sloan	11/17/2009	11/3/2009	Consent	10/23/2009	Acknowledged	Establishes a multi-state special contract arrangements between Qwest and a confidential customer for Qwest basic business line services.	SC	Business Line Service
8/26/2009	Qwest	C31-2009	Sloan	11/24/2009	11/3/2009	Consent	10/23/2009	Acknowledged	Three year special contract that provides special pricing for Qwest Business Access Lines and packages.	SC	Business Access Lines
8/28/2009	Qwest	C32-2009	Stanage	11/26/2009	11/24/2009	Consent	11/10/2009	Acknowledged	Three year special contract that provides special pricing for Metro Optical Ethernet Service.	SC	MOE
9/3/2009	Qwest	C33-2009	Sloan	12/2/2009	11/24/2009	Consent	11/12/2009	Acknowledged	3-year SC for ISDN-PRS	SC	ISDN-PRS
9/9/2009	Qwest	C34-2009	Stanage	12/8/2009	11/24/2009	Consent	11/12/2009	Acknowlwdged	Multi-state, 36 month SC for Basic Business Line Service under the QLVA Plan and ISDN-PRS Service	SC	Basic Business Line Service
9/10/2009	Qwest	C35-2009	Sloan	12/9/2009	12/8/2009	Consent	11/30/2009	Acknowledged	Special Contract for Business Basic Serivce in the Business Line Volume Purchase Plan	SC	Exchange Service
9/22/2009	Qwest	C36-2009	Stanage	12/21/2009	12/8/2009	Consent	11/25/2009	Acknowledged	Multi-state, 36 month SC for PR ISDN-PRS Service and Digital Switched Service	SC	ISDN-PRS & DSS
9/24/2009	Qwest	C37-2009	Stanage	9/14/2009	12/22/2009	Consent	12/10/2009	Acknowledged	Multi-state, 36 month SC for PR ISDN-PRS Service and Digital Switched Service	SC	ISDN-PRS & DSS
10/1/2009	Qwest	C38-2009	Stanage	8/19/2009	12/22/2009	Consent	12/10/2009	Acknowledged	36-month Special Contract for Qwest Analog PBX Trunks.	SC	Analog PBX Trunks
10/9/2009	Qwest	C39-2009	Sloan	9/9/2009	1/5/2010	Consent	12/28/2009	Acknowledged	Amends SC13-2009, adds DSS	SC	DSS
10/20/2009	Qwest	C40-2009	Sloan	9/18/2009	1/5/2010	Consent	12/28/2009	Acknowledged	Multistate, thirty-six (36) month(s) Special Contract for ISDN-PRS Service	SC	ISDN-PRS
10/21/2009	Qwest	C41-2009	Sloan	9/25/2009	1/5/2009	Consent	12/28/2009	Acknowledged	Multistate, thirty-six (36) month(s) Special Contract for Primary Rate ISDN (PRS) Service and Digital Switched Service (DSS).	SC	ISDN-PRS and DSS
10/23/2009	Qwest	C42-2009	Sloan	9/16/2009	1/19/2010	Consent	11/11/2010	Acknowledged	3 year extention providing special pricing for Qwest Business Access Lines under the Qwest Line Volume Advantage® Plan.	SC	Qwest Business Access Lines
11/18/2009	Qwest	C43-2009	Sloan	11/4/2009	2/2/2010	Consent	1/21/2010	Acknowledged	Multistate, 60-month SC for ISDN (PRS). (Compliance Filing)	SC	ISDN (PRS)

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11/24/2009	Qwest	C44-2009	Stanage	9/25/2009	2/2/2010	Consent	1/20/2010	Acknowledged	3-year SC discounts for basic business access lines and packages under the Qwest Line Volume Advantage Plan.	SC	Business Access Lines
11/24/2009	Qwest	C45-2009	Sloan	11/12/2009	2/2/2010	Consent	1/21/2010	Acknowledged	Multistate, 36-month SC for ISDN (PRS) and DSS.	SC	ISDN (PRS) and DSS
12/1/2009	Qwest	C46-2009	Sloan	9/16/2009	2/23/2010	Consent	2/16/2010	Acknowledged	3 year extention providing special pricing for Qwest Business Access Lines under the Qwest Line Volume Advantage® Plan.	SC	Qwest Business Access Lines
12/18/2009	Qwest	C47-2009	Stanage	11/25/2009	3/9/2010	Consent	2/25/2010	Acknowledged	36-month Special Contract for ISDN-PRS Service and DSS.	SC	ISDN-PRS and DSS
12/18/2009	Qwest	C48-2009	Stanage	11/24/2009	3/9/2010	Consent	2/25/2010	Acknowledged	Multistate 36-month Special Contract for ISDN-PRS Service	SC	ISDN-PRS
1/12/2010	Qwest	C1-2010	Stanage	11/19/2009	3/30/2010	Consent	3/22/2010	Acknowlwdged	Multi-state 3 year SC for Basic Business Line Service under QLVA	SC	Basic Business Line Service
1/15/2010	Qwest	C2-2010	Stanage	11/24/2010	4/13/2010	Consent	1/31/2010	Acknowlwdged	Multistate 24-month Special Contract for Basic Business Line Service under the QLVA Plan.	SC	Basic Business Line Service
2/16/2010	Qwest	C3-2010	Stanage	1/20/2010	5/11/2010	Consent	4/29/2010	Acknowledged	36-month contract for Metro Optical Ethernet Service (MOE)	SC	Metro Optical Ethernet Service
2/18/2010	Qwest	C4-2010	Stanage	2/3/2010	5/11/2010	Consent	4/29/2010	Acknowledged	36-month multi-state Special Contract for Primary Rate ISDN Service.	SC	ISDN (PRS)
2/23/2010	Qwest	C5-2010	Stanage	11/20/2009	5/11/2010	Consent	4/29/2010	Acknowledged	36-month multi-state Special Contract for ISDN (PRS), Business Basic Line Service under the QLVA.(LATE:needed 2-20-10.)	SC	ISDN (PRS)
3/5/2010	Qwest	C6-2010	Stanage	2/23/2010	5/25/2010	Consent	5/11/2009	Acknowledged	24-month multistate SC for ISDN-PRS	SC	ISDN-PRS
3/8/2010	Qwest	C7-2010	Stanage	2/11/2010	5/25/2010	Consent	5/11/2009	Acknowledged	24-month multistate SC for ISDN-PRS and DSS.	SC	ISDN-PRS DSS
3/10/2010	Qwest	C8-2010	Stanage	1/27/2010	5/25/2010	Consent	5/11/2009	Acknowledged	36-month multistate SC for ISDN-PRS and basic business line service under the QLVA plan	SC	ISDN-PRS QLVA
3/10/2010	Qwest	C9-2010	Stanage	2/8/2010	6/8/2010	Consent	5/11/2009	Acknowledged	24-month multi-state SC for ISDN-PRS and basic business line service under the QLVA plan	SC	ISDN-PRS QLVA
3/17/2010	Qwest	C10-2010	Stanage	3/17/2010	N/A	N/A	3/30/2010	Acknowledged	36-month multi-state SC for ISDN (PRS)	SC	ISDN (PRS)
3/18/2010	Qwest	C11-2010	Stanage	2/25/2010	6/8/2010	Consent	5/26/2010	Acknowledged	12-month multi-state SC for ISDN (PRS)	SC	ISDN-PRS
4/7/2010	Qwest	C12-2010	Stanage	3/30/2010	7/6/2010	Consent	6/9/2010	Acknowledged	36-monthSC for ISDN-PRS	SC	ISDN-PRS
4/12/2010	Qwest	C13-2010	Stanage	3/25/2010	7/6/2010	Consent	6/23/2010	Acknowledged	Multistate 12-month Special Contract for Basic Business Line Service under the QLVA Plan.	SC	ISDN-PRS and QLVA
4/21/2010	Qwest	C14-2010	Stanage	3/31/2010	7/6/2010	Consent	6/23/2010	Acknowledged	36-mo. SC for ISDN-PRS & DSS	SC	ISDN-PRS & DSS
4/28/2010	Qwest	C15-2010	Stanage	3/31/2010	7/6/2010	Consent	6/23/2010	Acknowledged	36-mo. SC for Single Line ISDN	SC	SLS
5/14/2010	Qwest	C16-2010	Stanage	5/5/2010	8/10/2010	Consent	7/28/2010	Acknowledged	12-mo SC for ISDN (PRS)	SC	ISDN-PRS
5/21/2010	Qwest	C17-2010	Stanage	4/29/2010	8/10/2010	Consent	7/28/2010	Acknowledged	36-month SC for ISDN (PRS).	SC	ISDN (PRS) & Flat Rate Business Lines under QLVA

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5/24/2010	Qwest	C18-2010	Stanage	5/13/5010	8/10/2010	Consent	6/28/2010	Acknowledged	36-month SC for ISDN (PRS).	SC	ISDN (PRS)
6/16/2010	Qwest	C19-2010	Stanage	4/1/2010	9/7/2010	Consent	8/25/2010	Acknowledged	Multi-state 36 month SC for Basic Business Lines and packages under QLVA	SC	Basic Business Line Service
6/16/2010	Qwest	C20-2010	Stanage	5/11/2010	9/7/2010	Consent	8/25/2010	Acknowledged	Multi-state 37 month SC for Basic Business Lines under QLVA	SC	Basic Business Line Service
6/24/2010	Qwest	C21-2010	Gorsuch	6/14/2010	NA	NA	9/1/2010	Acknowledged	36-month SC for ISDN (PRS).and Flat Rate Business Lines under QLVA	SC	ISDN (PRS) & Flat Rate Business Lines under QLVA
7/8/2010	Qwest	C22-2010	Gorsuch	6/15/2010	9/21/2010	Consent	9/7/2010	Acknowledged	Multi-state 24-month SC for basic business lines and packages under QLVA.	SC	Basic Business Line Service
7/22/2010	Qwest	C23-2010	Stanage	6/24/2010	10/12/2010	Consent	9/29/2010	Acknowledged	Amendment to a multi-state 36-month MSA which adds ISDN-PRS and DSS under QLVA	SC	ISDN-PRS and DSS under QLVA
7/22/2010	Qwest	C24-2010	Stanage	6/10/2010	10/12/2010	Consent	9/29/5010	Acknowledged	Amendment to a multi-state 36-month MSA which adds ISDN-PRS Business Basic Line Service under QLVA	SC	ISDN-PRS, Business Basic Line Service under QLVA
7/27/2010	Qwest	C25-2010	Gorsuch	7/13/2010	10/12/2010	Consent	9/28/2010	Acknowledged	Multi-state 36 month SC for ISDN-PRS and DSS	SC	ISDN-PRS DSS
8/6/2010	Qwest	C26-2010	Stanage	3/10/2010	10/26/2010	Consent	NA	Withdrawn	Multi-state 24-month SC for basic business lines and packages under QLVA. (Filed **LATE**; needed by 6-08-10.)	SC	Basic Business Line Service
8/10/2010	Qwest	C27-2010	Stanage	6/8/2010	10/26/2010	Consent	10/13/2010	Acknowledged	Multi-state 36 month SC for ISDN-PRS, DSS, and Business Basic Line Service under QLVA plan.	SC	ISDN-PRS, DSS, Business Basic Line Service under QLVA
8/12/2010	Qwest	C28-2010	Gorsuch	7/20/2010	11/9/2010	Consent	10/26/2010	Acknowledged	Multi-state 36 month SC for ISDN-PRS.	SC	ISDN-PRS
8/18/2010	Qwest	C29-2010	Gorsuch	7/29/2010	11/9/2010	Consent	10/26/2010	Acknowledged	Multi-state 24 month SC for ISDN-PRS.	SC	ISDN-PRS
8/31/2010	Qwest	C30-2010	Stanage	8/12/5010	11/23/2010	Consent	11/10/2010	Acknowledged	Multi-state 24 month SC for Basic Business Line Service under QLVP.	SC	Basic Business Line Service
9/1/2010	Qwest	C31-2010	Gorsuch	10/17/2010	11/23/2010	Consent	NA	**WITHDRAWN**	Multi-state 36 month SC for ISDN-PRS	SC	ISDN-PRS
9/8/2010	Qwest	C32-2010	Stanage	8/26/2010	11/23/2010	Consent	11/10/2010	Acknowledged	16-month SC for LAN Switching Service	SC	LSS
9/8/2010	Qwest	C33-2010	Stanage	8/26/2010	11/23/2010	Consent	11/10/2010	Acknowledged	16-month SC for LAN Switching Service	SC	LSS
9/28/2010	Qwest	C34-2010	Stanage	9/20/2010	12/14/2010	Consent	12/2/2010	Acknowledged	Multi-state 24-month SC for ISDN-PRS	SC	ISDN-PRS
9/29/2010	Qwest	C35-2010	Stanage	8/30/2010	12/14/2010	Consent	12/2/2010	Acknowledged	Multi-state 24-month SC for basic business lines under QLVA	SC	Basic Business Line Service
10/7/2010	Qwest	C36-2010	Stanage	8/16/2010	12/28/2010	Consent	12/16/2010	Acknowledged	Multi-state 36-month SC for Basic Business Line Service under the QLVA	SC	Basic Business Line Service
10/8/2010	Qwest	C37-2010	Stanage	8/19/2010	12/28/2010	Consent	12/16/2010	Acknowledged	36 month contract for Metro Optical Ethernet Service (MOE): 20 Mbps and 10 Mbps	SC	Basic Business Line Service
10/8/2010	Qwest	C38-2010	Stanage	9/27/2010	12/28/2010	Consent	12/16/2010	Acknowledged	Multi-state 36 month SC for ISDN-PRS and DSS	SC	Basic Business Line Service
10/8/2010	Qwest	C39-2010	Stanage	9/3/2010	12/28/2010	Consent	12/16/2010	Acknowledged	Multi-state 36 month SC for ISDN-PRS and DSS	SC	Basic Business Line Service
10/8/2010	Qwest	C40-2010	Stanage	9/24/2010	12/28/2010	Consent	12/16/2010	Acknowledged	Multi-state 36 month SC for ISDN-PRS.	SC	Basic Business Line Service

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11/8/2010	Qwest	C41-2010	Stanage	9/22/2010	1/25/2011	Consent	1/13/2011	Acknowledged	36 month SC for ISDN (PRS), ISDN (SLS) and DSS	SC	ISDN (PRS) ISDN (SLS) DSS
11/9/2010	Qwest	C42-2010	Stanage	10/25/2010	1/25/2011	Consent	1/13/2011	Acknowledged	Multi-state 24 month SC for ISDN-PRS	SC	ISDN-PRS
11/10/2010	Qwest	C43-2010	Stanage	9/17/2010	1/25/2011	Consent	1/13/2011	Acknowledged	Multi-state 24 month SC for Basic Business Line Service under QLVP.	SC	Basic Business Line Service
11/10/2010	Qwest	C44-2010	Stanage	11/3/2010	1/25/2011	Consent	1/13/2011	Acknowledged	Multi-state 12 month SC for ISDN-PRS	SC	ISDN-PRS
11/10/2010	Qwest	C45-2010	Stanage	10/29/2010	1/25/2011	Consent	1/13/2011	Acknowledged	Multi-state 36 month SC for ISDN-PRS	SC	ISDN-PRS
11/18/2010	Qwest	C46-2010	Stanage	11/11/2010	2/8/2011	Consent	1/26/2011	Acknowledged	Multi-state 36 month SC for ISDN-PRS	SC	ISDN-PRS
11/22/2010	Qwest	C47-2010	Stanage	11/3/2010	2/8/2011	Consent	1/26/2011	Acknowledged	Multi-state 12 month Sc for QLVP	SC	QLVP
12/16/2010	Qwest	C48-2010	Stanage	8/17/2010	NA	NA	NA	WITHDRAWN	Multi-state 36 month SC for ISDN-PRS	SC	ISDN-PRS
12/21/2010	Qwest	C49-2010	Stanage	12/16/2010	2/8/2011	Consent	1/26/2011	Acknowledged	Multi-state 36 month SC for ISDN-PRS and DSS	SC	ISDN-PRS DSS
1/5/2011	Qwest	C1-2011	Wittekind	12/10/2010	2/8/2011	Consent	1/26/2011	Acknowledged	Multi-state 24 month SC for ISDN-PRS & DSS	SC	ISDN-PRS DSS
1/17/2011	Qwest	C2-2011	Wittekind	12/15/2010	4/5/2011	Consent	3/23/2011	Acknowledged	Multi-state 12 month SC for ISDN-PRS	SC	ISDN-PRS
1/19/2011	Qwest	C3-2011	Wittekind	1/6/2011	4/5/2011	Consent	3/23/2011	Acknowledged	Multi-state 24 month SC for ISDN-PRS	SC	ISDN-PRS
2/16/2011	Qwest	C4-2011	Wittekind	1/21/2011	4/5/2011	Consent	3/23/2011	Acknowledged	Amendment to an existing multi-state Special Contract for Market Expansion Line Service.	SC	Market Expansion Line Service
2/24/2011	Qwest	C5-2011	Stanage	2/7/2011	4/5/2011	Consent	3/23/2011	Acknowledged	Multi-state 24-month SC for ISDN-PRS	SC	ISDN-PRS
2/25/2011	Qwest	C6-2011	Stanage	2/11/2011	4/5/2011	Consent	3/23/2011	Acknowledged	Multi-state 36-month SC for ISDN-PRS and DSS	SC	ISDN-PRS & DSS
3/15/2011	Qwest	C7-2011	Stanage	2/28/2011	6/7/2011	Consent	5/26/2011	Acknowledged	Multi-state 36 month SC for ISDN-PRS	SC	ISDN-PRS
3/21/2011	Qwest	C8-2011	Wittekind	2/28/2011	6/7/2011	Consent	5/26/2011	Acknowledged	12-Month SC for Metro Optical Ethernet Service.	SC	MOE
3/28/2011	Qwest	C9-2011	Wittekind	3/18/2011	6/7/2011	Consent	5/26/2011	Acknowledged	Multi-state 36 month SC for ISDN-PRS	SC	ISDN-PRS
4/13/2011	Qwest	C10-2011	Wittekind	3/22/2011	6/7/2011	Consent	5/26/2011	Acknowledged	Multi-state 36-month SC for ISDN-PRS	SC	ISDN-PRS
5/13/2011	Qwest	C11-2011	Stanage	4/13/2011	7/26/2011	Consent	7/14/2011	Acknowledged	36-month SC for Metro Optical Ethernet Service	SC	Metro Optical Ethernet Service
5/18/2011	Qwest	C12-2011	Stanage	3/31/2011	7/26/2011	Consent	7/14/2011	Acknowledged	Filing of two amendments to a 36-month SC for Premium Business Listings, ISDN (PRS), DSS and DS1 Service	SC	Premium Business Listings, ISDN (PRS), DSS & DS1
6/3/2011	Qwest	C13-2011	Stanage	3/24/2011	NA	NA	NA	FILING DECLINED	Six-Year special contract for business packages. Violates 759.250 limit of five years for special contracts.	SC	Business Packages
6/29/2011	Qwest	C14-2011	Stanage	5/17/2011	NA	NA	7/6/2011	Acknowledged	Multi-state 36-month SC for ISDN-PRS and QLVP	SC	ISDN-PRS QLVP
7/8/2011	Qwest	C15-2011	Stanage	5/24/2011	7/26/2011	Consent	7/14/2011	Acknowledged	36-month Amendment for Metro Optical Ethernet Service.	SC	Metro Optical Ethernet Service
7/14/2011	Qwest	C16-2011	Stanage	7/5/2011	NA	NA	7/22/2011	Acknowledged	36-month Special Contract for ISDN-PRS Service.	SC	ISDN-PRS
7/19/2011	Qwest	C17-2011	Stanage	3/24/2011	10/4/2011	Consent	9/22/2011	Acknowledged	Amendment to C13-2011 for basic business lines under QLVP. Changing the term from 6 years to 5 years. Adds ISDN-PRS.	SC	Basic Business Line Service ISDN-PRS

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7/21/2011	Qwest	C18-2011	Stanage	7/18/2011	10/4/2011	Consent	9/22/2011	Acknowledged	36-month Special Contract for ISDN-PRS Service.	SC	ISDN-PRS
7/25/2011	Qwest	C19-2011	Stanage	7/11/2011	10/4/2011	Consent	9/22/2011	Acknowledged	24-month Special Contract for ISDN-PRS Service.	SC	ISDN-PRS
7/29/2011	Qwest	C20-2011	Stanage	7/20/2011	NA	NA	8/3/2011	Acknowledged	36-month multi-state Special Contract for ISDN-PRS service.	SC	ISDN-PRS
7/29/2011	Qwest	C21-2011	Stanage	7/19/2011	10/4/2011	Consent	9/22/2011	Acknowledged	12-month multi-state Special Contract for ISDN (PRS)	SC	ISDN-PRS
8/9/2011	Qwest	C22-2011	Stanage	5/9/2011	10/4/2011	Consent	9/22/2011	Acknowledged	Amendment 19 adding an additional ISDN-PRS Service in a MSA with a 36-month term with two 12-month terms extensions executed 2/22/2008..	SC	ISDN-PRS
8/15/2011	Qwest	C23-2011	Stanage	7/27/2011	10/4/2011	Consent	9/22/2011	Acknowledged	24-month multi-state Special Contract for DSS	SC	DSS
8/18/2011	Qwest	C24-2011	Stanage	8/11/20101	10/4/2011	Consent	9/22/2011	Acknowledged	Amendment 22 to add additional PRS Service as part of a MSA.	SC	ISDN-PRS
8/26/2011	Qwest	C25-2011	Stanage	6/8/2011	NA	NA	8/30/2011	Acknowledged	36 month SC for ISDN-PRS	SC	ISDN-PRS
8/30/2011	Qwest	C26-2011	Stanage	7/27/2011	10/4/2011	Consent	9/22/2011	Acknowledged	48 month SC for basic business services under QLVP	SC	Basic Business Services
9/19/2011	Qwest	C27-2011	Stanage	8/29/2011	NA	NA	9/28/2011	Acknowledged	36 month SC for ISDN-PRI	SC	ISDN-PRI
9/30/2011	Qwest	C28-2011	Stanage	9/6/2011	12/6/2011	Consent	11/22/2011	Acknowledged	36-month contract for Metro Optical Ethernet Service (MOE)	SC	Metro Optical Ethernet Service
10/6/2011	Qwest	C29-2011	Stanage	9/21/2011	12/6/2011	Consent	11/22/2011	Acknowledged	36-month contract for ISDN-PRS service and DSS	SC	ISDN-PRS DSS
10/25/2011	Qwest	C30-2011	Stanage	9/26/2011	12/6/2011	Consent	11/22/2011	Acknowledged	36-month SC for ISDN-PRS service and DSS, Business Basic Line Service under QLVA	SC	ISDN-PRS, DSS, Business Basic Line Service under QLVA
11/15/2011	Qwest	C31-2011	Scott	9/1/2011	1/24/2012	Consent	1/12/2012	Acknowledged	24-month multi-state SC for ISDN-PRS and basic business line service under the QLVA plan	SC	ISDN-PRS QLVA
12/19/2011	Qwest	C32-2011	Scott	11/17/2011	1/24/2012	Consent	1/12/2012	Acknowledged	36-month Amendments for Metro Optical Ethernet Service.	SC	Metro Optical Ethernet Service
2/8/2012	Qwest	C01-2012	Scott	1/16/2012	NA	NA	2/21/2012	Acknowledged	60 month SC for ISDN-PRS	SC	ISDN-PRS
2/21/2012	Qwest	C02-2012	Scott	1/19/2012	4/10/2012	Consent	3/28/2012	Acknowledged	36-month special contract for ISDN-PRS service.	SC	ISDN-PRS
2/21/2012	Qwest	C03-2012	Stanage	2/2/2012	4/10/2012	Consent	3/28/2012	Acknowledged	60-month special contract for ISDN-PRS service.	SC	ISDN-PRS
2/21/2012	Qwest	C04-2012	Scott	2/7/2012	4/10/2012	Consent	3/28/2012	Acknowledged	36-month special contract CenturyLink Line Volume Plan (CLVP) bus. packages.	SC	CenturyLink Line Volume Plan (CLVP)
2/28/2012	Qwest	C05-2012	Stanage	2/6/2012	4/10/2012	Consent	3/28/2012	Acknowledged	36-month SC for Metro Optical Ethernet Service	SC	MOE
3/16/2012	Qwest	C06-2012	Scott	2/21/2012	NA	NA	3/28/2012	Acknowledged	36-month SC for ISDN (PRS) at two different rates	SC	ISDN-PRS
4/17/2012	Qwest	C7-2012	Scott	3/15/2012	7/3/2012	Consent	6/20/2012	Acknowledged	24-month Multi-state SC for ISDN-PRS	SC	ISDN-PRS
4/27/2012	Qwest	C08-2012	Stanage	3/29/2012	7/3/2012	Consent	6/20/2012	Acknowledged	24-month special contract CenturyLink Line Volume Plan (CLVP) bus. packages.	SC	CenturyLink Line Volume Plan (CLVP)
4/27/2012	Qwest	C09-2012	Scott	2/15/2012	7/3/2012	Consent	6/20/2012	Acknowledged	60-month special contract for ISDN-PRS	SC	ISDN-PRS
4/27/2012	Qwest	C10-2012	Stanage	2/21/2012	7/3/2012	Consent	6/20/2012	Acknowledged	60-month Multi-state special contract for ISDN-PRS	SC	ISDN-PRS

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5/7/2012	Qwest	C11-2012	Scott	3/12/2012	7/3/2012	Consent	6/20/2012	Acknowledged	60-month Multi-state special contract for ISDN-PRS	SC	ISDN-PRS
5/14/2012	Qwest	C12-2012	Stanage	3/29/2012	7/3/2012	Consent	6/20/2012	Acknowledged	12-month Multi-state special contract for ISDN-PRS	SC	ISDN-PRS
6/6/2012	Qwest	C13-2012	Stanage	4/18/2012	7/3/2012	Consent	6/20/2012	Acknowledged	36-month special contract for ISDN-PRS	SC	ISDN-PRS
6/14/2012	Qwest	C14-2012	Stanage	5/2/2012	8/14/2012	Consent	8/1/2012	Acknowledged	36-month special contract for ISDN-PRI	SC	ISDN-PRI
6/18/2012	Qwest	C15-2012	Stanage	3/29/2012	8/14/2012	Consent	8/1/2012	Acknowledged	36-month special contract for ISDN-PRI	SC	ISDN-PRI
6/21/2012	Qwest	C16-2012	Stanage	5/9/2012	8/14/2012	Consent	8/1/2012	Acknowledged	Multi-state 36-month SC for Basic Business Line Service under CenturyLink Volume Plan (CLVP)	SC	Business Services Packages
6/26/2012	Qwest	C17-2012	Stanage	5/9/2012	NA	NA	7/2/2012	Acknowledged	24-month special contract for ISDN-PRS	SC	ISDN-PRS
6/26/2012	Qwest	C18-2012	Stanage	4/18/2012	8/14/2012	Consent	8/1/2012	Acknowledged	24-month special contract for ISDN-PRS at two different rates.	SC	ISDN-PRS
6/27/2012	Qwest	C19-2012	Stanage	3/16/2012	NA	NA	7/2/2012	Acknowledged	36-month SC for ISDN (PRS)	SC	ISDN-PRS
6/27/2012	Qwest	C20-2012	Stanage	4/23/2012	8/14/2012	Consent	8/1/2012	Acknowledged	12-month SC for ISDN (PRS)	SC	ISDN-PRS
7/23/2012	Qwest	C21-2012	Stanage	5/10/2012	NA	NA	8/6/2012	Acknowledged	Notification of a SC Amendemnt for ISDN-PRS	SC	ISDN-PRS
8/2/2012	Qwest	C22-2012	Stanage	7/10/2012	10/23/2012	Consent	10/11/2012	Acknowledged	36-Month SC for Digital Switched Services (DSS)	SC	DSS
8/9/2012	Qwest	C23-2012	Stanage	7/6/2012	10/23/2012	Consent	10/11/2012	Acknowledged	36-month SC for ISDN-PRS	SC	ISDN-PRS
8/13/2012	Qwest	C24-2012	Stanage	7/19/2012	NA	NA	8/27/2012	Acknowledged	36-month SC for ISDN-PRS	SC	ISDN-PRS
8/20/2012	Qwest	C26-2012	Stanage	6/21/2012	10/23/2012	Consent	10/11/2012	Acknowledged	36-month special contract for ISDN-PRI	SC	ISDN-PRS
8/21/2012	Qwest	C25-2012	Stanage	8/2/2012	10/23/2012	Consent	10/11/2012	Acknowledged	Multi-state 24-month SC for Basic Business Line Service under CenturyLink Line Volume Plan (CLVP)	SC	Basic Business Line Service
8/21/2012	Qwest	C27-2012	Stanage	5/21/2012	10/23/2012	Consent	10/11/2012	Acknowledged	36-month special contract for ISDN-PRS	SC	ISDN-PRS
8/28/2012	Qwest	C28-2012	Stanage	7/12/2012	10/23/2012	Consent	10/11/2012	Acknowledged	12-month special contract for ISDN-PRS	SC	ISDN-PRS
8/28/2012	Qwest	C29-2012	Stanage	6/11/2012	NA	NA	8/31/2012	Acknowledged	36-month multi-state special contract for ISDN-PRS	SC	ISDN-PRS
9/11/2012	Qwest	C30-2012	Stanage	8/20/2012	NA	NA	9/17/2012	Acknowledged	60-month Multi-state special contract for ISDN-PRS	SC	ISDN-PRS
9/20/2012	Qwest	C31-2012	Stanage	7/20/2012	10/23/2012	Consent	10/11/2012	Acknowledged	36-month special contract for ISDN-PRS	SC	ISDN-PRS
9/26/2012	Qwest	C32-2012	Stanage	9/10/2012	12/18/2012	Consent	12/6/2012	Acknowledged	36-month special contract for ISDN-PRS	SC	ISDN-PRS
10/1/2012	Qwest	C33-2012	Stanage	9/13/2012	12/18/2012	Consent	12/6/2012	Acknowledged	36-month SC for Metro Optical Ethernet Service	SC	Metro Optical Ethernet Service
10/2/2012	Qwest	C34-2012	Stanage	8/22/2012	NA	NA	10/16/2012	Acknowledged	36-month special contract for ISDN-PRS	SC	ISDN-PRS
10/12/2012	Qwest	C35-2012	Hellebuyck	10/4/2012	NA	NA	11/19/2012	Acknowledged	36-month multi-state special contract for ISDN-PRS	SC	ISDN-PRS
10/18/2012	Qwest	C36-2012	Stanage	10/10/2012	NA	NA	10/30/2012	Acknowledged	36-month multi-state special contract for ISDN-PRS	SC	ISDN-PRS
10/18/2012	Qwest	C37-2012	Hellebuyck	10/9/2012	12/18/2012	Consent	12/3/2012	Acknowledged	36-month special contract for ISDN-PRS	SC	ISDN-PRS
10/22/2012	Qwest	C38-2012	Stanage	10/11/2012	NA	NA	10/31/2012	Acknowledged	36-month special contract for ISDN-PRS	SC	ISDN-PRS
10/22/2012	Qwest	C39-2012	Hellebuyck	9/14/2012	12/18/2012	Consent	12/3/2012	Acknowledged	24-month special contract for ISDN-PRS	SC	ISDN-PRS
10/24/2012	Qwest	C40-2012	Stanage	9/11/2012	12/18/2012	Consent	12/6/2012	Acknowledged	24-month special contract for ISDN-PRS	SC	ISDN-PRS

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10/24/2012	Qwest	C41-2012	Stanage	10/17/2012	NA	NA	11/5/2012	Acknowledged	36-month multi-state special contract for ISDN-PRS	SC	ISDN-PRS
10/24/2012	Qwest	C42-2012	Stanage	10/17/2012	12/18/2012	Consent	12/6/2012	Acknowledged	Special contract for ISDN-PRS with 36-months for three spans and 12 months for one span.	SC	ISDN-PRS
10/24/2012	Qwest	C43-2012	Hellebuyck	10/1/2012	12/18/2012	Consent	12/3/2012	Acknowledged	18-month special contract for business packages included under the Line Volume Plan (LVP).	SC	Business Services Packages
10/30/2012	Qwest	C44-2012	Stanage	9/24/2012	NA	NA	11/9/2012	Acknowledged	36-month special contract for ISDN-PRS (included as part of a CenturyLink Total Advantage TM Express Agreement)	SC	ISDN-PRS
11/2/2012	Qwest	C45-2012	Stanage	10/22/2012	NA	NA	11/9/2012	Acknowledged	36-month special contract for ISDN-PRS	SC	ISDN-PRS
11/7/2012	Qwest	C46-2012	Stanage	10/30/2012	12/18/2012	Consent	12/6/2012	Acknowledged	12-month special contract for ISDN (PRS)	SC	ISDN-PRS
11/8/2012	Qwest	C47-2012	Hellebuyck	10/31/2012	12/18/2012	Consent	12/3/2012	Acknowledged	36-month multi-state special contract for ISDN (PRS)	SC	ISDN-PRS
11/13/2012	Qwest	C48-2012	Stanage	10/31/2012	NA	NA	11/29/2012	Acknowledged	36-month special contract for business packages included under the Line Volume Plan (LVP).	SC	Business Services Packages
12/11/2012	Qwest	C49-2012	Hellebuyck	11/15/2012	NA	NA	1/4/2013	Acknowledged	36-month special contract for ISDN (PRS)	SC	ISDN (PRS)
12/11/2012	Qwest	C50-2012	Hellebuyck	12/6/2012	NA	NA	1/4/2013	Acknowledged	36-month special contract for ISDN (PRS)	SC	ISDN (PRS)
12/12/2012	Qwest	C51-2012	Hellebuyck	11/21/2012	2/12/2013	Consent	1/30/2013	Acknowledged	36-month special contract for ISDN (PRS) & DSS	SC	ISDN (PRS) & DSS
1/3/2013	Qwest	C01-2013	Hellebuyck	12/18/2012	NA	NA	1/24/2013	Acknowledged	36-month special contract for ISDN (PRS)	SC	ISDN (PRS)
1/3/2013	Qwest	C02-2013	Stanage	12/18/2012	2/12/2013	Consent	1/30/2013	Acknowledged	36-month special contract for ISDN (PRS)	SC	ISDN (PRS)
1/4/2013	Qwest	C03-2013	Stanage	11/30/2012	2/12/2013	Consent	1/30/2013	Acknowledged	36-month SC for Metro Optical Ethernet Service	SC	Metro Optical Ethernet Service
1/14/2013	Qwest	C04-2013	Hellebuyck	12/18/2012	NA	NA	1/24/2013	Acknowledged	24-month special contract for ISDN (PRS)	SC	ISDN (PRS)
1/15/2013	Qwest	C05-2013	Stanage	1/10/2013	2/12/2013	Consent	1/30/2013	Acknowledged	24-month, multi-state special contract for ISDN-PRS and DSS	SC	ISDN (PRS) and DSS
1/22/2013	Qwest	C06-2013	Stanage	12/18/2012	4/9/2013	Consent	3/28/2013	Acknowledged	36-month special contract for Metro Optical Ethernet (MOE) Service.	SC	Metro Optical Ethernet Service
2/11/2013	Qwest	C07-2013	Stanage	1/14/2013	NA	NA	2/15/2013	Acknowledged	36-month special contract for ISDN (PRS)	SC	ISDN (PRS)
2/11/2013	Qwest	C08-2013	Hellebuyck	1/31/2013	NA	NA	3/6/2013	Acknowledged	36-month special contract for ISDN (PRS)	SC	ISDN (PRS)
2/11/2013	Qwest	C09-2013	Stanage	12/18/2012	4/9/2013	Consent	3/28/2013	Acknowledged	60-month special contract for ISDN (PRS)	SC	ISDN (PRS)
2/12/2013	Qwest	C10-2013	Stanage	12/27/2012	4/9/2013	Consent	3/28/2013	Acknowledged	36-month special contract for business packages included under the Line Volume Plan (LVP).	SC	Business Services Packages

QWEST SPECIAL CONTRACT FILINGS, August 8, 2008 To March 1, 2014

DATE FILED	COMPANY	ADVICE/ DOCKET NO.	ANALYST	EFFECT DATE	PUBLIC MTG	TYPE	MEMO DONE	COMPLETED ACTION	DESCRIPTION	TYPE	SERVICE
2/14/2013	Qwest	C11-2013	Stanage	1/22/2013	4/9/2013	Consent	3/28/2013	Acknowledged	Multi-state Special Contract: 36-months for business packages included under the CenturyLink Line Volume Plan and 12-months for ISDN-PRS.	SC	Business Services Packages (CLVP) & ISDN-PRS
2/19/2013	Qwest	C12-2013	Hellebuyck	1/11/2013	4/9/2013	Consent	3/28/2013	Acknowledged	36-month special contract for ISDN (PRS)	SC	ISDN (PRS)
2/25/2013	Qwest	C13-2013	Stanage	2/6/2013	NA	NA	3/7/2013	Acknowledged	36-month special contract for ISDN (PRS)	SC	ISDN (PRS)
3/8/2013	Qwest	C14-2013	Stanage	2/27/2013	4/9/2013	Consent	3/28/2013	Acknowledged	24-month special contract for ISDN (PRS)	SC	ISDN (PRS)
4/15/2013	Qwest	C16-2013	Stanage	3/22/2013	NA	NA	4/29/2013	Acknowledged	36-month special contract for ISDN (PRS)	SC	ISDN (PRS)
4/18/2013	Qwest	C17-2013	Hellebuyck	4/8/2013	6/18/2013	Consent	6/4/2013	Acknowledged	60-month special contract for ISDN (PRS)	SC	ISDN (PRS)
4/18/2013	Qwest	C18-2013	Stanage	2/26/2013	NA	NA	4/29/2013	Acknowledged	36-month special contract for ISDN (PRS)	SC	ISDN (PRS)
5/3/2013	Qwest	C19-2013	Hellebuyck	4/23/2013	6/18/2013	Consent	6/4/2013	Acknowledged	36 month multi-state SC for basic business lines under CenturyLink® VolumePlan.	SC	CLVP
5/3/2013	Qwest	C20-2013	Hellebuyck	4/18/2013	6/18/2013	Consent	6/4/2013	Acknowledged	12 month SC for ISDN-PRS as part of a CenturyLink Total Advantage™ Express Agreement.	SC	ISDN-PRS, Total Advantage™ Express
5/8/2013	Qwest	C21-2013	Stanage	4/29/2013	NA	NA	5/13/2013	Acknowledged	36 month SC for ISDN-PRS	SC	ISDN-PRS
6/18/2013	Qwest	C22-2013	Stanage	5/16/2013	8/6/2013	Consent	7/24/2013	Acknowledged	24-month special contract for Metro Optical Ethernet (MOE) Service.	SC	Metro Optical Ethernet Service
7/1/2013	Qwest	C23-2013	Hellebuyck	5/22/2013	NA	NA	8/21/2013	Acknowledged	24-month special contract for ISDN-PRS.	SC	ISDN (PRS)
7/5/2013	Qwest	C-24-2013	Stanage	5/2/2013	NA	NA	7/24/2013	Acknowledged	ISDN-PRS service included as part of a CenturyLink Total Advantage Express Agreement	SC	ISDN-PRS Total Advantage Express Agreement
7/5/2013	Qwest	C-25-2013	Stanage	6/27/2013	NA	NA	7/25/2013	Acknowledged	ISDN-PRS service included as part of a CenturyLink Total Advantage Express Agreement	SC	ISDN-PRS Total Advantage Express Agreement
7/5/2013	Qwest	C-26-2013	Stanage	6/28/2013	NA	NA	7/26/2013	Acknowledged	ISDN-PRS service included as part of a CenturyLink Total Advantage Express Agreement	SC	ISDN-PRS Total Advantage Express Agreement
7/11/2013	Qwest	C27-2013	Hellebuyck	7/2/2013	10/1/2013	Consent	9/18/2013	Acknowledged 10-1-13	ISDN-PRS service included as part of a CenturyLink Total Advantage Express Agreement	SC	ISDN-PRS Total Advantage Express Agreement
7/29/2013	Qwest	C28-2013	Stanage	7/10/2013	10/1/2013	Consent	9/19/2013	Acknowledged	24-month special contract for ISDN (PRS)	SC	ISDN (PRS)
7/29/2013	Qwest	C29-2013	Stanage	7/10/2013	NA	NA	9/17/2013	Acknowledged	36 month multi-state SC for basic business lines under CenturyLink VolumePlan.	SC	CLVP
8/7/2013	Qwest	C30-2013	Hellebuyck	7/29/2013	NA	NA	8/21/2013	Acknowledged	ISDN-PRS included as part of CenturyLink Total Advantage Express Agreement	SC	ISDN-PRS Total Advantage Express Agreement
8/13/2013	Qwest	C31-2013	Stanage	7/10/2013	10/1/2013	Consent	9/19/2013	Acknowledged	12-month special contract for ISDN-PRS.	SC	ISDN (PRS)

QWEST SPECIAL CONTRACT FILINGS, August 8, 2008 To March 1, 2014

DATE FILED	COMPANY	ADVICE/ DOCKET NO.	ANALYST	EFFECT DATE	PUBLIC MTG	TYPE	MEMO DONE	COMPLETED ACTION	DESCRIPTION	TYPE	SERVICE
9/20/2013	Qwest	C32-2013	Stanage	9/5/2013	12/10/2013	Consent	11/27/2013	Acknowledged 12-10-13	24-month special contract CenturyLink Line Volume Plan (CLVP) bus. packages.	SC	CenturyLink Line Volume Plan (CLVP)
9/26/2013	Qwest	C33-2013	Stanage	9/9/2013	NA	NA	10/17/2013	Acknowledged 10-18-13	60-month special contract for ISDN (PRS)	SC	ISDN (PRS)
9/26/2013	Qwest	C34-2013	Hellebuyck	9/17/2013	NA	NA	10/9/2013	Acknowledged 10-9-13	36-month special contract for ISDN (PRS)	SC	ISDN (PRS)
10/2/2013	Qwest	C35-2013	Stanage	9/25/2013	12/10/2013	Consent	11/27/2013	Acknowledged 12-10-13	24-month special contract for ISDN (PRS)	SC	ISDN (PRS)
10/8/2013	Qwest	C36-2013	Stanage	10/2/2013	NA	NA	10/17/2013	Acknowledged 10-18-13	36-month special contract for ISDN (PRS)	SC	ISDN (PRS)
10/14/2013	Qwest	C37-2013	Stanage	8/8/2013	12/10/2013	Consent	11/27/2013	Acknowledged 12-10-13	36-month special contract for ISDN (PRS) and DSS	SC	ISDN (PRS) and DSS
10/14/2013	Qwest	C38-2013	Stanage	9/24/2013	12/10/2013	Consent	11/27/2013	Acknowledged 12-10-13	24-month special contract for ISDN (PRS)	SC	ISDN (PRS)
10/21/2013	Qwest	C39-2013	Stanage	9/26/2013	12/10/2013	Consent	11/27/2013	Acknowledged 12-10-13	24-month special contract for DSS	SC	DSS
10/25/2013	Qwest	C40-2013	Stanage	10/15/2013	12/10/2013	Consent	11/27/2013	Acknowledged 12-10-13	36-month special contract for DSS	SC	DSS
11/1/2013	Qwest	C41-2013	Stanage	10/24/2013	12/10/2013	Consent	11/27/2013	Acknowledged 12-10-13	12-month special contract for ISDN (PRS)	SC	ISDN (PRS)
11/1/2013	Qwest	C42-2013	Stanage	10/23/2013	NA	NA	11/6/2013	Acknowledged 11-7-13	36-month special contract for ISDN (PRS)	SC	ISDN (PRS)
11/4/2013	Qwest	C43-2013	Stanage	10/30/2013	NA	NA	11/14/2013	Acknowledged 11-20-13	36-month special contract for ISDN (PRS)	SC	ISDN (PRS)
11/5/2013	Qwest	C44-2013	Stanage	9/19/2013	NA	NA	11/18/2013	Acknowledged 11-25-13	36-month special contract for ISDN (PRS)	SC	ISDN (PRS)
11/26/2013	Qwest	C45-2013	Stanage	10/11/2013	2/18/2014	Consent	2/5/2014	Acknowledged 2-18-14	24 month multi-state SC for basic business lines under CenturyLink Volume Plan.	SC	CLVP
11/26/2013	Qwest	C46-2013	Stanage	10/11/2013	2/18/2014	Consent	2/5/2014	Acknowledged 2-18-14	24 month multi-state SC for basic business lines under CenturyLink Volume Plan.	SC	CLVP
1/9/2014	Qwest	C01-2014	Stanage	12/6/2013	NA	NA	1/21/2014	Acknowledged 1-22-14	36-month special contract for ISDN (PRS)	SC	ISDN (PRS)
1/9/2014	Qwest	C02-2014	Stanage	12/9/2013	NA	NA	1/21/2014	Acknowledged 1-22-14	36-month special contract for ISDN (PRS)	SC	ISDN (PRS)
1/13/2014	Qwest	C03-2014	Stanage	12/19/2013	NA	NA	1/21/2014	Acknowledged 1-22-14	36-month special contract for ISDN (PRS)	SC	ISDN (PRS)
1/13/2014	Qwest	C04-2014	Stanage	11/14/2013	2/18/2014	Consent	2/5/2014	Acknowledged 2-18-14	12-month special contract for ISDN (PRS)	SC	ISDN (PRS)
1/14/2014	Qwest	C05-2014	Stanage	12/30/2013	2/18/2014	Consent	2/5/2014	Acknowledged 2-18-14	24-month special contract for ISDN (PRS)	SC	ISDN (PRS)
1/16/2014	Qwest	C06-2014	Stanage	11/25/2013	2/18/2014	Consent	2/5/2014	Acknowledged 2-18-14	60-month special contract for Metro Optical Ethernet (MOE) Service.	SC	Metro Optical Ethernet Service
1/17/2014	Qwest	C07-2014	Stanage	1/6/2014	NA	NA	1/28/2014	Acknowledged 1-30-14	36-month special contract for ISDN (PRS)	SC	ISDN (PRS)

QWEST SPECIAL CONTRACT FILINGS, August 8, 2008 To March 1, 2014

DATE FILED	COMPANY	ADVICE/ DOCKET NO.	ANALYST	EFFECT DATE	PUBLIC MTG	TYPE	MEMO DONE	COMPLETED ACTION	DESCRIPTION	TYPE	SERVICE
1/21/2014	Qwest	C08-2014	Stanage	11/18/2013	4/15/2014	Consent			Establishes a 60-month, multi-state special contract for Business Line Service under the Lince Volume Plan (LVP).	SC	Business Services Packages
1/21/2014	Qwest	C09-2014	Stanage	12/3/2013	4/15/2014	Consent			Establishes a 36-month, multi-state special contract for Business Line Service under the Lince Volume Plan (LVP).	SC	Business Services Packages
1/24/2014	Qwest	C10-2014	Stanage	1/6/2014	4/15/2014	Consent			36-month special contract for ISDN (PRS)	SC	ISDN (PRS)
1/24/2014	Qwest	C11-2014	Stanage	12/3/2013	NA	NA	1/31/2014	Acknowledged 2-4-14	Establishes a 24-month, multi-state special contract for Business Line Service under the Lince Volume Plan (LVP).	SC	Business Services Packages
1/24/2014	Qwest	C12-2014	Stanage	12/3/2013	NA	NA	1/31/2014	Acknowledged 2-4-14	24-month special contract for ISDN (PRS)	SC	ISDN (PRS)
1/28/2014	Qwest	C13-2014	Stanage	10/16/2013	4/15/2014	Consent			12-month special contract for ISDN (PRS)	SC	ISDN (PRS)
2/3/2014	Qwest	C14-2014	Stanage	1/10/2014	4/15/2014	Consent			36-month special contract for ISDN (PRS)	SC	ISDN (PRS)
2/20/2014	Qwest	C15-2014	Stanage	2/13/2014	NA	NA			36-month special contract for ISDN (PRS)	SC	ISDN (PRS)
2/26/2014	Qwest	C16-2014	Stanage	1/10/2014	NA	NA			36-month special contract for ISDN (PRS)	SC	ISDN (PRS)

CASE: UM 1354
WITNESS: JIM STANAGE

PUBLIC UTILITY COMMISSION
OF
OREGON

STAFF EXHIBIT 202

Exhibits in Support
Of Opening Testimony

April 2, 2014

STAFF EXHIBIT 202

PAGES 2, 4, 5, AND 8-16

ARE CONFIDENTIAL AND SUBJECT TO MODIFIED

PROTECTIVE ORDER NO. 08-116. YOU MUST HAVE SIGNED

APPENDIX B OF THE MODIFIED PROTECTIVE ORDER IN

DOCKET UM 1354 TO RECEIVE THE

CONFIDENTIAL VERSION

OF THIS EXHIBIT.

OREGON
Docket No. UM 1354
Response to PUC Staff Data Request
Respondent: John Felz
Response Date: July 2, 2013

Data Request PUC STAFF No. 57

What was CenturyLink QC's total annual revenue for Oregon regulated services in 2012 or for the most recent twelve months for which the company has data?

RESPONSE:

Please see Confidential Attachment Staff 57.

OREGON
Docket No. UM 1354
Response to PUC Staff Data Request
Respondent: John Felz
Response Date: July 2, 2013

Data Request PUC STAFF No. 58

Please provide data to complete the blank spaces for the current number of Service Units and Annualized Revenues for the attached *Table 1. Selected Service Units & Revenues*. Please provide the information on the same basis as the previous request---i.e., for 2012 or for the most recent twelve months for which the company has data.

RESPONSE:

Please see Confidential Attachment Staff 58.

Docket 1354

Staff/202
Stanage/6

CenturyLink

CARLA M. BUTLER

July 11, 2013

Oregon Public Utility Commission
Attn: Kay Barnes
550 Capitol Street NE, Ste 215
Salem, OR 97301-2551

RE: UM 1354

Dear Ms. Barnes:

Enclosed please find CenturyLink's Supplemental Response to Staff's Data Request No. 58 for the above entitled docket.

The Confidential Attachment to the Response is printed on yellow paper and sealed in a separate envelope.

If you have any questions or concerns regarding these copies, please do not hesitate to contact me.

Sincerely,

Carla

Carla M. Butler
Paralegal

Enclosures

310 SW Park Ave., 11th Flr.
Portland, OR 97205
Tel. 503.242.5420
Fax. 503.242.8589
carla.butler@centurylink.com

OREGON
Docket No. UM 1354
Response to PUC Staff Data Request
Respondent: John Felz
Response Date: July 11, 2013

Data Request PUC STAFF No. 58

Please provide data to complete the blank spaces for the current number of Service Units and Annualized Revenues for the attached *Table 1. Selected Service Units & Revenues.* Please provide the information on the same basis as the previous request—i.e., for 2012 or for the most recent twelve months for which the company has data.

RESPONSE:

Please see Confidential Attachment Staff 58.

SUPPLEMENTAL RESPONSE:

Please see Confidential Attachment Staff 58 – Supplemental Response. This version includes information for ISDN-PRI which was not available at the time the original response was provided.

CASE: UM 1354
WITNESS: MALIA BROCK

PUBLIC UTILITY COMMISSION OF OREGON

STAFF EXHIBIT 300

Opening Testimony

April 2, 2014

CERTAIN INFORMATION CONTAINED IN STAFF EXHIBIT 300
OF

UM 1354 IS CONFIDENTIAL AND SUBJECT TO

PROTECTIVE ORDER NO. 08-116. YOU

MUST HAVE SIGNED

APPENDIX B OF THE PROTECTIVE ORDER IN

DOCKET UM 1354 TO RECEIVE THE

CONFIDENTIAL VERSION

OF THIS EXHIBIT.

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS**
2 **ADDRESS.**
3 A. My name is Malia Brock. I am a Senior Telecommunications and Water
4 Analyst in the Retail Telecommunications and Water Regulation Section of the
5 Oregon Public Utility Commission. My business address is 3930 Fairview
6 Industrial Dr. SE, Salem, Oregon 97302.
7 **Q. PLEASE DESCRIBE YOUR BACKGROUND AND WORK EXPERIENCE.**
8 A. I have four years of experience as a Senior Analyst working primarily on
9 service quality and telecommunications engineering analysis. My qualifications
10 can be found in my Witness Qualification Statement. (*See* Exhibit Staff/301,
11 Brock/1-2.)
12 **Q. HAVE YOU PREPARED AN EXHIBIT FOR THIS DOCKET?**
13 A. Yes. I prepared Exhibit Staff/301, consisting of 30 pages and Confidential
14 Exhibit Staff/302, consisting of 9 pages.
15 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**
16 A. My testimony addresses the service quality aspects of the petition of "Qwest
17 Corporation, dba CenturyLink QC" (Qwest) for revision of its current price plan
18 in Docket UM 1354. Specifically, my testimony is broken into the following
19 sections:
20 **I. Current Service Quality Standards**
21 I describe service quality standards currently in place in Oregon and provide
22 the statute enabling these standards as well as the Oregon Administrative
23 Rules (OAR's) containing those standards. Finally, I will describe the rationale

behind the adoption of service quality reporting measures and for each measure I will provide:

1) a brief description of the measure,

2) a brief description of the issue the performance measure addresses,

3) a description of the current standard for that measure,

4) a description of a recent change to service quality standards resulting from AR 575 to mitigate Qwest's concerns relating to competition, and

5) a description of remedies and the Performance Plan used to address missed metrics of service quality standards in Oregon.

II. Qwest's Service Quality Performance Under Current Plan

I address the Qwest's service quality performance under the Current Plan and demonstrate:

A. Qwest has not exceeded the service quality standards over the life of the Current Plan as claimed in the Petition,

B. service quality has steadily declined since 2008, and

C. service related customer complaints have steadily risen since 2010 and total complaints have increased on a per line basis almost every year since 2008.

III. Service Quality Changes Proposed by Qwest in the Petition

In this section I:

A. describe the changes proposed by Qwest regarding service quality reporting,

B. discuss the merits of Qwest's proposed amendments to service quality reporting, and

C. recommend Qwest's proposed modifications be denied and the current service quality standards be retained through inclusion in The Oregon Plan.

IV. Recent Trends in Qwest's Service Quality and Infrastructure Investment

In this section I address Staff's concerns regarding the impact competition may have on service quality including:

A. reductions in investments and expenditures on system equipment,

B. the advanced age and potential obsolescence of the Qwest network, and

C. the impact reduced investment has had on service quality in rural areas.

I. Current Service Quality Standards

Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

A. I will describe service quality standards currently in place in Oregon. I will provide the statute enabling these standards as well as the Oregon Administrative Rules (OAR's) containing those standards. Finally, I will describe the rationale behind the adoption of service quality reporting measures and for each measure I will provide:

1) a brief description of the measure,

2) a brief description of what service the metric is designed to measure,

3) a description of the current standard for that measure,

4) a description of a recent change to service quality standards resulting from AR 575 to mitigate Qwest's concerns relating to competition, and

5) a description of remedies and the Performance Plan used to address missed metrics of service quality standards in Oregon.

Q. WHY WERE SERVICE QUALITY STANDARDS ADOPTED IN OREGON?

A. Service quality standards currently in use in Oregon were adopted to ensure safe and adequate retail telecommunications services. The Legislature required minimum standards under *ORS 759.450, "Minimum service quality standards; rules; customer impact indices; factors; wholesale services; improvement plan; penalties; exceptions."*

(1) "It is the intent of the Legislative Assembly that every telecommunications carrier and those telecommunications utilities and competitive providers that provide wholesale services meet minimum service quality standards on a nondiscriminatory basis."

(2) "The Public Utility Commission shall determine minimum service quality standards that relate to the provision of retail telecommunications services to ensure safe and adequate service. Except as provided in subsection (8) and (9) of this section, minimum service quality standards adopted under this section shall apply to all telecommunications carriers. The commission by rule shall review and revise the minimum service quality standards as necessary to ensure safe and adequate retail telecommunications services." (Emphasis added.)

Q. WHAT CURRENT SERVICE QUALITY STANDARDS AND REPORTING ARE IN USE TODAY AND HOW ARE SERVICES MEASURED?

A. Service quality standards are detailed in OAR 860-023-0055. A complete copy of OAR 860-023-0055 standards in effect during the Current Plan is attached. (*See* Exhibit Staff/301, Brock/3-12.)

The Company currently reports standards monthly, which are analyzed and posted to the Commission website. (*See* Exhibit Staff/301, Brock/13-15.)

I have provided the OAR section for each standard below for reference purposes. The following descriptions are paraphrased from sections of standards reported by Qwest in their service quality reports and do not mirror specific rule language, nor reflect this entire OAR devoted to service quality rules, reporting, and exclusions. It only reflects the rule sections which address specific reporting which is required by Qwest.

1) OAR 860-023-0055(8)(b)(B): Access to Repair Service Center-

This standard measures how quickly calls are answered by Qwest's Repair Service Center. The standard requires the average wait time of all calls to be 50 seconds or less from the time the call is directed to a representative and answered.

This standard is used to measure the adequacy of staffing levels in the repair centers.

2) OAR 860-023-0055(8)(b)(B): Access to Business Office-

This standard measures how quickly calls are answered by Qwest's Business Office. The standard requires the average wait time of all calls to be 50 seconds or less from the time the call is directed to a representative and answered.

1 This standard is used to measure the adequacy of staffing levels in the
2 business office.
3 **3) OAR 860-023-0055(4)(A): Commitments Met for Service-**
4 This standard measures the customer commitments met by Qwest. Qwest
5 must calculate the monthly percentage of commitments met for service, based
6 on the initial commitment date, across its Oregon territory. Qwest must meet
7 90 percent of its commitments to be considered within standard for the month.
8 This standard is indicative of technician staffing levels as well as the number of
9 facilities dedicated to homes in the state that do not require a technician visit.
10 **4) OAR 860-023-0055(4)(B): Provisioning and Held Orders for Lack of**
11 **Facilities-**
12 This standard measures inward service orders that are delayed due to a lack of
13 facilities or resources. Qwest must determine and report the total monthly
14 number of held orders not completed due to lack of facilities for the month as
15 well as orders that have been held and not completed over 30 days past the
16 commitment date. Qwest's reported numbers must not exceed 1) two orders
17 per wire center (162) for orders delayed for 30 days or less or 2) be greater
18 than two orders per repair center (16) for those orders that have not been
19 completed over 30 days, to be considered within standard.
20 This standard indicates the adequacy of planning for the establishment of new
21 infrastructure in growth areas of the state and the adequacy of staffing levels.
22 **5) OAR 860-023-0055(6)(b): 48 Hour Repair Clearing Time-**

This standard measures the number of repairs cleared within the 48 hour clearing time standard at each of the eight repair centers in Qwest's Oregon territory. This standard was recently revised. However, the original standard was in place during the time span of the existing price plan and was used to evaluate Qwest's performance over the Current Plan. The prior standard required 95 percent of all trouble reports must be cleared within 48 hours for each of the eight wire centers. The eight repair center areas are: Albany/Corvallis/Newport; Central Oregon; Eastern Oregon; Eugene/Springfield; North Coast; Portland Area; Salem Area; and Southern Oregon.

This standard is indicative of several factors relative to timely repairs; staffing levels, the level of maintenance and general condition of the plant, and the condition and maintenance of central office switches. Unlike the provisioning standard, which measures proactive planning, this standard measures problems after they become evident.

6) OAR 860-023-0055(5): Trouble Reports Rate (TRR) by Wire Center-

a) Large wire centers- this threshold measures the number of trouble reports for large wire centers of 1,000 or more access lines. The wire center trouble report threshold must not exceed 2 trouble reports per 100 access lines, expressed as less than 2.00 percent for the month to be considered within threshold.

b) Small wire centers- this threshold measures the number of trouble reports for small wire centers under 1,000 access lines. The wire center trouble report

threshold must not exceed 3 trouble reports per 100 access lines, expressed as less than 3.00 percent for the month to be considered within threshold.

> *To be considered out of standard, the wire center must exceed the threshold levels for more than three of the last twelve months.* (Emphasis added). The threshold provides advanced warning that a wire center is creeping closer to missing standard and is indicative that network problems exist in the wire center.

Threshold and standard levels are used to gauge staffing levels and the overall network health of the wire center. Standards are used to determine when a wire center has reported sufficient trouble that left unattended, may require attention.

7) OAR 860-023-0055(14): Remedies for Violations

This OAR addresses remedies for violation of service quality standards. If a large telecommunications company fails to meet a minimum standard, the Commission must require the large telecommunications company to submit a plan for improving performance as provided in ORS 759.450(5) (a Performance Plan). This section provides remedies if performance has not improved under a Performance Plan up to and including penalties provided in ORS 759.450(5) through (7) and ORS 759.990. (*See* Exhibit Staff/301, Brock/16-17.)

Q. HAS THE COMMISSION RECENTLY MODIFIED ITS RULES TO ADDRESS CARRIER'S CONCERNS REGARDING SERVICE QUALITY STANDARDS?

A. Yes. Frontier Communication Northwest Inc. (Frontier) and Qwest recently petitioned the Commission for relaxed repair service quality standards relating

1 to 48 Hour Repair Clearing Times over the weekend due to decreased staffing
2 levels while citing their need "to address cost pressures resulting from
3 increased competition." Docket AR 575 was opened in response to their
4 petition. After a review of Idaho and Washington's standards, Staff initiated a
5 rulemaking to relax the 48 hour standard metric over the weekend period to
6 allow additional time for repairs of residential customers that have an
7 alternative means of communication and do not express concerns of medical
8 necessity when reporting. In addition, the standard for meeting 48 Hour Repair
9 Clearing Times metric was reduced from 95 to 90 percent in Order No. 14-016,
10 signed January 21, 2014, to revise OAR 860-023-0055(6). Staff's goal was to
11 address the effects of competition yet protect vulnerable consumers without
12 other options of communication, those with a medical necessity, and business
13 customers who are dependent on landline services. A review of the service
14 quality reports reveals only a few instances where the 48 hour repair clearing
15 time was exceeded due to weekend commitments in Qwest's service quality
16 reports. In addition, Staff has continued concerns relating to frequency with
17 which Qwest missed the recently lowered 90 percent standard, missing the
18 lowered standard 40 times since the inception of the Current Plan. Revisions
19 to this OAR are provided. (*See* Exhibit Staff/301, Brock/18.)

20 **<u>II. Qwest's Service Quality Performance Under its Price Plan</u>**

21 **Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?**

22 A. As described earlier, I will address Qwest's service quality performance under
23 the price plan and demonstrate:

A. Qwest has not exceeded the service quality standards over the life of the Current Plan as claimed in the Petition,

B. service quality has steadily declined since 2008, and

C. service related customer complaints have steadily risen since 2010.

Q. PLEASE COMMENT ON QWEST'S SERVICE QUALITY PERFORMANCE UNDER ITS CURRENT PRICE PLAN.

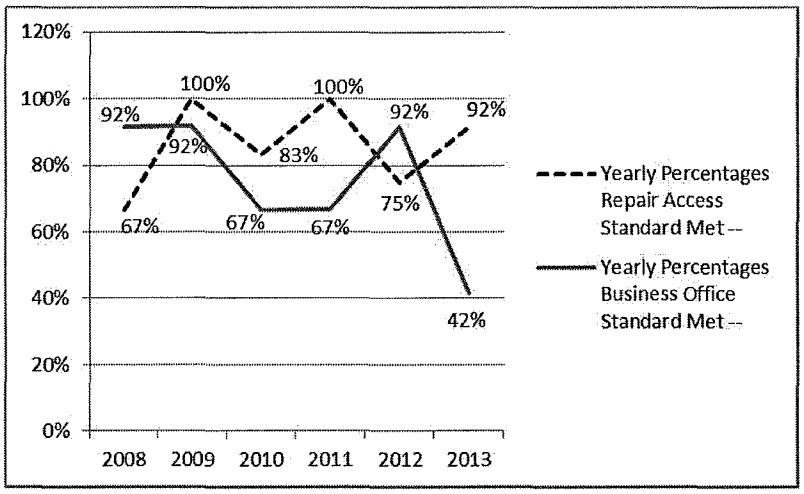
A. As stated in Order No. 08-408, one of the objectives of the Current Plan is to:

> "Ensure that the quality of existing telecommunications services will stay at or above current high levels. Qwest will meet or exceed the Commission's applicable retail service standards and will continue its current reporting practices."

My review of Qwest's service quality performance shows that Qwest's performance under the plan has been mixed. Counter to Qwest's assertion it is exceeding the Commission's standards in many service quality standards (*See* UM 1354 Amended Petition of Qwest Corporation for revision of the Price Plan, page 4, section III.B.3, dated January 23, 2014) Qwest has not consistently met standards in all areas and performance on some standards has declined during the Current Plan. The Petition states Qwest is exceeding standards for many service quality metrics, including Trouble Report Rate (TRR), 48 Hour Repair Clearing Times, and Average Wait Time (used in the Petition to describe standards relating to Business Office Access and Repair Center Access). Staff's review indicates that contrary to the Amended Petition's assertions, actual performance of standards over the Current Plan relating to TRR, 48

1 Hour Repair Clearing Times, Business Office Access, and Repair Center
2 Access have actually declined over the length of the Current Plan.
3 **Q. HAS THE COMMISSION ORDERED A PERFORMANCE PLAN?**
4 A. No. While no Performance Plan measures have been put into place, there have
5 been many months that TRR and 48 Hour Repair Clearing Times have been
6 missed. Although monthly misses to wire center metrics for the TRR are
7 considered a threshold until missed more than three months in a twelve month
8 window (at which point it violates the standard), threshold levels indicate
9 troublesome trends in the same wire centers month after month. The four
10 missed metrics and wire center threshold levels are described in detail in the
11 next section.
12 **Q. IN WHAT AREAS DID QWEST MEET ITS STANDARDS?**
13 A. Qwest's performance in relation to standards surrounding Provisioning,
14 Commitments Met, and Held Orders have continued to meet or exceed
15 standards.
16 **Q. DOES STAFF HAVE CONCERNS REGARDING QWEST'S SERVICE**
17 **QUALITY PERFORMANCE DURING THE CURRENT PRICE PLAN?**
18 A. Yes. Service quality metrics from January of 2008 to December 2013 indicate
19 that the four standards mentioned above have not met or exceeded standard
20 as claimed by Amended Petition over the length of the Current Plan.
21 **Q. PLEASE EXPLAIN.**
22 A. The average wait time for business office access was met only 75 percent of the
23 time, while the average wait time for repair center access was met only 86

1 percent of the time. Figure 1 below depicts compliance to the standard for
2 those two metrics expressed as a percentage for each year over the life of the
3 plan:



4 **Figure 1: Adherence to Repair and Business Office Standard Over Length of Current Plan**

5 Clearance rates reported for 48 Hour Repair Clearing Times standard indicate
6 compliance with this metric only 70 percent of the time over the length of the
7 Current Plan. It is important to note the eight repair center areas were created
8 so that information regarding the timeliness of repairs to rural areas was not
9 obfuscated by aggregated volumes of repairs in larger areas. Qwest's
10 Performance Report based their adherence of this metric to the Commission
11 using a statewide average. For the reasons described above, use of statewide
12 averages is not allowed for reporting this metric. The degree to which the use
13 of statewide averages can skew the results for this metric can be seen in the
14 graph below showing that, while Qwest generally met the standard on a
15 statewide basis during the Current Plan, Qwest frequently failed the metric
16 using the appropriate reporting basis–eight established repair center areas.

Adherence to 48 Hour Repair Clearing Times Standard over the length of the Current Plan is depicted in Figure 2 below:

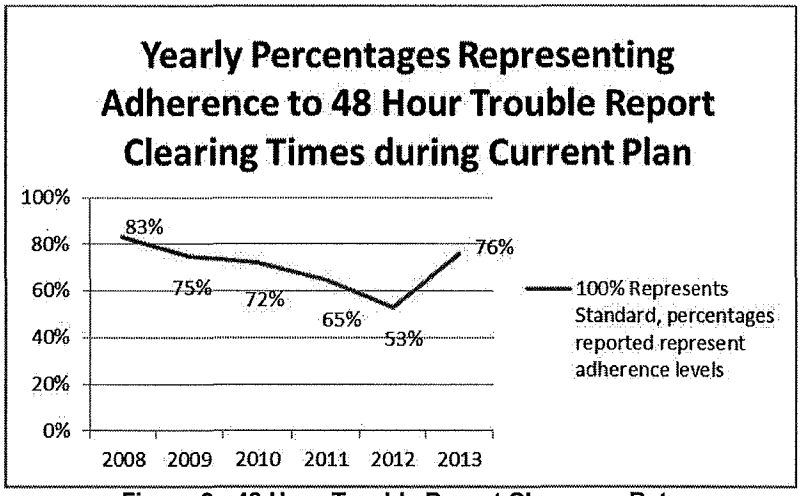


Figure 2: 48 Hour Trouble Report Clearance Rate

Despite the revision to the 48 Hour Troubles Cleared standards, Staff has continued concerns regarding Qwest's failure to meet even that lowered standard during the Current Plan. Adherence to the 48 Hour Troubles Cleared during the Current Plan reported percentages less than the current 90% clearance standard forty times over the length of the Current Plan. Additionally, the number of times wire centers exceeded the monthly Trouble Report Rate (TRR) over the length of the Current was higher than Staff anticipated. However, the number of times these same wire centers exceeded standard over the length of the plan is of particular concern. The following wire centers went above their TRR thresholds over three times in a twelve month sliding window period of time to violate the standard numerous months as shown in Figure 3:

Wire Center	Number of Times/Months Out of Standard Over Length of the Current Plan
Athena	11 months
Burlington	14 months
Junction City	18 months
Leaburg	13 months
Lowell	4 months
North Plains	14 months
Oakridge	21 months
Rainier	4 months
Siletz	12 months
Toldeo	9 months
Warrenton	10 months

Figure 3: The Number of Times Each Wire Center Exceeded Standard During the Term of the Current Price Plan

Only one of the wire centers out of standard was not in the more rural Rate Group 2 and Rate Group 3 zones (Warrenton is Rate Group 1).

Q. WHY IS IT CONCERING IF THE SAME WIRE CENTER IS REPEATEDLY OUT OF STANDARD?

A. The number of times these same wire centers were considered out of standard can be considered an indicator of the overall health, safety, and network reliability of the wire center.

Q. HAS STAFF TAKEN STEPS TO ADDRESS THIS ISSUE?

A. Yes. Staff focused wire center audits with Qwest personnel on these areas attempting to improve results and identify problems occurring in these wire centers.

Q. DO YOU HAVE ANYTHING ELSE TO ADD?

A. Yes. There were 211 incidents of wire centers missing their TRR thresholds over the length of the Current Plan, including the same wire centers that went over thresholds in figure 3 above. I am concerned about the numerous times

many of the same rural wire centers went above thresholds or were out of standard. The number of times wire centers exceeded TRR thresholds, although not considered a standard, can serve as a warning indicator of network health and staffing levels and is shown below in Figure 4.

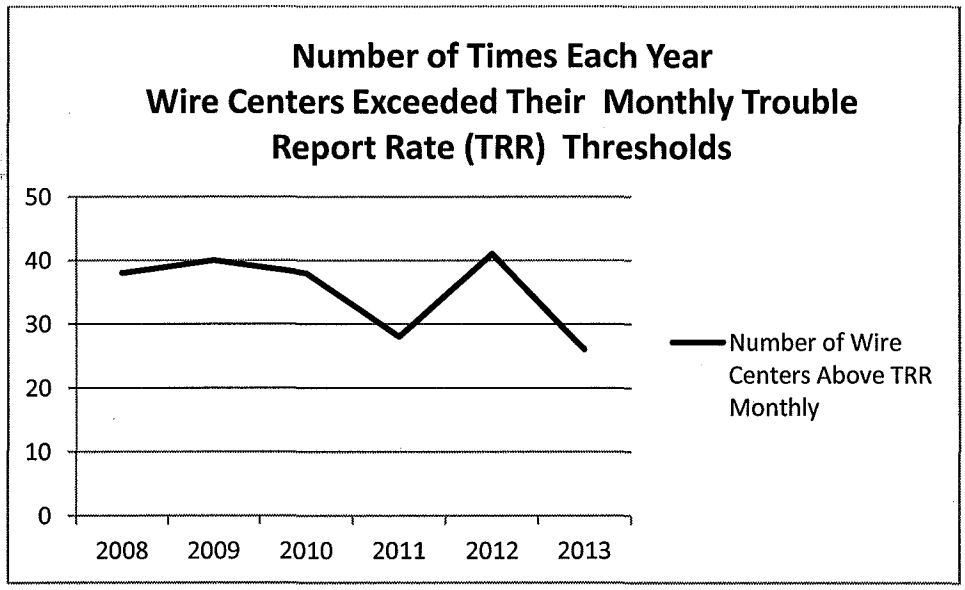


Figure 4: Number of Wire Centers Exceeding Thresholds per Year

Q. DOES QWEST'S PETITION CAUSE YOU CONCERNS WITH REGARD TO SERVICE QUALITY REPORTING?

A. Yes. Qwest's petition requests exception only reporting. Should Qwest be granted "exception only" reporting, as requested in the Amended Petition, the Commission may not be adequately informed of the number of times wire centers came close to TRR thresholds until they actually violate thresholds or the three month out of a rolling twelve month standard. By this time, it may be too late to avoid additional problems. Staff's evaluation of service quality performance over the Current Plan is attached. (*See* Exhibit Staff/301, Brock/19-26.)

1 **Q. PLEASE COMMENT ON YOUR CONCLUSIONS OF SERVICE QUALITY**
2 **REPORTING RECOMMENDATIONS GOING FORWARD BASED ON THE**
3 **CURRENT PLANS PERFORMANCE?**
4 A. All service quality standards were set as baseline levels of service. While
5 some of the missed metrics may seem smaller when expressed as a
6 percentage overall, both statute and standard are clear that no misses of the
7 standard are allowed without immediate instigation of a Performance Plan. The
8 amendment in the Current Plan allowing three misses of service quality
9 standards in a 12 month sliding scale provides a more lenient standard for all
10 reporting metrics. Given Qwest's performance during the Current Plan, that
11 additional leniency is not warranted. Staff recommends this leniency be
12 removed in The Oregon Plan. The Oregon Plan recommends remedies to
13 service quality standards that comport with OAR Standard 860-023-0055(14).
14 **Q. WHAT EFFECTS HAVE THE AGING CENTRAL OFFICE SWITCHES AND**
15 **COPPER WIRE INFRASTRUCTURE HAD ON SERVICEABILITY?**
16 A. Staff performed audits over the years of wire centers missing their trouble
17 report rate standards. All wire centers audited were served by legacy Nortel
18 and Avaya central offices serving Oregon consumers that appear fully
19 depreciated (well over 15 years old). Staff asked the Company for information
20 relating to the obsolescence and availability of OEM hardware parts on critical
21 components as well as software updates and patches for different types of
22 central office switches providing critical network component switching functions
23 across Oregon. Qwest declined to provide that information, stating,

1 *"CenturyLink objects to this request on the grounds that it is overly broad,*
2 *unduly burdensome, and seeks information that is irrelevant and not*
3 *reasonably calculated to lead to the discovery admissible information. In this*
4 *proceeding, CenturyLink is not seeking relief from complying with any*
5 *Commission service quality standard and this request will not provide the*
6 *Commission any admissible evidence regarding the issues to be decided in this*
7 *case-specifically, CenturyLink's proposed Price Plan modifications to provide*
8 *additional pricing flexibility and relief from certain regulatory reporting*
9 *requirements."* (Emphasis added.) In addition, Staff sought information
10 relating to the percentage of pair gain remote terminals used to provide dial
11 tone from remote cabinets located in the field that are considered by the
12 manufacturer to be obsolete. Staff requested maintenance practices for
13 backup battery maintenance policies in Oregon as there are no federal
14 standards currently in place for backup power requirements. All questions
15 above were declined using the same objection as the question relating to the
16 obsolescence of the central office switches. Staff disagrees with Qwest's
17 assessment that it is not seeking relief from compliance with Oregon service
18 quality standard reporting in this docket and does not accept arguments given
19 for the rejection of Staff's data requests. Qwest's Data Request (DR) response
20 is attached. (*See* Exhibit Staff/301, Brock/27-30.)
21 Due to my continued concerns relating to public safety and network reliability, I
22 reviewed individual service quality reports as well as outage reports looking for
23 indicators of outages and trouble reports. I specifically looked for failures of

1 central offices, remote terminals, and any indications of cable failures relating
2 to aging equipment and cable. *Information provided in service quality reports is*
3 *provided only to explain missed standards during the month and is not inclusive*
4 *of all failures. I reviewed Outage reports of major failures reported by Qwest*
5 *from 2011 forward for additional information.* (Emphasis added.) In the
6 service quality reports over the length of the price plan and outage reports
7 reviewed since 2011, there are partial or total failures of central office switches
8 documented 15 times and at least 32 failures attributed to pair gain systems.
9 Central office switches are critical network components to ensure the safety
10 and reliability of the network. It's even more alarming that several central office
11 switches failed more than once. An example, the North Plains central office
12 failed 3 times. Pair gain systems in Siletz, Leaburg, and Warrenton failed
13 several times, while pair gains systems in Athena, Rainier, Marcola and
14 Southern Oregon were mentioned in service quality reports in more than one
15 month as these failures impacted service quality standards in all months they
16 failed. Many of these wire centers missed the TRR standard over multiple
17 months. Failures listed as the reason standards were missed were mainly
18 confined to Rate Group 2 and Rate Group 3 areas (rural wire centers). I
19 reviewed reports of cable failures, wet cables, repairs to bad splices, wet lead
20 cable, bad spans of cable, and corroded modules in many of the monthly
21 reports that missed standard. These failures are indicative of an aging copper
22 and lead infrastructure. It is important to note that Staff is not privy to Qwest's
23 maintenance policies relating to practices of maintaining the aging copper

1 plant, updates, replacements, or maintenance of the central office switches and
2 pair gain systems. Central office maintenance was reported as the cause of a
3 second outage just days after the Toledo and Blue River central office switches
4 failed, suggesting maintenance in rural areas is being performed reactively.

5 **Q. PLEASE COMMENT ON STAFF'S CONCERNS ABOUT FAILURES IN**
6 **CENTRAL OFFICE SWITCHES AND PAIR GAIN SYSTEMS?**

7 A. Central Office failures can and will affect outages to an entire wire center.
8 These outages affect public safety and welfare and represent the highest
9 critical indicator of maintenance levels on a network. Maintaining central office
10 switches is of the utmost importance. In my review of central office outages, I
11 am concerned maintenance was performed twice to rural central offices within
12 days following an outage report suggesting maintenance may be performed
13 reactively. Reports of central office failures appear to be confined to more rural
14 areas; I did not see reports of central office switch failures in Salem, Portland,
15 or Eugene.

16 Digital pair gain systems provide services to customers by generating dial tone
17 from equipment placed in the field. Failures of pair gain systems can affect
18 hundreds of customers. In my review, I noticed that many of the pair gain
19 system outages again were reported in rural wire centers.

20 **CONFIDENTIAL**

21 Staff sent a second DR requesting Qwest to resubmit a confidential attachment
22 relating to the age and switch types of legacy central office switches in Oregon
23 originally submitted in UM 1484. This DR provides the installation dates and

1 types of central office switches performing switch operations across Oregon.
2 The DR does not provide software platform levels running on each switch
3 which correlate to hardware and software updates and the obsolescence or
4 availability of support for each switch. Of the [redacted] switches listed, only [redacted] have
5 been installed since [redacted] and no new installations were listed after [redacted] with
6 the majority of the switches well over [redacted] years old. Qwest uses a 15 year
7 depreciation cycle for central office switches. It is unknown if any of these
8 switches have been replaced since the confidential exhibit was submitted over
9 three years ago. (*See* Confidential Exhibit Staff/302, Brock/1-3.)

10 **Q. PLEASE COMMENT ON THE LETTERS PROVIDED BY GENBAND AND**
11 **AVAYA TO THEIR CUSTOMERS RELATING TO VENDOR SUPPORT OF**
12 **NORTEL AND AVAYA CENTRAL OFFICE SWITCHES.**

13 A. I contacted two of the largest vendors today supporting the legacy network
14 switches—Nortel products now supported by GENBAND and Lucent products
15 supported by Avaya. Both of these vendors sent information to their customers
16 regarding the ability to obtain spare parts, software 'bug/fix' patches, software
17 upgrades, or service for their products. In that information, both vendors note
18 that their switches were manufactured with a predicted 25 or 30 year life cycle.
19 Both GENBAND and Avaya express pride in the reliability of the legacy
20 switches over the years; however both vendors indicate some products are
21 beyond life cycles, while others are either at or near the end of their life cycles.
22 Due to Qwest's refusal to respond to Staff's DR 84-87 regarding vendor support
23 for legacy switch types and software levels of switches currently performing

critical switch functions in Oregon, Staff's knowledge of the Company's ability to react to instances of trouble requiring vendor support for any legacy switch in Oregon is nonexistent. It is clear from the vendor letters that unless software and hardware upgrades were kept current for each switch in the network, limited or no vendor support currently exists for any switches running older versions of software that are less than the latest version offered.

The availability of future software patches are dependent upon the software versions running on each Avaya [redacted] switch. Avaya's support costs are predicted to rise, with support available only on the most current software level offered through [redacted]. According to the Qwest DR confidential response in UM1484 three years ago, there were [redacted] Avaya switches in Qwest's Oregon territory network, with [redacted] listed as [redacted] (Salem is a [redacted]). The remaining [redacted] are [redacted] switches, designed with limited functions and able to work only in [redacted]. It is unknown if any support exists for these [redacted] switch types.

GENBAND's future support for Nortel switches is more limited. GENBAND states, [redacted] In its letter, GENBAND predicts: [redacted]

1 [redacted]

2 Depending on the software versions running on the [redacted], and [redacted]
3 switches, support for obsolete switch software ended as early as [redacted]
4 [redacted]. Switches running current software versions will continue to be supported
5 until the end of support date [redacted]. After the specified end of
6 support dates, GENBAND will not offer further technical assistance or
7 emergency recovery support services. GENBAND does not currently offer any
8 remanufactured or new hardware for any Nortel switches. Hardware
9 replacements are currently limited to used parts or parts refurbished by a non-
10 OEM vendor. In Qwest's DR confidential response to UM1484 three years
11 ago, Qwest listed [redacted] switches, [redacted] switches, and [redacted]
12 ([redacted] providing sophisticated routing) in their legacy Oregon
13 network.
14 GENBAND notes that all [redacted], and [redacted] type [redacted] switches
15 are manufacture discontinued, with support for specific codes available on a
16 case by case basis. These Nortel [redacted] switches are used to serve areas in
17 [redacted] nearby. There were [redacted] switches, [redacted]
18 [redacted] switches, and [redacted] switches in the Qwest Oregon network listed in
19 the confidential data request provided in UM 1484 three years ago. Copies of
20 the Avaya and GENBAND letters are attached. (*See* Confidential Exhibit
21 Staff/302, Brock/4-6.) and (*See* Confidential Exhibit Staff/302, Brock/7-9)
22 **END CONFIDENTIAL**

As discussed by Mr. Hellebuyck, the Company's unwillingness to address this issue and lack of investment in the network has elevated Staff's concerns regarding Qwest's ability to provide adequate service going forward.

Q. HOW MANY CONSUMER COMPLAINTS HAVE BEEN RECEIVED BY THE COMMISSION OVER THE LIFE OF THE CURRENT PLAN?

A. Complaints received by the Consumer Services Section of the Commission over the life of the Current Plan have increased when compared to access line count. Figure 5 depicts Qwest's service quality complaints and access lines over the length of the Current Plan.

CONFIDENTIAL

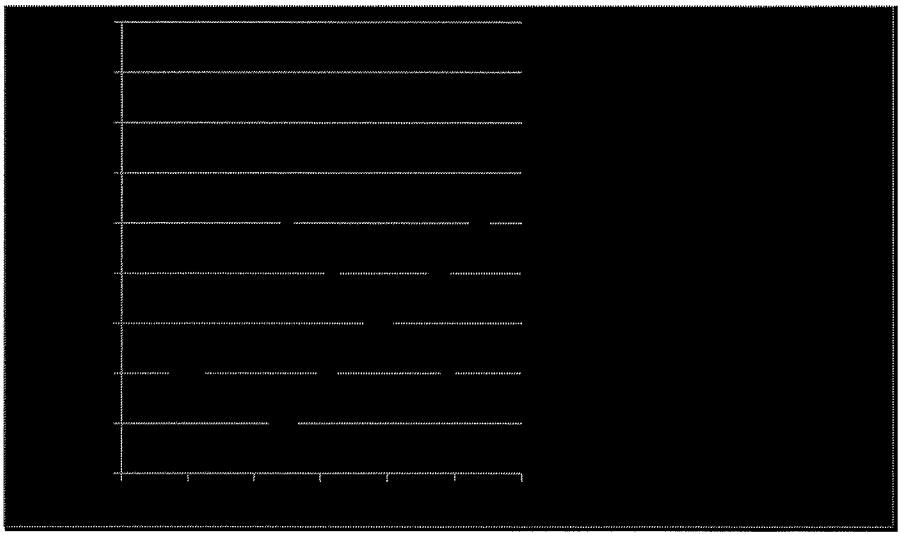


Figure 5: CONFIDENTIAL-Service related complaints over length of Current Plan

END CONFIDENTIAL

III. Service Quality Changes Proposed by Qwest in the Petition

Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

A. In this section of my testimony I will;

A. describe the changes to service quality reporting proposed by Qwest in the Petition,

B. discuss the merits of those proposed changes, and

C. recommend Qwest's proposed modifications be denied and the current service quality standards be retained through inclusion in The Oregon Plan which Staff is proposing be adopted by the Commission.

Q. IS QWEST REQUESTING CHANGES TO SERVICE QUALITY REPORTING? WHAT IS THE COMPANY PROPOSING?

A. Qwest is proposing the following three major changes as well as the continuation of one exception to the service quality reporting rules contained the Current Plan.

1) Quarterly reporting.

All service quality standards are currently reported monthly. The service quality report must be received by Staff within 45 days of the end of the month reported. Qwest proposes changing monthly reporting to quarterly reporting. Quarterly reporting would provide service quality reports of metrics that can be over five months out of date by the time Staff receives them. This does not allow for timely intervention in issues that may impact consumers because quarterly reporting would not allow Staff to address or identify negative trends in a timely manner. Current statute dictates Qwest must be put on a Performance Plan for six months to allow Qwest to correct misses to current service quality standards. If service quality standards were reported quarterly, it would inhibit identification of issues, delay the installation of a Performance

1 Plan, and would effectively delay actual remedies for consumers to well past a
2 year.
3 The quarterly reporting proposed by Qwest would delay implementing real
4 remedies to consumer issues. This is unacceptable to Staff. Staff
5 recommends the Commission retain the requirement for monthly service quality
6 reporting.
7 **2) Exception only reporting.**
8 Currently, all service quality reports include the actual measurement for each
9 standard reported, regardless if the measurement is within or out of standard.
10 Qwest is proposing "exception only" reporting—requiring reports for only
11 standards that have been missed. Exception only reporting would not allow
12 Staff to recognize and identify trending patterns of performance against
13 standards nor provide Staff with information of wire center threshold trends in
14 order to measure the health of individual wire centers. For example, Staff would
15 be unaware of performance levels of any wire centers with repeated incidences
16 of monthly troubles until they missed TRR thresholds. The same is true of
17 trends to all reported service quality metrics. Staff recommends the
18 Commission deny Qwest's request to provide "exception only" reports as they
19 would not provide sufficient visibility to monitor degradation or improvement of
20 service quality performance.
21 **3) Elimination of commitment to not seek service quality reporting**
22 **exemption.**

In the Current Plan, Qwest committed that it would not seek exemption from service quality reporting under OAR 860-023-0055 (15)(c). In the Petition, Qwest is seeking relief from that commitment. Elimination of that commitment would allow Qwest to petition for a service quality exemption after meeting all service quality standards for a one year period. Staff supports elimination of that commitment in order to align service quality reporting standards to statute and OAR.

4) Performance Plan Standard.

As mentioned earlier in my testimony, Qwest has proposed keeping in place review conditions that do not comport with current law (ORS 759.450(5) or standard OAR 860-023-0055(14); both of which address remedies for violation of the service quality standards.

Both statute and rule require a Performance Plan to be put into place when minimum service quality standards are not met or are out of standard. Qwest's proposed plan would continue the Current Plan practice that allows the Commission to require a Performance Plan only after any service quality standard was 'missed' or out of standard three times over a twelve month sliding scale mirroring the wire center threshold and trouble report rate. This provision in the Current Plan allows more leniency than is reflected in both statute and rule regarding the implementation of a Performance Plan.

Qwest's proposal for continued leniency regarding adherence to standards is not warranted given Qwest's service quality performance under the Current Plan. This proposal combined with quarterly reporting could allow service

quality to easily degrade to a point that would be extremely difficult to allow timely recovery of baseline levels and delay remedies to consumers for well past a year. Both consequences are untenable to Staff. Staff recommends adherence to ORS 759.450(5) and OAR 860-023-0055(14), for future remedies of violations to service quality standards.

Q. DOES STAFF HAVE ANY SPECIFIC CONCERNS RELATING TO CONDITIONS SURROUNDING INSTALLATION OF A PERFORMANCE PLAN IN BOTH THE CURRENT PLAN AND THE PETITION?

A. Yes. Qwest's proposal is further complicated by ORS 759.450(1): "It is the intent of the Legislative Assembly that every telecommunications carrier and those telecommunications utilities and competitive telecommunications providers that provide wholesale service meet minimum service quality standards on a nondiscriminatory basis."

It does not appear that the Legislature intended for the Commission make changes to service quality standards on a company-specific basis.

Staff believes the provision in the Current Plan providing additional leniency regarding Performance Plan implementation is not consistent with ORS 759.450(1)(5) or OAR 860-023-0055(14) and should not be included in the price plan adopted in this docket.

Q. DOES STAFF HAVE ANY SPECIFIC CONCERNS SURROUNDING THE PROPOSED CONDITIONS OF EXCEPTION ONLY AND QUARTERLY ONLY REPORTING IN THE AMENDED PETITION?

1 A. Yes. The above rules and standard that apply to installation of a Performance
2 Plan to ensure all carriers are treated equally applies to the proposed "quarterly
3 only" and "exception only" reporting proposed in the Petition. The proposed
4 changes are not consistent with rule and standard.

5 **Q. PLEASE COMMENT GENERALLY ON THE MERITS OF QWEST'S**
6 **PROPOSED CHANGES.**

7 A. Service quality reporting is the main tool the Commission has to measure the
8 quality of service being provided to ratepayers. Qwest's commitment to meet
9 or exceed service quality monthly standards should be a requirement in order
10 to meet the public interest standard.

11 **Q. HOW HAVE OTHER STATES ADDRESSED THE ISSUE OF SERVICE**
12 **QUALITY AND RELAXED PRICING REGULATION?**

13 A. I did not complete a survey of all states, but feel that Florida provides a good
14 model for Oregon. In Florida, a state which has already deregulated
15 telecommunication services, service quality reporting is used by its
16 Commission to gauge the effectiveness of competition and provide consumer
17 protection.

18 **Q. WHAT LEVEL OF SERVICE QUALITY REPORTING DOES STAFF**
19 **RECOMMEND?**

20 A. Staff recommends The Oregon Plan which would keep current service quality
21 levels in place of all current OAR standards. This involves continued monthly
22 reporting and reporting of all current OAR service quality metrics and
23 standards.

1 **Q. DOES THIS REPRESENT A CHANGE FROM THE CURRENT PRICE PLAN?**

2 A. Yes. Staff recommends Qwest return to the same reporting requirements as
3 are all other Incumbent Local Exchange Carriers (ILECs).

4 **Q. PLEASE EXPLAIN.**

5 A. Under the current plan, Qwest has a relaxed standard for when Staff could
6 employ a Performance Plan. I believe similarly situated companies should face
7 similar service quality reporting. The goal is that all telecommunications
8 service in Oregon is high quality and reliable.

9 **Q. WHAT DO YOU RECOMMEND?**

10 A. I recommend implementation of The Oregon Plan which provides consistency
11 to service quality reporting across ILECs and provides adherence to all
12 standards, rules, and statutes governing Oregon's telecommunication carriers
13 on an equable, nondiscriminatory basis.

14 **IV. Recent Trends in Qwest's Service Quality and Infrastructure Investment**

15 **Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?**

16 A. In this section I will address Staff's concerns relating to the impact of
17 competition on service quality including:

18 A. the impact of reductions in investments and expenditures on system
19 equipment,

20 B. the advanced age and potential obsolescence of Qwest's network, and

21 C. the observed impact on service quality in rural areas.

Q. WHAT HAS HAPPENED TO EXPENDITURES AND INVESTMENTS FOR MAINTAINING AND IMPROVING PLANT IN SERVICE OVER THE LAST 10 YEARS?

A. As demonstrated in Mr. Hellebuyck's testimony, investments and expenditures for maintaining and improving plant have decreased since 2003.

Q. WHAT IS THE LIKELY IMPACT OF INSUFFICIENT INVESTMENT IN INFRASTRUCTURE?

A. Insufficient investment in the plant and fewer dollars spent on maintenance of the aging copper plant may limit future options and leave rural consumers with less options and opportunities.

Q. PLEASE COMMENT ON STAFF'S CONCERNS RELATING TO THE NETWORK'S VIABILITY AND RELIABILITY?

A. Qwest's network is aging and many critical network functions (central office switching and remote terminal equipment) are provided by aging equipment with uncertain support.

Q. PLEASE EXPLAIN.

A. Support for this equipment becomes increasingly challenging, with one original manufacturer, Nortel, now insolvent and subsequently sold off to GENBAND. Older switch software and hardware is problematic to support as software updates or patches required to fix corrupted software as well as the availability of OEM parts necessary for repairs becomes increasingly difficult or impossible to procure. Using a computer model as an analogy, the majority of legacy switches are comparable to Windows 98.

In my testimony, I have demonstrated failures in legacy network components of uncertain support and aging copper across a legacy network known historically for five nines of reliability (99.999 percent uptime, or 5.26 minutes or less per year downtime).

Q. WHAT DOES THIS MEAN FOR SERVICE QUALITY IN RURAL AREAS?

A. Without changes it appears likely that consumers in rural wire centers may become increasingly vulnerable to network failure and telecommunications outages. Unfortunately for rural customers, they do not have the array of choices that urban customers enjoy.

Q. PLEASE COMMENT ON STAFF'S RECOMMENDATION OF THE OREGON PLAN TO MAINTAIN STANDARD SERVICE QUALITY REPORTING.

A. Staff supports the service quality reporting requirements in The Oregon Plan, which does not recommend any change or amendments to current service quality reporting requirements applicable to all companies and removes the one exception for Qwest. Staff believes The Oregon Plan will continue to provide the service quality information necessary for the Commission to ensure safe and reliable service and for the plan meet the requirements outlined in ORS 759.255.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

CASE: UM 1354
WITNESS: MALIA BROCK

PUBLIC UTILITY COMMISSION
OF
OREGON

STAFF EXHIBIT 301

Witness Qualifications Statements
and
Exhibits in Support
Of Opening Testimony

April 2, 2014

WITNESS QUALIFICATION STATEMENT

NAME: Malia Brock

EMPLOYER: PUBLIC UTIILTY COMMISSION OF OREGON

TITLE: Telecommunications Engineer, Retail Rates and Water Section

ADDRESS: 550 CAPITOL STREET NE SUITE 215, SALEM, OREGON 97301-2115.

EXPERIENCE: My assignments over the last three years while at the Oregon Commission have included service quality issues and monitoring, various dockets, rate cases, rulemakings, and lead investigator in the rural call completion issue. I provide telecommunications technical support to the Commissioners, Consumer Services Division, and other staff members. I possess a combined total of 37 years' experience in telecommunications. Prior experience includes team lead and Telecommunications Administrator in Network Operations for Department of Corrections where I was responsible to manage and program Avaya and Nortel PBX and key systems supporting the telecommunication networks of 21 secure secure environment locations. I was responsible for contract maintenance, telecommunications budget, supervision, service orders, review and supervision of switch maintenance and upgrades. My lead duties included responsibilities for

oversight of the data and telecommunication networks, servers and email supporting 4,300 employees in 21 locations. Past employment with PNB/US West/Qwest for 25 years add telecommunications experience as network technician, complex line assigner, assignment, carrier services, and customer service.

OAR 860-023-0055

Retail Telecommunications Service Standards for Large Telecommunications Utilities

Every large telecommunications utility must adhere to the following standards:

(1) Definitions.

(a) "Access Line" — A facility engineered with dialing capability to provide retail telecommunications service that connects a customer's service location to the Public Switched Telephone Network;

(b) "Average Busy Season Busy Hour" — The hour that has the highest average traffic for the three highest months, not necessarily consecutive, in a 12-month period. The busy hour traffic averaged across the busy season is termed the average busy season busy hour traffic;

(c) "Average Speed of Answer" — The average time that elapses between the time the call is directed to a representative and the time it is answered;

(d) "Blocked Call" — A properly dialed call that fails to complete to its intended destination except for a normal busy (60 interruptions per minute);

(e) "Customer" — Any person, firm, partnership, corporation, municipality, cooperative, organization, governmental agency, or other legal entity that has applied for, been accepted, and is currently receiving local exchange telecommunications service;

(f) "Exchange" — Geographic area defined by maps filed with and approved by the Commission for the provision of local exchange telecommunications service;

(g) "Final Trunk Group" — A last-choice trunk group that receives overflow traffic and that may receive first-route traffic for which there is no alternative route;

(h) "Force Majeure" — Circumstances beyond the reasonable control of a large telecommunications utility, including but not limited to, delays caused by:

(A) A vendor in the delivery of equipment, where the large telecommunications utility has made a timely order of equipment;

(B) Local, state, federal, or tribal government authorities in approving easements or access to rights of way, where the large telecommunications utility has made a timely application for such approval;

(C) The customer, including but not limited to, the customer's construction project or lack of facilities, or failure to provide access to the customer's premises;

(D) Uncontrollable events, such as explosion, fire, floods, frozen ground, tornadoes, severe weather, epidemics, injunctions, wars, acts of terrorism, strikes or work stoppages, and negligent or willful misconduct by customers or third parties, including but not limited to, outages originating from introduction of a virus onto the provider's network;

(i) "Held Order for Lack of Facilities" — Request for access line service delayed beyond the initial commitment date due to lack of facilities. An access line service order includes an order for new service, transferred service, additional lines, or change of service;

(j) "Initial Commitment Date" — The initial date pledged by the large telecommunications utility to provide a service, facility, or repair action. This date is within the minimum time set forth in these rules or a date determined by good faith negotiations between the customer and the large telecommunications utility;

(k) "Network Interface" — The point of interconnection between the large telecommunications utility's communications facilities and customer terminal equipment, protective apparatus, or wiring at a customer's premises. The network interface must be located on the customer's side of the large telecommunications utility's protector;

(l) "Retail Telecommunications Service" — A telecommunications service provided for a fee to customers. Retail telecommunications service does not include a service provided by a large telecommunications utility to another telecommunications utility or competitive telecommunications provider, unless the telecommunications utility or competitive telecommunications provider receiving the service is the end user of the service;

(m) "Tariff" — A schedule showing rates, tolls, and charges that the large telecommunications utility has established for a retail service;

(n) "Trouble Report" — A report of a malfunction that affects the functionality and reliability of retail telecommunications service on existing access lines, switching equipment, circuits, or features made up to and including the network interface, to a large telecommunications utility by or on behalf of that large telecommunications utility's customer;

(o) "Wire Center" — A facility where local telephone subscribers' access lines converge and are connected to switching equipment that provides access to the Public Switched Telephone Network, including remote switching units and host switching units. A wire center does not include collocation arrangements in a connecting large telecommunications utility's wire center or broadband hubs that have no switching equipment.

(2) Measurement and Reporting Requirements. A large telecommunications utility must take the measurements required by this rule and report them to the Commission as specified. Reported measurements must be reported to the first significant digit (i.e., one number should be reported to the right of the decimal point). The service quality objective service levels set forth in sections 4 through 8 of this rule apply only to normal operating conditions and do not establish a level of performance to be achieved during force majeure events.

(3) Additional Reporting Requirements. The Commission may require a large telecommunications utility to submit additional reports on any item covered by this rule.

(4) Provisioning and Held Orders for Lack of Facilities. The representative of the large telecommunications utility must give a retail customer an initial commitment date of not more than six business days after a request for access line service, unless a later date is determined through good faith negotiations between the customer and the large telecommunications utility. The large telecommunications utility may change the initial commitment date only if requested by the customer. When establishing the initial commitment date, the large telecommunications utility may take into account the actual time required for the customer to meet prerequisites; e.g., line extension charges or trench and conduit requirements. If a request for service becomes a held order for lack of facilities, the serving large telecommunications utility must, within five business days, send or otherwise provide the customer a written commitment to fill the order.

(a) Measurement:

(A) Commitments Met — A large telecommunications utility must calculate the monthly percentage of commitments met for service, based on the initial commitment date, across its Oregon service territory. Commitments missed for reasons solely attributed to customers, another telecommunications utility or a competitive telecommunications provider may be excluded from the calculation of the "commitments met" results;

(B) Held Orders for Lack of Facilities — A large telecommunications utility must determine the total monthly number of held orders, due to lack of facilities, not completed by the initial commitment date during the reporting month and the number of primary (initial access line) held orders, due to lack of facilities, over 30 days past the initial commitment date.

(b) Objective Service Level:

(A) Commitments Met — Each large telecommunications utility must meet at least 90 percent of its commitments for service;

(B) Held Orders:

(i) The number of held orders for the lack of facilities for each large telecommunications utility must not exceed the larger of two per wire center per month averaged over the large telecommunications utility's Oregon service territory, or five held orders for lack of facilities per 1,000 inward orders;

(ii) The total number of primary held orders for lack of facilities in excess of 30 days past the initial commitment date must not exceed 10 percent of the total monthly held orders for lack of facilities within the large telecommunications utility's Oregon service territory.

(c)) Reporting Requirement: Each large telecommunications utility must report monthly to the Commission the percentage of commitments met for service, total number of held orders for lack of facilities, and the total number of primary held orders for lack of facilities over 30 days past the initial commitment date.

(d) Retention Requirement: Each large telecommunications utility must maintain records about held orders for lack of facilities for one year. The record must explain why each order is held and the initial commitment date.

(5) Trouble Reports. Each large telecommunications utility must maintain an accurate record of all reports of malfunction made by its customers.

(a) Measurement: A large telecommunications utility must determine the number of customer trouble reports that were received during the month. The large telecommunications utility must relate the count to the total working access lines within a reporting wire center. A large telecommunications utility need not report those trouble reports that were caused by circumstances beyond its control. The approved trouble report exclusions are:

(A) Cable Cuts: A large telecommunications utility may take an exclusion if the "buried cable location" (locate) was either not requested or was requested and was accurate. If a large telecommunications utility or the utility's contractor caused the cut, the exclusion can only be used if the locate was accurate and all general industry practices were followed;

(B) Internet Service Provider (ISP) Blockage: If an ISP does not have enough access trunks to handle peak traffic;

(C) Modem Speed Complaints: An exclusion may be taken if the copper cable loop is tested at the subscriber location and the objective service levels in section 10 of this rule were met;

(D) No Trouble Found: Where no trouble is found, one exemption may be taken. If a repeat report of the same trouble is received within a 30-day period, the repeat report and subsequent reports must be counted;

(E) New Feature or Service: Trouble reports related to a customer's unfamiliarity with the use or operation of a new (within 30 days) feature or service;

(F) No Access: An exclusion may be taken if a repair appointment was kept and the copper based access line at the nearest accessible terminal met the objective service levels in section 10 of this rule. If a repeat trouble report is received within the following 30-day period, the repeat report and subsequent reports must be counted;

(G)) Subsequent Tickets/Same Trouble/Same Access Line: Only one trouble report for a specific complaint for the same access line should be counted within a 48-hour period. All repeat trouble reports after the 48-hour period must be counted;

(H) Non-Regulated or Deregulated Equipment: Trouble associated with such equipment should not be counted;

(I) Trouble with Other Telecommunications Utilities or Competitive Telecommunications Providers: A trouble report caused solely by another telecommunications utility or competitive telecommunications provider;

(J)) Lightning Strikes: Trouble reports received for damage caused by lightning strikes can be excluded if all accepted grounding, bonding, and shielding practices were followed by the large telecommunications utility at the damaged location; and

(K) Other exclusions: As approved by the Commission.

(b) Objective Service Level: A large telecommunications utility must maintain service so that the monthly trouble report rate, after approved trouble report exclusions, does not exceed:

(A) For wire centers with more than 1,000 access lines: two per 100 working access lines per wire center more than three times during a sliding 12-month period.

(B) For wire centers with 1,000 or less access lines: three per 100 working access lines per wire center more than three times during a sliding 12-month period.

(c)) Reporting Requirement: Each large telecommunications utility must report monthly to the Commission:

(A) The trouble report rate by wire center;

(B) The reason(s) a wire center meeting the standard (did not exceed the trouble report rate threshold for more than three of the last 12 months) exceeded a trouble report rate of 3.0 per 100 working access lines during the reporting month;

(C) The reason(s) a wire center not meeting the standard, after the exclusion adjustment, exceeded the trouble report rate threshold per 100 access lines during the reporting month; and

(D) The access line count for each wire center.

(d) Retention Requirement: Each large telecommunications utility must maintain a record of reported trouble in such a manner that it can be forwarded to the Commission upon the Commission's request. The large telecommunications utility must keep all records for a period of one year. The record of reported trouble must contain as a minimum the:

(A) Telephone number;

(B) Date and time received;

(C) Time cleared;

(D) Type of trouble reported;

(E) Location of trouble; and

(F) Whether or not the present trouble was within 30 days of a previous trouble report.

(6) Repair Clearing Time. This standard establishes the clearing time for all trouble reports from the time the customer reports the trouble to the large telecommunications utility until the trouble is resolved. The large telecommunications utility must provide each customer making a network trouble report with a commitment time when the large telecommunications utility will repair or resolve the problem.

(a) Measurement: A large telecommunications utility must calculate the percentage of trouble reports cleared within 48 hours for each repair center.

(b) Objective Service Level: A large telecommunications utility must monthly clear at least 95 percent of all trouble reports within 48 hours of receiving a report.

(c)) Reporting Requirement: Each large telecommunications utility must report monthly to the Commission the percentage of trouble reports cleared within 48 hours by each repair center.

(d) Retention Requirement: None.

(7) Blocked Calls. A large telecommunications utility must engineer and maintain all intraoffice, interoffice, and access trunking and associated switching components to allow completion of calls made during the average busy season busy hour without encountering blockage or equipment irregularities in excess of levels listed in subsection (7)(b) of this rule.

(a) Measurement:

(A) A large telecommunications utility must collect traffic data; i.e., peg counts and usage data generated by individual components of equipment or by the wire center as a whole, and calculate blockage levels of the interoffice final trunk groups;

(B) System blockage is determined by special testing at the wire center. Commission Staff or a telecommunications utility technician will place test calls to a predetermined test number, and the total number of attempted calls and the number of completed calls will be counted. The percentage of calls completed must be calculated.

(b) Objective Service Level:

(A) A large telecommunications utility must maintain interoffice final trunk groups to allow 99 percent completion of calls during the average busy season busy hour without blockage (P.01 grade of service);

(B) A large telecommunications utility must maintain its switch operation so that 99 percent of the calls do not experience blockage during the normal busy hour.

(C) When a large telecommunications utility fails to maintain the interoffice final trunk group P.01 grade of service for four or more consecutive months, it will be considered out-of-standard until the condition is resolved. A single repeat blockage within two months of restoring the P.01 grade of service will be considered a continuation of the original blockage.

(c)) Reporting Requirement: Each large telecommunications utility must report monthly to the Commission:

(A) Local and extended area service (EAS) final trunk groups that do not meet the objective service level for trunk group blockage, measured from each of its switches, regardless of the ownership of the terminating switch;

(B) Its tandem switch final trunk group blockages associated with EAS traffic;

(C) Any known cause for the blockage and actions to bring the trunks into standard; and

(D) Identity of the telecommunications utility or competitive telecommunications provider, if other than the reporting large telecommunications utility, responsible for maintaining those final trunk groups not meeting the standard.

(d) Retention Requirement: Each large telecommunications utility must maintain records for one year.

(8) Access to Large Telecommunications Utility Representatives. This rule sets the allowed time for large telecommunications utility business office or repair service center representatives to answer customer calls.

(a) Measurement:

(A) Direct Representative Answering: A large telecommunications utility must measure the answer time from the first ring at the large telecommunications utility business office or repair service center;

(B) Driven, Automated, or Interactive Answering System: The option of transferring to the large telecommunications utility representative must be included in the initial local service-screening message. The large telecommunications utility must measure the answering time from the point a call is directed to its representatives; e.g., when the call leaves the Voice Response Unit;

(C) Each large telecommunications utility must calculate:

(i) The monthly percentage of the total calls placed to the business office and repair service center and the number of calls answered by representatives within 20 seconds; or

(ii) The average speed of answer time for the total calls received by the business office and repair service center.

(b) Objective Service Level:

(A) No more than 1 percent of calls to the large telecommunications utility business office or repair service center may encounter a busy signal; and

(B) The large telecommunications utility representatives must answer at least 80 percent of calls within 20 seconds or have an average speed of answer time of 50 seconds or less.

(c)) Reporting Requirement:

(A) Each large telecommunications utility must report monthly to the Commission an exception report if busy signals were encountered in excess of 1 percent for either the business office or repair service center; and

(B) Each large telecommunications utility must report monthly to the Commission the percentage of calls answered within 20 seconds or the average speed of answer time for both the business office and repair service center. Once a method of measurement is reported by the provider, that method can only be changed with permission of the Commission.

(d) Retention Requirement: None.

(9) Interruption of Service Notification. A large telecommunications utility must report significant outages that affect customer service. These interruptions could be caused by switch outage, electronic outage, cable cut, or construction.

(a) Measurement: A large telecommunications utility must notify the Commission when an interruption occurs that exceeds the following thresholds:

(A) Cable cuts, excluding service wires and wires placed in lieu of cable, or electronic outages lasting longer than 30 minutes and affecting 50 percent or more of in-service lines.

(B) Toll or Extended Area Service isolation lasting longer than 30 minutes and affecting 50 percent or more of in-service lines.

(C) Isolation of a central office (host or remote) from the E 9-1-1 emergency dialing code or isolation of a Public Safety Answering Position (PSAP).

(D) Isolation of a wire center for more than 15 minutes.

(E) Outage of the business office or repair center access system lasting longer than 15 minutes in those instances where the traffic cannot be re-routed to a different center.

(b) Objective Service Level: Not applicable.

(c)) Reporting Requirement: A large telecommunications utility must report service interruptions to the Commission engineering staff by telephone, by facsimile, by electronic mail, or personally within two hours during normal work hours of the business day after the company becomes aware of such interruption of service. Interim reports will be given to the Commission as significant information changes (e.g., estimated time to restore, estimated impact to customers, cause of the interruption, etc.) until it is reported that the affected service is restored.

(d) Retention Requirement: None.

(10) Customer Access Line Testing. All customer access lines must be designed, installed, and maintained to meet the levels in subsection (b) of this section.

(a) Measurement: Each large telecommunications utility must make all loop parameter measurements at the network interface, or as close as access allows.

(b) Objective Service Level: Each access line must meet the following levels:

(A) Loop Current: The serving wire center loop current, when terminated into a 400-ohm load, must be at least 20 milliamperes;

(B) Loop Loss: The maximum loop loss, as measured with a 1004-hertz tone from the serving wire center, must not exceed 8.5 decibels (dB);

(C) Metallic Noise: The maximum metallic noise level, as measured on a quiet line from the serving wire center, must not exceed 20 decibels above referenced noise level — C message weighting (dBrnC);

(D) Power Influence: As a goal, power influence, as measured on a quiet line from the serving wire center, must not exceed 80 dBrnC.

(c)) Reporting Requirement: A large telecommunications utility must report measurement readings as directed by the Commission.

(d) Retention Requirement: None.

(11) Customer Access Lines and Wire Center Switching Equipment. All combinations of access lines and wire center switching equipment must be capable of accepting and correctly processing at least the following network control signals from the customer premises equipment. The wire center must provide dial tone and maintain an actual measured loss between interoffice and access trunk groups.

(a) Measurement: Each large telecommunications utility must make measurements at or to the serving wire center.

(b) Objective Service Level:

(A) Dial Tone Speed. Ninety-eight percent of originating average busy hour call attempts must receive dial tone within three seconds;

(B) A large telecommunications utility must maintain all interoffice and access trunk groups so that the actual measured loss (AML) in no more than 30 percent of the trunks deviates from the expected measured loss (EML) by more than 0.7 dB and no more than 4.5 percent of the trunks deviates from EML by more than 1.7 dB.

(c)) Reporting Requirement: None.

(d) Retention Requirement: None.

(12) Special Service Access Lines. All special service access lines must meet the performance requirements specified in applicable large telecommunications utility tariffs or contracts.

(13) Large Telecommunications Utility Interconnectivity. A large telecommunications utility connected to the facilities of another telecommunications utility or competitive telecommunications provider must operate its system in a manner that will not impede either company's ability to meet required standards of service. A large telecommunications utility must report interconnection operational problems promptly to the Commission.

(14) Remedies for Violation of This Standard.

(a) If a large telecommunications utility subject to this rule fails to meet a minimum service quality standard, the Commission must require the large telecommunications utility to submit a plan for improving performance as provided in ORS 759.450(5). If a large telecommunications utility does not meet the goals of its improvement plan within six months, or if the plan is disapproved by the Commission, the Commission may assess penalties in accordance with ORS 759.450(5) through (7).

(b) In addition to the remedy provided under ORS 759.450(5), if the Commission believes that a large telecommunications utility subject to this rule has violated one or more of its service standards, the Commission must give the large telecommunications utility notice and an opportunity to request a hearing. If the Commission finds a violation has occurred, the Commission may require the large telecommunications utility to provide the following relief to the affected customers:

(A) An alternative means of telecommunications service for violations of paragraph (4)(b)(B) of this rule;

(B) Customer billing credits equal to the associated non-recurring and recurring charges of the large telecommunications utility for the affected service for the period of the violation; and

(C) Other relief authorized by Oregon law.

(15)(a) If the Commission determines that effective competition exists in one or more exchange(s), it may exempt all telecommunications utilities and competitive telecommunications providers providing telecommunications services in the exchange(s) from the requirements of this rule, in whole or in part. In making this determination, the Commission will consider:

(A) The extent to which the service is available from alternative providers in the relevant exchange(s);

(B) The extent to which the services of alternative providers are functionally equivalent or substitutable at comparable rates, terms, and conditions;

(C) Existing barriers to market entry;

(D) Market share and concentration;

(E) Number of suppliers;

(F) Price to cost ratios;

(G)) Demand side substitutability (e.g., customer perceptions of competitors as viable alternatives); and

(H) Any other factors deemed relevant by the Commission.

(b) When a large telecommunications utility petitions the Commission for exemption under this provision, the Commission must provide notice of the petition to all relevant telecommunications utilities and competitive telecommunications providers providing the applicable service(s) in the exchange(s) in question. The Commission will provide such notified telecommunications utilities and competitive telecommunications providers an opportunity to submit comments in response to the petition. The comments may include requests that, following the Commission's analysis outlined above in paragraphs (15)(a)(A) through (H), the commenting telecommunications utilities and competitive telecommunications providers be exempt from these rules for the applicable service(s) in the relevant exchange(s).

(c) The Commission may grant a large telecommunications utility's petition for an exemption from service quality reporting requirements if the large telecommunications utility meets all service quality objective service levels set forth in sections (4) through (8) of this rule for the 12 months prior to the month in which the petition is filed.

[Publications: Publications referenced are available from the agency]

Stat. Auth.: ORS 183, 756 & 759
Stats. Implemented:ORS 756.040, 759.020, 759.030 & 759.050
Hist.: PUC 164, f. 4-18-74, ef. 5-11-74 (Order No. 74-307); PUC 23-1985, f. & ef. 12-11-85 (Order No. 85-1171); PUC 1-1997, f. & ef. 1-7-97 (Order No. 96-332); PUC 13-2000, f. & cert. ef. 6-9-00; PUC 13-2001, f. & cert. ef. 5-25-01; PUC 7-2002, f. & cert. ef. 2-26-02; PUC 10-2005, f. & cert. ef. 12-27-05; PUC 6-2011, f. & cert. ef. 9-14-11

Electric Service Reliability

860-023-0081

Definitions and Terms for Electric Service Reliability

(1) Effective beginning January 1, 2012, the definitions in IEEE 1366, as defined in subsection (2)(b) of this rule, are adopted unless otherwise expressly modified by this rule. If there is a conflict between the definitions in IEEE 1366 and this rule, the definitions in this rule govern.

(2) The following definitions apply to the Electric Service Reliability Rules, OAR 860-023-0081 through 860-023-0161:

(a) "Electric company" means a public utility, as defined in ORS 757.005, that supplies electricity.

(b) "IEEE 1366" means the Institute of Electrical Electronic Engineers (IEEE) Standard 1366 entitled "IEEE Guide for Electric Power Distribution Reliability Indices" (the 2003 edition), approved on December 10, 2003 by IEEE-SA Standards Board and on April 26, 2004 by the American National Standards Institute.

(c)) "Loss of Supply — Substation" or "Power Supply — Substation" means an interruption cause category related to an outage of a distribution substation component.

(d) "Loss of Supply — Transmission" or "Power Supply — Transmission" means an interruption cause category related to the interruption of the electrical supply by the electric company's transmission system or by another electrical utility or operator.

(e) "Reliability reporting area" means a grouping of one or more operating areas, for which the electric company calculates major event thresholds.

(f) "Reporting Period" means the 12-month period, based on a calendar year, for which the electric company is reporting reliability performance.

(g) "System-wide" means pertaining to and limited to the electric company's customers in Oregon.

(3) For reference only, some IEEE 1366 acronyms or terms commonly used in OAR 860-023-0081 through 860-023-0161 are repeated herein.

(**Note** — refer to exact definitions and calculation methodologies in IEEE 1366.)

(a) "CAIDI" means customer average interruption duration index.

(b) "Customer" means a metered electrical service point for which an active bill account is established at a specific location (e.g., premise).

(c) "Interruption" means the loss of service to one or more customers connected to the distribution portion of the system. It is the result of one or more component outages, depending on system configuration.

(d) "$MAIFI_E$" means momentary average interruption event frequency index.

(**Note** -This index does not include events immediately preceding a lockout.)

(e) "SAIDI" means system average interruption duration index.

(f) "SAIFI" means system average interruption frequency index.

(g) "Major Event" designates an event that exceeds the reasonable design and or operational limits of the electric power system. A major event includes at least one Major Event Day (MED).

(h) "Major Event Day" or "MED" means a day in which the daily system SAIDI exceeds a threshold value, T_{MED}. For the purposes of calculating daily system SAIDI, any interruption that spans multiple calendar days is accrued to the day on which the interruption began. Statistically, days having a daily system SAIDI greater than T_{MED} are days on which the energy delivery system experienced stresses beyond that normally expected (such as severe weather). Activities that occur on major event days should be separately analyzed and reported. (See section 4.5 of IEEE 1366.)

(i) "T_{MED}" means a major event day identification threshold value.

[Publications: Publications referenced in this rule are available for review at the agency.]

Stat. Auth.: ORS 183, 756 & 757
Stats. Implemented: ORS 757.020
Hist.: PUC 10-2011, f. 10-14-11, cert. ef. 1-1-12

QWEST SERVICE QUALITY REPORT
CHARTS
Qwest Service Quality Information

Repair Service Center Access
(seconds)

	2012	2013
January		36
February		26
March		13
April		13
May		42
June		31
July		34
August		46
September		70
October		23
November		32
December	22	

OAR Standard: Average Speed of Answer Time of 50 Seconds

DID NOT MEET OAR STANDARD

Business Office Access
(seconds)

	2012	2013
January		127
February		48
March		24
April		15
May		15
June		31
July		138
August		282
September		253
October		80
November		63
December	132	

OAR Standard: Average Speed of Answer Time of 50 Seconds

DID NOT MEET OAR STANDARD

Commitments for Service - Provisioning

	2012	2013
January		99.6%
February		99.3%
March		99.6%
April		99.7%
May		99.7%
June		99.7%
July		99.7%
August		99.7%
September		99.8%
October		99.7%
November		99.7%
December	99.6%	

OAR Standard: 90%

QWEST SERVICE QUALITY REPORT

REPAIR CLEARED WITHIN 48 HOURS

Repair Center	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13
Albany / Corvallis / Newport	96.0%	89.6%	93.0%	97.0%	95.6%	97.1%	96.6%	89.5%	97.0%	95.7%	98.3%	95.8%
Central Oregon	96.1%	97.8%	94.3%	97.8%	97.5%	97.5%	97.2%	97.1%	96.6%	96.0%	95.7%	96.5%
Eastern Oregon	90.1%	92.3%	95.0%	97.4%	94.1%	84.9%	90.5%	85.3%	90.4%	84.7%	93.1%	92.3%
Eugene / Springfield	90.6%	90.5%	97.8%	97.0%	97.4%	96.0%	92.8%	90.8%	96.8%	92.7%	88.0%	93.7%
North Coast	96.3%	95.9%	97.6%	96.7%	98.2%	97.5%	98.8%	87.3%	91.5%	95.1%	83.2%	93.9%
Portland Area	94.2%	97.1%	97.7%	98.3%	96.5%	98.0%	97.2%	94.9%	96.6%	94.4%	82.4%	94.7%
Salem Area	98.0%	98.6%	99.2%	99.2%	98.5%	98.5%	97.2%	97.8%	98.2%	97.3%	96.9%	97.3%
Southern Oregon	86.1%	86.3%	95.9%	97.6%	96.1%	97.4%	94.8%	92.1%	96.1%	93.9%	97.2%	96.7%
STATEWIDE AVERAGE	92.9%	93.1%	93.1%	97.8%	96.7%	96.5%	95.4%	93.1%	96.2%	93.9%	89.6%	95.1%

OAR Standard: 95%
DID NOT MEET STANDARD

ALBANY / CORVALLIS
Adair
Albany
Corvallis
Jefferson
Newport
Sletz
Toledo

CENTRAL OR
Bend
Black Butte
Camp Sherman
Culver
Lapine
Madras
Prineville
Redmond
Sisters
Spring River
Warm Springs

EASTERN OR
Athena
Baker
Hermiston
Milton-Freewater
Nyssa
Ontario
Oregon-slope
Pendleton
Stanfield
Umatilla
Vale

EUGENE
Blue River
Cottage Grove
Cup Creek
Eugene
Florence
Junction City
Leaburg
Lowell
Mapleton
Marcola
Oakridge
River Road
Springfield
Veneta

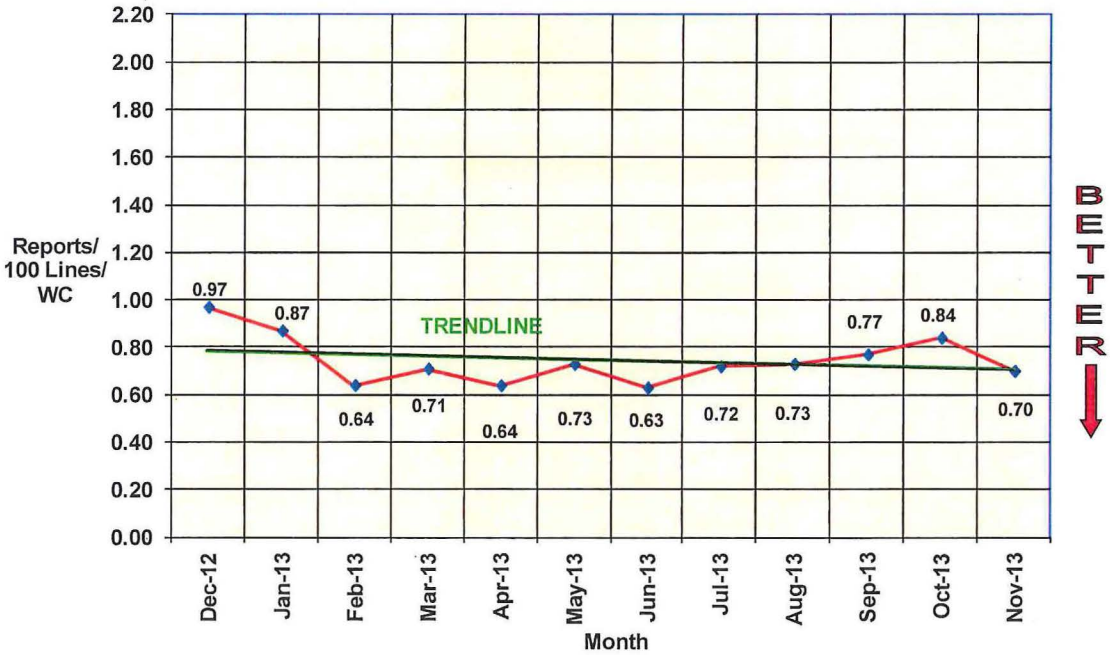
NORTH COAST
Astoria
Cannon Beach
Seaside
Warrenton
Westport

PORTLAND AREA
Alpine
Atlantic
Belmont
Burlington
Butler
Capitol
Cherry
Cypress
Harold
Lake Oswego
Milwaukie
North Plains
Oregon City
Prospect
Rainier
St Helens

SALEM AREA
Dallas
Falls City
Indep-Mon
Keizer
Salem
Woodburn

SOUTHERN OR
Ashland
Central Point
Gold Hill
Grants Pass
Jacksonville
Klamath Falls
Medford
Phoenix
Rogue River
Roseburg
Sutherlin
Winston

TROUBLE REPORT RATE – STATE AVERAGE



QWEST SERVICE QUALITY REPORT
MONTHLY TROUBLE REPORT RATE

Wire Center[1]	MO >2.00[2]	MO >3.00[2]	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13
Adair		2	1.83	1.15	1.62	0.81	0.47	**3.85**	0.47	1.29	0.48	0.85	0.98	**5.70**
Albany	0		0.71	0.75	0.50	0.46	0.46	0.51	0.41	0.66	0.78	0.77	0.61	0.86
Alpine	0		0.73	0.73	0.56	0.55	0.60	1.14	0.55	0.68	0.49	0.59	0.70	0.63
Ashland	0		1.03	0.59	0.61	0.81	0.75	0.67	0.77	0.53	0.61	0.87	0.70	0.74
Astoria	0		1.27	0.97	0.72	0.94	0.51	0.77	0.61	0.73	1.02	0.95	0.70	0.61
Athena[5]	1	0	0.80	**2.52**	0.61	0.92	0.73	0.63	0.21	0.74	1.08	0.98	1.10	1.21
Atlantic	0		0.38	0.40	0.33	0.47	0.37	0.34	0.29	0.40	0.40	0.44	0.53	0.34
Baker	1		0.72	0.56	0.54	0.76	0.57	**2.35**	1.34	1.88	0.82	1.89	1.10	0.52
Belmont	0		0.68	0.56	0.42	0.26	0.49	0.42	0.33	0.34	0.37	0.37	0.73	0.38
Bend	0		0.58	0.64	0.32	0.47	0.63	0.61	0.63	1.21	0.91	0.55	0.54	0.55
Black Butte		0	0.46	0.46	0.23	0.12	0.24	0.59	0.72	0.60	0.24	1.12	0.13	0.00
Blue River		2	**4.94**	2.28	0.31	0.92	0.46	1.08	1.69	2.49	**3.16**	0.48	1.60	2.30
Burlington		0	2.19	1.73	1.75	2.00	0.38	0.88	1.89	1.52	1.02	1.27	1.40	0.26
Butler	0		1.01	0.66	0.68	0.62	0.59	0.49	0.56	0.73	0.74	0.99	1.19	0.66
Cannon Beach	0		0.64	0.72	0.80	0.37	1.03	0.89	1.27	1.06	0.99	0.85	1.01	0.70
Capitol	0		0.21	0.28	0.16	0.23	0.17	0.12	0.21	0.24	0.19	0.20	0.22	0.14
Central Point	0		1.18	1.74	0.90	0.75	0.94	1.46	0.74	1.76	1.10	0.58	0.82	1.10
Cherry	0		1.22	0.86	0.53	0.64	0.80	0.68	0.49	0.68	0.56	0.74	0.81	0.49
Corvallis	0		1.40	1.32	0.89	0.56	0.57	0.69	0.44	0.56	0.64	0.53	0.65	0.79
Cottage Grove	0		1.42	1.08	0.75	0.75	0.65	0.58	0.74	0.96	0.88	0.58	1.46	0.81
Culp Creek		0	1.18	0.60	0.91	0.60	0.30	0.00	0.00	1.19	1.49	1.48	1.50	0.91
Culver		0	0.34	0.87	0.88	0.70	1.57	1.58	1.94	2.14	2.15	1.61	2.03	2.06
Cypress	0		1.26	0.77	0.55	0.44	0.62	0.48	0.69	0.55	0.56	0.59	0.79	0.66
Dallas	0		0.87	0.56	0.65	0.68	0.44	0.69	0.55	0.37	0.48	0.95	1.00	0.85
Eugene	0		1.20	0.91	0.64	0.61	0.56	0.97	0.61	0.59	0.77	0.89	1.15	0.78
Falls City		0	1.71	2.31	0.86	1.75	0.89	0.30	0.60	0.30	0.61	0.30	1.25	0.32
Florence	0		1.17	1.03	0.66	0.67	0.73	1.38	0.69	0.84	0.70	0.66	0.63	0.78
Gold Hill	1		**2.40**	1.45	0.91	1.28	0.92	1.38	0.65	0.75	1.22	1.04	1.05	1.24
Grants Pass	0		0.96	1.17	0.58	0.54	0.45	0.51	0.69	0.53	0.60	0.66	0.48	0.43
Harold	1		0.81	0.85	0.82	**2.09**	0.71	0.48	0.66	0.60	0.61	0.75	0.60	0.58
Hermiston	0		0.56	0.44	0.47	0.38	0.35	0.61	0.95	0.69	0.67	0.92	0.93	0.42
Indep-Monm	0		1.54	1.48	0.66	0.71	0.53	0.99	0.95	0.82	0.65	0.94	1.73	1.23
Jacksonville	2		1.89	**2.05**	1.16	**7.15**	1.04	0.53	1.50	0.90	1.09	0.74	0.75	0.43
Jefferson	0		0.37	0.94	0.38	0.09	0.76	0.67	0.87	1.07	0.98	1.08	1.20	0.60
Junction City	2		**2.26**	1.58	1.24	**2.71**	1.27	1.67	1.42	1.25	1.20	1.08	1.90	1.68
Keizer	0		0.94	0.87	0.64	0.41	0.55	0.69	0.52	0.63	0.66	0.60	0.69	0.60
Klamath Falls	0		1.01	0.80	0.48	0.72	1.03	0.76	0.98	0.64	0.86	0.63	0.70	0.53
Lake Oswego	0		1.62	1.51	1.02	0.65	0.94	0.65	0.61	0.85	0.96	0.85	0.84	0.71
LaPine	2		0.55	1.27	0.30	0.76	1.00	1.61	0.65	0.93	**2.57**	0.99	**2.45**	0.77
Leaburg		0	1.20	2.18	1.96	0.87	0.99	0.87	0.62	1.37	1.39	1.78	2.93	1.53
Lowell	2		**2.06**	1.22	0.85	0.76	0.67	0.96	1.06	0.87	1.45	1.85	1.39	**6.16**
Madras	0		0.69	0.42	1.02	0.38	0.33	0.48	0.78	1.32	1.69	0.85	0.61	0.46
Mapleton		2	**3.45**	1.04	1.25	0.84	1.25	1.68	2.35	0.64	0.85	2.56	**4.49**	2.13
Marcola		0	1.35	2.98	1.12	1.89	1.88	0.76	1.14	0.89	1.03	1.29	1.04	1.68
Medford	0		0.90	0.74	0.56	1.39	0.55	0.67	0.61	0.57	0.53	0.50	0.65	0.60
Milton-Freewater	0		1.11	0.89	0.77	0.59	1.30	0.99	1.53	1.41	1.67	1.59	1.25	0.30
Milwaukie	0		1.22	1.00	0.57	0.68	0.53	1.01	0.57	0.56	0.63	1.67	0.93	0.69
Newport	0		1.22	0.81	0.72	1.40	1.22	0.32	0.76	0.59	0.61	1.31	1.08	1.14
North Plains	2		1.91	1.00	**2.35**	1.48	1.22	**2.75**	0.07	1.03	1.12	1.13	1.21	1.00
Nyssa	0		0.46	0.77	0.47	0.23	1.49	0.71	0.55	1.19	0.48	0.81	0.57	0.31
Oakridge	2		1.24	1.82	1.20	1.29	0.58	0.44	0.58	0.59	1.34	1.51	**2.37**	**3.53**
Ontario	0		0.20	0.29	0.37	0.36	0.27	0.23	0.36	0.25	0.67	0.40	0.28	0.20
Oregon City	0		1.33	0.85	0.96	0.66	0.78	0.63	0.48	0.69	0.56	0.74	0.80	0.64
Oregon Slope		0	0.71	0.71	1.08	0.00	0.73	0.73	0.36	1.47	0.74	1.12	0.00	0.74
Pendleton	0		0.50	0.54	0.44	0.44	0.81	0.74	0.43	0.65	0.88	1.13	0.59	0.59
Phoenix-talent	0		1.12	1.05	0.68	0.29	1.06	0.84	0.74	0.56	0.76	0.54	0.59	1.10
Prineville	0		0.83	0.52	0.77	1.03	0.74	0.82	0.73	1.62	1.33	0.80	1.12	0.47
Prospect	0		1.33	0.74	0.81	1.05	0.72	0.98	0.73	0.68	0.61	0.67	0.72	0.64
Rainier	0		1.51	1.53	1.07	0.89	1.27	1.36	0.75	0.33	0.76	0.91	1.74	1.16
Redmond	0		0.41	0.57	0.45	0.73	0.59	0.64	0.60	0.83	1.48	0.91	0.69	0.60
River Road	0		0.96	1.00	0.77	0.68	0.71	0.85	0.62	0.70	0.75	1.16	1.27	0.95
Rogue River	0		1.37	1.16	0.58	0.47	0.48	0.64	1.01	1.23	0.70	1.04	0.76	0.39
Roseburg	0		0.50	0.84	0.63	0.58	0.67	0.61	0.40	0.62	0.73	0.63	0.51	0.73
Salem	0		1.02	0.91	0.70	0.64	0.72	0.62	0.63	0.74	0.70	0.76	0.72	0.64
Seaside	0		0.84	1.18	0.67	0.73	0.57	0.66	0.58	0.76	0.47	0.68	0.60	0.69
Siletz[4]	0	0	1.59	0.80	0.92	1.63	0.51	0.93	1.36	0.32	0.96	0.85	1.30	2.11
Sisters	0		0.15	0.08	0.16	0.71	1.10	0.31	1.35	0.88	0.57	0.16	0.84	0.08
Spring River	0		0.17	0.45	0.25	0.46	0.60	0.81	0.64	0.85	0.40	0.30	0.50	0.23
Springfield	0		1.26	1.41	0.90	0.69	0.76	0.98	0.97	1.04	0.96	1.00	1.22	1.01
St. Helens	0		1.02	1.46	1.14	0.52	0.50	0.48	0.80	0.72	0.68	0.82	1.02	0.91
Stanfield		0	0.55	0.00	0.00	0.56	0.28	0.87	1.47	0.29	0.29	0.00	1.22	0.00
Sutherlin	0		1.03	0.64	0.48	0.59	0.53	0.50	0.29	0.59	0.37	0.64	0.98	0.60
Toledo[4]	0	0	1.38	1.70	0.82	0.61	0.21	1.14	1.15	1.62	0.98	0.66	1.01	0.89
Umatilla	0		1.32	0.76	0.16	1.05	0.89	0.61	0.56	0.51	0.93	0.70	1.84	1.06
Vale	0		0.16	0.33	0.50	1.00	1.10	0.68	1.19	0.77	0.96	1.49	0.53	0.74
Veneta	2		1.77	**2.26**	1.08	0.81	1.06	0.99	0.91	1.00	1.04	0.87	1.57	**2.19**
Warm Springs		1	0.26	0.27	0.55	1.12	0.86	0.30	1.76	**3.06**	0.31	1.25	1.25	1.54
Warrenton	3		**2.23**	1.04	0.75	0.75	0.50	0.38	0.64	0.91	**2.28**	0.73	**2.76**	0.87
Westport		1	2.78	0.80	0.00	**3.24**	1.61	0.81	0.00	1.61	1.62	2.45	0.41	0.80
Winston	0		1.03	1.04	1.02	0.65	0.56	0.53	0.64	0.79	0.70	1.12	0.79	0.54
Woodburn	0		1.09	0.81	0.94	0.62	0.79	0.83	0.61	0.94	0.90	1.17	1.34	0.96
Statewide Average			0.97	0.87	0.64	0.71	0.64	0.73	0.63	0.72	0.73	0.77	0.84	0.70
Large Wire Center Count[3]	0		4	3	1	3	0	2	0	0	2	0	3	3
Small Wire Center Count[3]		0	2	0	0	1	0	1	0	1	1	0	1	1

NOTE 1: The small Qwest wire center names (1,000 or less access lines) are in red.

NOTE 2: The "MO>2.00" column is the number of times a wire center with over 1,000 access lines exceeded a 2.00 trouble report rate during the reported twelve month period. The "MO>3.00" column is the number of times a wire center with 1,000 or less access lines exceeded a 3.00 trouble report rate during the reported twelve month period. The "Wire Center Count "is the number of wire centers that did not meet standard for the reported month.

NOTE 3: The number at the bottom of the monthly columns is the number of wire centers that exceeded either 2.00 for the large wire centers or 3.00 for the small wire centers during that month.

NOTE 4: The Siletz and Toledo wire centers are classified as small from large in the January & February 2013 data month.

NOTE 5: The Athena wire center changed from large to small in the July 2013 data month.

LARGE WIRE CENTER OUT-OF-STANDARD | SMALL WIRE CENTER OUT-OF-STANDARD

ORS 759.450 AND ORS 759.990

HB 2557

Relating to telecommunications regulation; amending ORS 759.450.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 759.450 is amended to read:

759.450. (1) It is the intent of the Legislative Assembly that every telecommunications carrier and those telecommunications utilities and competitive telecommunications providers that provide wholesale services meet minimum service quality standards on a nondiscriminatory basis.

(2) The Public Utility Commission shall determine minimum service quality standards that relate to the provision of retail telecommunications services to ensure safe and adequate service. Except as provided in [*subsection (8)*] **subsections (8) and (9)** of this section, minimum service quality standards adopted under this section shall apply to all telecommunications carriers. The commission by rule shall review and revise the minimum service quality standards as necessary to ensure safe and adequate retail telecommunications services.

(3) The minimum service quality standards for providing retail telecommunications services adopted by the commission shall relate directly to specific customer impact indices including but not limited to held orders, trouble reports, repair intervals and carrier inquiry response times. In adopting minimum service quality standards, the commission shall, for each standard adopted, consider the following:

(a) General industry practice and achievement;

(b) National data for similar standards;

(c) Normal operating conditions;

(d) The historic purpose for which the telecommunications network was constructed;

(e) Technological improvements and trends; and

(f) Other factors as determined by the commission.

(4) Consistent with the federal Telecommunications Act of 1996 (Public Law 104-104), as amended and in effect on September 1, 1999, the commission may establish minimum service quality standards related to providing wholesale, interconnection, transport and termination services provided by a telecommunications carrier and those telecommunications utilities and competitive telecommunications providers that provide wholesale telecommunications services.

(5) The commission shall require a telecommunications carrier, telecommunications utility or competitive telecommunications provider that is not meeting the minimum service quality standards to submit a plan for improving performance to meet the standards. The commission shall review and approve or disapprove the plan. If the carrier, utility or provider does not meet the goals of its improvement plan within six months or if the plan is disapproved by the commission, penalties may be assessed against the carrier, utility or provider on the basis of the carrier's, utility's or provider's service quality measured against the minimum service quality standards and, if assessed, shall be assessed according to the provisions of ORS 759.990.

(6) Prior to commencing an action under this section and ORS 759.990, the commission shall allow a telecommunications carrier, telecommunications utility or competitive telecommunications provider an opportunity to demonstrate that a violation of a minimum service quality standard is the result of the failure of a person providing telecommunications interconnection service to meet the person's interconnection obligations.

(7) Total annual penalties imposed on a telecommunications utility under this section shall not exceed two percent of the utility's gross intrastate revenue from the sale of telecommunications services for the calendar year preceding the year in which the penalties are assessed. Total annual penalties imposed on a competitive telecommunications provider under this section shall not exceed two percent of the provider's gross revenue from the sale of telecommunications services in this state for the calendar year preceding the year in which the penalties are imposed.

(8) The provisions of this section do not apply to:

(a) Radio communications service, radio paging service, commercial mobile radio service, personal

communications service or cellular communications service; or

(b) A cooperative corporation organized under ORS chapter 62 that provides telecommunications services.

(9) Telecommunications utilities and groups of affiliated telecommunications utilities that serve fewer than 50,000 access lines in Oregon are exempt from any minimum service quality standard adopted under this section that would require the utility or group to measure carrier inquiry response time.

Approved by the Governor April 20, 2001

Filed in the office of Secretary of State April 20, 2001

Effective date January 1, 2002

759.990
PENALTIES

759.990 Penalties. (1) Any telecommunications utility violating ORS 759.260 commits a Class A violation. Violation of ORS 759.260 by an officer or agent of a telecommunications utility is a Class D violation.

(2) Violation of ORS 759.275 is a specific fine violation punishable by a fine of not more than $10,000.

(3) Violation of ORS 759.280 is a Class A violation.

(4) Violation of ORS 759.355 is a specific fine violation punishable by a fine of not more than $20,000.

(5) Violation of ORS 759.360 is a Class C felony.

(6) A telecommunications carrier, as defined in ORS 759.400, shall forfeit a sum of not less than $100 nor more than $50,000 for each time that the carrier:

(a) Violates any statute administered by the Public Utility Commission;

(b) Commits any prohibited act, or fails to perform any duty enjoined upon the carrier by the commission;

(c) Fails to obey any lawful requirement or order made by the commission; or

(d) Fails to obey any judgment made by any court upon the application of the commission.

(7) In construing and enforcing subsection (6) of this section, the act, omission or failure of any officer, agent or other person acting on behalf of or employed by a telecommunications carrier and acting within the scope of the person's employment shall in every case be deemed to be the act, omission or failure of such telecommunications carrier.

(8) Except when provided by law that a penalty, forfeiture or other sum be paid to the aggrieved party, all penalties, forfeitures or other sums collected or paid under subsection (6) of this section shall be paid into the General Fund and credited to the Public Utility Commission Account. [1987 c.447 §52; 1999 c.1051 §225; 1999 c.1093 §39; 2003 c.576 §563; 2011 c.597 §94]

OREGON ADMINISTRATIVE RULES
CHAPTER 860, DIVISION 023 - PUBLIC UTILITY COMMISSION

Amendment to 48 hour rule language below (not yet posted to Secretary of State website)--

(6) Repair Clearing Time. This standard establishes the clearing time for all trouble reports from the time the customer reports the trouble to the large telecommunications utility until the trouble is resolved. The large telecommunications utility must provide each customer making a network trouble report with a commitment time when the large telecommunications utility will repair or resolve the problem.

(a) Measurement: A large telecommunications utility must calculate the percentage of trouble reports cleared within 48 hours of receiving a report for each repair center. Alternatively, the large telecommunication utility may use the following weekend exception to calculate the percentage for trouble reports cleared for those reports that are received between 12pm on Friday until 5 pm on Sunday.

(A) The trouble reports cleared must be calculated for reports received between 12 pm Friday and 5 pm Saturday and cleared by 5 pm the following Monday for each repair center.

(B) The trouble reports cleared must be calculated for reports received between 5 pm Saturday and 5 pm Sunday and cleared by 5 pm the following Tuesday for each repair center.

Alternate weekend repair calculations must be aggregated into the calculation for the percentage of trouble reports cleared within 48 hours.

(b) Objective Service Level: A large telecommunications utility must clear at least 90 percent of all trouble reports within 48 hours of receiving a report for each repair center. Alternatively, for those reports that are received between 12pm on Friday and 5 pm on Sunday, the large telecommunication utility may use the following weekend exception to calculate the percentage for trouble reports cleared:

(A) The large telecommunications utility must clear 90 percent of all trouble reports received between 12 pm Friday and 5 pm Saturday by 5 pm the following Monday for each repair center.

(B) The large telecommunications utility must clear 90 percent of all trouble reports received between 5 pm Saturday and 5 pm Sunday by 5 pm the following Tuesday for each repair center.

(c) Reporting Requirement: Each large telecommunications utility must report monthly to the Commission the percentage of all trouble reports cleared within 48 hours of receiving the report by each repair center, with optional adjustments allowed for weekend repair exceptions described in (b). A large telecommunications utility must use its best efforts to complete out-of-service restorations for business customers. In addition, a large telecommunications utility must use its best efforts to complete out-of-service restorations for residential customers who have identified either a medical necessity or no access to an alternative means of voice or E-911 communications.

(d) A large telecommunications utility must indicate in its report if it opts to use the alternative weekend exception period reporting.

(e) Retention Requirement: None.

UM 1354-- SERVICE QUALITY METRICS REPORTED UNDER CURRENT PLAN

Qwest/CenturyLink QC Service Quality Metrics Reported, 2008—

January Qwest note: Program changes completed to allow 48 hour trouble report exceptions of force majeure auto exclusions reported per Order 05-1260

- **Repair Bureau Access** metric met ***8 out of 12 months***, missing standard in April, May (extreme weather elsewhere in May), June, July (July miss attributed to extreme weather in Arizona).

- **Business Office Access** metric met ***11 out of 12 months***—missing standard in January due to colds, flu, and high call volumes--new employees expected out of training in February.

- **Commitments for Provisioning** standard met **12 out of 12 months.**

- **Wire Center Trouble Report Rate**—***the wire center OAR standard utilizes a*** *sliding 12 month scale (which pulls 2007 results into 2008). Small wire centers must not exceed 3 reports per 100 working access lines or 3.0 trouble report more than three times in a 12 month sliding window to miss standard. Large wire centers must exceed a 2.0 trouble report rate (2 per 100 working access lines) more than three times in a 12 month sliding window to miss standard.*

  Thirty-eight wire centers went over the trouble report rate thresholds in 2008.

  Wire centers out of standard in 2008--***Athena, 11/12*** *months,* ***Burlington, 12/12*** *months,* ***North Plains, 5/12*** *months,* ***Siletz 9/12*** *months,* ***Warrenton 7/12*** *months,* ***Rainier 1/12*** *months.*

  2008 wire center reports included three central offices trouble reports and eight pair gain system trouble reports as cause of the wire center report rate going over the acceptable SQ standard that month.
  Central offices that reported trouble affecting SQ parameters: Falls City, North Plains, and Rainier.
  Pair gain systems failures affecting SQ parameters: Siletz, Athena, Burlington, Warrenton, Warrenton, Leaburg, Rainier, and Siletz.

- **48-Hour Repair Clearing Time**-- eight designated service areas missed standard 16 times; *the 48-Hour Repair Clearing Time metric was met 83% over the 12 months of 2008.*
  Misses in December attributed to record wind, rain and snowstorms in the NW.
  (48-hour clearance was ***below 90% eleven times, ranging from 51.4%-89.8%)***

CenturyLink QC Service Quality Metrics Reported, 2009—

- **Repair Bureau Access** metric met **12 out of 12 months.**

- **Business Office Access** metric met **11 out of 12 months**—missing standard in January.

- **Commitments for Provisioning** met **12 out of 12 months.**

- **Wire Center Trouble Report Rate**—***the wire center OAR standard utilizes a*** *sliding 12 month scale (which pulls 2008 results into 2009). Small wire centers must not exceed 3 reports per 100 working access lines or 3.0 trouble report more than three times in a 12 month sliding window to miss standard. Large wire centers must exceed a 2.0 trouble report rate (2 per 100 working access lines) more than three times in a 12 month sliding window to miss standard.*

  Forty wire centers went over the trouble report rate thresholds in 2009.

  Wire centers out of standard in 2009—***Burlington, 2/12*** *months,* ***Rainier 3/12*** *months,* ***Siletz 2/12, Warrenton 3/12*** *months,* ***Junction City 6/12*** *months,* ***Leaburg 7/12*** *months,* ***Oakridge 1/12*** *months.*
  2009 wire center reports included two central offices trouble reports and seven pair gain system trouble reports as cause of the wire center report rate going over the acceptable SQ standard that month.
  Central offices with trouble reported affecting SQ parameters: Adair and Marcola. Pair gain systems failures affecting SQ parameters: Rainier, Siletz, Leaburg, Marcola, Jacksonville, Siletz, and Leaburg. Burlington reported cable theft affecting report rate one month.

- **48-Hour Repair Clearing Time**--eight designated service areas **missed standard 24 times**; *the 48-Hour Repair Clearing Time metric was met* ***75% over the 12 months of*** *2009. Record wind and rains in December of 2008 carried into 2009, affecting the 48 hour clearance of repairs in January 2009. Heavy rains in November 2009, increased tech overtime to handle additional load.*
  (48-hour clearance was ***below 90% once-89.1%).***

CenturyLink QC Service Quality Metrics Reported, 2010—

- **Repair Bureau Access** metric 10 out of 12 months, missing standard in July and August.

- **Business Office Access** metric 8 out of 12 months—missing standard in June, July, August and November, with higher than expected volumes in July and August. Added resources in August. Business office experienced a system malfunction in November.

- **Commitments for Provisioning** met 12 out of 12 months.

- **Wire Center Trouble Report Rate**—***the wire center OAR standard utilizes a*** *sliding 12 month scale (which pulls 2009 results into 2010). Small wire centers must not exceed 3 reports per 100 working access lines or 3.0 trouble report more than three times in a 12 month sliding window to miss standard. Large wire centers must exceed a 2.0 trouble report rate (2 per 100 working access lines) more than three times in a 12 month sliding window to miss standard.*

  Thirty-eight wire centers went over trouble report rate thresholds in 2010.

  Wire centers out of standard in 2010 *-- **Leaburg 6/12** months, **Oakridge 9/12, Lowell 1/12** months, **Toledo, 1/12** months.*
  2010 wire center reports included four pair gain system trouble reports as cause of the wire center report rate going over the acceptable SQ standard that month.
  Pair gain systems failures affecting SQ parameters: Marcola, Toledo, Warrenton, and Blue River. North Plains had cut fiber and cable troubles.

- **48-Hour Repair Clearing Time--e**ight designated service areas missed standard 27 times; *the 48-Hour Repair Clearing Time metric was met 72% over the 12 months of 2010* (*48-hour clearance was **below 90% six times-ranging from 80.3%-89.8%)***

CenturyLink QC Service Quality Metrics Reported, 2011—

- **Repair Bureau Access** metric met 12 out of 12 months.

- **Business Office Access** metric met 8 out of 12 months—missing standard in January, August, September, and October. Extreme weather in January affected call volumes and higher number of calls than projected for August, September and October.

- **Commitments for Provisioning** met 12 out of 12 months.

- **Wire Center Trouble Report Rate**—***the wire center OAR standard utilizes a*** *sliding 12 month scale (which pulls 2010 results into 2011). Small wire centers must not exceed 3 reports per 100 working access lines or 3.0 trouble report more than three times in a 12 month sliding window to miss standard. Large wire centers must exceed a 2.0 trouble report rate (2 per 100 working access lines) more than three times in a 12 month sliding window to miss standard.*

  Twenty-eight wire centers went over trouble report rate thresholds in 2011.

  *Wire centers out of standard in 2011—**Siletz 1/12, Lowell 3/12** months, **Toledo 8/12** months, **Oakridge 10/12** months.*

  2011 wire center reports included one central office trouble report and two pair gain system trouble reports as cause of the wire center report rate going over the acceptable SQ standard that month.

  Central offices with reported troubles affecting SQ parameters: Siletz and Madras. Pair gain systems failures affecting SQ parameters: Athena and Gold Hill. Milton-Freewater trouble affecting report rate were isolated to a bad span in September. Oakridge reported a windstorm that took down drops in February. Rogue River and Gold Hill central offices were affected by cut fiber ring in November.

- **48-Hour Repair Clearing Time**--eight designated service areas missed standard 34 times; *the 48-Hour Repair Clearing Time metric was met 65% over the 12 months of 2011.* Windstorms and power outages affected Eugene in March, load center was not closing tickets timely which affected report times (training issue), and technicians were loaned to help out higher repair volumes from construction crews. May had weekend coverage issues and daily load management problems due to weather.
  *(48-hour clearance was **below 90% three times, ranging from 82.6%-88.9%).***

CenturyLink QC Service Quality Metrics Reported, 2012—

- **Repair Bureau Access** metric met 11 out of 12 months—missing July which had a system issue in processing repair tickets.

- **Business Office Access** Metric met 9 out of 12 months—missing January, August, September, and December (Reduced vacation and flex time in January; July had increased calls due to ARC (access rate charge). September Qwest scheduled mandatory overtime to meet call load. Qwest advised hiring new staff to help December answering time measurement.

- **Commitments for Provisioning** met 12 out of 12 months.

- **Wire Center Trouble Report Rate—*the wire center OAR standard utilizes a*** *sliding 12 month scale (which pulls 2011 results into 2012). Small wire centers must not exceed 3 reports per 100 working access lines or 3.0 trouble report more than three times in a 12 month sliding window to miss standard. Large wire centers must exceed a 2.0 trouble report rate (2 per 100 working access lines) more than three times in a 12 month sliding window to miss standard.*

  Forty-one wire centers went over trouble report rate thresholds in 2012.
  Wire centers out of standard in 2012-- two individual wire centers in the state missed standard during the year; North Plains failed 7/ 12 months, Junction City failed 3/12 months.
  ***2012 wire center reports included 1 central office trouble and 2 pair gain system troubles as cause of the wire center report rate going over the acceptable standard that month*.**
  Central offices with reported troubles affecting SQ parameters: Seaside, North Plains, Jefferson. Pair gain systems failures affecting SQ parameters: Leaburg, two pain gain systems in Southern Oregon in February, multiple pair gain system failures in Eastern Oregon and the Portland area (St. Helens).

- **48-Hour Repair Clearing Time--eight** designated service areas missed standard 45 times during 2012; the 48-Hour Repair Clearing Time metric was met 53% over the months of 2012. January, cut cables in several wire centers; February, in January, winter weather, high winds, rain and snow; March, cut cables and record rainfall; April, severe weather; May; power outage in Siletz, cut cables, wet lead cable, corroded modules, multiple bad BSW's, June, wet lead cables; July, had pair gain system failures in Portland and Eastern Oregon regions, long duration cable failures and a few cut cables; July, multiple cable failures and long duration repairs in Portland area; August, problem with repair clock auto closing tickets, few cut cables, weekend trouble report rates in smaller communities. Wet cables were reported in October; November, multiple cable cuts, central office issue in Jefferson and storms; December, cut fiber, multiple cable cuts, inclement weather causing hazardous road conditions, heavy rains, wet cables, and downed power lines and poles in Southern Oregon.
  *(48-hour clearance was **below 90% ten times-ranging from 76.3%-89.3%)***

CenturyLink QC Service Quality Metrics Reported, 2013—

- **Repair Bureau Access** metric met 11/12 months. Missed standard in September due to record breaking rainfall in other states.

- **Business Office Access** metric met 5 out of 12 months—missing standard in January, July, August, September, October, November and December; added staff in January, high call volumes in July, August and September resulted in awareness training, continued focus. October and November call volumes were higher partially because of a mailer that increased volume. December call volumes higher than projected.

- **Commitments for Provisioning** met 12 out of 12 months.

- **Wire Center Trouble Report Rate—*the wire center OAR standard utilizes a*** *sliding 12 month scale (which pulls 2012 results into 2013). Small wire centers must not exceed 3 reports per 100 working access lines or 3.0 trouble report more than three times in a 12 month sliding window to miss standard. Large wire centers must exceed a 2.0 trouble report rate (2 per 100 working access lines) more than three times in a 12 month sliding window to miss standard.*

  Twenty-six wire centers went over trouble report rate thresholds in 2013.

  Wire centers out of standard in 2013*-- Junction City 9/12, North Plains 2/12 months*
  2013 wire center reports included 2 central offices trouble and 3 pair gain system troubles as cause of the wire center report rate going over the acceptable standard that month.

  Wire centers out of standard in 2013*-- Junction City 9/12, North Plains 2/12 months*
  Central offices with reported troubles affecting SQ parameters: Eastern Oregon central office in December--defective card. North Plains experienced a switch problem in December.
  Pair gain systems failures affecting SQ parameters: Southern Oregon in November, and Oregon City and Lowell in December.

- **48-Hour Repair Clearing Time**--eight designated service areas missed standard 29 times; *the 48-Hour Repair Clearing Time metric was met 76% over the 12 months of 2013.* Bad weather in December caused load issues through January, due to power outages and downed trees. Stolen cable in March affected Jacksonville, and in Junction City half of the tickets were due to a power outage or wet cables. July experienced miscoding on tickets and cut cables. September brought about cut cables, repairs to bad splices, wet cables. November reported pair gain issues in Eugene/Springfield and cut cables in Portland.
  *(48-hour clearance was **below 90% ten times-ranging from 82.4%-89.6%)***

Total metric performance--six years under the Performance Plan:

Year	Repair Access	Business Access	Above TRR	48 Hour Repair
2008	4	1	38	16/96
2009		1	40	24/96
2010	2	4	38	27/96
2011		4	28	34/96
2012	3	1	41	45/96
2013	1	7	26	29/96
Totals Missed	10/72 (14%)	18/72 (75%)	211	175/576 (30%)
Percentage Met	*86%*	*75%*		*70%*

Wire Centers Out of Standard, sliding 12 month window:

Wire Center	2008-	2009	2010	2011	2012	2013	TOTALS
Athena	11/12						11
Burlington	12/12	2/12					14
North Plains	5/12				7/12	2/12	14
Siletz	9/12	2/12		1/12			12
Warrenton	7/12	3/12					10
Rainier	1/12	3/12					4
Junction City		6/12			3/12	9/12	18
Leaburg		7/12	6/12				13
Oakridge		1/12	9/12	10/12			20
Lowell			1/12	3/12			4
Toledo			1/12	8/12			9

CENTRAL OFFICES FAILURES
OVER LENGTH OF CURRENT PLAN
Falls City--2008
North Plains-2008
Rainier-2008
Adair-2009
Marcola-2009
Siletz-2011
Madras-2011
Seaside-2012
North Plains-2012
Jefferson-2012
Eastern Oregon-2013
North Plains-2013

OUTAGE REPORTS
Toledo-2014
Blue River-2014
Pendleton-2013

PAIR GAIN SYSTEMS REPORTING FAILURES OVER LENGTH OF CURRENT PLAN	OUTAGE REPORTS
Siletz-twice in 2008	Baker City-2013
Athena-2008	
Burlington-2008	
Warrenton-twice in 2008	
Leaburg-2008	
Rainier-2008	
Rainier-2009	
Siletz-twice in 2009	
Leaburg-twice in 2009	
Marcola-2009	
Jacksonville-2009	
Marcola-2010	
Toledo-2010	
Warrenton-2010	
Blue River-2010	
Athena-2011	
Gold Hill-2011	
Leaburg-2012	
Southern Oregon two failures 2012	
Eastern Oregon-multiple failures (count as 3) 2012	
St. Helens-2012	
Southern Oregon-2013	
Oregon City-2013	
Lowell-2013	

Oregon
Docket No. UM 1354
Response to Staff Data Request No. 2
Respondent: Legal
Response Date: February 27, 2014

STAFF-84

For the following list (i-xiii):

A. Please advise if Centurylink QC has received notification from the manufacturer for each of the following central office switch types (84, B, i-xiii) that this type of switch is no longer supported by the manufacturer for hardware and software upgrades, or both.

B. Please advise whether or not original equipment manufacturer (OEM) parts are currently available for each of the central office switches listed below. For each instance where OEM parts are not available, please explain where the company intends to find replacement parts, as they are needed.

i. DMS10
ii. DMS10 Host
iii. DMS100 Host
iv. DMS100 Remote
v. DMS200
vi. 5ESS
vii. DMSRSC
viii. RLCM
ix. DMS1/20
x. 50RM
xi. RSC-S
xii. 5RSM

RESPONSE:

Centurylink objects to this request on the grounds that it is overly broad, unduly burdensome, and seeks information that is irrelevant and not reasonably calculated to lead to the discovery admissible information. In this proceeding, Centurylink is not seeking relief from complying with any Commission service quality standard and this request will not provide the Commission any admissible evidence regarding the issues to be decided in this case – specifically, Centurylink's proposed Price Plan modifications to provide additional pricing flexibility and relief from certain regulatory reporting requirements.

Oregon
Docket No. UM 1354
Response to Staff Data Request No. 85
Respondent: Legal
Response Date: February 27, 2014

STAFF-85

Please estimate, as a percentage, the number of all CenturyLink QC remote terminal systems (i.e. pair gain systems) in Oregon generating dial tone that are currently manufacturer obsolete.

RESPONSE:

CenturyLink objects to this request on the grounds that it is overly broad, unduly burdensome, and seeks information that is irrelevant and not reasonably calculated to lead to the discovery admissible information. In this proceeding, CenturyLink is not seeking relief from complying with any Commission service quality standard and this request will not provide the Commission any admissible evidence regarding the issues to be decided in this case – specifically, CenturyLink's proposed Price Plan modifications to provide additional pricing flexibility and relief from certain regulatory reporting requirements.

Oregon
Docket No. UM 1354
Response to Staff Data Request No. 86
Respondent: Legal
Response Date: February 27, 2014

STAFF-86

Please provide CenturyLink QC's current practices and policies relating the availability of hardware spares (e.g., cards, control units, etc.) for both central office and remote terminal equipment (e.g., pair gain systems) in Oregon. This question relates to OEM parts for network equipment that are currently manufacturer supported.

RESPONSE:

CenturyLink objects to this request on the grounds that it is overly broad, unduly burdensome, and seeks information that is irrelevant and not reasonably calculated to lead to the discovery admissible information. In this proceeding, CenturyLink is not seeking relief from complying with any Commission service quality standard and this request will not provide the Commission any admissible evidence regarding the issues to be decided in this case – specifically, CenturyLink's proposed Price Plan modifications to provide additional pricing flexibility and relief from certain regulatory reporting requirements.

Oregon
Docket No. UM 1354
Response to Staff Data Request No. 87
Respondent: Legal
Response Date: February 27, 2014

STAFF-87

Please provide Centurylink QC's current practices and policies used for replacement and maintenance of backup batteries currently deployed in remote terminals in Oregon.

RESPONSE:

Centurylink objects to this request on the grounds that it is overly broad, unduly burdensome, and seeks information that is irrelevant and not reasonably calculated to lead to the discovery admissible information. In this proceeding, Centurylink is not seeking relief from complying with any Commission service quality standard and this request will not provide the Commission any admissible evidence regarding the issues to be decided in this case – specifically, Centurylink's proposed Price Plan modifications to provide additional pricing flexibility and relief from certain regulatory reporting requirements.

CASE: UM 1354
WITNESS: MALIA BROCK

PUBLIC UTILITY COMMISSION
OF
OREGON

STAFF EXHIBIT 302

Exhibits in Support
Of Opening Testimony

April 2, 2014

STAFF EXHIBIT 302

IS CONFIDENTIAL AND SUBJECT TO MODIFIED

PROTECTIVE ORDER NO. 08-116. YOU MUST HAVE SIGNED

APPENDIX B OF THE MODIFIED PROTECTIVE ORDER IN

DOCKET UM 1354 TO RECEIVE THE

CONFIDENTIAL VERSION

OF THIS EXHIBIT.

CASE: UM 1354
WITNESS: MITCH MOORE

PUBLIC UTILITY COMMISSION
OF
OREGON

STAFF EXHIBIT 400

Opening Testimony

April 2, 2014

CERTAIN INFORMATION CONTAINED IN STAFF EXHIBIT 400
OF

UM 1354 IS CONFIDENTIAL AND SUBJECT TO

PROTECTIVE ORDER NO. 08-116. YOU

MUST HAVE SIGNED

APPENDIX B OF THE PROTECTIVE ORDER IN

DOCKET UM 1354 TO RECEIVE THE

CONFIDENTIAL VERSION

OF THIS EXHIBIT.

Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.

A. My name is Mitchell Moore. I am employed as a senior telecommunications analyst at the Oregon Public Utility Commission (Commission). My business address is 3930 Fairview Industrial Dr. SE Salem, Oregon 97302.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE.

A. My Witness Qualification Statement is found in Exhibit Staff/401, Moore/1.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to 1) describe the competitive environment in the Qwest Corporation, dba CenturyLInk QC (Qwest or Company) service territory in Oregon and demonstrate that customers, especially residential and small business customers, do not have sufficient competitive alternatives to allow the Company to set its own rates; and 2) discuss the statutes and rules that Qwest seeks to have waived in its petition for a revised price Plan (Petition).

In Part I, I will:

a) Describe a framework of competition that will enable the Commission to determine whether or not the telecommunications markets in Oregon are sufficiently competitive to grant the Company's Petition.

b) Explain why it is important to distinguish between the various markets in which Qwest competes for customers and break out my analysis into

1 consumer (residential), small business, medium business and enterprise
2 markets.
3 c) Discuss the competitive alternatives to Qwest service in the residential voice
4 market. Specifically, I discuss wireless, Competitive Local Exchange Carrier
5 (CLEC), and landline alternatives in both rural and urban areas. My
6 testimony demonstrates that wireless coverage cannot be considered a
7 viable alternative for all consumers and that many consumers do not view
8 wireless as a substitute for landline service. My testimony also
9 demonstrates that most consumers have only one landline alternative and
10 that many consumers in rural, high-cost areas have no landline alternative.
11 d) Discuss the competitive alternatives to Qwest service in the Small Business
12 market. Specifically, I will show that most small businesses have only a
13 single landline alternative and that CLEC competition in this market is
14 minimal.
15 e) Discuss the competitive environment in the Mid-market and Enterprise
16 markets and demonstrate that the bulk of the competition among
17 competitive providers exists primarily in the Enterprise market.
18 f) Discuss the evidence presented by Company Witness John Felz and
19 demonstrate that it does not adequately or coherently analyze the
20 competitive markets in Oregon and that it does not substantiate the
21 Company's claim that the Legacy Qwest service territory is sufficiently
22 competitive for the Commission to grant its petition.

g) Discuss the impact of price deregulation in other states and show that price deregulation has led to significant price increases in many areas.

In Part II of my testimony, I will:

Discuss the statutes and rules that Qwest would like waived, but which Staff opposes. I will present a case for why the Commission should either deny the waiver or grant only a partial waiver.

Q. DID YOU PREPARE ANY EXHIBITS?

A. Yes. I prepared Exhibit Staff/401, consisting of 87 pages, and Staff/402 consisting of 32 pages of confidential exhibits.

Q. HOW IS YOUR TESTIMONY ORGANIZED?

A. My testimony is organized as follows:

Part I:

Section 1, Background on Competitive Markets
Section 2, Competition in Legacy Qwest Territory - Generally
Section 3, Competition in Consumer Markets
Section 4, Competition in Small Business Markets
Section 5, Competition in Medium Business and Enterprise Markets
Section 6, Likely effect of Petition to Uncap all Prices

Part II:

Section 1, Waiver of Statutes
Section 2, Waiver of Rules

1. BACKGROUND ON COMPETITIVE MARKETS

Q. WHAT IS THE DEFINITION OF COMPETITION OR COMPETITIVE MARKETS?

A. There are four types of markets generally discussed by economists: monopoly; oligopoly, monopolistic competition; and perfect competition. The four types of markets can be viewed on a continuum from least to most competitive, with monopoly at one end of the spectrum, and perfect competition at the other end. A key distinction of competitive markets is the absence of monopoly power.

Q. WHAT DOES MARKET POWER OR MONOPOLY POWER IMPLY?

A. The existence of market or monopoly power implies a situation where a company's strength enables it to ignore, to a certain extent, the constraints on behavior usually caused by the need to compete with other companies in the market. In other words, they do not have to worry about losing customers because they have a superior product or because they hold some other advantage. Classically, this might occur if a company is able to increase its prices and not lose significant amounts of business to competitors. A firm with market power is a "price setter or maker." If a firm does not have market power, it is said to be a "price taker;" the market establishes the price, not any individual producer. A firm that does not have market power will eventually lose all of its business to competitors if it offers an inferior product and prices its product above the market price.

Q. WHAT ARE THE CONDITIONS THAT GIVE RISE TO SOME DEGREE OF MONOPOLY POWER?

A. The conditions that give rise to monopoly power generally include one or more of the following:

1. exclusive possession of an input required for the service;

2. existence of economies of scale so great that no economic entry of competitors is possible after the incumbent is established in the market;

3. a pre-existing statutory monopoly as ruled by a regulatory body; or

4. beginning of a wholly new service not yet offered by other companies with an unknown potential for competition.

Q. WHAT IS THE BENCHMARK AGAINST WHICH THE BEHAVIOR OF MARKETS IS JUDGED?

A. Perfect competition is generally used as the benchmark against which the behavior of markets is judged.

Q. SHOULD PERFECT COMPETITION BE THE STANDARD IN THIS DOCKET?

A. No. The purpose for discussing perfect competition is to provide a better understanding of the definition of competition. Unfortunately, perfect competition rarely, if ever, exists.

Q WHAT IS PERFECT COMPETITION?

A. Perfect competition exists if the following market conditions hold:

1. Many Buyers and Sellers – There are many potential or actual buyers and sellers.

2. Price Taking – Because each firm sells a sufficiently small proportion of the total market output, its decisions have no impact on market price.

3. Product Homogeneity – The products of all of the firms in a market are perfectly substitutable with one another.

4. Perfect Information – Buyers and sellers all know the price and quality of the product.

5. Free Entry and Exit – There are no costs to enter or exit the market. As a result, buyers can easily switch from one supplier to another, and suppliers can easily enter or exit a market.

Under perfect competition, companies attempt to maximize their profits by selling all of the output they desire at a given price, which is the market price. The market price is determined by supply and demand where consumers have perfect knowledge of the product. Because there are no barriers to entry or exit, the long-run economic "excess" profit of each company is zero (i.e. a market return is included in the concept of cost and is the same return experienced by other firms). If economic profit occurs, other firms or new entrants will offer more of the product, and this action by all firms causes an increase in the supply and reduction in price, assuming a downward sloping market demand curve. Perfect competition leads to numerous benefits to consumers, producers, and society as a whole.

Q. WHAT ARE THE BENEFITS OF PERFECT COMPETITION?

A. There are two main outcomes of perfect competition that are found in the long run:

1. Price = Marginal Cost; and

2. Price = The Minimum Long-Run Average Cost.

The first outcome results in allocative efficiency, which means the right amount of each good and service is being produced from society's point of view. Allocative efficiency ensures that a nation's resources are best used to serve its people. The second outcome implies that the good or service being produced is being produced at its lowest possible cost. Taken together, this implies the maximum value of goods and services is produced given the availability of scarce resources. The appeal of perfect competition is that the two outcomes arise from each company following its own self-interest. Each company sells as much as it can at the market price and earns zero "excess" economic profit. Whenever a cost-cutting technique is found, all companies quickly adopt the technique and prices fall.

Q. WHAT DOES COMPETITION MEAN?

A. Competition can be defined strictly as the situation when anybody who wants to buy or sell has a choice of possible suppliers or customers,[1] a definition that adheres to the assumptions of perfect competition. Some industries, such as those for widely traded agricultural commodities like corn and wheat, come close to satisfying most of the assumptions of perfect competition. There are many well-informed participants in the market and the forces of supply and demand determine the price of the product. Most individuals do not believe their actions have any noticeable effect on the price of the product.

Q. IS THIS THE ONLY SITUATION THAT COULD BE DESCRIBED AS COMPETITIVE?

[1] "Oxford Dictionary of Economics," John Black, page 72.

1 A. No. Competition can also refer to a situation in which there are at least a few
2 firms in an industry and those firms compete vigorously for sales, with each
3 firm trying to get customers at the expense of its rivals. This concept discards
4 the price-taking assumption, because a firm can no longer sell what it wants at
5 the market price; that firm must lure customers away from the other firms. This
6 scenario benefits consumers, as the competitive actions of firms should lower
7 the market price of the product, and a firm succeeds by better meeting the
8 needs of its customers.
9 A final view on competition is that a competitive market is one that requires no
10 intervention to improve its performance. A noncompetitive industry is one that
11 has some defect that can be corrected. For example, the existence of other
12 firms vigorously competing on price prevents any single company from exerting
13 undue market power.
14 **Q. IN YOUR TESTIMONY, WHAT DO YOU MEAN BY "COMPETITION"?**
15 A. I view competition as the combination of an industry, operating in the relevant
16 geographic market, with at least a few firms vigorously competing with each
17 other AND an industry that requires no active intervention by regulatory bodies,
18 such as the Public Utility Commission of Oregon (Commission) or federal
19 regulators, to improve its performance. If at least a few firms are vigorously
20 competing on price and service, then Commission intervention has little effect.
21 **Q. WHAT DO YOU MEAN BY "PERFORMANCE"?**

A. By performance, I mean that society receives the maximum benefits from the available resources. This means the service is provided efficiently and price approaches marginal cost.

2. COMPETITION IN LEGACY QWEST TERRITORY

Q. WHY IS UNDERSTANDING THE STATE OF COMPETITION IN THE QWEST SERVICE TERRITORY IMPORTANT IN THIS PROCEEDING?

A. Because Qwest relies almost exclusively on its belief in ubiquitous and pervasive competition in all of its markets throughout its service territory as the basis to support its petition for unlimited pricing flexibility for all of its services.

Q. HOW DOES COMPANY WITNESS JOHN FELZ CHARACTERIZE THE STATE OF COMPETITION IN OREGON?

A. In general, Mr. Felz describes the competition that Qwest faces in Oregon as pervasive and ubiquitous in "virtually all of its markets. " He describes the competitive landscape as "exceptionally competitive" and "broad and thriving" throughout its service territory. He describes the variety of competitors with varied technologies that participate in the telecommunications marketplace in Oregon: 81 different cable companies, a number of CLECs such as Integra, tw telecom, Windstream, XO Communications, Level 3, AT&T and Verizon, as well as competitors from wireless companies such as AT&T, Verizon, and T-Mobile. In addition, Voice over Internet Protocol (VoIP) services from companies like Vongage, Magic Jack and Google are portrayed as "rapidly

gaining a significant share of the telecommunications market in the state." Mr. Felz states that "Oregon consumers and business have numerous alternatives to meet their local voice calling and broadband needs."

Q. IN CHARACTERIZING THE STATE OF COMPETITION IN OREGON, DOES QWEST DIFFERENTIATE BETWEEN ITS METROPOLITAN AREAS AND ITS RURAL, HIGH COST AREAS?

A. No. The Company witness makes no distinction in his testimony between customers living and working in densely populated urban areas and those living in high-cost rural areas.

Q. WHY IS THIS IMPORTANT?

A. It is important to distinguish between metropolitan areas and rural, high cost areas because geography and demographics are necessary components in identifying the relevant market for each of the services Qwest offers, which in turn is necessary to determine whether that market is competitive. The market definition should include the products, geographic areas, and demographic characteristics. In other words, who uses what services in what area? Identifying the relevant market is a critical issue. Too broad a definition overstates the level of competition while too narrow a definition of the market would understate the level of competition.

Distinguishing between densely populated areas and sparsely populated areas is important because the cost of providing service to these areas is vastly different. Historically, customers in urban areas paid rates above the cost of providing service, and in doing so, helped to subsidize telephone service to

more sparsely populated areas of the state. The cost of providing service dictates where competitors will go to offer service. Competitive providers are not providing service in areas where the cost of providing the service makes selling the service unprofitable.

Q. ARE THERE AREAS WITHIN QWEST'S SERVICE TERRITORY WITHOUT ANY ALTERNATIVE TO QWEST'S SERVICE?

A. Yes, there are, although the true extent of this is unknown. As an illustration, Staff performed an analysis of the services available to a customer in the Marcola wire center, located in downtown Marcola, right next to the elementary school. The town of Marcola has a population of approximately 1,400[2] and is located approximately 11 miles northeast of the Eugene-Springfield MSA. This customer has no landline alternative to Qwest phone service and unreliable wireless service. Charter Communications is the cable provider in this area, and although it provides voice service to many customers in Oregon, the company does not provide phone service in this area.[3] Qwest had a total of [redacted] voice lines in Marcola at year-end 2012. Qwest Confidential Exhibit CTL/105, Felz/1 shows that Comcast has [redacted] voice lines in the Marcola wire center. The exhibit conveys the impression that Comcast is competing throughout the wire center. However, the Oregon Broadband Mapping data (*See* Confidential Exhibit Staff/402, Moore/1-2) show that Comcast provides

[2] http://www.clrsearch.com/Marcola-Demographics/OR/Population-Growth-and-Population-Statistics?compare=97454

[3] Staff call to Charter Communications Customer Service, March 20, 2014.

broadband service in the outskirts of the Marcola wire center, but does not serve the town itself.

Q. WHAT OTHER DATA SOURCES HAS STAFF LOOKED AT WITH REGARD TO LANDLINE ALTERNATIVES IN MARCOLA?

A. Staff looked at CUB Connects, the website funded through the Commission by Qwest Corporation as a condition of approval for its current Price Plan. CUB Connects identifies Northstar Telecom as a CLEC provider. However, the company is now bankrupt, and its Certificate of Authority to operate in Oregon was cancelled as of December 2011, and there is no active website and no one answering the phone.

Staff also relies upon data provided by Qwest in response to Staff Data Request

#69 that indicates there are 509 people in the Marcola wire center without access to cell service.[4]

Q. DOES QWEST DIFFERENTIATE BETWEEN ITS VARIOUS CLASSES OF CUSTOMERS IN ITS ANALYSIS?

A. Yes, Qwest defines various classes of customers as: Consumer market (also known as Residential customers); Small Business market, which it defines as firms spending less than $1,500 per month on telecommunications services (excluding wireless); Mid-Markets are firms spending between $1,500 and $5,000 per month; and the Enterprise market are firms spending over $5,000 per month.

[4] *See* Exhibit Staff/401, Moore/87

Q. DOES QWEST DIFFERENTIATE BETWEEN THE COMPETITION IT FACES WITHIN ITS VARIOUS MARKETS?

A. To some extent, yes, but not in a systematic and coherent way such that the Commission could evaluate what competitive options are available to customers within each of these markets. Mr. Felz describes generally how Qwest faces competition from various CLECs, wireless providers, cable telephony and VoIP providers, but does not discuss the ways in which these "Inter-modal" providers compete in different customer markets. For example, CLECs and VoIP providers for the most part do not compete for residential customers.[5] While there are a number of cable providers operating in Qwest's service territory, these providers do not overlap territories and compete with each other, leaving residential and business customers with only one landline alternative. Additionally, CLECs are increasingly exiting from the Small Business markets and targeting Medium Business and Enterprise-level customers.[6] Similarly, wireless carriers are not really a competitive factor in non-residential markets.

Q. HOW DOES QWEST DESCRIBE THE IMPACT OF COMPETITION ON ITS BUSINESS IN OREGON?

A. Mr. Felz, describes the impact of competition as resulting in significant access line loss throughout the CenturyLink QC service territory. For example, between December 2001 through December 2012, CenturyLink QC has

[5] *See* Confidential Exhibit Staff/402, Moore/3: Qwest Market Share data show non-cable VoIP providers with [redacted] of the consumer market, and CLECs with [redacted] in Oregon.
[6] *See* Confidential Exhibit Staff/ 402, Moore/18-19 : IDC CenturyLink SMB Market Share Study L-Qwest 14 States

1 experienced a 65 percent decline in its retail access voice lines. In the last
2 three years (2010-2012), Qwest has seen a 21 percent decline in retail access
3 lines.[7]

4 **Q. ARE THERE REASONS QWEST MAY LOSE LINES THAT IS NOT DUE TO**
5 **LOSING CUSTOMERS TO COMPETITORS?**

6 A. Yes. A customer dropping a phone line in favor of Digital Subscriber Line (DSL)
7 would show up as a line loss even if the DSL line supplies higher average
8 revenue per user. Similarly, transferring a customer from Qwest Incumbent
9 Local Exchange Carrier (ILEC) to a Qwest affiliate is not truly a loss due to
10 competition.

11 **3. COMPETITION IN THE CONSUMER MARKET**

12 **Q. WHAT EVIDENCE DOES QWEST PROVIDE TO SUPPORT ITS ASSERTION**
13 **THAT IT IS FACING PERVASIVE COMPETITION IN ITS CONSUMER**
14 **MARKET?**

15 A. Qwest points to three primary sources to support its assertion that it faces
16 pervasive competition in its consumer market. From its internal data, Qwest
17 demonstrates that it has lost 65 percent of its residential access lines from
18 2001 through 2012. Also using internal data, Qwest calculates the percentage
19 of "living units" within each wire center that do not subscribe to Qwest voice
20 service and concludes that Qwest only provides voice service to 26 percent of
21 the "living units" in its territory. The second source Qwest uses to assert the
22 presence of competition is the Federal Communication Commission's (FCC)

[7] *See* Confidential Exhibit CTL/101, Felz/2

1 Local Telephone Competition Report as of December 2012. With this data,
2 Qwest asserts out of the total universe of voice telecommunications
3 connections in Oregon, the ILEC share of those connections is only 16 percent,
4 as compared to 13.8 percent for non-ILECs, and 69.7 percent for wireless
5 providers. The third source Qwest uses is market share data provided by the
6 marketing science firm Centris. This data shows that on an aggregated state-
7 wide level Qwest has [redacted] percent of the consumer market share, as compared
8 to [redacted] percent for cable telephony, and 39 percent for wireless-only
9 households.

10 **Q. WHAT DO YOU OBSERVE ABOUT THE COMPETITIVE ALTERNATIVES**
11 **AVAILABLE TO CONSUMERS FROM THE DATA PRESENTED IN**
12 **QWEST'S TESTIMONY?**

13 A. Many Oregon consumers, on a state-wide aggregated basis, have one alternate
14 land-line service offering in the form of a cable operator, and at least one, if not
15 several, wireless providers to choose from. However, the Centris data
16 presented here only shows market share and reveals nothing about how many
17 Oregon consumers have either: no alternative to the ILEC service because
18 they live in an area outside where cable companies provide service and where
19 a wireless phone does not work in their home (though it might, if you went out
20 into the driveway, or on a top of a hill). The data reveals nothing about how
21 many consumers whose *only* alternative is either a wireless provider, or a
22 single cable provider, or anything about customer perception of wireless as a
23 substitute for landline service.

Q. WHAT DO YOU OBSERVE ABOUT THE TWO OTHER SOURCES OF DATA PROVIDED BY QWEST?

A. A reasonable person cannot reach a definitive conclusion from this data regarding competitive alternatives available to residential consumers because the analysis makes apples to oranges comparisons with both of these sources and because I believe there are other factors that mitigate what the data appears to show.

Q. PLEASE EXPLAIN.

A. Regarding the data that supports a 65 percent decline in total switched access lines in Qwest territory between 2001 - 2012, it is important to note two things: This statistic includes both business and residential lines, and the competitive environment (who is competing to provide what services) in these two markets is different and they should be considered separately. Secondly, if you look at Qwest's total access lines from the period 2002-2012, (see Table below) you will see that the total number only decreased by 5 percent. This suggests that much of Qwest's traditional landline telephone business is merely shifting to new product categories, especially in the private line and wideband categories, which would include DSL lines. Moreover, the table below illustrates a 42 percent *decline* in the number of UNEs from 2008-2012, suggesting decreased competition from CLECs rather than more.

	2002	2008	2012	% decline 2008-2012	% decline 2002-2012
Residential	929,650	581,068	295,072	-49	-68
Business	328,010	227,029	182,148	-20	-44
Other (incl sw access)	48,728	156,396	2,596	-98	-95
Sub-total	1,306,388	964,493	479,816	-50	-63
UNEs		98,235	57,447	-42	*
Pvt line & wideband	232,363	1,107,158	925,243	-16	298
Grand Total	1,538,751	2,169,886	1,462,506	-33	-5

* 2002 UNEs included in Pvt line & wideband category

Note: 42% decrease in UNEs since 2008

Source: Oregon Utility Statistics Book and Qwest Form O – 2002, 2008, 2012

Regarding the data showing the percentage of "living units" in Confidential Exhibit CTL/102, Felz/1, and discussed on p.7 of Mr. Felz' testimony, this too is combined residential and business data. A footnote at the bottom of page 7 notes that a "living unit" is defined as any unique address within its territory that Qwest is "ready to serve," including business and other non-residential units. It is likely that many of these business included in the "living units" do not subscribe to Qwest voice service, but instead purchase some alternative CenturyLink service – either through the CenturyLink ILEC or CLEC - that provides them with voice service. For example, a business may purchase an ISDN-PRI trunk line from Qwest and obtain 23 voice-grade channels through a PBX. Another example can be found at the Commission. The Commission's phone service includes approximate 130 VoIP lines that are serviced by CenturyLink. The Commission's voice and data services are run through the

1 state-owned network, and connected by DS1 service to the Public Switched
2 Telephone Network through CenturyLink. So for the purposes of this data
3 source, the Commission building would be counted as a "living unit" for which
4 Qwest (the ILEC) is "ready to serve," but does not provide the voice service the
5 testimony refers to. Presenting such a limited scope of data serves to mask
6 the true extent of Qwest's market share in the business markets.

7 **Q. WHAT OTHER EVIDENCE DOES QWEST PROVIDE?**

8 A. Qwest points to data in the FCC's 2012 Local Competition Report[8] and
9 compares the total number of business and residential switched access lines
10 held by ILECs and non-ILECs in Oregon with the total number of wireless
11 subscribers. From this Qwest states that the ILEC share of the voice
12 telecommunications connections is now only 16.5 percent as compared to 13.8
13 percent for non-ILECs, and 69.7 percent for wireless providers.

14 **Q. IS THIS A MEANINGFUL COMPARISON THAT HELPS THE COMMISSION**
15 **EVALUATE THE SERVICE OPTIONS AVAILABLE IN THE VARIOUS**
16 **MARKET SEGMENTS?**

17 A. No. This statistic does not help Commission evaluate what service options are
18 available in the various market segments. The number of wireless subscribers
19 as of December 2012 is 3,519,000, which is slightly less than the state's
20 population (3,883,735 as of July 1, 2012).[9] It simply means that cell phones
21 are ubiquitous and nearly everyone has one, but it does not speak to the extent

[8] *See* Exhibit Staff/401, Moore/2-3
[9] "*Annual Oregon Population Report, April 19, 2013; Population Research Center, Portland State University*

to which wireless service is a substitute for landline service. However, when comparing switched access and VoIP lines held by ILECs and non-ILECs, the data in Table 9 of the FCC's report shows that ILECs hold 54 percent of the state's market share, as compared to the 46 percent held by non-ILEC providers.

WIRELESS COMPETITION

Q. HAS QWEST PROVIDED INFORMATION REGARDING THE NUMBER OF OREGON CONSUMERS WHO HAVE LIMITED OR NO WIRELESS ALTERNATIVE?

A. Yes. In response to a Staff data request, Qwest produced data indicating that there are approximately 3,770 consumers in Oregon without access to wireless service in their homes.[10] In some areas of its territory, that number is fairly significant. For example, 928 people within the Rainier wire center boundary do not have access to cell service. In the St. Helens wire center, 1254 people have no access to cellular service. In the Marcola wire center, (which, as noted above, has no landline alternative in the town center) 509 people don't have access to wireless service.

Q. WHAT INFORMATION HAS QWEST PROVIDED REGARDING THE EXTENT OF WIRELESS COVERAGE IN ITS SERVICE TERRITORY?

[10] *See* Exhibit Staff/401, Moore/87

A. Qwest provided a regional map from the FCC's 2011 Mobile Competition Report[11] that includes the states Oregon, Washington and Idaho. The map is very small and provides generalized information about wireless coverage in Oregon. In its response to a staff data request, the Company was unable to provide specific information regarding wireless coverage or signal strength in its service territory.

Q. DOES STAFF BELIEVE THAT CELLULAR SERVICE CAN BE CONSIDERED A REASONABLE SUBSTITUTE FOR LANDLINE SERVICE?

A. For many customers wireless clearly is perceived as a reasonable substitute, as evidenced by the 39.6 percent of Oregonians in Qwest's service territory who have "cut the cord" and rely solely on their cell phones. However, the service quality associated with wireless offerings may make wireless substitution impractical for many consumers. Wireless coverage varies depending on the carrier's network facilities and other factors, such as the location of the customer, terrain, foliage, and buildings. Moreover, wireless carriers do not guarantee that the service will work even within its stated coverage area. For example, the Verizon Wireless Customer Service Agreement states:

> "Wireless devices use radio transmissions, so unfortunately you can't get Service if your device isn't in range of a transmission signal. And please be aware that even within your Coverage Area, many things can affect the availability and quality of your Service, including network capacity, your device, terrain, buildings, foliage and weather."

[11] *See* Exhibit Staff/401, Moore/4: FCC 11-103, pg. 307

Similarly, the AT&T Wireless Customer Service Agreement states:

> "AT&T does not guarantee availability of wireless network. Services may be subject to certain Device and compatibility/limitations including memory, storage, network availability, coverage, accessibility and data conversion limitations. Services (including without limitation, eligibility requirements, plans, pricing, features and/or service areas) are subject to change without notice. ***Actual network speeds depend upon device characteristics, network, network availability and coverage levels, tasks, file characteristics, applications and other factors. Performance may be impacted by transmission limitations, terrain, in-building/in-vehicle use and capacity constraints."

In addition, in the following testimony submitted by members of the Oregon Telecommunications Association in UM 1481, several witnesses testified about the spotty and unreliable nature of wireless coverage in rural areas:

<u>Helix Telephone Company, Helix Oregon</u>

> "Although Verizon's wireless map seems to suggest that it serves all of our exchange, it does not. Verizon Wireless' service in our area is very spotty." – James A. Smith, President of Helix Telephone Company, UM 1481 Reply Testimony, January 30, 2013.

<u>Pine Telephone Company serving Richland, Halfway,</u>

> "Wireless service is very unreliable in remote areas like ours. Just this last Christmas holiday, Verizon's service, even for the small area it covers, was completely out of service in the town of Halfway....and across the mountain in the town of Richland for two full days." - John Hemphill, (Pine Telephone Company) UM 1481 Reply Testimony, January 30, 2013.

<u>Stayton Cooperative Telephone Company,</u>

> "I happen to use Verizon Wireless. Although their coverage map shows that they cover the Stayton Exchange, they really do not cover it very well. I cannot use my wireless phone inside my own office in downtown Stayton. The truth is that Verizon coverage is very sporadic throughout the Stayton service area." – Don Lawrence (Stayton Cooperative Telephone Company).

1

2 **Q. ARE THERE PARTICULAR FACTORS THAT INDICATE A CONSUMER IS**
3 **MORE LIKELY TO "CUT THE CORD," VERSUS THOSE THAT MAINTAIN**
4 **LANDLINE SERVICE?**

5 A. Yes. Studies conducted by the National Center for Health Statistics indicate
6 that there are significant demographic differences between "cord-cutters" and
7 those who maintain a landline. In particular, wireless-only customers tend to
8 be young or low-income. For adults age 25-29, 60 percent live in households
9 with only wireless telephones; for adults 35-44 only 25.8 percent do; only 10.5
10 percent of those over 65 are wireless-only. Adults living in poverty (58 percent)
11 were more likely than adults living near poverty (42.3 percent), and far more
12 likely than higher income adults (30.7 percent) to be living in wireless-only
13 households. Wireless-only consumers are also more likely to be renting a
14 home or apartment (58.2 percent) than owning their home (23.2 percent), and
15 they are more likely to experience financial barriers to obtaining needed health
16 care and less likely to have a usual place to go for medical care.[12] These
17 demographic statistics suggest that maintaining landline telephone service is
18 important to many consumers – especially the elderly - and that consumers will
19 tend to hold on to their landlines if they can afford to do so. Many of these
20 customers may view wireless as a *complementary* service, rather than an
21 alternative, *substitutable* service.

[12] *See* Exhibit Staff/401, Moore/5-23: *"Wireless Substitution: Early Release of Estimates From the National Health Interview Survey, January-June 2012."*

Older consumers in particular may perceive a much greater need for the reliability, call quality and security that traditional landline service provides.

Q. HAVE OTHER STUDIES SHOWN SIMILAR RESULTS?

A. Yes. The American Association of Retired Persons (AARP) has intervened in numerous deregulatory proceedings throughout the United States, most recently in Colorado. AARP Witness Susan Baldwin stated that the elderly have not migrated away from Qwest's voice service to the same degree as other demographics.

> *"Traditional local exchange service has proven to be more reliable during extreme weather conditions than VoIP-based services (which require battery backups) or wireless service (which require power to charge phones and can also suffer cell tower outages. Those with medical conditions and those who are isolated may particularly value the reliability and affordability of CenturyLink QC's local service."* [13]

In a 2013 nationwide survey, the AARP found that 79 percent of people over the age of 40 reported that they were "unlikely" to disconnect their landline service, and only 9 percent reported they were "likely" to disconnect their landline service.[14]

Q. HAS QWEST OPINED ON THE RELIABILITY AND SUITABILITY OF LANDLINE VERSUS CELLULAR SERVICE?

[13] *See* Exhibit Staff/401, Moore/24-26: Answer Testimony of Susan Baldwin, Colorado PUC Proceeding # 13M-0422T
[14] *See* Exhibit Staff/401, Moore/27: AARP survey poster

A. Yes. Qwest's own marketing material promotes the superior reliability and call quality of its landline service.[15] A direct mail piece sent to residential customers contrasts its landline service with cellular and asserts that

"you don't have to be a contortionist to get a clear connection.....We've all been there. Talking on our cell phones, then the voice quality drops. That's not a problem with CenturyLink..."

The marketing piece lists several key safety considerations, which show it is superior to keep a CenturyLink landline:

- "Works with 911 and when the power's out, or if your internet goes down"
- "Excellent call quality with no delays or lag time"
- "Works with reverse 911 service to let you know if there is an emergency in your area"
- "Save your cell phone minutes for when you really need them"

<u>LANDLINE COMPETITION</u>

Q. HAS QWEST PROVIDED INFORMATION REGARDING THE EXTENT OF LANDLINE ALTERNATIVES AVAILABLE TO CONSUMERS IN ITS SERVICE TERRITORY?

A. Yes. Confidential Exhibit CTL/105 is a table listing by wire center the number of cable telephone lines provided by Cable One, Charter, Comcast and "Other" cable providers and compares them with the number of Qwest residential access lines. Qwest notes at Felz/15 that cable telephony service is available

[15] *See* Exhibit Staff/401, Moore/28-31: CenturyLink direct mail flyer.

1 to customers in 79 of 82 Qwest wire centers, and that these 79 wire centers
2 "account for approximately 99.6 percent of CenturyLink QC's Oregon
3 residential access lines. A footnote to this statement acknowledges that each
4 company "may not offer services to all of the areas served by CenturyLink in
5 each wire center."

6 **Q. WHAT DOES CONFIDENTIAL EXHIBIT CTL/105 STATE REGARDING**
7 **MARCOLA?**

8 A. Marcola is listed as a wire center served by Comcast. Specifically CTL/105
9 states that there are [redacted] phone customers of Comcast. However, as shown
10 above in the example of the customer living in downtown Marcola, Comcast
11 does not serve customers in the downtown area. The downtown area is served
12 by Charter Communications for television, but Charter does not provide phone
13 or broadband service in this area.

14 **Q. WHAT OBSERVATIONS DOES STAFF HAVE IN ITS ANALYSIS OF THE**
15 **DATA IN CONFIDENTIAL EXHIBIT CTL/105?**

16 A. Staff observes a couple of things: a) on a statewide average basis, the data
17 show that Qwest has [redacted] percent of the landline market share in its service
18 territory. However, a more granular look at the data shows that the aggregation
19 masks the true underlying impact for customers.

20 **Q. PLEASE EXPLAIN.**

21 A. Qwest has three rate groups that relate to both population density and cost of
22 providing service. Rate Group 1 is comprised of the most densely populated
23 and least costly to serve areas. Rate Group 3 is comprised of the most

sparsely populated areas that are consequently the most expensive to serve. While 80 percent of Qwest residential access lines are in Rate Group 1 wire centers, Qwest holds [redacted] percent of the landline market share. Moving to Rate Group 2, which comprises 18 percent of Qwest residential access lines, Qwest market share is [redacted] percent. Rate Group 3 comprises 2% percent of Qwest access lines, but Qwest market share is [redacted] percent. This data suggests that landline competition for voice service is concentrated in population clusters, and may be lacking in sparsely populated areas.

December 2012		Cable voice lines	Qwest voice lines	Qwest Market Share
Rate Group 1		[redacted]	[redacted]	[redacted]
Rate Group 2		[redacted]	[redacted]	[redacted]
Rate Group 3		[redacted]	[redacted]	[redacted]

Source: Confidential Exhibit CTL/105, Felz/1

Q. ARE THERE OTHER DISCREPENCIES?

A. Yes. Qwest's data shows that out of 82 wire centers, only eight of them have more than one cable provider. Even in the eight wire centers with more than one cable provider, it is not likely that individual consumers have more than one alternative to choose from since cable providers do not generally have overlapping service areas.[16]

Furthermore, it is not clear that customers are able to purchase stand-alone voice service at reasonable rates. Mr. Felz (Felz/17) asserts that Comcast offers voice service on a stand-alone basis for $29.99 per month for 6 months.

16 See Exhibit Staff/401, Moore/32-34 pg. 2 "Are Potential Cable Mergers Good For Consumers?" New York Times, January 14, 2014.

1 Staff did find a stand-alone voice offer from Comcast for $29.99 for 6 months,
2 but notes that the offer was limited to new customers of Comcast and was only
3 available for a limited time – through March 21, 2014. After the 6-month
4 promotional period, the voice service reverts to the regular rate, which is
5 $39.95 - $44.95 per month.[17]

6 **Q. HAS QWEST PROVIDED INFORMATION REGARDING THE NUMBER OF**
7 **OREGON CONSUMERS WHO DO NOT HAVE A LANDLINE**
8 **ALTERNATIVE?**

9 A. No. In response to a Staff data request, Qwest acknowledged that there are
10 probably some customers that are not reached by a cable telephony provider,
11 but it did not know how many there might be.

12 **Q. DOES STAFF HAVE ADDITIONAL INFORMATION REGARDING THE**
13 **EXTENT OF CABLE LANDLINE ALTERNATIVES AVAILABLE TO**
14 **CONSUMERS IN OREGON?**

15 A. Yes. Staff utilized the Oregon Broadband Map cable company data
16 superimposed over the Qwest wire center boundaries.[18] Staff assumes that
17 wherever a cable company is providing broadband service, they are also
18 providing telephone service (although it cannot be assumed that stand-alone
19 telephone service is available). The map (*See* Confidential Staff/402,
20 Moore/22) shows the Qwest wire center boundaries in red, with the colored

[17] *See* Exhibit Staff/401, Moore/35: Terms and Conditions for Comcast Voice Service, March 13, 2014
[18] *See* Confidential Exhibit Staff/402, Moore/22: *"US Dept. of Commerce, National Telecommunications and Information Administration, State Broadband Initiative (SHP format June 30, 2012"*)

areas representing the census blocks served by a cable provider. The map demonstrates that currently competitive providers are serving the population clusters, the wire center's "donut hole," and that there are significant areas within Qwest's service territory that are not served by a competing landline provider. Even so, the map overstates the extent of cable telephony coverage because a census block is considered "served" if the provider can offer service within 7-10 days without committing extraordinary resources to only one household within that census block. They don't actually have to be serving anyone. In addition, there are concerns by those mapping the broadband data that both Comcast and Charter are possibly over-representing their service area. The companies have apparently not responded to the mappers' requests for clarification on their service offerings in areas where public input indicates that they do not provide service as indicated according to the terms of the map grant guidelines.[19]

Q. CAN WE RELY ON CLECS TO MOVE INTO THESE AREAS?

A. No. In theory, CLECs that purchase Unbundled Network Elements (UNEs) from Qwest could also compete in these areas. But in practice, they generally do not compete in the consumer market. As Mr. Felz points out in CTL/100, Felz/24: "Most of these CLECs are primarily focused on serving business customers." As noted above, CLECs have about [redacted] percent of the consumer market share in Oregon. Furthermore, UNEs are generally more expensive than Qwest's basic service rates. A voice-grade UNE loop in Rate Group 2

[19] *See* Confidential Exhibit Staff/402, Moore/33-34

costs $25.20 compared to Qwest's basic service rate of $13.80. A voice-grade UNE in Rate Group 3 is $56.21, compared to Qwest's basic service rate of $14.80. Adding to that the cost of collocation and transport and other miscellaneous charges, it is clear that CLECs cannot be profitable in the rural residential market.

Q. WHAT DOES STAFF CONCLUDE GENERALLY ABOUT THE COMPETITIVE OPTIONS AVAILABLE TO RESIDENTIAL CONSUMERS?

A. Staff agrees with Qwest that many consumers have choices for their telecommunications needs and that many are taking advantage of those options. However, Staff is not nearly as sanguine as Qwest about how universal these offerings are in Oregon. Essentially, most customers may choose between Qwest and a single cable company for landline service, and, if they are inclined to see wireless as a substitutable service, many have several wireless options. However, the data show that in rural areas a significant number of consumers are without a landline alternative and many without a wireless alternative. In addition, there are consumers without any alternative to Qwest service at all.

4. COMPETITION IN SMALL BUSINESS MARKET

Q. PLEASE DESCRIBE THE COMPETITIVE ENVIRONMENT IN THE SMALL BUSINESS MARKET.

A. The competitive environment for the small business market is similar to that of the consumer market in certain aspects. The main competitor to Qwest voice

1 service in this market is the cable provider with the relevant franchise and
2 wireless service has some impact in this market, but far less so than in the
3 consumer market.[20]

4 **Q. HOW DOES QWEST DEFINE THE SMALL BUSINESS MARKET?**

5 A. Qwest defines its Small Business market as firms spending less than $1500 per
6 month on telecommunications services, excluding wireless service.

7 **Q. WHO ARE THE MAJOR COMPETITORS TO QWEST IN THE SMALL**
8 **BUSINESS MARKET?**

9 A. In this market, Qwest faces competition from the cable provider serving a
10 particular area (i.e. Comcast and Charter are not competing in the same area),
11 as well as numerous CLECs, including Integra, Level 3, Windstream, XO,
12 Verizon, and AT&T. Staff has only obtained data from Qwest for the business
13 markets on a state-wide aggregated basis so the extent to which CLECs are
14 competing in Rate Group 2 and 3 areas is less clear. However, Staff utilized
15 the Oregon Broadband Map cable company and CLEC data superimposed
16 over the Qwest wire center boundaries.[21] Staff assumes that wherever a cable
17 company is providing broadband service, they are also providing telephone
18 service (although it cannot be assumed that stand-alone telephone service is
19 available). The map (*See* Confidential Staff/402, Moore/32) shows the Qwest
20 wire center boundaries in red, with the colored areas representing the census
21 blocks served by competitive providers. As with the consumer market, the map

[20] *See Confidential* Exhibit Staff/402, Moore/20: *CenturyLink SMB Market Share Study L-Qwest 14 States, Wireless Substitution: Landline*
[21] *See* Confidential Exhibit Staff/402, Moore/32

1 demonstrates that currently competitive providers are serving the population
2 clusters, the wire center's "donut hole," and that there are significant areas
3 within Qwest's service territory that are not served by a competing provider.
4 It is also important to note that Integra, the CLEC with the second-largest
5 market share at [redacted] percent (behind Comcast) is limited in the areas in which it
6 competes. The map shows Integra's service territory as primarily in
7 communities along the I-5 corridor, with some coverage in the Bend/Redmond
8 area. Integra does not have a presence at all in the coastal wire centers, or in
9 Medford, Ashland, Prineville, LaPine, Madras, nor the communities in Eastern
10 Oregon that are served by Qwest.

11 **Q. WHAT DO YOU OBSERVE ABOUT THE SMALL BUSINESS MARKET**
12 **SHARE DATA PROVIDED BY QWEST?**

13 A. Qwest Confidential Exhibit CTL/104, Felz/1 illustrates the relative state-wide
14 market share for the major competitors in Qwest's territory. What is striking
15 about this data is that after 18 years of competition from CLECs, Qwest is still
16 overwhelmingly the dominant carrier in the small business wireline market with
17 [redacted] percent market share. Comcast is in second place with [redacted] percent
18 market share, followed by Integra with [redacted] percent, Charter with [redacted] percent,
19 Level 3 with [redacted] percent. Notably, Verizon, Windstream, XO, tw telecom, and
20 AT&T all have [redacted] percent or less market share. Qwest's own CLEC affiliate,
21 CenturyLink QCC, also offers service in the Qwest ILEC territory.

22 **Q. DO YOU OBSERVE ANY PARTICULAR TRENDS IN CLEC ACTIVITY IN**
23 **THE SMALL BUSINESS MARKET?**

1 A. Yes. Integra and other CLECs have begun to shift focus from Small Business
2 and Mid-Market ($1,500-$5,000 spend per month) firms to concentrate on
3 Enterprise (over $5,000 per month spend) firms.[22]
4 A CenturyLink small business market share study performed by IDC also noted
5 the trend that "CLECs are in the process of redefining themselves and moving
6 to regional enterprises and distributed enterprise offerings, the main CLEC
7 competitor for CenturyLink in the Legacy Qwest region is Integra, but the CLEC
8 movement out of (small business market) and up into the enterprise space is
9 being played out nationwide."[23]
10 The study also highlights a "key takeaway" in its profile of Integra: "Integra's
11 focus away from [small business] is creating a vacuum that cable or
12 CenturyLink may be able to take advantage."[24]
13 The IDC study also notes that "Cable, and Comcast in particular, is the key
14 story in the small business (market), with commercial revenue gains being
15 considered 'premium' revenue by MSOs (cable operators)."[25]
16 **Q. WHAT DOES THIS MEAN FOR SMALL BUSINESS CONSUMERS?**
17 A. It means that small business customers – as with residential customers - are
18 increasingly faced with having only a single landline alternative in the form of a
19 cable operator to choose from.

[22] *See* Exhibit Staff/401, Moore/36-38 "Level 3, tw telecom, other CLECs step up to Ethernet Plate," Fierce Telecom, March 18, 2013.
[23] *See* Confidential Exhibit Staff/402, Moore/18-19 "*CenturyLink SMB Market Share Study L-Qwest 14 States, Summary 2Q'12 over 2Q'13" pg. 38.*
[24] *See* Confidential Exhibit Staff/402, Moore/21 *Ibid, pg 43*
[25] *See* Confidential Exhibit Staff/402, Moore/19 *Ibid, pg 38*

Q. IS WIRELESS SUBSTITUTION A FACTOR IN THE SMALL BUSINESS MARKET?

A. Yes, but to a limited extent. The IDC Small Business Market Share study in the Legacy Qwest territory found that approximately [redacted] percent of small businesses had plans to terminate landline service and go wireless-only, and that [redacted] percent planned to reduce the number of landlines by about a third because of wireless. However, sixty percent of businesses reported that cellular service had no impact on its landline subscription plans. The study predicted the net impact to be a [redacted] percent overall reduction in voice landline subscriptions because of wireless service.[26]

The fact that [redacted] percent of the businesses surveyed in this study stated that they have no intention to replace their wireline service suggests that small businesses generally do not see wireless service as a substitute service, but rather a complementary service.

5. COMPETITION IN MID-MARKET AND ENTERPRISE

Q. PLEASE DESCRIBE THE COMPETITIVE ENVIRONMENT FOR MID-MARKET FIRMS

A. Competition appears to be a bit more robust for mid-market firms than it is for small businesses, at least judging by Qwest's market share relative to other competitors. Mid-market firms are defined as those spending between $1,500-$5,000 per month on telecommunications services.

[26] *See* Confidential Exhibit Staff/402, Moore/20: *Ibid, pg. 35*

According to Centris market share data in Confidential Exhibit CTL/104 Felz/1, Qwest is still the dominant provider on a state-wide basis in this market in 2Q 2013 with [redacted] percent of the market share and Integra in second place with [redacted] percent share, and Comcast is third with [redacted] percent. "Other CLECs" hold a [redacted] percent share, followed by Level 3 with [redacted] percent.

In response to a Staff data request, Qwest provided additional market share information that identifies some interesting movement patterns.

In the 4th Quarter of 2012, Comcast had [redacted] percent market share, but by 2nd Quarter of 2013 that had increased to [redacted] percent. As compared to Integra, which went from [redacted] percent to [redacted] percent market share over the same period. In this same period Qwest appears to have increased its share from [redacted] percent to [redacted] percent. This may be an indicator of Integra's migration away from small and medium businesses to focus its resources on the Enterprise market.[27]

6. EFFECTS OF PRICE DEREGULATION

Q. WHAT HAVE YOU OBSERVED IN OTHER STATES THAT HAVE HAD TELEPHONE PRICES DEREGULATED?

A. Consumers in California have seen dramatic price increases in residential flat and measured rate exchange service. In its complaint to the California Public Utilities Commission (CPUC), filed in December 2013 on behalf of residential consumers, The Utility Reform Network (TURN) states that AT&T's flat rate for

[27] *See* Confidential Exhibit Staff/402, Moore/23-31: Centris Small Business & Mid-Markets 4Q12 Voice & Data Flow Share, Oregon. p4.

basic service has increased 115 percent since January 2009 when the CPUC granted large increases to the rate caps and then removed them entirely in January of 2011. Measured rate service increased 222 percent in that same period. TURN contends in the complaint that "competitive forces are not imposing sufficient constraints to ensure that AT&T's basic service rates" meet the "just and reasonable standard" mandated by California law.[28]

In addition, a December 2009 survey of states by the National Association of State Utility Consumer Advocates found that out of 20 states surveyed with deregulation in place, 17 of those states had seen rate increases. The reported increases ranged from eight percent per year to 100 percent increases in rates.[29]

PART II: Waiver of Statutes and Rules

Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

A. The purpose of this section is to discuss some of the statutes and rules for which Qwest requests waivers in its Petition. Many of these are currently waived in the existing Price Plan and Staff agrees that most of them should continue to be waived. Staff also supports the waiver of a few additional statutes and rules not in the current Price Plan and does not support a number of waiver requests. For statutes and rules for which Staff does not support a

[28] *See* Exhibit Staff/401, Moore/39-72: Complaint of The Utility Reform Network Regarding Basic Service Rates of AT&T California; California Public Utilities Commission. C1312005, December 6, 2013. p 2-4.

[29] *See* Exhibit Staff/401, Moore/73-86: "Testimony of David Bergmann, Office of the Ohio Consumer's Counsel Before the House Utilities Committee" December 1, 2009.

1 waiver, and for those that Staff does support but are not contained in the
2 existing Plan my testimony will: a) summarize the statute or rule; b) describe
3 the related waiver being requested (i.e. to the extent a partial waiver is
4 requested; and c) discuss Staff's recommendation regarding that waiver.

5 **Q. PLEASE DISCUSS ORS 759.255 – SETTING PRICES WITHOUT REGARD**
6 **TO RETURN ON UTILITY INVESTMENT; PETITION; FINDINGS;**
7 **CONDITIONS; APPLICATION OF STATUTES TO APPROVED PLAN.**

8 A. This statute enables the Commission to approve a plan under which the
9 Commission regulates prices charged by a utility without regard to the utility's
10 return on investment, provided that the plan: a) ensures rates are just and
11 reasonable; b) ensures high quality service; c) appropriately balances the need
12 for regulation and competition; and d) simplifies regulation. Waivable statutes
13 under 759.255 are: ORS 759.120 through 759.135, ORS 759.180 through 205,
14 ORS 759.215, ORS 759.220, ORS 759.285, and ORS 759.300.

15 **Q. PLEASE DISCUSS QWEST'S REQUEST TO WAIVE ORS 759.120 – FORM**
16 **AND MANNER OF ACCOUNTS PRESCRIBED BY COMMISSION.**

17 A. **a) Summary:** This statute requires telecommunications utilities to maintain and
18 report uniform accounts of all business transactions, as prescribed by the
19 Commission. If the utility engages directly or indirectly in business other than
20 that of a telecommunications utility, the Commission may require the utility to
21 maintain and report accounts of these other business transactions as well.
22 **b) Requested Waiver:** Full Waiver

1 **c) Staff Position:** Staff supports a partial waiver of this rule to the extent that
2 the Company maintains its accounts in a manner that enables it to continue to
3 submit the Form O to the Commission on an annual basis. The Company
4 should be required to continue to report accounting information to the
5 Commission in the Form O. Staff uses this information to determine applicable
6 OUSF support; monitor and observe the current state and health of the
7 Company and the network; respond to fact-based inquiries from
8 Commissioners; and make recommendations regarding the continued
9 suitability of the Price Plan. This reporting is not burdensome for the Company
10 as it must maintain the same information for its own purposes in managing its
11 business.

12 **Q. PLEASE DISCUSS QWEST'S REQUEST TO WAIVE ORS 759.125 –**
13 **RECORDS AND ACCOUNTS PRESCRIBED BY COMMISSION;**
14 **PROHIBITION ON OTHER RECORDS OR ACCOUNTS; EXCEPTION;**
15 **BLANKS FOR REPORTS.**

16 A. **a) Summary:** The Commission prescribes the records and accounts to be kept
17 by the utility and the utility must comply with all related Commission direction
18 pertaining to those accounts. A utility may not keep any accounts or records
19 other than those prescribed or approved by the Commission (unless required
20 by federal law). The Commission must establish a format for reporting
21 accounts and records.

22 **b) Requested Waiver:** Full Waiver

1 **c) Staff Position:** As with ORS 759.120, Staff supports a waiver of this statute
2 to the extent that the Company continues to submit the Form O to the
3 Commission annually. The Commission requires a standard format to be used
4 in reporting accounting data in the Form O. The standard format ensures that
5 all of the required information is reported and comparisons can be made over
6 different years. This is not burdensome for the Company because Staff
7 provides an Excel format to enable the Company to simply populate the
8 information requested.

9 **Q. PLEASE DISCUSS QWEST'S REQUEST TO WAIVE ORS 759.130 –**
10 **CLOSING DATE OF ACCOUNTS; FILING BALANCE SHEET; AUDIT.**

11 A. **a) Summary:** This statute requires the utility to close all accounts and prepare
12 a annual balance sheet on December 31st and to file its balance sheet with the
13 Commission on or before April 1st of the following year. This statute also gives
14 the Commission the authority to examine or audit any of the utility's accounts
15 and to prescribe the manner in which items shall be allocated to each account.
16 **b) Requested Waiver:** Full Waiver
17 **c) Staff Position:** Staff opposes a waiver of this statute.The Company should
18 be required to continue filing its balance sheet to the Commission in the Form
19 O. Staff uses this information to determine applicable OUSF support; monitor
20 and observe the current state and health of the Company and the network;
21 respond to fact-based inquiries from Commissioners; and make
22 recommendations regarding the continued suitability of the Price Plan. This
23 reporting is not burdensome for the Company because it must provide the

same information to stockholders and the Securities and Exchange Commission.

Q. PLEASE DISCUSS QWEST'S REQUEST TO WAIVE CONDITION #11 IN COMMISSION ORDER NO. 11-095 – FORM O AND FORM I.

A. **a) Summary:** This condition requires the Company to submit the Commission standard *Annual Report* Form O and *Oregon Separated Results of Operations Report* Form I annually to the Commission. This condition was imposed in the merger of Qwest and CenturyLink.

b) Requested Waiver: Full Waiver

c) Staff Position: Staff opposes a waiver of this condition of the merger of Qwest and CenturyLink. However, Staff believes the Form I can be reported once every three years instead of annually.

Q. PLEASE DISCUSS QWEST'S REQUEST TO WAIVE ORS 759.135 – DEPRECIATION ACCOUNTS; UNDEPRECIATED INVESTMENT ALLOWED IN RATES; CONDITIONS.

A. **a) Summary:** This statute requires the utility to maintain a proper depreciation account and to depreciate property according to the depreciation rates approved by the Commission. The Commission-determined depreciation rates should cover maintenance expenses to keep the property in a state of efficiency corresponding to progress of the industry. This statute also allows undepreciated investments to be included in rates under certain circumstances.

b) Requested Waiver: Full Waiver

1 **c) Staff Position:** Staff supports a full waiver of this statute. Staff uses this
2 information to determine applicable OUSF support; monitor and observe the
3 current state and health of the Company and the network; respond to fact-
4 based inquiries from Commissioners; and make recommendations regarding
5 the continued suitability of the Price Plan. This reporting is not burdensome for
6 the Company because it must maintain the same information for its own
7 purposes in managing its business.

8 **Q. PLEASE DISCUSS QWEST'S REQUEST TO WAIVE ORS 759.375 –**
9 **APPROVAL PRIOR TO SALE, MORTGAGE OR DISPOSAL OF OPERATIVE**
10 **UTILITY PROPERTY.**

11 A. **a) Summary:** This statute requires utilities to obtain Commission approval
12 before selling, leasing, or disposing of necessary and useful property valued at
13 more than $100,000. A utility must notify the Commission within 60 days
14 following the sale of property valued between $25,000 and $100,000. Utilities
15 must also obtain Commission approval to mortgage, encumber, merge, or
16 consolidate telecommunications property.

17 **b) Requested Waiver:** Full Waiver

18 **c) Staff Position:** Staff opposes a waiver of this statute. It is not within the
19 public interest for the Commission to abdicate its responsibility to review and
20 approve a merger, sale, or mortgage encumbrance of a public utility.

21 **Q. PLEASE DISCUSS QWEST'S REQUEST TO WAIVE ORS 759.380 –**
22 **PURCHASE OF STOCK OR PROPERTY OF ANOTHER UTILITY.**

A. **a) Summary:** This statute requires utilities to receive Commission authorization to purchase an interest of more than $10,000 in another utility. Any contract for the purchase, acquisition, assignment or transfer of stock that has not been approved by the Commission will be considered void and not effective for any purpose.

b) Requested Waiver: Full Waiver

c) Staff Position: Staff opposes a waiver of this statute. It is not within the public interest for the Commission to abdicate its responsibility to review and approve a merger, sale, or mortgage encumbrance of a public utility.

Q. PLEASE DISCUSS QWEST'S REQUEST TO WAIVE ORS 759.390 – CONTRACTS WITH AFFILIATED INTERESTS.

A. **a) Summary:** This statute requires a telecommunications utility to file with the Commission contracts with affiliated companies for review.

b) Requested Waiver: Full waiver

c) Staff Position: Staff opposes a waiver of this statute. CenturyLink has expanded through mergers and acquisitions, incorporating four ILECs, three CLECs and three Interexchange carriers under a single parent company. Qwest provides numerous services to its affiliates, such as tandem switching, transport and special access. The Commission should maintain oversight over these transactions to ensure Qwest does not provide these services on more favorable terms to its own affiliates than it does to other carriers.

Q. PLEASE DISCUSS QWEST'S REQUEST TO WAIVE ORS 759.393 – APPLICABILITY OF ORS 759.385 AND 759.390.

A. **a) Summary:** This statute describes how ORS 759.385 and 759.390 should be applied, and requires the utility to annually submit a list of affiliate contracts from the previous year.

b) Requested Waiver: Full waiver

c) Staff Position: Staff opposes a waiver.

Q. PLEASE DISCUSS QWEST'S REQUEST TO WAIVE CONDITION 18 IN ORDER 11-095.

A. **a) Summary:** The Company must adhere to ORS 759.380 and 759.375, which require the Company to obtain Commission approval in order to engage in any kind of merger with another telecommunications utility.

b) Requested Waiver: Full Waiver

c) Staff Position: Staff opposes a waiver of this condition of the merger between Qwest and CenturyLink. It is not within the public interest for the Commission to abdicate its responsibility to review and approve a merger, sale, or mortgage encumbrance of a public utility.

Q. PLEASE DISCUSS QWEST'S REQUEST TO WAIVE OAR 860-022-0025(2) – REQUIREMENTS FOR FILING TARIFFS OR SCHEDULES CHANGING RATES.

A. **a) Summary:** A utility filing tariffs or schedules changing existing tariffs or schedules must submit statements indicating: a) the change in existing rates, tolls, or rules and regulations; b) the number of customers affected by the proposed change and the resulting change in annual revenue; and c) the reasons for the proposed change.

1 **b) Requested Waiver:** Full Waiver

2 **c) Staff Position:** Staff supports a waiver of subsections 2(b) and 2(c) of this
3 rule and opposes a waiver of subsection 2(a). This rule implements ORS
4 759.175, which directs telecommunications utilities to file rate schedules with
5 the Commission that are open to public inspection. This statute is not waived in
6 the current Price Plan, nor does the Company request a waiver. Subsection
7 2(a) requires the Company to file a statement indicating any change in existing
8 rates, and cannot be waived. Subsections 2(b) and 2(c) require the Company
9 to include in its tariff filing the number of customers and revenue impact of the
10 change, as well as give reasons for the change. Because the Price Plan
11 grants the Company pricing flexibility, there is no rationale for the Company to
12 provide reasons and revenue and customer impact for price changes.

13 **Q. PLEASE DISCUSS QWEST'S REQUEST TO WAIVE OAR 860-022-0035 –**
14 **SPECIAL CONTRACTS.**

15 A. **a) Summary:** Special contracts prescribing rates, services, or practices not
16 covered by general tariffs are subject to Commission supervision, regulation,
17 and control. Special agreements at rates other than shown in tariffs are
18 classified as rate schedules and are subject to review and approval pursuant to
19 the requirements of OAR 860-022-0005 through 860-022-0030.

20 **b) Requested Waiver:** Full Waiver

21 **c) Staff Position:** Staff opposes a waiver of this rule. This rule implements
22 ORS 759.250, the statute that directs a telecommunications utility to file with
23 the Commission and obtain approval for any special contracts entered into that

1 contain terms and conditions outside of the utility's tariff. The statute
2 implemented by this rule is not one of the statutes that are subject to waiver
3 under the Price Plan statute, ORS 759.255. The Commission does not have
4 the authority to waive the statute; therefore, it should not waive the rule that
5 implements the statute. Furthermore, Staff does not believe it is within the
6 public interest to enable the Company to enter private contracts that are not
7 subject to public disclosure because the Company is statutorily obligated under
8 ORS 759.260 to offer its services on a non-discriminatory basis.

9 **Q. PLEASE DISCUSS QWEST'S REQUEST TO WAIVE OAR 860-023-0055 –**
10 **RETAIL TELECOMMUNICATIONS SERVICE STANDARDS FOR LARGE**
11 **TELECOMMUNICATIONS UTILITIES.**

12 A. **a) Summary:** This rule details the standards that telecommunications utilities
13 are required to adhere to. It includes definitions of important terms as well as
14 standards for measuring and reporting service quality and performance.
15 **b) Requested Waiver:** Full Waiver
16 **c) Staff Position:** Staff opposes a waiver of this rule. Part of the
17 Commission's mission is to ensure that Oregon customers receive "safe and
18 reliable" service from utilities. Competition in the state is not sufficient to
19 ensure that the Company will continue to provide "safe and reliable" service to
20 all its customers and the Commission should not abdicate it's responsibility to
21 monitor, and impose corrective measures if necessary, the service quality
22 Qwest provides. The testimony of Ms. Brock in Staff 301 provides more detail
23 regarding the necessity of maintaining this rule.

1 **Q. PLEASE DISCUSS QWEST'S REQUEST TO WAIVE OAR 860-027-0100 –**
2 **REPORTING OF AFFILIATED TRANSACTIONS.**
3 A. **a) Summary:** Each year, large telecommunications utilities are required to file
4 a report with the Commission of all affiliated interest contracts executed during
5 the fiscal year by April 1 of the following year. The report must include the
6 names of the parties involved, the dollar amounts, and the execution dates of
7 the contracts.
8 **b) Requested Waiver:** Full Waiver
9 **c) Staff Position:** Staff opposes a waiver of this rule. CenturyLink has
10 expanded through mergers and acquisitions, incorporating four ILECs, three
11 CLECs and three Interexchange carriers under a single parent company.
12 Qwest provides numerous services to its affiliates, such as tandem switching,
13 transport and special access. The Commission should maintain oversight over
14 these transactions to ensure Qwest does not provide these services on more
15 favorable terms to its own affiliates than it does to other carriers.
16 **Q. PLEASE DISCUSS QWEST'S REQUEST TO WAIVE OAR 860-027-0015 –**
17 **NEW CONSTRUCTION BUDGET.**
18 A. **a) Summary:** This rule requires each energy utility operating within Oregon
19 and with gross operating revenues of $50,000 or more to file a copy of its
20 proposed Budget of Expenditures with the Commission on or before November
21 1 of each year.
22 **b) Requested Waiver:** Full Waiver

1 **c) Staff Position:** This rule was amended several years ago to remove its
2 applicability to telecommunications utilities. As such a waiver is not needed, as
3 it does not apply to Qwest.

4 **Q. PLEASE DISCUSS QWEST'S REQUEST TO WAIVE OAR 860-027-0025 –**
5 **APPLICATIONS FOR AUTHORITY TO SELL, LEASE, ASSIGN,**
6 **MORTGAGE, MERGE, CONSOLIDATE OR OTHERWISE DISPOSE OF OR**
7 **ENCUMBER ITS PROPERTY, OR TO ACQUIRE STOCK, BONDS, OR**
8 **PROPERTY OF ANOTHER UTILITY.**

9 A. **a) Summary:** This rule implements ORS 756.105, 757.480, 757.485, 759.375,
10 and 759.380 and details the elements and exhibits that must be included with a
11 utility's application to dispose of property, acquire stock or bonds, or acquire
12 property of another utility.

13 **b) Requested Waiver:** Full Waiver

14 **c) Staff Position:** Staff opposes a waiver. It is not within the public interest for
15 the Commission to abdicate its responsibility to review and approve a merger,
16 sale, or mortgage encumbrance of a public utility.

17 **Q. PLEASE DISCUSS QWEST'S REQUEST TO WAIVE OAR 860-027-0050 –**
18 **UNIFORM SYSTEM OF ACCOUNTS FOR LARGE TELECOMMUNICATIONS**
19 **UTILITIES.**

20 A. **a) Summary:** This rule requires utilities to adhere to the accounting rules in the
21 FCC Part 32 Uniform System of Accounts for Telecommunications companies,
22 except as modified for intrastate purposes in sections (2) through (5). Large
23 utilities may follow class B accounting except when Class A accounting is

required for intrastate depreciation and jurisdictional separation. Utilities must maintain accounts to identify deferred operating income taxes, FUSF and OUSF fund collection and distribution, inter- and intra-state switched and special access revenue, miscellaneous revenues, depreciation expenses for plant-in-service, property held for future use, and amortization expense.

b) Requested Waiver: Full Waiver

c) Staff Position: Staff supports a waiver of this rule only to the extent allowed by Condition #11, in Order 11-095, which requires the Company to file the Form O and Form I annually. However, Staff agrees the Form I can be submitted every three years instead of annually.

Q. PLEASE DISCUSS QWEST'S REQUEST TO WAIVE OAR 860-027-0052 – ALLOCATION OF COSTS BY A LARGE TELECOMMUNICATIONS UTILITY.

A. **a) Summary:** This rule implements ORS 756.105, 759.120, 759.125, and 759.130, and requires utilities to allocate investments, expenses, and revenues between regulated and non-regulated activity according to the FCC Part 64 rules. A large telecommunications utility that is subject to price caps must file a copy of its annual 254(k) compliance filing with the Commission to ensure that USF services bear only a reasonable share of joint and common costs.

b) Requested Waiver: Full Waiver

c) Staff Position: Staff supports a full waiver of this rule.

Q. PLEASE DISCUSS QWEST'S REQUEST TO WAIVE OAR 860-027-0070 – ANNUAL REPORT REQUIREMENTS FOR ELECTRIC, LARGE TELECOMMUNICATIONS, GAS, AND STEAM HEAT UTILITIES.

A. **a) Summary:** This rule requires large telecommunications utilities to submit a Form O for each fiscal year on or before April 1 of the following year, using the most current forms approved by the Commission. The utility must also submit a Form I for each fiscal year on or before October 31 of the following year, using the most current forms approved by the Commission.

b) Requested Waiver: Full Waiver

c) Staff Position: Staff supports a partial waiver of this rule, and will accept a Form I from the Company every three years instead of annually. The Form O should be filed annually.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

CASE: UM 1354
WITNESS: MITCH MOORE

PUBLIC UTILITY COMMISSION
OF
OREGON

STAFF EXHIBIT 401

Witness Qualifications Statements
and
Exhibits in Support
Of Opening Testimony

April 2, 2014

WITNESS QUALIFICATION STATEMENT

NAME:	Mitchell P. Moore
EMPLOYER:	PUBLIC UTILITY COMMISSION OF OREGON
TITLE:	Senior Telecommunications Analyst Telecommunications Division of the Utility Program
ADDRESS:	3930 Fairview Industrial Drive SE, Salem, Oregon 97302.
EDUCATION:	B.A. Journalism and Political Science, University of Hawaii at Manoa

EXPERIENCE:

I have been employed as a senior telecommunications analyst at the Commission since July, 2009. My experience includes assignments in the Competitive Issues section, where I analyzed and reviewed carrier interconnection agreements, as well as wholesale service quality review and monitoring, and resolution of CLEC complaints. I have also worked with wireless companies receiving Federal universal support monies in reviewing their network buildout plans into rural areas.

Prior to that I worked with AT&T as a Loop Electronics Coordinator, designing and implementing DS3 and fiber optic services in Los Angeles.

I have also worked as an outside plant design engineer with Qwest Corporation in the Eugene-Springfield area.

Table 9
Total End-User Switched Access Lines and VoIP Subscriptions by State as of December 31, 2012
(In Thousands)

State	ILECs				Non-ILECs				Total	Non-ILEC % of Total
	Switched Access Lines	VoIP purchased as		Total	Switched Access Lines	VoIP purchased as		Total		
		Stand-alone	Bundled with Internet			Stand-alone	Bundled with Internet			
Alabama	1,133	0	68	1,201	334	61	277	673	1,874	36
Alaska	228	0	#	228	*	2	1	*	*	*
American Samoa	9	0	0	9	0	0	0	0	9	0
Arizona	1,224	0	1	1,224	553	119	606	1,278	2,503	51
Arkansas	696	0	30	725	107	24	135	266	991	27
California	10,153	2	912	11,067	2,118	759	3,240	6,117	17,184	36
Colorado	1,207	0	0	1,207	369	100	594	1,063	2,271	47
Connecticut	930	#	130	1,060	190	69	581	840	1,900	44
Delaware	225	#	53	279	52	20	111	183	462	40
District of Columbia	543	#	18	561	233	25	105	362	924	39
Florida	4,170	2	570	4,743	1,410	477	2,165	4,052	8,795	46
Georgia	2,266	#	189	2,455	779	176	694	1,649	4,104	40
Guam	40	0	0	40	*	*	*	*	*	*
Hawaii	390	#	6	397	48	8	104	159	556	29
Idaho	375	0	0	375	71	20	77	168	544	31
Illinois	3,196	0	310	3,507	609	237	1,188	2,033	5,540	37
Indiana	1,566	2	109	1,677	214	82	478	773	2,451	32
Iowa	817	#	#	817	169	30	172	372	1,190	31
Kansas	602	0	36	638	187	38	212	437	1,075	41
Kentucky	1,087	0	24	1,111	218	25	267	510	1,621	31
Louisiana	1,079	#	68	1,147	271	61	337	669	1,816	37
Maine	367	0	#	367	139	13	146	298	666	45
Maryland	1,605	2	386	1,993	454	128	541	1,123	3,117	36
Massachusetts	1,513	1	283	1,797	818	157	1,021	1,996	3,793	53
Michigan	2,028	0	212	2,240	352	196	1,056	1,604	3,844	42
Minnesota	1,348	#	2	1,350	458	67	580	1,105	2,455	45
Mississippi	658	#	31	690	82	27	118	228	917	25
Missouri	1,559	0	152	1,711	236	61	331	629	2,340	27
Montana	282	0	#	282	42	7	101	151	433	35
Nebraska	443	0	0	443	193	24	134	351	794	44
Nevada	632	0	15	646	126	66	320	512	1,158	44
New Hampshire	278	0	1	279	109	39	248	396	675	59
New Jersey	2,018	2	476	2,496	820	198	1,567	2,585	5,081	51
New Mexico	523	0	0	523	64	21	110	195	717	27
New York	4,108	4	712	4,824	1,776	265	3,208	5,250	10,074	52
North Carolina	2,390	#	84	2,474	702	125	880	1,706	4,181	41
North Dakota	201	0	0	201	80	3	38	122	323	38
Northern Mariana Isl.	15	0	0	15	0	0	0	0	15	0
Ohio	2,791	0	165	2,957	505	109	1,032	1,646	4,602	36
Oklahoma	832	0	37	869	253	53	299	604	1,473	41
Oregon	833	0	0	833	230	67	401	699	1,532	46
Pennsylvania	3,370	2	423	3,796	1,337	251	1,287	2,875	6,671	43
Puerto Rico	583	0	0	583	105	18	115	239	822	29
Rhode Island	179	#	62	240	189	27	97	312	553	57
South Carolina	1,119	0	64	1,183	291	65	312	667	1,850	36
South Dakota	197	0	#	197	135	5	72	211	408	52
Tennessee	1,413	0	99	1,512	570	89	507	1,165	2,677	44
Texas	5,493	1	666	6,159	1,065	329	1,409	2,804	8,963	31
Utah	502	0	0	502	151	43	291	485	988	49
Vermont	218	0	#	218	42	12	74	129	346	37
Virgin Islands	49	0	0	49	0	*	*	*	*	*
Virginia	2,080	1	351	2,432	708	184	678	1,570	4,002	39
Washington	1,491	#	1	1,492	370	138	825	1,334	2,826	47
West Virginia	559	0	0	559	104	16	169	289	849	34
Wisconsin	1,492	#	97	1,589	277	76	486	840	2,429	35
Wyoming	145	0	1	146	17	5	64	86	232	37
Nationwide	75,251	20	6,845	82,115	20,860	5,217	29,880	55,957	138,072	41

= Rounds to zero. * = Data withheld to maintain firm confidentiality.

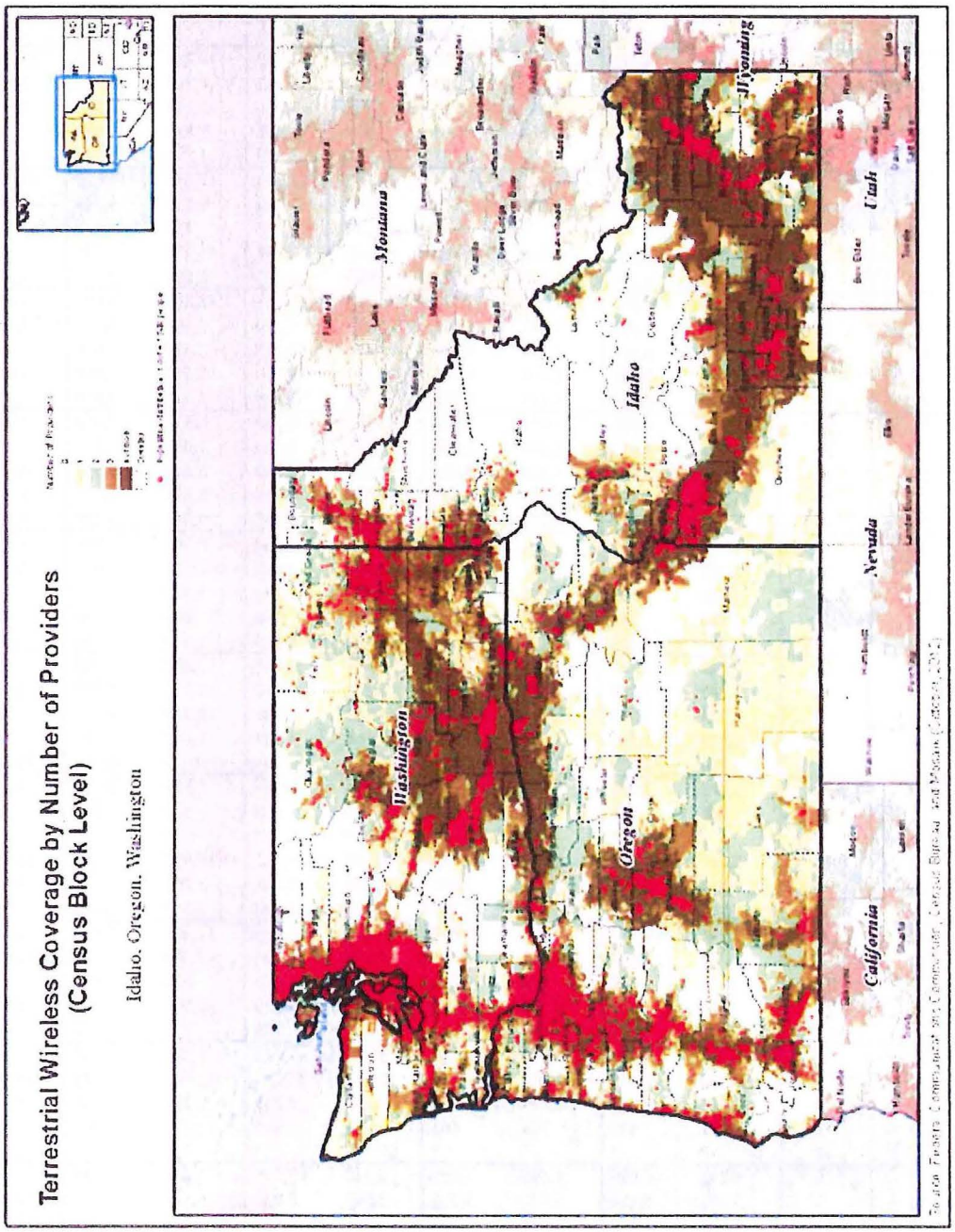
Table 18
Mobile Telephone Facilities-based Carriers and Mobile Telephony Subscribers

State	Dec 2012		Subscribers (In Thousands)									
	Carriers	% Resold [1]	2008		2009		2010		2011		2012	
			Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec
Alabama	10	16 %	3,887	3,960	4,003	4,228	4,211	4,328	4,350	4,486	4,545	4,549
Alaska	11	5	480	383	544	586	590	608	619	634	642	649
American Samoa	*	*	*	*	*	*	*	*	*	*	*	*
Arizona	9	11	4,936	4,983	5,005	5,101	5,268	5,285	5,402	5,523	5,686	5,774
Arkansas	8	25	2,446	2,530	2,576	2,519	2,485	2,673	2,773	3,155	3,185	2,963
California	14	5	31,946	32,177	32,215	32,938	33,548	33,839	34,299	34,835	35,103	35,616
Colorado	12	9	4,066	4,311	4,357	4,503	4,647	4,687	4,705	4,759	4,817	4,878
Connecticut	8	8	2,959	3,030	3,047	3,123	3,192	3,230	3,305	3,353	3,379	3,418
Delaware	9	9	775	778	779	803	859	851	881	892	899	903
District of Columbia	7	10	1,047	1,096	1,116	1,183	1,227	1,249	1,273	1,346	1,376	1,400
Florida	11	10	15,809	16,158	16,425	16,744	16,895	17,251	17,613	17,893	18,135	18,369
Georgia	12	16	8,142	8,322	8,562	8,863	8,869	9,063	9,137	9,647	10,051	10,054
Guam	5	2	*	*	*	*	*	*	139	*	154	153
Hawaii	7	6	1,115	1,184	1,196	1,216	1,248	1,252	1,274	1,295	1,313	1,339
Idaho	12	8	1,125	1,167	1,180	1,221	1,269	1,277	1,293	1,321	1,346	1,363
Illinois	14	13	10,634	10,919	11,070	11,523	11,604	12,057	12,259	12,689	12,898	12,859
Indiana	12	13	4,824	4,956	4,983	5,205	5,289	5,410	5,496	5,572	5,670	5,786
Iowa	67	10	2,245	2,319	2,336	2,432	2,466	2,535	2,559	2,654	2,714	2,777
Kansas	12	17	2,326	2,421	2,430	2,466	2,491	2,560	2,570	2,649	2,686	2,696
Kentucky	11	15	3,343	3,445	3,439	3,631	3,654	3,726	3,754	3,810	3,879	3,976
Louisiana	12	18	3,896	4,012	4,053	3,993	3,953	4,340	4,876	5,412	5,336	4,898
Maine	7	24	972	1,012	1,006	1,065	1,040	1,124	1,090	1,176	1,192	1,204
Maryland	10	15	5,124	5,234	5,260	5,323	5,500	5,560	5,665	6,018	6,146	6,116
Massachusetts	7	10	5,624	5,749	6,027	6,171	6,367	6,316	6,419	6,522	6,626	6,703
Michigan	10	15	7,821	8,027	8,171	8,576	8,690	8,861	9,391	9,239	9,292	9,598
Minnesota	10	13	4,164	4,345	4,254	4,439	4,611	4,704	4,782	4,934	5,063	5,154
Mississippi	9	14	2,252	2,312	2,361	2,345	2,322	2,440	2,516	2,656	2,718	2,656
Missouri	11	15	4,835	4,940	4,985	5,129	5,141	5,309	5,458	5,627	5,708	5,668
Montana	9	15	723	748	707	802	783	846	803	862	880	888
Nebraska	12	9	1,451	1,496	1,508	1,515	1,566	1,523	1,542	1,646	1,668	1,675
Nevada	10	13	2,249	2,268	2,325	2,393	2,417	2,453	2,490	2,556	2,595	2,611
New Hampshire	9	14	1,045	1,080	1,075	1,125	1,141	1,170	1,171	1,204	1,212	1,225
New Jersey	9	7	7,834	8,008	8,036	8,158	8,624	8,601	8,786	8,915	8,933	9,015
New Mexico	10	8	1,555	1,536	1,550	1,624	1,668	1,689	1,662	1,687	1,716	1,737
New York	11	12	17,260	16,702	18,193	18,882	19,303	19,504	19,938	20,199	20,387	20,715
North Carolina	14	13	7,428	8,024	7,865	8,108	8,259	8,526	8,513	9,102	9,206	8,983
North Dakota	9	11	541	581	562	618	590	623	615	640	666	683
Northern Mariana Isl.	*	*	*	*	*	*	*	*	*	*	*	*
Ohio	12	13	9,357	9,565	9,456	10,059	10,236	10,511	10,936	11,118	11,381	11,549
Oklahoma	15	23	2,808	2,889	2,988	3,077	3,109	3,188	3,259	3,429	3,593	3,940
Oregon	9	9	3,007	3,084	3,112	3,235	3,297	3,340	3,355	3,420	3,456	3,519
Pennsylvania	15	13	9,895	10,214	10,455	10,867	11,070	11,424	11,401	11,576	11,704	11,956
Puerto Rico	6	9	2,502	2,624	2,706	2,807	2,879	3,014	3,004	2,989	2,969	3,047
Rhode Island	7	16	874	888	880	893	906	920	935	957	999	1,050
South Carolina	15	17	3,573	3,323	3,702	3,896	3,848	3,935	3,987	3,781	3,901	4,326
South Dakota	9	12	611	631	613	681	681	728	690	724	741	750
Tennessee	11	13	5,791	5,518	5,676	5,914	6,041	6,193	6,236	6,368	6,445	6,484
Texas	20	8	20,390	21,008	21,403	21,849	22,201	23,030	23,482	23,721	24,102	24,553
Utah	9	6	2,046	2,095	2,109	2,166	2,220	2,251	2,276	2,326	2,368	2,409
Vermont	6	18	421	435	398	463	431	485	471	507	519	518
Virgin Islands	4	13	*	*	*	*	*	*	117	117	*	113
Virginia	10	10	6,242	6,856	6,596	7,250	7,440	7,595	7,622	7,774	7,839	7,914
Washington	10	9	5,461	5,624	5,671	5,816	5,965	6,022	6,118	6,248	6,314	6,424
West Virginia	9	23	1,236	1,295	1,315	1,401	1,406	1,500	1,506	1,650	1,671	1,603
Wisconsin	14	13	3,966	4,265	4,317	4,546	4,599	4,730	4,895	4,929	4,949	5,043
Wyoming	10	11	457	484	429	517	501	526	514	532	541	545
Nationwide	180	11 %	255,729	261,284	265,332	274,283	278,918	285,118	290,318	297,268	301,521	304,881

* = Data withheld to maintain firm confidentiality. December 2011 and June 2012 data have been revised to remove subscribers inappropriately reported by mobile wireless resellers and therefore double counted in the data. Consequently, December 2012 carrier counts are somewhat lower than recently published carrier counts.

[1] Percentage of mobile telephony subscribers purchasing their service subscriptions from a mobile wireless reseller.

Map C-12
Wireless Coverage by Number of Providers by Region (9), 2012



Wireless Substitution: Early Release of Estimates From the National Health Interview Survey, January–June 2012

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Overview

Preliminary results from the January–June 2012 National Health Interview Survey (NHIS) indicate that the number of American homes with only wireless telephones continues to grow. More than one-third of American homes (35.8%) had only wireless telephones (also known as cellular telephones, cell phones, or mobile phones) during the first half of 2012—an increase of 1.8 percentage points since the second half of 2011. In addition, nearly one of every six American homes (15.9%) received all or almost all calls on wireless telephones despite also having a landline telephone. This report presents the most up-to-date estimates available from the federal government concerning the size and characteristics of these populations.

NHIS Early Release Program

This report is published as part of the NHIS Early Release Program. Twice each year, the Centers for Disease Control and Prevention's (CDC) National Center for Health Statistics (NCHS) releases selected estimates of telephone coverage for the civilian noninstitutionalized U.S. population based on data from NHIS, along with comparable estimates from NHIS for the previous 3 years. The estimates are based on in-person interviews that NHIS conducts continuously throughout the year to collect information on health status, health-related behaviors, and health care access and utilization. The survey also includes information about household telephones and whether anyone in the household has a wireless telephone.

Two additional reports are published regularly as part of the NHIS Early Release Program. *Early Release of Selected Estimates Based on Data From the National Health Interview Survey* is published quarterly and provides estimates for 15 selected measures of health. *Health Insurance Coverage: Early Release of Estimates From the National Health Interview Survey* is also published quarterly and provides additional estimates regarding health insurance coverage. Other Early Release Program products are released as needed.

Methods

For many years, NHIS has asked respondents to provide residential telephone numbers, to permit the recontacting of survey participants. Starting in 2003, additional questions were asked to determine whether a family had a landline telephone. NHIS families were considered to have landline telephone service if the survey respondent for each family reported that there was "at least one phone inside your home that is currently working and is not a cell phone." (To avoid possible confusion with cordless landline telephones, the word "wireless" was not used in the survey.)

An NHIS "family" can be an individual or a group of two or more related persons living together in the same housing unit (a "household"). Thus, a family can consist of only one person, and more than one family can live in a household (including, for example, a household where there are multiple single-person families, as when unrelated roommates are living together).

The survey respondent for each family was also asked whether "anyone in your family has a working cellular telephone." Families are identified as

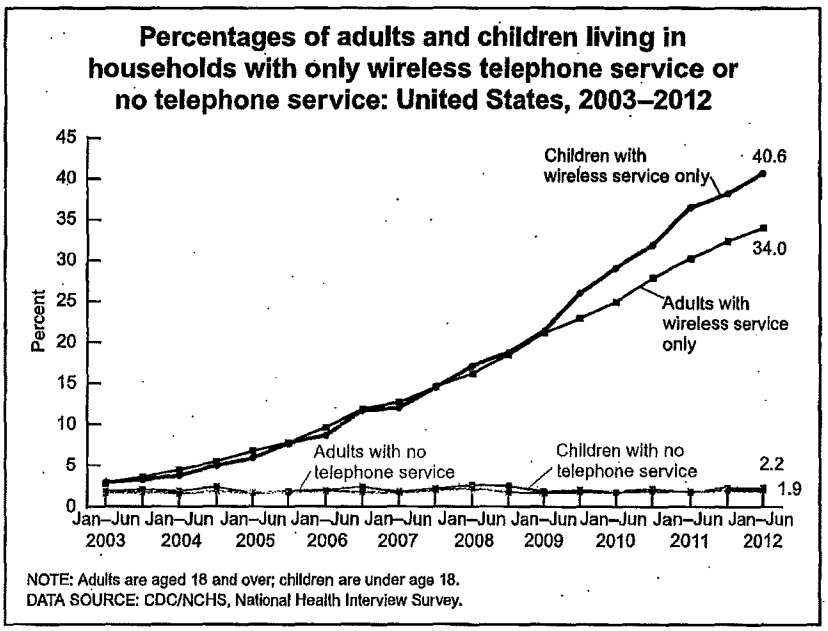

Figure 1

"wireless families" if respondents reported that someone in the family had a working cell phone at the time of interview. This person (or persons) could be a civilian adult, a member of the military, or a child.

Households are identified as "wireless-only" if they include at least one wireless family and if there are no working landline telephones inside the household. Persons are identified as wireless-only if they live in a wireless-only household. A similar approach is used to identify adults living in households with no telephone service (neither wireless nor landline). Household telephone status (rather than family telephone status) is used in this report because most telephone surveys do not attempt to distinguish between families when more than one family lives in the same household.

From January through June 2012, information on household telephone status was obtained for 20,608 households that included at least one civilian adult or child. These households included 38,896 civilian adults aged 18 and over, and 13,905 children under age 18. Analyses of telephone status are presented separately for households, adults, and children in **Table 1**.

Analyses of demographic characteristics are based on data from the NHIS Person and Household files. Demographic data for all civilian adults living in interviewed households were used in these analyses. "Household income" is the sum of the family incomes in the household. Estimates stratified by household poverty status are based on reported income only because imputed income values are not available until a few months after the annual release of NHIS microdata. Household poverty status was unknown for 20.2% of adults in these analyses.

Analyses of selected health measures are based on data from the NHIS Sample Adult file. Health-related data for one civilian adult randomly selected from each family were used in these analyses. From January through June 2012, data on household telephone status and selected health measures were collected from 16,891 randomly selected adults.

Because NHIS is conducted throughout the year and the sample is designed to yield a nationally representative sample each week, data can be analyzed quarterly. Weights are created for each calendar quarter of the NHIS sample. NHIS data weighting procedures are described in more detail in a previous NCHS report (**Botman et al., 2000**). To provide access to the most recent information from NHIS, estimates using the January–June 2012 data are being released prior to final data editing and final weighting. These estimates should be considered preliminary. If estimates are produced using the final data files, the estimates may differ slightly from those presented here.

Point estimates and 95% confidence intervals were calculated using SUDAAN software to account for the complex sample design of NHIS. Differences between percentages were evaluated using two-sided significance tests at the 0.05 level. Terms such as "more likely" and "less likely" indicate a statistically significant difference. Lack of comment regarding the difference between any two estimates does not necessarily mean that the difference was tested and found to be not significant. Because of small sample sizes, estimates based on less than 1 year of data may have large variances, and caution should be used in interpreting such estimates.

Telephone Status

In the first 6 months of 2012, more than one of every three households (35.8%) did not have a landline telephone but did have at least one wireless telephone (**Table 1**). Approximately 34.0% of all adults (about 80 million adults) lived in households with only wireless telephones; 40.6% of all children (approximately 30 million children) lived in households with only wireless telephones.

The percentage of households that are wireless-only has been steadily increasing. However, the 1.8-percentage-point increase from the second 6 months of 2011 through the first 6 months of 2012 is the smallest increase observed for any 6-month period dating back to January 2008. The percentage of adults and children living in wireless-only households has also been increasing steadily (**Figure 1**).

The percentages of adults and children living without any telephone service have remained relatively unchanged over the past 3 years. Approximately 2.1% of households had no telephone service (neither wireless nor landline). Nearly 4.5 million adults (1.9%) and 1.6 million children (2.2%) lived in these households.

Demographic Differences

The percentage of U.S. civilian noninstitutionalized adults living in wireless-only households is shown by selected demographic characteristics and by survey time period in **Table 2**. For the period January–June 2012, there are four demographic groups in which the majority live in households with only wireless telephones: adults aged 25–34, adults living only with unrelated adult roommates, adults renting their home, and adults living in poverty.

- Six in 10 adults aged 25–29 (60.1%) lived in households with only wireless telephones. This rate is greater than the rates for adults aged 18–24 (49.5%) or 30–34 (55.1%). The percentage of adults living in households with only wireless telephones decreased as age increased beyond 35 years: 39.1% for those aged 35–44; 25.8% for those aged 45–64; and 10.5% for those aged 65 and over.
- More than three in four adults living only with unrelated adult roommates (75.9%) were in households with only wireless telephones. This rate is higher than the rate for adults living alone (43.0%) and the rate for adults living only with spouses or other adult family members (27.0%).
- More than half of all adults renting their home (58.2%) had only wireless telephones. This rate is more than twice as large as the rate

for adults owning their home (23.2%).

- Adults living in poverty (51.8%) were more likely than adults living near poverty (42.3%) and higher income adults (30.7%) to be living in households with only wireless telephones.

Other demographic differences exist:

- Men (35.2%) were more likely than women (32.9%) to be living in households with only wireless telephones.
- Adults living in the Midwest (37.5%), South (37.2%), and West (34.0%) were more likely than adults living in the Northeast (23.1%) to be living in households with only wireless telephones.
- Hispanic adults (46.5%) were more likely than non-Hispanic white adults (30.4%) or non-Hispanic black adults (37.7%) to be living in households with only wireless telephones.

Demographic Distributions

The demographic differences noted in the previous section are based on the distribution of household telephone status within each demographic group. When examining the population of wireless-only adults, some readers may instead wish to consider the distribution of various demographic characteristics within the wireless-only adult population.

Table 3 gives the percent distribution of selected demographic characteristics for adults living in households with only wireless telephones, by survey time period. The estimates in this table reveal that the distributions of selected demographic characteristics changed little over the 3-year period shown. The exceptions were related to sex, age, employment status, and household structure. From the second 6 months of 2008 to the first 6 months of 2012,

- The proportion of women among all wireless-only adults increased from 47.6% to 50.2%.
- Among all wireless-only adults, the proportion aged 35 and over has increased steadily. In the first 6 months of 2012, more than one-half of wireless-only adults (51.7%) were aged 35 and over, up from 41.9% in the second 6 months of 2008.
- The proportion of employed adults among all wireless-only adults has decreased from 74.5% to 69.3%. Over the same time period, the proportion of adults with an employment status other than working, keeping house, or going to school increased. These adults (largely unemployed or retired) made up 20.2% of wireless-only adults in the first 6 months of 2012, up from 15.4% in the second 6 months of 2008.
- Among all wireless-only adults, the proportion living with children has increased. In the first 6 months of 2012, 40.4% of wireless-only adults were living with children, up from 34.3% in the second 6 months of 2008.

Selected Health Measures by Household Telephone Status

Many health surveys, political polls, and other research are conducted using random-digit-dial (RDD) telephone surveys. Until recently, these surveys did not include wireless telephone numbers in their samples. Now, despite operational challenges, most major survey research organizations are including wireless telephone numbers when conducting RDD surveys. If they did not, the exclusion of households with only wireless telephones (along with the small proportion of households that have no telephone service) could bias results. This bias—known as coverage bias—could exist if there are differences between persons with and without landline telephones for the substantive variables of interest.

The NHIS Early Release Program updates and releases estimates for 15 key health indicators every 3 months. **Table 4** presents estimates by household telephone status (landline, wireless-only, or phoneless) for all but two of these measures. ("Pneumococcal vaccination" and "personal care needs" were not included because these indicators are limited to older adults aged 65 and over.) For the period January–June 2012,

- The prevalence of having five or more alcoholic drinks in 1 day during the past year among wireless-only adults (30.5%) was substantially higher than the prevalence among adults living in landline households (17.5%). Wireless-only adults were also more likely to be current smokers than were adults living in landline households.
- Compared with adults living in landline households, wireless-only adults were more likely to engage in regular leisure-time physical activity and less likely to have ever been diagnosed with diabetes.
- The percentage without health insurance coverage at the time of interview among wireless-only adults under age 65 (27.9%) was greater than the percentage among adults in that age group living in landline households (15.1%).
- Compared with adults living in landline households, wireless-only adults were more likely to have experienced financial barriers to obtaining needed health care, and they were less likely to have a usual place to go for medical care. Wireless-only adults were also less likely to have received an influenza vaccination during the previous year.
- Wireless-only adults (42.4%) were more likely than adults living in landline households (29.7%) to have ever been tested for human immunodeficiency virus, known as HIV, the virus that causes AIDS.

The potential for bias due to undercoverage remains a real threat to surveys conducted only on landline telephones.

Wireless-mostly Households

The potential for bias due to undercoverage is not the only threat to surveys conducted only on landline telephones. Researchers are also concerned that some people living in households with landlines cannot be reached on those landlines because they rely on wireless telephones for all or almost all of their calls.

In 2007, a question was added to NHIS for persons living in families with both landline and cellular telephones. The respondent for the family was asked to consider all of the telephone calls his or her family receives and to report whether "all or almost all calls are received on cell phones, some are received on cell phones and some on regular phones, or very few or none are received on cell phones." This question permits the identification of persons living in "wireless-mostly" households—defined as households with both landline and cellular telephones in which all families receive all or almost all calls on cell phones.

Among households with both landline and wireless telephones, 29.9% received all or almost all calls on the wireless telephones, based on data for the period January–June 2012. These wireless-mostly households make up 15.9% of all households.

During the first 6 months of 2012, approximately 41 million adults (17.6%) lived in wireless-mostly households. This prevalence estimate was greater than the estimate for the second 6 months of 2008 (15.4%) but has remained largely unchanged since January 2010.

Table 5 gives the percentage of adults living in wireless-mostly households, by selected demographic characteristics and by survey time period. For the period January–June 2012,

- Adults working at a job or business (20.6%) were more likely to be living in wireless-mostly households than were adults keeping house (15.5%) or with another employment status such as retired or unemployed (10.8%).
- Adults with college degrees (21.0%) were more likely to be living in wireless-mostly households than were high school graduates (15.5%) or adults with less education (11.9%).
- Adults living with children (22.4%) were more likely than adults living alone (10.2%) or with only adult relatives (16.2%) to be living in wireless-mostly households.
- Adults living in poverty (10.8%) and adults living near poverty (11.1%) were less likely than higher-income adults (21.5%) to be living in wireless-mostly households.
- Adults renting their home (12.7%) were less likely to be living in wireless-mostly households than were adults owning their home (19.9%).

Research by **Boyle, Lewis, and Tefft (2009)** suggests that the majority of adults living in wireless-mostly households are reachable using their landline telephone number. NHIS data cannot be used to estimate the proportion of wireless-mostly adults who are unreachable or to estimate the potential for bias due to their exclusion from landline surveys.

References and Other Sources of Information

For more information about the potential implications for health surveys that are based on landline telephone interviews, see

- Blumberg SJ, Luke JV. Reevaluating the need for concern regarding noncoverage bias in landline surveys. Am J Public Health 99(10):1806–10. 2009. Available from: http://ajph.aphapublications.org/cgi/content/abstract/99/10/1806.
- Blumberg SJ, Luke JV, Cynamon ML, Frankel MR. Recent trends in household telephone coverage in the United States. In: Lepkowski JM et al., eds. Advances in telephone survey methodology. New York: John Wiley and Sons, 56–86. 2008.
- Boyle JM, Lewis F, Tefft B. Cell phone mainly households: Coverage and reach for telephone surveys using RDD landline samples. Survey Practice. 2009. Available from: http://surveypractice.wordpress.com/2009/12/09/cell-phone-and-landlines/.

When including wireless telephone numbers in RDD surveys, researchers have many methodological, statistical, operational, legal, and ethical issues to consider. These issues have been described in a report from a task force of the American Association for Public Opinion Research (AAPOR). That task force included staff from CDC, and its report is available online:

- AAPOR Cell Phone Task Force. New considerations for survey researchers when planning and conducting RDD telephone surveys in the U.S. with respondents reached via cell phone numbers. Deerfield, IL: American Association for Public Opinion Research (AAPOR). 2010. Available from: http://aapor.org/cell_phone_task_force.htm.

The potential for bias may differ from one state to another because the prevalence of wireless-only households varies substantially across states. For more information about prevalence estimates at the state and local level, see

- Blumberg SJ, Luke JV, Ganesh N, et al. Wireless substitution: State-level estimates from the National Health Interview Survey, 2010-2011. National health statistics reports; no 61. Hyattsville, MD: National Center for Health Statistics. 2012. Available from: http://www.cdc.gov/nchs/data/nhsr/nhsr061.pdf.

For more information about NHIS and the NHIS Early Release Program, or to find other Early Release Program products, see

- NHIS home page at http://www.cdc.gov/nchs/nhis.htm.
- Early Release home page at http://www.cdc.gov/nchs/nhis/releases.htm.
- Botman SL, Moore TF, Moriarity CL, Parsons VL. Design and estimation for the National Health Interview Survey, 1995–2004. National Center for Health Statistics. Vital Health Stat 2(130). 2000. Available from: http://www.cdc.gov/nchs/data/series/sr_02/sr02_130.pdf.

Suggested Citation

Blumberg SJ, Luke JV. Wireless substitution: Early release of estimates from the National Health Interview Survey, January–June 2012. National Center for Health Statistics. December 2012. Available from: http://www.cdc.gov/nchs/nhis.htm.

Table 1. Percent distribution of household telephone status for households, adults, and children, by date of interview: United States, July 2008–June 2012

Date of interview		Household telephone status						
		Landline with wireless	Landline without wireless	Landline with unknown wireless	Nonlandline with unknown wireless	Wireless-only	Phoneless	Total
	Number of households (unweighted)	Percent of households						
Jul–Dec 2008	12,597	59.6	17.4	0.9	0.0	20.2	1.9	100.0
Jan–Jun 2009	12,447	59.4	15.5	0.4	0.0	22.7	1.9	100.0
Jul–Dec 2009	21,375	58.2	14.9	0.4	0.0	24.5	2.0	100.0
Jan–Jun 2010	17,619	58.1	12.9	0.3	0.0	26.6	2.0	100.0
Jul–Dec 2010	16,676	55.0	12.9	0.3	0.1	29.7	2.0	100.0
Jan–Jun 2011	20,133	55.0	11.2	0.2	0.1	31.6	2.0	100.0
Jul–Dec 2011	19,311	53.4	10.2	0.2	0.0	34.0	2.2	100.0
Jan–Jun 2012	20,608	52.5	9.4	0.2	0.0	35.8	2.1	100.0
95% confidence interval[1]		51.21–53.70	8.87–9.99	0.13–0.27	0.01–0.06	34.70–37.00	1.84–2.35	...
	Number of adults (unweighted)	Percent of adults						
Jul–Dec 2008	23,726	63.7	15.1	1.0	0.0	18.4	1.7	100.0
Jan–Jun 2009	23,632	63.5	13.4	0.4	0.0	21.1	1.5	100.0
Jul–Dec 2009	40,619	62.5	12.6	0.3	0.0	22.9	1.7	100.0
Jan–Jun 2010	33,780	62.2	10.9	0.3	0.0	24.9	1.7	100.0
Jul–Dec 2010	31,791	59.4	10.7	0.3	0.1	27.8	1.8	100.0
Jan–Jun 2011	38,104	58.8	9.0	0.2	0.0	30.2	1.8	100.0
Jul–Dec 2011	36,564	57.3	8.3	0.2	0.0	32.3	1.9	100.0
Jan–Jun 2012	38,896	56.1	7.8	0.2	0.0	34.0	1.9	100.0
95% confidence interval[1]		54.90–57.34	7.29–8.36	0.12–0.26	0.01–0.06	32.84–35.10	1.68–2.16	...

See footnotes at end of table.

Table 1. Percent distribution of household telephone status for households, adults, and children, by date of interview: United States, July 2008–June 2012—Con.

Date of interview	Number of children (unweighted)	Household telephone status: Landline with wireless	Landline without wireless	Landline with unknown wireless	Nonlandline with unknown wireless	Wireless-only	Phoneless	Total
		Percent of children						
Jul–Dec 2008	8,635	67.1	11.1	0.7	0.0	18.7	2.4	100.0
Jan–Jun 2009	8,818	67.6	9.1	0.3	0.0	21.3	1.7	100.0
Jul–Dec 2009	14,984	63.4	8.5	0.2	0.0	25.9	1.9	100.0
Jan–Jun 2010	12,234	62.8	6.4	0.1	–	29.0	1.7	100.0
Jul–Dec 2010	11,815	59.8	6.2	0.1	0.1	31.8	2.0	100.0
Jan–Jun 2011	13,753	56.7	5.1	0.1	0.0	36.4	1.7	100.0
Jul–Dec 2011	13,028	54.7	4.8	0.1	0.0	38.1	2.2	100.0
Jan–Jun 2012	13,905	52.7	4.5	0.1	–	40.6	2.2	100.0
95% confidence interval[1]		51.00–54.31	3.86–5.15	0.03–0.15	...	39.05–42.25	1.78–2.67	...

0.0 Quantity more than zero but less than 0.05.

... Category not applicable.

– Quantity zero.

[1]Refers to the time period January–June 2012.

NOTE: Data are based on household interviews of a sample of the civilian noninstitutionalized population.

DATA SOURCE: CDC/NCHS, National Health Interview Survey, July 2008–June 2012.

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Table 2. Percentage of adults living in wireless-only households, by selected demographic characteristics and calendar half-years: United States, July 2008–June 2012

Demographic characteristic	Calendar half-year								95% confidence interval[1]
	Jul–Dec 2008	Jan–Jun 2009	Jul–Dec 2009	Jan–Jun 2010	Jul–Dec 2010	Jan–Jun 2011	Jul–Dec 2011	Jan–Jun 2012	
	Percent								
Race/ethnicity									
Hispanic or Latino, any race(s)	25.0	28.2	30.4	34.7	38.4	40.8	43.3	46.5	44.40 – 48.61
Non-Hispanic white, single race	16.6	19.7	21.0	22.7	25.0	27.6	29.0	30.4	28.99 – 31.76
Non-Hispanic black, single race	21.4	21.3	25.0	28.5	31.1	32.5	36.8	37.7	35.65 – 39.79
Non-Hispanic Asian, single race	17.8	18.0	20.6	18.8	27.0	27.7	31.6	33.4	30.12 – 36.93
Non-Hispanic other, single race	17.3	20.6	26.5	*16.1	31.9	33.8	44.1	43.4	34.17 – 53.02
Non-Hispanic multiple race	22.5	28.7	26.9	36.0	36.1	39.3	36.7	40.2	34.71 – 46.01
Age									
18–24 years	33.1	37.6	37.8	39.9	45.5	46.8	48.6	49.5	46.96 – 52.10
25–29 years	41.5	45.8	48.6	51.3	53.5	58.1	59.6	60.1	57.41 – 62.63
30–34 years	30.4	33.5	37.2	40.4	43.8	46.2	50.9	55.1	52.63 – 57.50
35–44 years	17.5	21.5	23.9	27.0	30.9	34.3	36.8	39.1	37.38 – 40.77
45–64 years	11.6	12.8	14.9	16.9	18.8	21.6	23.8	25.8	24.67 – 27.04
65 years and over	3.3	5.4	5.2	5.4	7.7	7.9	8.5	10.5	9.58 – 11.56
Sex									
Male	20.0	22.5	24.5	26.2	29.0	31.4	33.7	35.2	33.94 – 36.40
Female	17.0	19.8	21.3	23.7	26.8	29.1	30.9	32.9	31.71 – 34.01
Education									
Some high school or less	18.8	22.2	24.7	28.6	29.2	32.1	34.7	36.4	34.55 – 38.33
High school graduate or GED[2]	17.8	20.8	22.9	23.6	27.6	30.8	32.7	33.9	32.47 – 35.38
Some post-high school, no degree	20.1	23.6	25.0	26.5	30.9	31.8	35.1	36.7	35.03 – 38.38
4-year college degree or higher	17.7	18.2	19.5	22.7	24.3	26.9	27.8	30.1	28.51 – 31.69
Employment status last week									
Working at a job or business	21.5	24.3	26.0	28.5	31.5	34.2	36.8	38.4	37.09 – 39.72
Keeping house	16.0	16.6	20.5	22.7	25.8	31.2	32.7	34.0	31.48 – 36.71
Going to school	23.5	29.7	29.2	33.2	38.6	35.3	40.8	41.9	37.76 – 46.15
Something else (incl. unemployed)	11.0	14.0	15.9	16.8	19.2	21.0	22.3	23.6	22.42 – 24.79

See footnotes at end of table.

Table 2. Percentage of adults living in wireless-only households, by selected demographic characteristics and calendar half-years: United States, July 2008–June 2012—Con.

Demographic characteristic	Calendar half-year								95% confidence interval[1]
	Jul–Dec 2008	Jan–Jun 2009	Jul–Dec 2009	Jan–Jun 2010	Jul–Dec 2010	Jan–Jun 2011	Jul–Dec 2011	Jan–Jun 2012	
	Percent								
Household structure									
Adult living alone	28.1	30.8	32.9	33.5	36.8	38.0	41.3	43.0	41.02 – 45.05
Unrelated adults, no children	60.6	68.5	62.9	69.4	69.7	71.3	77.5	75.9	69.17 – 81.60
Related adults, no children	14.7	16.8	17.1	19.1	22.1	23.2	25.1	27.0	25.57 – 28.41
Adult(s) with children	17.2	20.4	24.1	26.9	29.4	33.6	35.4	37.2	35.72 – 38.64
Household poverty status[3]									
Poor	30.9	33.0	36.3	39.3	42.8	46.8	51.4	51.8	49.09 – 54.47
Near poor	23.8	26.5	29.0	32.9	35.2	38.1	39.6	42.3	39.95 – 44.68
Not poor	16.0	18.9	19.6	21.7	24.1	27.7	28.9	30.7	29.39 – 32.05
Geographic region[4]									
Northeast	11.4	14.6	15.1	15.8	17.2	18.8	20.6	23.1	20.71 – 25.61
Midwest	20.8	21.9	25.6	26.6	30.0	33.5	35.2	37.5	35.01 – 39.96
South	21.3	25.0	25.4	29.3	31.1	33.6	35.9	37.2	35.38 – 39.09
West	17.2	19.0	22.2	23.5	28.7	30.3	33.0	34.0	31.68 – 36.42
Metropolitan statistical area status									
Metropolitan	19.7	22.4	24.2	26.5	29.1	31.4	33.6	35.7	34.43 – 36.97
Not metropolitan	13.5	16.5	17.9	19.3	22.9	25.6	27.2	27.1	25.06 – 29.25
Home ownership status[5]									
Owned or being bought	9.9	12.8	14.0	15.5	17.7	20.6	21.2	23.2	22.09 – 24.33
Renting	39.2	40.9	43.1	47.1	50.3	52.5	56.0	58.2	56.58 – 59.87
Other arrangement	17.7	33.6	33.8	34.9	35.1	38.4	40.7	37.7	32.27 – 43.53
Number of wireless-only adults in survey sample (unweighted)	4,426	5,078	9,401	8,659	9,228	11,872	12,350	13,724	...

* Estimate has a relative standard error greater than 30% and does not meet National Center for Health Statistics (NCHS) standards for reliability.

... Category not applicable.

[1]Refers to the time period January–June 2012.

[2]GED is General Educational Development high school equivalency diploma.

[3]Based on household income and household size using the U.S. Census Bureau's poverty thresholds. "Poor" persons are defined as those below the poverty threshold. "Near poor" persons have incomes of 100% to less than 200% of the poverty threshold. "Not poor" persons have incomes of 200% of the poverty threshold or greater. Early Release estimates stratified by poverty status are based on reported income only and may differ from similar estimates produced later that are based on both reported and imputed income. NCHS imputes income when income is unknown, but the imputed income file is not available until a few months after the annual release of National Health Interview Survey microdata. For households with multiple families, household income and household size were calculated as the sum of the multiple measures of family income and family size.

[4]In the geographic classification of the U.S. population, states are grouped into the following four regions used by the U.S. Census Bureau: *Northeast* includes Maine, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island, New York, New Jersey, and Pennsylvania. *Midwest* includes Ohio, Illinois, Indiana, Michigan, Wisconsin, Minnesota, Iowa, Missouri, North Dakota, South Dakota, Kansas, and Nebraska. *South* includes Delaware, Maryland, District of Columbia, West Virginia, Virginia, Kentucky, Tennessee, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Oklahoma, Arkansas, and Texas. *West* includes Washington, Oregon, California, Nevada, New Mexico, Arizona, Idaho, Utah, Colorado, Montana, Wyoming, Alaska, and Hawaii.

[5]For households with multiple families, home ownership status was determined by considering the reported home ownership status for each family. If any family reported owning the home, then the household-level variable was classified as "Owned or being bought" for all persons living in the household. If one family reported renting the home and another family reported "other arrangement," then the household-level variable was classified as "Other arrangement" for all persons living in the household.

NOTE: Data are based on household interviews of a sample of the civilian noninstitutionalized population.

DATA SOURCE: CDC/NCHS, National Health Interview Survey, July 2008–June 2012.

Table 3. Percent distribution of selected demographic characteristics for adults living in wireless-only households, by date of interview: United States, July 2008–June 2012

Demographic characteristic	Calendar half-year								95% confidence interval[1]
	Jul–Dec 2008	Jan–Jun 2009	Jul–Dec 2009	Jan–Jun 2010	Jul–Dec 2010	Jan–Jun 2011	Jul–Dec 2011	Jan–Jun 2012	
	Percent distribution								
Race/ethnicity									
Hispanic or Latino, any race(s)	18.5	18.4	18.5	19.4	19.5	19.0	19.1	20.3	18.66 – 22.03
Non-Hispanic white, single race	61.9	63.8	62.5	61.6	61.0	61.8	61.0	59.6	57.72 – 61.38
Non-Hispanic black, single race	13.3	11.7	12.7	13.3	13.0	12.5	13.1	12.7	11.67 – 13.90
Non-Hispanic Asian, single race	4.4	3.9	4.1	3.5	4.5	4.3	4.7	5.1	4.39 – 5.80
Non-Hispanic other, single race	0.6	0.7	1.0	0.6	0.7	0.8	0.9	0.8	0.59 – 1.09
Non-Hispanic multiple race	1.2	1.5	1.3	1.6	1.3	1.6	1.3	1.5	1.31 – 1.82
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	...
Age									
18–24 years	23.1	22.9	21.2	20.7	21.1	20.0	19.4	18.9	17.57 – 20.32
25–29 years	21.0	19.9	19.6	19.1	17.7	17.6	17.0	15.5	14.64 – 16.42
30–34 years	14.0	13.6	14.0	13.9	13.7	13.3	14.0	14.0	13.11 – 14.85
35–44 years	17.4	18.4	18.6	18.9	19.3	19.5	19.2	19.5	18.57 – 20.45
45–64 years	21.6	21.0	22.8	23.7	23.6	25.0	25.8	26.7	25.65 – 27.68
65 years and over	2.9	4.3	3.8	3.7	4.7	4.5	4.6	5.5	4.95 – 6.07
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	...
Sex									
Male	52.4	51.4	51.8	50.9	50.3	50.4	50.7	49.8	49.05 – 50.57
Female	47.6	48.6	48.2	49.1	49.7	49.6	49.3	50.2	49.43 – 50.95
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	...
Education									
Some high school or less	15.8	15.5	16.0	16.6	15.4	15.6	15.2	15.2	14.20 – 16.22
High school graduate or GED[2]	27.2	27.7	28.9	26.7	28.1	27.8	28.2	27.1	25.97 – 28.23
Some post-high school, no degree	31.7	33.3	32.9	32.0	32.7	32.2	32.7	33.3	31.90 – 34.64
4-year college degree or higher	25.3	23.5	22.3	24.7	23.9	24.3	23.9	24.5	23.19 – 25.81
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	...

See footnotes at end of table.

Table 3. Percent distribution of selected demographic characteristics for adults living in wireless-only households, by date of interview: United States, July 2008–June 2012—Con.

Demographic characteristic	Calendar half-year								95% confidence interval[1]
	Jul–Dec 2008	Jan–Jun 2009	Jul–Dec 2009	Jan–Jun 2010	Jul–Dec 2010	Jan–Jun 2011	Jul–Dec 2011	Jan–Jun 2012	
	Percent distribution								
Employment status last week									
Working at a job or business	74.5	71.1	69.1	69.7	68.8	68.5	69.0	69.3	68.23 – 70.29
Keeping house	5.3	4.5	5.3	5.3	5.5	5.9	5.6	5.3	4.93 – 5.78
Going to school	3.7	4.6	4.4	4.3	4.7	4.2	4.0	4.3	3.73 – 4.96
Something else (incl. unemployed)	15.4	18.7	20.2	19.5	20.0	20.3	20.6	20.2	19.27 – 21.16
Unknown, not reported	*1.1	1.1	1.1	1.3	1.1	1.0	0.7	0.9	0.64 – 1.23
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	...
Household structure									
Adult living alone	23.6	22.1	21.9	19.9	20.0	18.7	19.8	18.9	17.73 – 20.10
Unrelated adults, no children	5.2	5.4	4.1	4.1	4.0	4.3	4.0	3.8	3.09 – 4.61
Related adults, no children	36.9	36.0	34.0	35.1	36.0	35.3	35.8	36.9	35.40 – 38.42
Adult(s) with children	34.3	36.4	40.0	40.9	40.0	41.7	40.5	40.4	38.78 – 42.11
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	...
Household poverty status[3]									
Poor	15.5	15.5	16.4	16.5	17.4	15.6	15.9	15.0	13.83 – 16.22
Near poor	16.8	17.9	18.5	19.8	18.6	17.7	18.2	17.7	16.68 – 18.86
Not poor	53.3	56.7	53.0	53.2	52.3	47.8	46.2	47.1	45.27 – 48.87
Unknown, not reported	14.4	10.0	12.2	10.6	11.7	18.8	19.8	20.2	18.87 – 21.62
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	...
Geographic region[4]									
Northeast	11.3	12.2	12.1	11.4	11.0	11.1	11.7	12.4	11.16 – 13.75
Midwest	26.0	23.9	26.0	24.0	24.7	24.9	25.2	24.5	22.49 – 26.61
South	41.1	43.8	39.5	42.3	40.2	40.5	39.9	40.4	38.31 – 42.43
West	21.6	20.1	22.4	22.3	24.1	23.5	23.3	22.8	21.16 – 24.44
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	...

See footnotes at end of table.

Table 3. Percent distribution of selected demographic characteristics for adults living in wireless-only households, by date of interview: United States, July 2008–June 2012—Con.

Demographic characteristic	Calendar half-year								95% confidence interval[1]
	Jul–Dec 2008	Jan–Jun 2009	Jul–Dec 2009	Jan–Jun 2010	Jul–Dec 2010	Jan–Jun 2011	Jul–Dec 2011	Jan–Jun 2012	
	Percent distribution								
Metropolitan statistical area status									
Metropolitan	85.1	83.3	83.7	83.2	82.7	82.8	82.3	83.9	81.88 – 85.81
Not metropolitan	14.9	16.7	16.3	16.8	17.3	17.2	17.7	16.1	14.19 – 18.12
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	...
Home ownership status[5]									
Owned or being bought	37.1	42.1	42.3	43.7	43.3	47.0	44.2	46.5	44.50 – 48.51
Renting	61.1	55.0	54.3	53.5	54.2	49.9	53.3	51.2	49.20 – 53.21
Other arrangement	1.8	2.9	3.3	2.8	2.5	3.0	2.5	2.3	1.90 – 2.78
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	...
Number of wireless-only adults in survey sample (unweighted)	4,426	5,078	9,401	8,659	9,228	11,872	12,350	13,724	...

... Category not applicable.

* Estimate has a relative standard error greater than 30% and does not meet National Center for Health Statistics (NCHS) standards for reliability.

[1]Refers to the time period January–June 2012.

[2]GED is General Educational Development high school equivalency diploma.

[3]Based on household income and household size using the U.S. Census Bureau's poverty thresholds. "Poor" persons are defined as those below the poverty threshold. "Near poor" persons have incomes of 100% to less than 200% of the poverty threshold. "Not poor" persons have incomes of 200% of the poverty threshold or greater. Early Release estimates stratified by poverty status are based on reported income only and may differ from similar estimates produced later that are based on both reported and imputed income. NCHS imputes income when income is unknown, but the imputed income file is not available until a few months after the annual release of National Health Interview Survey microdata. For households with multiple families, household income and household size were calculated as the sum of the multiple measures of family income and family size.

[4]In the geographic classification of the U.S. population, states are grouped into the following four regions used by the U.S. Census Bureau: *Northeast* includes Maine, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island, New York, New Jersey, and Pennsylvania. *Midwest* includes Ohio, Illinois, Indiana, Michigan, Wisconsin, Minnesota, Iowa, Missouri, North Dakota, South Dakota, Kansas, and Nebraska. *South* includes Delaware, Maryland, District of Columbia, West Virginia, Virginia, Kentucky, Tennessee, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Oklahoma, Arkansas, and Texas. *West* includes Washington, Oregon, California, Nevada, New Mexico, Arizona, Idaho, Utah, Colorado, Montana, Wyoming, Alaska, and Hawaii.

[5]For households with multiple families, home ownership status was determined by considering the reported home ownership status for each family. If any family reported owning the home, then the household-level variable was classified as "Owned or being bought" for all persons living in the household. If one family reported renting the home and another family reported "other arrangement," then the household-level variable was classified as "Other arrangement" for all persons living in the household.

NOTE: Data are based on household interviews of a sample of the civilian noninstitutionalized population.

DATA SOURCE: CDC/NCHS, National Health Interview Survey, July 2008–June 2012.

Table 4. Prevalence rates (and 95% confidence intervals) for selected measures of health-related behaviors, health status, health care service use, and health care access for adults aged 18 and over, by household telephone status: United States, January–June 2012

Measure	Household telephone status		
	Landline[1]	Wireless-only	Phoneless
	Percent (95% confidence interval)		
Health-related behaviors			
Five or more alcoholic drinks in 1 day at least once in past year[2]	17.5 (16.41–18.54)	30.5 (28.85–32.14)	24.5 (19.17–30.65)
Current smoker[3]	14.5 (13.48–15.51)	24.3 (22.80–25.81)	20.8 (15.58–27.20)
Engaged in regular leisure-time physical activity[4]	35.7 (34.23–37.11)	40.1 (38.31–41.93)	41.9 (35.30–48.88)
Health status			
Health status described as excellent or very good[5]	59.3 (57.89–60.75)	62.2 (60.63–63.80)	65.0 (58.43–70.96)
Experienced serious psychological distress in past 30 days[6]	2.8 (2.34–3.25)	3.5 (2.97–4.14)	*3.0 (1.65–5.38)
Obese (adults aged 20 and over)[7]	28.6 (27.31–29.93)	29.3 (27.77–30.95)	21.8 (16.68–27.90)
Asthma episode in past year[8]	4.3 (3.77–4.86)	4.6 (3.88–5.36)	*4.1 (2.07–8.15)
Ever diagnosed with diabetes[9]	10.8 (10.06–11.56)	6.4 (5.69–7.19)	6.1 (3.53–10.33)
Health care service use			
Received influenza vaccine during past year[10]	44.4 (43.09–45.82)	27.6 (26.01–29.16)	31.3 (24.98–38.37)
Ever been tested for HIV[11]	29.7 (28.53–30.93)	42.4 (40.75–44.16)	40.9 (34.17–47.95)
Health care access			
Has a usual place to go for medical care[12]	88.0 (87.05–88.98)	72.4 (70.86–73.97)	70.3 (64.48–75.61)
Failed to obtain needed medical care in past year due to financial barriers[13]	6.0 (5.44–6.62)	12.2 (11.22–13.25)	8.4 (5.69–12.36)
Currently uninsured (adults aged 18–64)[14]	15.1 (13.95–16.36)	27.9 (26.03–29.80)	31.7 (25.02–39.15)
Number of adults in survey sample (unweighted)	9,984	6,546	361

* Estimate has a relative standard error greater than 30% and does not meet National Center for Health Statistics (NCHS) standards for reliability.

[1]Includes households that also have wireless telephone service.

[2]A year is defined as the 12 months prior to interview. The analyses excluded adults with unknown alcohol consumption (about 2% of respondents each year).

[3]A person who had smoked more than 100 cigarettes in his or her lifetime and now smokes every day or some days. The analyses excluded persons with unknown smoking status (about 1% of respondents each year).

[4]Regular leisure-time physical activity is defined as engaging in light-moderate leisure-time physical activity for greater than or equal to 30 minutes at a frequency greater than or equal to five times per week, or engaging in vigorous leisure-time physical activity for greater than or equal to 20 minutes at a frequency greater than or equal to three times per week. Persons who were known to have not met the frequency recommendations are classified as "not regular," regardless of duration. The analyses excluded persons with unknown physical activity participation (about 3% of respondents each year).

[5]Health status data were obtained by asking respondents to assess their own health and that of family members living in the same household as excellent, very good, good, fair, or poor. The analyses excluded persons with unknown health status (about 0.5% of respondents each year).

[6]Six psychological distress questions are included in the National Health Interview Survey. These questions ask how often during the past 30 days a respondent experienced certain symptoms of psychological distress (feeling so sad that nothing could cheer you up, nervous, restless or fidgety, hopeless, worthless, that everything was an effort). The response codes (0–4) of the six items for each person were equally weighted and summed. A value of 13 or more for this scale indicates that at least one symptom was experienced "most of the time" or "all of the time" and is used here to define serious psychological distress.

[7]Obesity is defined as a body mass index (BMI) of 30 kg/m^2 or more. The measure is based on self-reported height and weight. The analyses excluded people with unknown height or weight (about 4% of respondents each year). Estimates of obesity are presented for adults aged 20 and over because the Healthy People 2020 objectives (http://www.healthypeople.gov) for healthy weight among adults define adults as persons aged 20 and over.

[8]Information on an episode of asthma or an asthma attack during the past year is self-reported by adults aged 18 and over. A year is defined as the 12 months prior to interview. The analyses excluded people with unknown asthma episode status (about 0.3% of respondents each year).

[9]Prevalence of diagnosed diabetes is based on self-report of ever having been diagnosed with diabetes by a doctor or other health professional. Persons reporting "borderline" diabetes status and women reporting diabetes only during pregnancy were not coded as having diabetes in the analyses. The analyses excluded persons with unknown diabetes status (about 0.1% of respondents each year).

[10]Receipt of flu shots and receipt of nasal spray flu vaccinations were included in the calculation of flu vaccination estimates. Responses to these two flu vaccination questions do not indicate when the subject received the flu vaccination during the 12 months preceding the interview. In addition, estimates are subject to recall error, which will vary depending on when the question is asked because the receipt of a flu vaccination is seasonal. The analyses excluded those with unknown flu vaccination status (about 1% of respondents each year).

[11]Individuals who received human immunodeficiency virus (HIV) testing solely as a result of blood donation were considered not to have been tested for HIV. The analyses excluded those with unknown HIV test status (about 4% of respondents each year).

[12]Does not include a hospital emergency room. The analyses excluded persons with an unknown usual place to go for medical care (about 0.6% of respondents each year).

[13]A year is defined as the 12 months prior to interview. The analyses excluded persons with unknown responses to the question on failure to obtain needed medical care due to cost (about 0.5% of respondents each year).

[14]A person was defined as uninsured if he or she did not have any private health insurance, Medicare, Medicaid, Children's Health Insurance Program (CHIP), state-sponsored or other government-sponsored health plan, or military plan at the time of interview. A person was also defined as uninsured if he or she had only Indian Health Service coverage or had only a private plan that paid for one type of service, such as accidents or dental care. The data on health insurance status were edited using an automated system based on logic checks and keyword searches. The analyses excluded persons with unknown health insurance status (about 1% of respondents each year).

NOTE: Data are based on household interviews of a sample of the civilian noninstitutionalized population.

DATA SOURCE: CDC/NCHS, National Health Interview Survey, January–June 2012.

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Table 5. Percentage of adults living in wireless-mostly households, by selected demographic characteristics and calendar half-years: United States, July 2008–June 2012

Demographic characteristic	Calendar half-year								95% confidence interval[1]
	Jul–Dec 2008	Jan–Jun 2009	Jul–Dec 2009	Jan–Jun 2010	Jul–Dec 2010	Jan–Jun 2011	Jul–Dec 2011	Jan–Jun 2012	
	Percent								
Total	15.4	16.2	16.3	17.7	17.4	18.2	17.8	17.6	16.75 – 18.41
Race/ethnicity									
Hispanic or Latino, any race(s)	15.9	18.0	16.9	19.7	17.2	16.3	17.0	16.1	14.65 – 17.63
Non-Hispanic white, single race	14.9	15.6	16.1	17.2	17.2	18.4	17.9	17.6	16.54 – 18.68
Non-Hispanic black, single race	14.7	15.0	16.2	17.5	16.2	18.4	17.1	17.6	15.91 – 19.42
Non-Hispanic Asian, single race	20.3	19.6	18.5	20.8	22.5	21.0	20.3	21.5	18.76 – 24.43
Non-Hispanic other, single race	15.5	22.9	*16.1	*12.3	23.8	17.6	15.6	15.1	10.49 – 21.28
Non-Hispanic multiple race	24.2	22.5	18.2	21.0	20.7	16.1	21.7	18.7	14.61 – 23.57
Age									
18–24 years	18.8	20.0	19.9	21.4	18.7	20.1	18.9	20.1	18.42 – 21.94
25–29 years	18.3	17.7	16.4	17.4	16.8	16.3	15.8	15.0	13.25 – 16.93
30–44 years	19.0	20.3	19.5	21.2	21.6	21.9	21.2	20.7	19.46 – 22.09
45–64 years	15.4	16.5	17.5	19.0	18.9	19.8	19.9	19.3	18.31 – 20.33
65 years and over	4.9	5.3	6.3	7.0	7.1	8.9	8.9	8.9	7.93 – 10.00
Sex									
Male	15.4	16.2	16.5	18.1	17.8	18.5	18.3	17.9	16.94 – 18.89
Female	15.2	16.1	16.2	17.4	17.1	17.9	17.3	17.3	16.48 – 18.06
Education									
Some high school or less	9.8	12.1	11.5	12.0	12.1	12.9	11.7	11.9	10.77 – 13.16
High school graduate or GED[2]	13.2	13.7	14.2	16.0	15.3	16.6	15.7	15.5	14.42 – 16.62
Some post-high school, no degree	18.6	17.7	18.1	20.1	18.9	20.0	19.4	19.1	17.90 – 20.36
4-year college degree or higher	18.0	19.7	19.7	20.3	21.3	21.1	21.4	21.0	19.70 – 22.38
Employment status last week									
Working at a job or business	18.4	19.5	19.7	20.8	20.5	21.6	20.9	20.6	19.59 – 21.74
Keeping house	11.9	12.7	15.1	14.5	16.7	14.9	16.6	15.5	13.76 – 17.38
Going to school	21.5	21.1	21.7	23.5	24.4	23.5	20.0	23.7	20.66 – 26.93
Something else (incl. unemployed)	7.8	9.0	9.0	11.5	10.2	11.3	11.4	10.8	10.03 – 11.64

See footnotes at end of table.

Table 5. Percentage of adults living in wireless-mostly households, by selected demographic characteristics and calendar half-years: United States, July 2008–June 2012—Con.

Demographic characteristic	Calendar half-year								95% confidence interval[1]
	Jul–Dec 2008	Jan–Jun 2009	Jul–Dec 2009	Jan–Jun 2010	Jul–Dec 2010	Jan–Jun 2011	Jul–Dec 2011	Jan–Jun 2012	
	Percent								
Household structure									
Adult living alone	12.2	10.0	10.6	10.1	9.5	10.2	10.1	10.2	9.18 – 11.36
Unrelated adults, no children	21.3	13.9	15.5	13.4	13.4	*15.6	10.3	13.0	8.08 – 20.14
Related adults, no children	13.2	14.7	15.0	15.7	15.8	17.2	16.9	16.2	15.18 – 17.35
Adult(s) with children	19.2	20.5	20.2	23.3	22.7	22.8	22.5	22.4	21.20 – 23.67
Household poverty status[3]									
Poor	9.5	11.0	10.0	11.0	10.2	10.5	8.8	10.8	9.07 – 12.71
Near poor	11.3	12.0	12.7	12.6	13.8	13.3	13.5	11.1	9.90 – 12.52
Not poor	18.2	18.8	19.2	20.8	20.4	21.6	21.9	21.5	20.36 – 22.60
Geographic region[4]									
Northeast	12.0	15.3	14.9	17.1	18.5	19.5	17.9	18.9	17.01 – 20.97
Midwest	13.2	14.6	14.7	17.5	16.3	17.7	16.6	15.5	13.88 – 17.33
South	16.2	16.7	17.3	18.1	17.2	18.0	17.7	17.3	15.83 – 18.84
West	18.7	17.7	17.7	17.8	18.0	18.1	19.1	18.9	17.59 – 20.31
Metropolitan statistical area status									
Metropolitan	15.8	16.9	16.8	18.0	17.8	18.4	18.2	17.9	17.01 – 18.74
Not metropolitan	13.4	13.5	14.5	16.5	16.1	17.3	16.4	16.4	14.16 – 18.88
Home ownership status[5]									
Owned or being bought	15.9	17.2	17.5	19.6	19.4	20.0	19.9	19.9	18.82 – 20.96
Renting	13.0	13.9	13.6	13.9	13.0	13.9	13.5	12.7	11.64 – 13.73
Other arrangement	24.6	13.8	15.8	10.8	15.6	20.0	11.7	13.8	10.50 – 17.88
Number of adults in survey sample who live in landline households with wireless telephones (unweighted)	14,816	14,886	24,904	20,610	18,357	21,626	20,184	21,100	...

* Estimate has a relative standard error greater than 30% and does not meet National Center for Health Statistics (NCHS) standards for reliability.

... Category not applicable.

[1]Refers to the time period January–June 2012.

[2]GED is General Educational Development high school equivalency diploma.

[3]Based on household income and household size using the U.S. Census Bureau's poverty thresholds. "Poor" persons are defined as those below the poverty threshold. "Near poor" persons have incomes of 100% to less than 200% of the poverty threshold. "Not poor" persons have incomes of 200% of the poverty threshold or greater. Early Release estimates stratified by poverty status are based on reported income only and may differ from similar estimates produced later that are based on both reported and imputed income. NCHS imputes income when income is unknown, but the imputed income file is not available until a few months after the annual release of National Health Interview Survey microdata. For households with multiple families, household income and household size were calculated as the sum of the multiple measures of family income and family size.

[4]In the geographic classification of the U.S. population, states are grouped into the following four regions used by the U.S. Census Bureau: *Northeast* includes Maine, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island, New York, New Jersey, and Pennsylvania. *Midwest* includes Ohio, Illinois, Indiana, Michigan, Wisconsin, Minnesota, Iowa, Missouri, North Dakota, South Dakota, Kansas, and Nebraska. *South* includes Delaware, Maryland, District of Columbia, West Virginia, Virginia, Kentucky, Tennessee, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Oklahoma, Arkansas, and Texas. *West* includes Washington, Oregon, California, Nevada, New Mexico, Arizona, Idaho, Utah, Colorado, Montana, Wyoming, Alaska, and Hawaii.

[5]For households with multiple families, home ownership status was determined by considering the reported home ownership status for each family. If any family reported owning the home, then the household-level variable was classified as "Owned or being bought" for all persons living in the household. If one family reported renting the home and another family reported "other arrangement," then the household-level variable was classified as "Other arrangement" for all persons living in the household.

NOTE: Data are based on household interviews of a sample of the civilian noninstitutionalized population.

DATA SOURCE: CDC/NCHS, National Health Interview Survey, July 2008–June 2012.

PUBLIC UTILITIES COMMISSION
STATE OF COLORADO

In the Matter of Commission Consideration Of Effective Competition Areas and the Classification of Basic Local Exchange Service Pursuant to 4 CCR 723-2-2213	))))	Proceeding Number 13M-0422T

ANSWER TESTIMONY AND EXHIBITS OF SUSAN M. BALDWIN
ON BEHALF OF AARP

Colorado PUC E-Filings System

Filed: December 6, 2013

NOTICE OF CONFIDENTIALITY: A PORTION OF THE TESTIMONY AND/OR EXHIBITS IS CONFIDENTIAL AND HAS BEEN FILED UNDER SEAL PURSUANT TO 4 CCR 723-1-1100, RULES RELATING TO THE CLAIM OF CONFIDENTIALITY OF INFORMATION SUBMITTED TO THE COLORADO PUBLIC UTILITIES COMMISSION.

share statewide, across all demographics, can be misleading. If the Commission were to consider specifically those households over 65, it is unlikely that Centris' approximate one-third market share estimate would apply.

Q: Please elaborate.

A: According to the Centris data, approximately 38% of Colorado households are wireless only.[20] This estimate is consistent with the CDC study estimate that nationally approximately 36.5% of adults live in wireless-only households.[21] However, as I stated earlier, unlike the general population, a mere 11% of those 65 and older are wireless only. Thus, if we shift the 27 percentage points (38 minus 11) back to CenturyLink QC for this age group, CenturyLink QC's Colorado market share for this population would be 60% (33% plus 27%). Furthermore, based on the Pew broadband Internet access data that I describe below, Centris' estimate that 22% of households rely on their cable companies for voice likely greatly overstates the percent of elderly households that do so. Thus, it is plausible, indeed likely, that CenturyLink serves even more than 60% of households that are 65 and older.

Q: Are you asserting that the elderly do not value new technology?

A: Absolutely not! Increasingly, the elderly rely on and benefit from advanced telecommunications services. All the same, their migration from CenturyLink QC's

[20] *Id.*, Table FDS-1.

[21] Stephen J. Blumberg, Ph.D., and Julian V. Luke, Division of Health Interview Statistics, National Center for Health Statistics, Centers for Disease Control and Prevention, *Wireless Substitution: Early Release of Estimates From the National Health Interview Survey,* July - December 2012, rel. June 18, 2013, at 1.

1 voice service has not occurred to the same degree as has the migration of other
2 customers. "Traditional" local exchange service has proven to be more reliable during
3 extreme weather conditions than VoIP-based services (which require battery back-ups)
4 and wireless service (which require power to charge phones and can also suffer cell tower
5 outages).[22] Those with medical conditions and those who are isolated may particularly
6 value the reliability and affordability of CenturyLink QC's local service. For this reason,
7 the Centris data, while interesting, does not accurately capture the consumer demand of
8 the elderly.

9 **Q: Do you have other concerns with Staff's reliance on Centris market share data?**

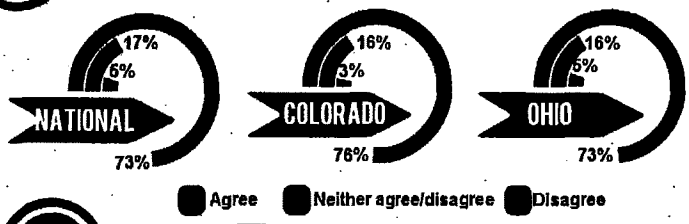
10 A: Yes. The Centris market share data does not correspond with the stand-alone voice
11 product market. In approximately one out of ten instances, cable companies provide
12 consumers a VoIP-based voice service as a stand-alone product – the other approximate
13 90% of the instances cable companies provide their voice service as part of a bundle of
14 Internet access and voice ("double-play") or as part of a bundle of Internet access,

[22] In October 2012, Hurricane Sandy hit the Northeast and illustrated the fragile nature of the country's communications networks. Roughly one in four cell towers were inoperable during Superstorm Sandy. Jennifer Martinez, "House Dems push for hearing on Sandy's effect on communications networks," *Hillicon Valley (The Hill's Technology Blog)*, November 19, 2012, available at: http://thehill.com/blogs/hillicon-valley/technology/268741-house-dems-call-for-hearing-on-affect-hurricane-sandy-had-on-communications-networks. On September 26, 2013 the FCC released a Notice of Proposed Rulemaking proposing to adopt a requirement that wireless providers publically disclose the percentage of cell sites that are operational on their network during and after disasters. In the Matter of Improving the Resiliency of Mobile Wireless Communications Networks; Reliability and Continuity of Communications Networks, Including Broadband Technologies, PS Docket Nos. 13-239; 11-60, *Notice of Proposed Rulemaking*, rel. September 27, 2013, at para. 1. The service disruptions were not evenly distributed among wireless carriers in the aftermath of Superstorm Sandy, leading to the FCC's conclusion that "operational choices and practices of different mobile wireless service providers may account for much of this variation." *Id.*, at para. 3.

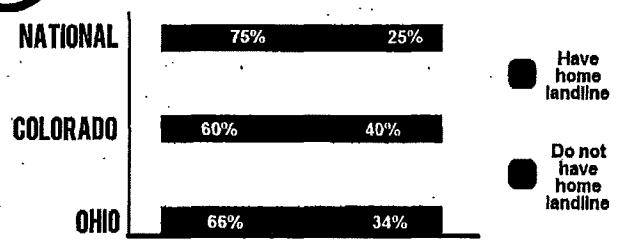
Stance on Landlines Among the 40+: Nationally, Colorado, & Ohio

Many older Americans have landlines and want consumer protections for landline phone services.

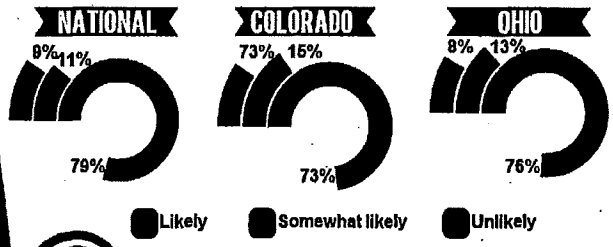
STANCE ON PROTECTIONS FOR LANDLINE SERVICES



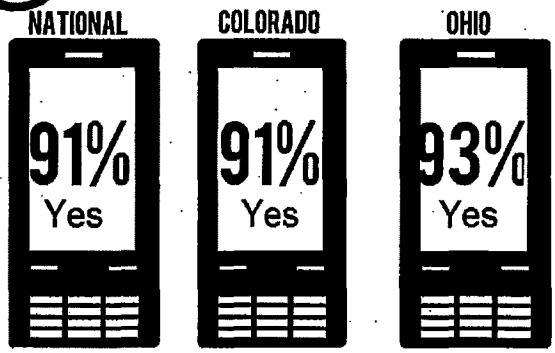
LANDLINE TELEPHONES AT HOME



LIKELIHOOD OF DISCONNECTING LANDLINE



PERCENTAGE OF WIRELESS PHONE USERS



Sources:

2013 AARP Survey of Americans Age 40+, 2013 AARP Survey of Colorado Residents Age 40+, 2013 AARP Survey of Ohio Residents Age 40+

Contact Jen Sauer AARP Research, jsauer@aarp.org for more information.

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The New York Times

Are Potential Cable Mergers Good for Consumers?

By DAVID GELLES

January 14, 2014, 2:32 pm

With the specter of consolidation looming over the cable operator industry, eyes are already turning to Washington, where regulators are bound to look closely at the antitrust issues surrounding any potential merger.

On Monday, Charter Communications made public a proposal to acquire Time Warner Cable with a mix of cash and stock. Should it succeed, Charter would take on Time Warner Cable's 12.2 million television subscribers. Combined with Charter's existing 4.2 million subscribers, it would then become the third-largest provider of television services in the United States, behind Comcast and DirecTV, according to data from the National Cable & Telecommunications Association.

A base of 16.4 million subscribers alone is enough to get the attention of regulators. But Charter has competition in its pursuit of Time Warner Cable.

Related Links

- Big Fees for Advisers if Charter Wins Over Time Warner Cable

Comcast, the largest cable operator, is considering a bid as well. A combination of Comcast and Time Warner Cable would bring together

two of the largest cable operators in the country, creating a powerhouse with 34.2 million television subscribers.

Antitrust regulators are understandably skeptical about allowing big companies to get bigger. However, there are reasons why Charter, or even Comcast, might be able to prevail in its pursuit of Time Warner Cable.

Cable operators make two arguments in favor of consolidation. The first is that broadcast and cable networks are demanding ever higher fees for their programming. Cable operators are being forced to pay up, and the consumer is getting hit with higher cable bills. A bigger company would potentially have more bargaining power, and cable operators argue that they will be have more leverage with the programmers, allowing them to keep costs down and save consumers money.

Perhaps. But a more compelling argument made by the cable operators is that while there are a few big companies that dominate the market, they have very little overlap when it comes to customers. In most markets, consumers don't have a choice between Comcast, Time Warner Cable or Charter, or even two of those three. In fact, most big markets have only one of these available, which might compete against other telecommunications firms, like Verizon and AT&T, and the satellite operators DirecTV and Dish Network.

It's a point neatly visualized in new illustrations provided by Mosaik Solutions, a research firm. In the maps below, Mosaik compares the footprint of Time Warner Cable with that of Charter, and in another map, with Comcast. Charter and Time Warner Cable overlap only slightly, with pockets in Texas, Wisconsin, North Carolina and New York. Comcast and Time Warner Cable appear not to overlap at all.

This suggests that while antitrust officials will no doubt take a hard look at any consolidation in the cable industry, they will be hard pressed to suggest a merger between Time Warner Cable and either of its two main

suitors will hurt consumer choice.

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Level 3, tw telecom, other CLECs step up to Ethernet plate

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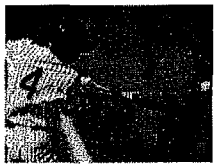
By Sean Buckley

If there is one word to describe the competitive local exchange carriers (CLEC) providing Ethernet services it would be "diverse."



Take a look at our featured CLECs' metrics. (*Image source: iStockPhoto*)

Every one of the seven players in this third installment of our Ethernet ecosystem series approaches Ethernet from a different angle.

While some players like tw telecom (Nasdaq: TWTC) and XO Communications took early bets on delivering Ethernet to medium and large businesses, others like Integra really started to make their name in Ethernet over the past three years as they migrated from a small to medium business (SMB) focus toward delivering services to larger businesses.

"There are a lot of different types of companies," said Rosemary Cochran, principal of Vertical Systems Group in an interview with *FierceTelecom*. "It's not as homogenous as the cable companies and incumbents because they came from different places and different models."

CLECs may be a diverse lot in the Ethernet service ecosystem, but their presence is centered on giving medium and large businesses an alternative source that can provide more hands-on attention than they have gotten from larger incumbents.

Here's a breakdown of the performance of the seven CLECs delivering Ethernet:

- **tw telecom:** The provider took an early bet on Ethernet at a time when most traditional service providers were stuck on delivering traditional T1 and Frame Relay (FR) services. Already present in over 75 markets with a deep set of metro fiber assets, tw telecom has seen consistent Ethernet growth every quarter. In Q4 2012, the CLEC reported that data and Internet services revenues increased 4.6 percent sequentially to $197.8 million as the result of growth in strategic Ethernet and VPN-based product sales.

Some of the differentiators tw telecom brings to the table are its one-to-

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many national Ethernet interconnection solution and its Dynamic Capacity capabilities. The one-to-many feature enables other competitive providers to instantly expand their out-of-region Ethernet and network reach, while the Dynamic Capacity product allows existing customers to dial up bandwidth as needed.

Supporting its Ethernet service base is a growing set of on-net building assets. As of the end of Q4 2012, tw telecom had a total of 17,948 buildings served by its fiber network, reflecting what it says was "an increase of 497 from ongoing success-based investments in addition to an increase of 532 previously connected buildings that were identified during an alignment of key operating systems in 2012."

- **Level 3 Communications:** Although Level 3 (NYSE: LVLT) has a lead over XO Communications in the CLEC Ethernet race, Cochran said it is in a "real dead heat" with XO. Already a well-established fiber-based Ethernet provider, Level 3 expanded its Ethernet and VPN service presence by acquiring Global Crossing. Level 3 also enables its switched Ethernet offering with its MPLS/IP VPN or its Ethernet Private Line solution.

  During Q4 2012, the provider's Core Network Services (CNS) revenue grew 1.8 percent sequentially and 4.7 percent year-over-year to $1.42 billion, while Enterprise CNS revenue rose by 2.2 percent sequentially and 7.8 percent year-over-year to $911 million from $889 million and $851 million respectively.

- **XO Communications:** XO built greater metro Ethernet presence through a mix of fiber-based Ethernet and Ethernet over Copper (EoC). On the fiber-based Ethernet side, the service provider has over 3,000 buildings on-net. Last fall, the service provider made its biggest push when it introduced a 100 Mbps EoC access speed and expanded its nationwide Ethernet access network to almost 2 million business locations. In addition to deploying its own network facilities, XO has external network-to-network interface (E-NNI) agreements with various traditional carriers and cable companies.

  Looking toward the rest of 2013 and 2014, XO plans to start offering an asymmetric Ethernet service tentatively at the end of the year. "Everything we have focused on so far has been symmetrical services, but one thing we're looking at is some asymmetrical services," said Sam Koetter, senior product manager for XO, in an interview with *FierceTelecom*. "It would be something like 20 Mbps down and 3 Mbps up at a much lower price than our current symmetrical service."

- **Cogent:** Touting itself as the low-cost Ethernet provider, Cogent (Nasdaq: CCOI) has been primarily focused on providing dedicated Internet access (DIA). Similar to other competitive providers, Cogent continues to enhance its reach, adding 35 new on-net buildings in Q4 2012, ending the quarter with a total of 1,867 on-net buildings. Cogent added 35 new on-net buildings in Q4 2012 and ended the quarter with a total of 1,867 on-net buildings, up from 1,832 buildings in Q3 2012. On-net service is provided to customers that are located in buildings physically connected to Cogent's network.

- **Zayo:** This provider's Ethernet story has been about aggressive buildout of its fiber networks through organic efforts and acquisitions along key routes in Washington, D.C. and the Southern states. One of its largest acquisitions was AboveNet in 2012, a competitive provider focused on providing higher-end bandwidth solutions to market segments such as the financial industry and the research and education arenas. By acquiring AboveNet, Zayo expanded its fiber footprint and service portfolio, and gained a set of sales people to sell retail Ethernet services.

  This is a bit of a change in strategy for Zayo, as it was initially focused on

Mobile subscribers tend to [illegible] the overall quality of their broadband network based on their video viewing experience. What influences video delivery quality over mobile data networks? It's not just about bandwidth. Is it the device? Is it the video container? Find Out by Downloading the Report Now: Click here.

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selling wholesale services. "Zayo is well positioned because they have picked up the AboveNet customer base, including financial companies," Cochran said. Besides AboveNet, it purchased four other regional fiber-centric service providers--FiberGate, First Communications, Litecast, and USCarrier--and increased net installations. These moves enabled Zayo to expand its fiber footprint in the Washington, D.C., area, the Southeast, the Northeast and Midwest.

- **Reliance Globalcom:** Leveraging the assets it purchased from Yipes, Vanco and the FLAG submarine cable system, Reliance Globalcom has points of presence (PoPs) in 37 countries, enabling it to deliver Ethernet and other services to larger multinational corporations (MNCs). Reliance Globalcom is an attractive alternative, especially to MNCs that need connectivity outside of the United States into other countries in Asia Pacific, Europe, India and the Middle East. It has over 750 local service provider partners in more than 123 countries worldwide, meaning that an MNC can get broad coverage.

  Over its diverse set of submarine cable and terrestrial assets, Reliance delivers six main Ethernet services: Ethernet private line (EPL), Ethernet private line point-to-multipoint (EPL P2MP), managed premium Internet (MPI), multiprotocol label switching virtual private network (MPLS VPN), global Ethernet and global Ethernet virtual private line service (VPLS).

- **Integra:** Serving primarily the small to medium business (SMB) market for much of its 13-year existence, Integra has realigned its focus to pursue larger business accounts over the past two years. As its appeal has grown amongst larger customers as a solutions provider with various IP products, the CLEC rebranded itself as "Integra," dropping "Telecom" from its name.

  Under the leadership of Level 3 co-founder Kevin O'Hara, the CLEC has continually extended its on-net fiber building footprint to reach a larger set of medium-sized customers such as local government and hospitals.

  Complementing its growing base of on-net fiber-based Ethernet, Integra has aggressively expanded the rate and reach of its EoC network. Last fall, Integra introduced a 60 Mbps symmetrical EoC service, extending Ethernet service into areas that it can't currently can't reach with fiber. Offering double the capacity of its previous 30 Mbps offering, its 60 Mbps EoC service is available throughout its 11-state network. With EoC, Integra said it can reach over 400,000 businesses and is carried over its fiber-fed local service offices (LSOs) that are linked to the company's fiber backbone.

Take a look at these CLECs' metrics in the following chart.

Also, please check out the other reports in our Ethernet ecosystem series: **EoC makes a new dent in Ethernet market** and **Cable MSOs: A phoenix rising in the Ethernet industry.**

Chart: Ethernet providers in the CLEC segment

NEXT

Filed Under Carrier Ethernet, Clec, Cogent, Evpl, Integra Telecom, tw telecom, Xo Communications, Zayo

COMMENTS

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

The Utility Reform Network, Complainant vs. Pacific Bell Telephone Company D/B/A/ AT&T California (U1001C); AT&T Communications of California, Inc. (U5002C), Defendant.	C. 13/2005

COMPLAINT OF THE UTILITY REFORM NETWORK
REGARDING BASIC SERVICE RATES
OF AT&T CALIFORNIA
(Public Utilities Code Section 1702;
Commission Rule of Practice and Procedure 4.1(b))

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December 6, 2013

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COMPLAINT OF THE UTILITY REFORM NETWORK REGARDING BASIC SERVICE RATES OF AT&T CALIFORNIA

1. Pursuant to Public Utilities Code Section 1702 and Rule 4.1(b) of the Commission's Rules of Practice and Procedure, The Utility Reform Network (TURN) hereby brings this Complaint regarding the unreasonable basic exchange service rates of Pacific Bell Telephone Company D/B/A/ AT&T California (U1001C) and AT&T Communications of California (U5002C) (collectively AT&T). In accordance with Section 1702 and Rule 4.1(b), attached to this complaint as Appendix A are the signatures of more than 25 current consumers of AT&T's basic exchange services in support of this Complaint.

I. SUMMARY OF COMPLAINT

A. Basis of Complaint

2. TURN is compelled to bring this complaint because of the dramatic increases to the rates for AT&T's residential flat and measured rate basic exchange service (collectively "basic exchange services" or "basic services") since the Commission has begun relying on market forces to constrain AT&T's rates. Traditionally the incumbent local exchange carrier ("ILEC") with the lowest residential basic service rates in California, AT&T's rates have now skyrocketed to the highest levels of all ILECs, as shown in Table 1.

Table 1: Current ILEC Basic Rates[1]

Carrier	Flat Rate	Measured Rate
AT&T	$23.00	$18.35
Verizon	$22.00	$13.40
SureWest	$19.99	$13.99
Frontier	$19.00	$13.25
A Fund carriers[2]	$20.25	Varies

[1] The rates shown exclude additional charges for exchanges with extended area service ("EAS") increments. The Verizon rates are the highest rates for its non-EAS exchanges.

3. As shown in Figures 1 and 2 below, in the two years since AT&T began enjoying full deregulation of basic service rates on January 1, 2011, AT&T's flat and measured service rates have increased 40% and 73% respectively. And since January 1, 2009, when the Commission granted major increases to the price caps for ILEC basic service rates, AT&T's flat and measured service rates have increased a striking 115% and 222% respectively. These increases to AT&T's basic rates all flow from the Commission determination in Decision (D.) 06-08-030 that competitive forces could be relied upon to keep ILEC basic rates at just and reasonable levels.

[*Continue Next Page*]

[2] In this chart, "A Fund" refers to those carriers that draw subsidy funding from the California High Cost Fund-A. These carriers are incumbent local exchange carriers, regulated by a rate of return framework, that serve smaller, higher cost service areas in the state not served by the four largest incumbent carriers.

4. Competitive forces are not imposing sufficient constraints to ensure that AT&T's basic service rates meet the requirement of Public Utilities Code Section 451[3] that "all charges demanded or received" by a public utility such as AT&T "shall be just and reasonable." (Emphasis added.) AT&T's basic service rates fail to meet the just and reasonable standard for at least the following reasons:

- AT&T is the largest California carrier serving the largest urban areas of the state, AT&T traditionally has had the lowest, cost-based regulated rates of any of the four biggest ILECs in the state, as shown by the 2006-2008 rates in Figures 1 and 2. Now, after deregulation, AT&T's basic rates have skyrocketed to the highest levels in California – higher even than SureWest and Frontier, whose cost-based regulated rates used to be the highest of the four carriers. AT&T's flat and measured rates now surpass SureWest's by 15% and 31% respectively and exceed Frontier's flat and measured rates by 21% and 39% respectively.
- AT&T's current $23.00 rate for flat service has also shot above the current regulated rate of $20.25 for carriers who wish to obtain funding from the California High Cost Fund A ("A Fund"). Traditionally, in recognition of their high cost service territories, A Fund carriers were required to charge much higher rates than AT&T -- 150% of AT&T's rates -- for their residential flat services. Now, it is AT&T that is imposing the highest rates.
- AT&T's rate increases dramatically outpace the rate of inflation. In just four years after rate deregulation began, AT&T's flat and measured rates increased 115% and 222%, respectively, even though the aggregate increase in the consumer price index ("CPI") was just 7%.[4] And, since AT&T was given full pricing freedom on January 1, 2011, its flat

[3] Statutory references are to the Public Utilities Code, unless otherwise indicated.
[4] Based on the percentage increase in the annual average CPI-U index from 215.303 in 2008 to 229.594 in 2012, equal to 6.6%.

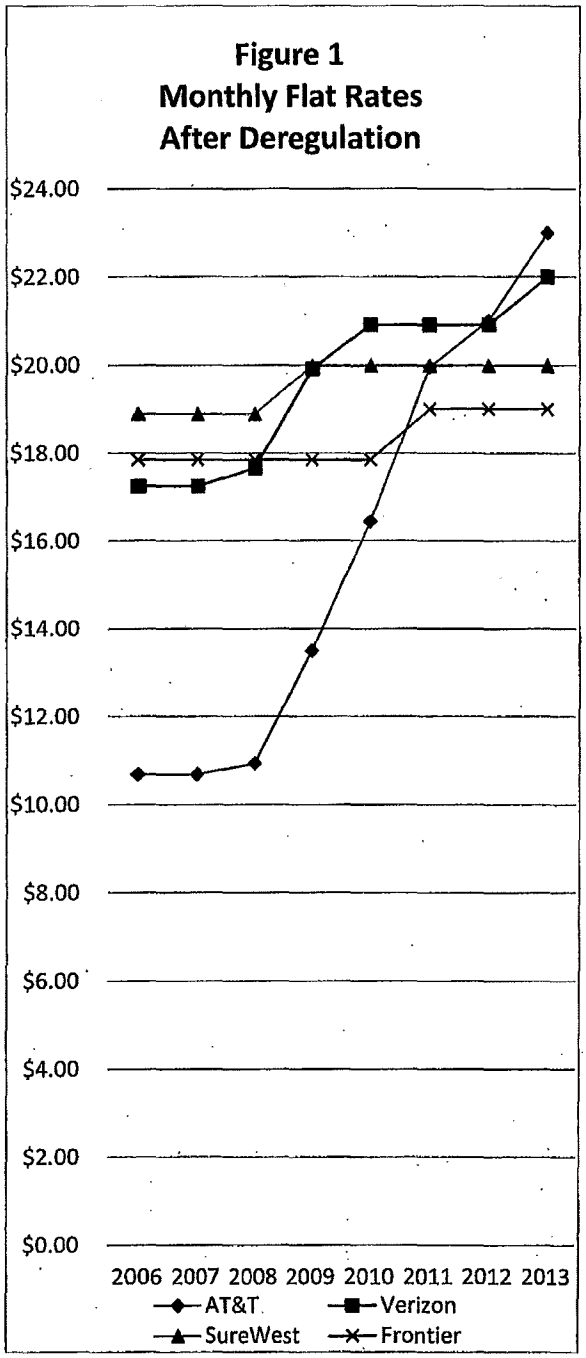
Figure 1
Monthly Flat Rates
After Deregulation
$24.00
$22.00
$20.00
$18.00
$16.00
$14.00
$12.00
$10.00
$8.00
$6.00
$4.00
$2.00
$0.00
2006 2007 2008 2009 2010 2011 2012 2013
AT&T
Verizon
SureWest
Frontier

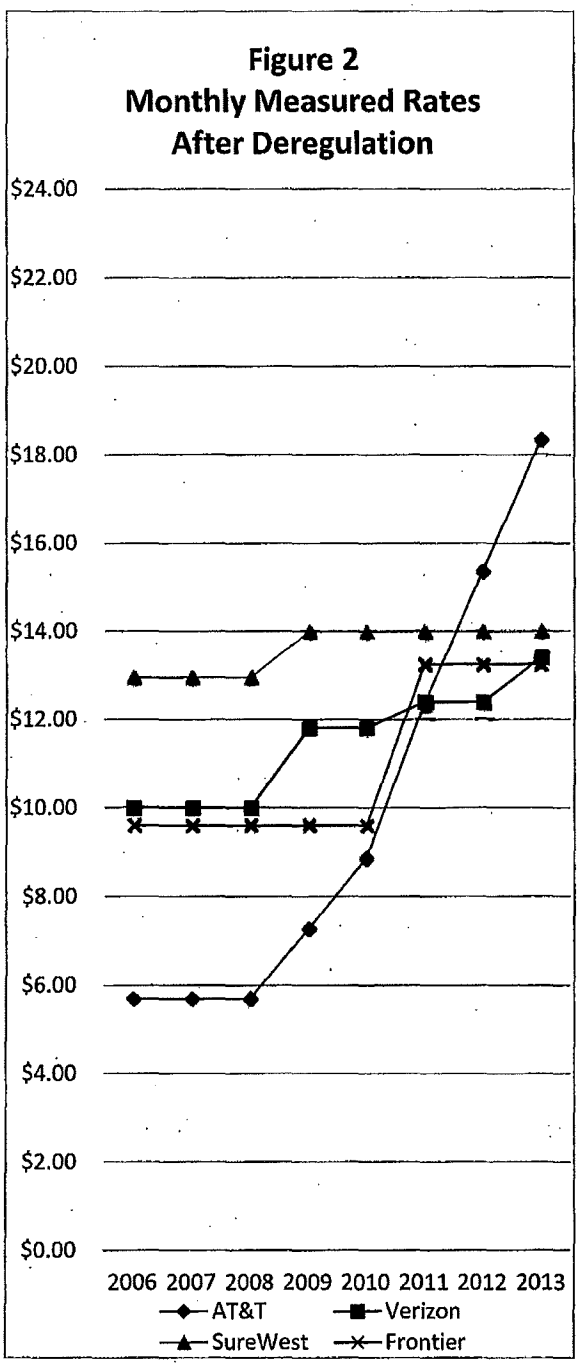
Figure 2
Monthly Measured Rates
After Deregulation
$24.00
$22.00
$20.00
$18.00
$16.00
$14.00
$12.00
$10.00
$8.00
$6.00
$4.00
$2.00
$0.00
2006 2007 2008 2009 2010 2011 2012 2013
AT&T
Verizon
SureWest
Frontier

and measured rates have increased by 40% and 73%, as compared to aggregate inflation in that two-year period of just 5%.[5]

5. In D.06-08-030, the Commission pledged to "remain vigilant" in monitoring the California voice marketplace and to ensure that basic residential service "does not trend above the current highest basic residential rate in the state, no matter the technology employed to offer such service."[6] AT&T's basic residential service rates are not just "trending" above the highest basic rates when those words were written in 2006 – SureWest's $18.90 flat rate – they are skyrocketing above the current rates of SureWest, Frontier, and the A Fund LECs, all of whom, on average, serve much higher cost exchanges than AT&T. If competition were effectively constraining AT&T's basic rates, such frequent and sharp rate increases would not be possible.

6. AT&T is able to impose these unbridled rate increases on services that remain vital to a significant number of California's consumers of voice communications service. The most recent CPUC Communications Division ("CD") Market Share Analysis found that almost one-quarter of California households rely solely on traditional wireline phone service for their voice communications.[7] And 2011 data from the federal government shows that over half of California households regularly use landline service, either solely or in combination with wireless service.[8] Many households subscribe to traditional wireline service as a complement to wireless or voice over Internet protocol ("VOIP") services because of the traditional service's important advantages in call quality and reliability in a power outage. Thus, even though

[5] Based on the percentage annual increase in the annual average CPI-U index from 218.056 in 2010 to 229.594 in 2012, equal to 5.2%.
[6] D.06-08-030, pp. 156-157.
[7] Communications Division, *Market Share Analysis of Retail Communications in California 2001 through 2009*, March 10, 2011, p. 4.
[8] Centers for Disease Control and Prevention, U.S. Dept. of Health and Human Services, "Wireless Substitution: State-level Estimates From the National Health Interview Survey, 2010-2011", Table 2, p. 7 (California data for "dual-use", "landline mostly", and "landline only" adult households).

subscription to basic services may be declining, residential voice service is still important and warrants the continued vigilance the Commission promised in 2006.

B. Relief Requested

7. The Commission has made clear that Section 1702 complaints such as this one are the appropriate means to "have the Commission consider whether rates and charges of a service are no longer just and reasonable for a particular carrier."[9] AT&T's rates cannot meet the just and reasonable standard when they are higher than the rates of SureWest, Frontier, and the A Fund LECs, carriers that are known to have much higher average costs to serve than AT&T. Accordingly, based on the record in this case, the Commission should order a reduction in AT&T's basic service rates to the current levels of SureWest (which has higher rates than Frontier) -- $20 for flat service and $14 for measured service.[10] In conjunction with this Complaint and in recognition of the rule against retroactive ratemaking, TURN is filing a Motion for the Establishment of a Memorandum Account for AT&T's Basic Services ("Motion") to establish a date after which AT&T will be responsible for refunding to its ratepayers the portion of basic service rates that are determined in this case to exceed just and reasonable levels. Therefore, once the Commission concludes that AT&T's rates are not just and reasonable, it should: (1) order AT&T to reduce AT&T's rates at that time to just and reasonable levels, i.e., no higher than the current SureWest rates; and (2) order refunds to AT&T customers for the excessive rates charged during the period between the date of the decision ordering the memorandum account requested by TURN's Motion and the implementation of the new just and reasonable rates ordered in this proceeding.

[9] D.07-09-018, p. 82, as modified by D.08-04-063, p. 9 (Ordering Paragraph 1.d).
[10] SureWest's $20 flat rate is the closest whole dollar rate to the current $20.25 rate for A Fund LECs.

8. In addition, the Commission should promptly initiate the long-promised (since the end of 2010) and long-deferred review of the status of competition in the California telecommunications marketplace.[11] The review should include a determination of the reasons why competition has failed to ensure that AT&T's basic rates remain just and reasonable and whether such factors apply to other California ILECs. The reduced rates ordered upon the Commission's finding in this case that the rates are not just and reasonable should remain capped at those reduced levels until the Commission concludes its competition review and determines whether changes to the regulation of ILEC basic rates are needed. The review should also include an examination of whether AT&T and other holders of a state video franchise are using increases to stand-alone basic service rates to subsidize their video services, contrary to Section 5940 of the Digital Infrastructure and Video Competition Act of 2006 ("DIVCA").

II. REGULATORY BACKGROUND

9. The transition from capped ILEC basic service rates to fully deregulated rates spanned several decisions over several years. Throughout this process, the Commission emphasized that it would remain vigilant in monitoring the results of rate deregulation and that complaints such as this would be important to the Commission's efforts to ensure just and reasonable rates for basic services.

A. Regulation of ILEC Basic Rates Prior to 2006

10. Prior to 2006, under various regulatory structures, ILEC basic service rates were fixed by Commission regulation for all California ILECs. As the Commission has previously explained, in 1995 and 1996, the Commission froze basic service rates at levels designed to recover approximately one-half of the ILEC's costs, with all other rate elements to recover the

[11] *Assigned Commissioners' Ruling Adopting Amended Scoping Memo and Schedule*, R.09-06-019, December 31, 2010; *Assigned Commissioner's Ruling Temporarily Deferring Comment Schedule*, R.09-06-019, January 20, 2011.

remaining costs of service.[12] For many years prior to 2006, the basic service rates for the four largest ILECs (excluding surcharges and surcredits) were as follows:

Carrier	Flat Rate	Measured Rate
AT&T (then Pacific Bell)	$11.25	$6.00
Verizon (then GTE Calif.)	$17.25	$10.00
Surewest (then Roseville)	$18.90	$12.95
Frontier (then Citizens)	$17.85	$9.60

11. Thus, reflecting its relatively low cost service territory and economies of scope and scale, AT&T's cost-based basic service rates were well below those of all the other ILECs in California. The closest flat rate, $17.25 for Verizon, was 53% higher than AT&T's cost-based flat rate. With the exception of AT&T, whose basic rates were further reduced in subsequent years – to $10.69 for flat service and $5.70 for measured service -- these rates remained in effect when the Commission issued its deregulatory Uniform Regulatory Framework ("URF") decision, D.06-08-030.[13]

B. Decision 06-08-030

12. In D. 06-08-030, the Commission determined that AT&T, Verizon, SureWest and Frontier ("the URF LECs") lacked market power in their service territories and that price regulation was no longer necessary to keep their basic service rates at just and reasonable levels.[14] The decision granted those carriers broad pricing freedoms for almost all services, including residential basic exchange services.[15] However, the CPUC delayed removing the cap on residential basic services until September 1, 2009, to allow the Commission time to

[12] D.08-09-042, p. 8. In D.94-09-065, 56 CPUC 2d 117,156-157, the Commission set the residential flat rates for the predecessors of AT&T and Verizon at levels designed to recover one-half of the reported costs. The Commission adopted a similar approach for the predecessor of Frontier in D.95-11-024, 62 CPUC 2d 244, 299-300, and for the predecessor of SureWest in D.96-12-074, 70 CPUC 2d 88, 145-147.
[13] D.06-08-030, pp. 143-144.
[14] D.06-08-030, pp. 117, 275 (Conclusion of Law 24).
[15] D.06-08-030, p. 2.

"carefully consider very important public policy issues relating to the basic rate in our Universal Service docket."[16] In support of its conclusion that pricing freedoms were warranted, the Commission found that FCC unbundling policies, aided by competition from wireless and voice over Internet protocol ("VOIP") technologies, served to prevent the ILECs from raising prices above just and reasonable levels.[17] The Commission vowed to keep a close watch on the impacts of its decision, particularly on basic services:

> Finally, we will remain vigilant in monitoring the voice communications marketplace. We will ensure that basic residential service remains affordable and *does not trend above the current highest basic residential rate in the state*, no matter the technology employed to offer such service. Should we see evidence of market power abuses, we retain the authority and firm resolve to reopen this proceeding to investigate such developments promptly.[18]

13. Thus, the Commission pledged to pay particular attention to basic service rates and to ensure that such rates would not "trend above" the highest current basic rates in the state. At that time, the highest rates for flat service were those of SureWest at $18.90, which was 77% higher than AT&T's $10.69 monthly rate.

C. Decision 07-09-018

14. In D.07-09-018, the Commission held that consumers may not protest on the grounds of reasonableness rate increases proposed by advice letter for services that are no longer price regulated by virtue of D.06-08-030. Importantly, however, the Commission explained that consumers still had recourse to challenge the reasonableness of rates:

> The inability to file a protest as to rates does not, however, foreclose consumers' rights to complain that rates are not just and reasonable. Pursuant to Pub. Util. Code Section 1702, and Commission's Rules of Practice and Procedure Rule 4.1, a party may complain as to the reasonableness of any rate or charge, and bring such complaint before the Commission. This procedure affords consumers the opportunity to have the Commission consider whether rates and charges of a service are no longer just and reasonable for a

[16] D.06-08-030, p. 252.
[17] D.06-08-030, pp. 133, 153-154
[18] D.06-08-030, pp. 156-157 (emphasis added).

particular carrier. In such a complaint proceeding, the Commission may determine whether conditions have changed for that carrier.[19]

15. Thus, the Commission has made clear that complaints such as this one are the appropriate vehicle to challenge the reasonableness of AT&T's basic service rates.

D. Decision 07-09-020

16. In the course of ordering reforms to the California High Cost Fund –B ("CHCF-B"), D.07-09-020 permitted AT&T and Verizon, to raise their basic service rates by 2.36% (the rate of inflation under the CPI-U), effective January 1, 2008.[20]

17. AT&T exercised this option in April 2008, increasing its rates for flat service to $10.94. Verizon raised its flat rate to $17.66.[21]

E. Decision 08-09-042

18. In D.08-09-042, the Commission ordered a "phased transition" to the pricing freedoms for residential basic services approved in D.06-08-030. Taking a large step toward full price deregulation, the CPUC raised the price caps for the flat services offered by all four ILECs by a significant amount -- $3.25 per year in each of 2009 and 2010 -- and re-set the date for the removal of all price caps to January 1, 2011.[22]

19. The Commission based the aggregate $6.50 increase to the caps for flat service on an analysis of the amount by which AT&T's rates would have increased since they were frozen

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[19] D.07-09-018, p. 82, as modified by D.08-04-063, p. 9 (Ordering Paragraph 1.d).
[20] D.07-09-020, pp. 95-96. Both the Commission and then the Legislature froze basic service rates until January 1, 2009, but the Legislature made an exception for ILECs holding state video franchises to allow for increases based only on the rate of inflation. (Section 5950)
[21] D.08-09-042, p. 10.
[22] D.08-09-042, p. 4. The Commission retained some restrictions on basic service rates in areas receiving support from the CHCF-B. In such areas, the ILECs could not increase basic rates above the lower of: (1) 150% of the ILECs' aggregate rate for exchanges not receiving CHCF-B support; or (2) the $36 high-cost benchmark minus the federal end user common line ("EUCL") charge. D.08-09-042, p. 47. The CPUC re-emphasized its previous statement in D.07-09-020 that the $36 high-cost benchmark was in no way intended to indicate that the Commission believed it was appropriate for stand-alone basic service to rise to a level of $36 per line. D.08-09-042, p. 43.

in 1995 if they had kept pace with the rate of inflation.[23] The analysis used recorded CPI data from 1995 through 2007 and estimated CPI increases of 3.94% each year in 2008, 2009, and 2010.[24]

20. Based on the possibility that AT&T's rates may have previously been capped at "abnormally low" levels compared to the other California ILECs,[25] the CPUC chose to allow Verizon, SureWest and Frontier to increase their capped flat rates by the same $6.50 increment as AT&T, resulting in lower percentage increases than for AT&T. Accordingly, while AT&T's caps increased by 30% and 23% in 2009 and 2010 respectively, the caps for SureWest, the ILEC with the highest basic rates in 2008, increased 17% and 15% in 2009 and 2010.[26]

21. With respect to measured service, D.08-09-042 allowed the rate caps to increase by each ILEC's authorized percentage increase to its flat rate cap.[27]

22. The Commission stated that it expected that "normal competitive forces" would narrow the rate disparity between AT&T and the other ILECs, but that since "competitive forces, income levels, and costs" vary by region, some continuing disparities "will be expected and normal."[28] Thus, while the Commission expected AT&T's basic rates to move closer to those of the ILECs, nothing in D.08-09-042 anticipated that AT&T's rates would quickly leapfrog and pull away from the other ILECs' rates just two years after price caps were removed.

23. The new flat service rate caps approved in D.08-09-042 were as follows:[29]

Carrier	8/08 Rate	1/1/09 Capped Rate	1/1/10 Capped Rate
AT&T	$10.94	$14.19	$17.44
Verizon	$17.66	$20.91	$24.16

[23] D.08-09-024, p. 37
[24] D.08-09-024, p. 37 and Appendix 1. As will be shown below, these estimates proved to be much higher than the actual inflation rates for 2009 and 2010, in light of the Great Recession.
[25] D.89-09-042, pp. 23-24.
[26] D.08-09-042, p. 40.
[27] *Id.*
[28] D.08-09-042, p. 35.
[29] D.08-09-042, p. 40.

Frontier	$17.85	$21.10	$24.35
SureWest	$18.90	$22.15	$25.40

24. In response to the increased caps, AT&T increased its residential flat rate to $13.50 in January 2009 and to $16.45 in January 2010. As anticipated by the Commission, these rate hikes brought its rates much closer to those of the other URF LECs, which, for their part, exercised little of the new pricing flexibility made available to them.

25. As discussed in the next section, after price caps were completely removed on January 1, 2011, AT&T has continued its practice of sharp annual rate increases for basic services, while SureWest has not raised rates at all, and Frontier and Verizon has implemented only modest rate increases.

III. AT&T'S BASIC SERVICE RATES ARE NO LONGER JUST AND REASONABLE

26. The following facts, taken in combination, show that competition has not imposed sufficient restraint on AT&T's basic service rates to ensure that they remain just and reasonable.

A. AT&T's Basic Service Rates Have Skyrocketed Under Rate Deregulation

27. Beginning with the major increases to price caps on January 1, 2009 and continuing to the present, AT&T's basic service rates have skyrocketed. In the space of just four years from January 1, 2009 to January 1, 2013, AT&T has increased its flat rates by 115% and its measured rates by 222%.

28. Even if one just focuses on the period after rate caps were completely removed on January 1, 2011, AT&T's rate increases have been steep and regular. On January 1, 2011, AT&T promptly raised its flat service rate from $16.45 to $19.95. On January 1, 2012, AT&T increased its flat rate again, to $21.00. AT&T then tacked on another $2.00 on January 1, 2013, bringing its rate to $23.00. Thus, in just two years after the lifting of price caps, AT&T

increased its flat service rate by a total of 40%. AT&T's measured rates soared even more quickly, leaping from $8.87 at the end of 2010, to $18.35 on 1/1/13, an increase of 107%.

B. AT&T Now Has the Highest Basic Service Rates of all the URF LECs

29. AT&T's skyrocketing rates following the relaxation and final removal of price caps contrast sharply with the much lower rate hikes imposed by the other three URF LECs since January 1, 2009. SureWest, which used to have the highest basic rates in California, has only increased its flat rate by $1.09 to $19.99, a 6% increase. Frontier's flat rate has increased $1.15 to $19.00, also a 6% increase. Although Verizon has increased its rates more significantly than SureWest and Verizon, its highest flat rate has increased a relatively modest 25% (compared to AT&T's 115%) to $22.00.

30. With respect to measured service, AT&T's rate increases since the removal of price caps have been astronomical compared to those of the other ILECs. AT&T's 107% measured service rate hikes dwarf the increases imposed by SureWest (8.0%), Frontier (38%), and Verizon (34%).

31. Consequently, as shown in Figures 1 and 2 in Section I of this Complaint, in just two years after the lifting of price caps, AT&T has transformed itself from the ILEC with the lowest basic service rates in California to the carrier with the highest rates. The Commission accurately predicted that the former rate disparity, in which AT&T's regulated rates were much lower than the rates of the other ILECs, would narrow. However, now a new and unpredicted rate disparity has developed: AT&T's basic service rates have significantly surpassed the rates for SureWest and Frontier, the carriers that used to have the highest basic rates among the four ILECs.

32. As previously noted, in D.06-08-030, the Commission explained that it would ensure that basic residential service does not "trend above" the current highest basic residential

rate in the state.[30] At that time, the highest rates for stand-alone residential flat and measured service were SureWest's $18.90 and $12.95 rates. AT&T's $23.00 and $18.35 rates are soaring, not just trending, above those rates.

C. AT&T's Basic Service Rates Exceed the Commission-Determined Rates for the Smallest LECs Serving the Highest Cost Areas

33. AT&T's rates even exceed the CPUC-regulated rates for the smallest carriers that serve the highest cost exchanges in California and receive funding from the CHCF-A ("Small LECs"). These carriers continue to be regulated through a rate of return framework. The Commission reviews the companies' costs and revenues and sets a rate that it determines is just and reasonable to ensure the carriers collect sufficient revenue to earn a reasonable rate of return. Because these carriers are much smaller than the URF LECs and serve so many fewer people, often the amount of revenue that needs to be collected from each customer to compensate these carriers with a reasonable rate of return is much higher than what the Commission determines would be a just and reasonable rate. Therefore, the Commission sets just and reasonable rates and provides subsidy money beyond that rate to ensure the carrier is fully compensated.

34. Up until recently, the Commission determined that the just and reasonable rate for customers of these smaller carriers should be capped at 150% of AT&T's rate. The Commission has explained that by "[l]imiting the maximum level of Small LEC basic rates in this manner, basic service remained affordable and the availability of universal service for all Californians was protected."[31]

35. In a 2009 application, the Small LECs requested that the Commission "de-link" their basic service rates from AT&T's basic rate because of concern over rate shock. They argued that, in light of the rate increases already imposed by AT&T (and the potential for more

[30] D.06-08-030, p.p. 156-157.
[31] D.10-02-016, p. 4.

at any time), requiring the smaller carriers to raise their rates in lock-step with AT&T's rates in order to receive funding from the CHCF-A would cause rate shock among their customers. While the Commission did not grant the specific request of the Small LECs, it agreed that the current rate design linking the Small LEC rates to AT&T rates had the potential to cause rate shock. The Commission determined that, on an interim basis, pending a review of the CHCF-A, the basic residential flat rate that Small LECs must charge to qualify for CHCF-A support was $20.25. The Commission stated, "This interim measure will provide reasonable protection against the risk of rate shock to the Small LECs and their customers . . . ."

36. Thus, even in serving areas where the costs to provide service are demonstrably higher than AT&T's costs and the customer base is demonstrably smaller, the Commission has determined that flat service rates should not exceed $20.25. The Commission reached this determination even though the consequence of capping the rate at $20.25 is to require all other ratepayers to subsidize the costs of service that are not recovered by that rate.

37. This $20.25 cap remains in place today.[32] AT&T's current flat rate exceeds it by a substantial margin, $2.75, or 14%.

D. AT&T's Basic Rate Increases Significantly Exceed the Rate of Inflation

38. As discussed above, in D.08-09-042, the Commission used the rate of inflation since rates were frozen in 1995 as a means of determining appropriate caps for AT&T's basic rates during the transition to full pricing flexibility in 2009 and 2010. A similar analysis shows that AT&T's rate increases since price caps were removed on January 1, 2011 have dramatically outpaced the rate of inflation.

[32] The new CHCF-A reform docket promised in D.10-02-016 has been opened, R.11-11-007, and is pending.

39. AT&T's flat rate on December 31, 2010 was $16.45. This rate resulted from AT&T taking advantage of most of the price cap increases for 2009 and 2010 that the Commission granted in D.08-09-042.[33] AT&T's major rate increases in 2009 and 2010 – from $10.94 to $16.45 -- significantly narrowed the disparity between AT&T's rate and the rates of the other URF LECs. AT&T's measured rate on December 31, 2010 was $8.87.

40. The annual percentage changes in the CPI-U[34] from 2008 through 2012 are shown in the following table:

Year	2008	2009	2010	2011	2012
% Change in CPI-U[35]	3.8	-0.4	1.6	3.2	2.1

41. Beginning January 1, 2011, if AT&T increased its rates by the CPI increase from the previous year, its rates would have increased by 1.6% in January 2011, 3.2% in January 2012, and 2.1% in January 2013, resulting in a January 2013 flat rate of $17.61[36] and a measured rate of $9.50.[37] The differences between AT&T's inflation adjusted rates and actual rates on January 1, 2013 are summarized in the following table:

	CPI-Adjusted From 2010	**1/1/13 Actual**	**% Difference**
Flat Rate	$17.61	$23.00	30.6
Measured Rate	$9.50	$18.35	93.2

[33] The revised price caps determined in D.08-09-042 allowed AT&T to increase its flat rate to $17.44 in 2010. However, that price cap was based on a major over-estimate of the rate of inflation for 2009 and 2010. Whereas the Commission estimated inflation of 3.94% for 2009 and 2010 (D.08-09-042, p. 37), the actual rates for those years (owing to the impacts of the Great Recession) were -0.4% (i.e., deflation) and 1.6%. Applying these actual inflation rates to the $16.14 inflation-adjusted rate through 2008 of $16.14 (*id.*), the resulting flat rate cap would have been $16.33, which is slightly below AT&T's actual 2010 rate of $16.45. Thus, AT&T's $16.45 rate approximates the rate that would have resulted if AT&T's rate had kept pace with inflation since 1995.
[34] As previously noted, the Commission used the CPI-U as the measure of inflation in D.07-09-018. It appears that CPI-U was also used in D.08-09-042, but this is not made explicit in the decision.
[35] The numbers shown in this row are the percent change in the annual average CPI-U for the years show. Source: U.S. Bureau of Labor Statistics website: ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt
[36] $16.45 x 1.016 x 1.032 x 1.021 = $17.61.
[37] $8.87 x 1.016 x 1.032 x 1.021 = $9.50.

42. Thus, AT&T's current flat rate exceeds its inflation-adjusted rate by more than 30%, and its current measured rate exceeds the inflation-adjusted rate by more than 90%.

43. Going back to the initial relaxation of price caps on January 1, 2009, the disparity between AT&T's basic rate increases and inflation is even more stark. As noted in Section I, AT&T's 115% and 222% increases to flat and measured rates in that period of time compare to aggregate inflation of only 7%.

E. AT&T's Average Costs to Provide Basic Service Are the Lowest of the URF LECs

44. The Commission has long recognized that, AT&T's average costs to provide basic service are the lowest of the four URF LECs. This results primarily from the fact that AT&T serves the most densely populated urban areas in the state, including the cities in the San Francisco Bay Area (including San Francisco, Oakland, and San Jose), Los Angeles and most surrounding cities, San Diego, and Sacramento.[38] In D.06-08-030, in support of its decision to allow deaveraging of basic rates, the Commission reiterated the well-accepted fact that high traffic and population densities in urban areas cause costs to be low.[39] Furthermore, as the largest carrier in California, AT&T benefits from economies of scale and scope that give it a further cost advantage, particularly compared to the much smaller ILECs, Frontier and SureWest.

45. The Commission's regulations have consistently treated AT&T as the lowest cost incumbent carrier in California. When the Commission set rates based directly on costs, AT&T's basic service and other rates were always the lowest. As the Commission noted in

[38] In D.91-09-042, when the Commission wanted to benchmark California urban rates for purposes of establishing a target rate for Small LECs receiving CHCF-A support, it used AT&T's flat rate of $8.35 as the representative rate for urban areas.
[39] D.06-08-030, pp. 139-140.

D.08-09-042, the residential basic service rates that were in effect when ILEC rates were frozen in the mid-1990s were set to recover one-half of each ILECs' total costs.[40] At that time, AT&T's flat rate of $11.25 was $6.00 less than the corresponding rate of the carrier with the next-lowest costs, Verizon, a clear demonstration that AT&T's costs were significantly lower than all other ILECs.

46. Moreover, when the Commission was required to determine cost-based rates for the loop unbundled network element ("UNE"), the Commission set AT&T's loop rates at levels much lower than the other URF LECs. The Commission-established UNE loop rates (geographically averaged) for AT&T varied between $9.93[41] and $11.93.[42] The geographically averaged UNE loop prices determined for Verizon, the company with the next lowest average costs, were much higher, ranging from $13.94[43] to $16.81.[44]

47. In sum, AT&T has the lowest average costs to provide basic service of any of the URF LECs. Even though the Commission expected competition to constrain AT&T's rates for stand-alone basic services, AT&T's steep basic rate increases in the past several years run directly counter to this expectation. AT&T's current rates compare extremely unfavorably with the rates of Frontier and SureWest -- AT&T's current flat and measured rates exceed those of SureWest by 15.1% and 31.2% respectively and exceed Frontier's flat and measured rates by 21.1% and 38.5% respectively – even though the Commission has long recognized SureWest and Frontier to have much higher costs to provide basic service than AT&T.

[40] D.08-09-042, p. 8.
[41] D.02-05-042, Appendix A.
[42] D.04-09-063, Appendix A.
[43] D.06-03-025, Appendix A.
[44] D.05-01-057, Appendix A.

F. AT&T's Other Residential Rates Have Also Increased Sharply In Recent Years

48. AT&T's sharp increases in basic service rates have been accompanied by dramatic increases in other rates and charges for residential customers. The pattern of across-the-board increases for AT&T residential services is demonstrated by the Summary of URF ILEC Residential Service Rate Changes, prepared by the CPUC's Communications Division ("CD") in February 2013 and attached to this Complaint as Attachment B. Notable among the sharp rate hikes for the listed services are: AT&T's current local toll rates of 30 cents per minute, as compared to rates less than 10 cents per minute in 2006; and the steep rate increases since 2006 – between 62% and 295% -- for individual custom calling services. In addition, from 2006 to the present, AT&T has sharply increased other charges that many residential customers may choose or encounter, such as: the WirePro inside wire repair plan (from $2.99 to $8.00 per month); late payment charges (from no fixed charge, 1.5% of the unpaid balance in 2006, to a $2.50 fixed charge, 2.0% of unpaid balance); and returned check charges (from $6.65 to $25.00). For most, if not all, of the residential services listed in Attachment B, AT&T has the highest rates of all the URF ILECs.

49. In short, AT&T's unjust and unreasonable basic service rates are part of a pattern of steep rate increases for other services for which competition is failing to restrain AT&T's prices.

50. The Commission has previously explained that the reasonableness of a basic service rate increase depends in part on whether the increase is accompanied by offsetting rate reductions for other services, thus mitigating any increase in the customer's total bill. In D.08-09-042, the Commission rejected the proposal of AT&T to increase its price caps by $6.05 per year, noting reductions in the CHCF-B surcharge would not offset an increase as large as $6.05. The Commission also determined that more modest increases to basic service were warranted

because, after D.06-08-030 deregulated the rates for non-basic services, AT&T had increased rates for such services.[45] Here, AT&T's post-deregulation rate hikes for basic services have not been tempered by any rate reductions for other residential services. Based on the logic of D.08-09-042, the fact that AT&T's non-basic service rates have also increased astronomically only accentuates the unreasonableness of AT&T's steep basic service rate increases following the removal of price caps.

G. The Foregoing Facts Show That AT&T's Basic Service Rates Are No Longer Just and Reasonable

51. All of the facts presented above, in combination, demonstrate that AT&T's basic service rates are no longer just and reasonable. As the largest ILEC serving most urban areas in California and therefore enjoying the lowest average costs to serve, AT&T has historically offered the lowest basic service rates in the state. Although the Commission has posited that AT&T's pre-2008 regulated rates may have been "abnormally low," no Commission decision anticipated that, once the price caps for URF ILEC basic service rates were removed, AT&T's basic service rates would skyrocket to the highest levels in the state. Nor did any Commission decision anticipate that, after AT&T took advantage of the increases to the price caps in 2009 and 2010 permitted by D.08-09-042 and significantly narrowed the disparity between its basic rates and those of the other ILECs, AT&T would continue to raise its prices for basic service at a pace that dwarfed the rate of inflation. In just two years when inflation added only 5% to general price levels, AT&T hiked its flat service rate by 40% and its measured service rate by 73%. The only reasonable explanation for such brazen rate increases is that AT&T is exploiting the pricing freedom afforded by the Commission, and that competition is not restraining AT&T's basic service rates.

[45] D.08-09-042, p. 35.

IV. RESIDENTIAL BASIC SERVICES ARE IMPORTANT

52. Although subscription to wireline voice service has fallen, it still remains a vital service for a significant percentage of California households. In a 2011 CPUC CD staff report ("2011 CD Report"), CD noted the then-available data that 24% of California's households relied solely upon traditional landline telephone service.[46] In the words of CD, traditional landline voice service "remains an important service."[47] In addition, 2011 data from the federal government shows that over half of California households regularly use landline service, either solely or in combination with wireless service.[48]

53. Moreover, a significant share of households subscribes to both wireless service and traditional wireline service. The 2011 CD report found that, as of December 2009 (the most recent data available to TURN), 16.8 million households still receive traditional wireline service.[49]

54. It should not be surprising that, despite the mobility benefits of wireless service, subscription to traditional wireline service remains so high. The Commission has recently found that, "the principles of universal service extend to all segments of the public, not just the technologically sophisticated whose calling needs may be met by wireless or other alternative technologies" and that "more vulnerable sectors of the public are not prepared or equipped to forfeit current protections offered through wireline basic service."[50] The affordability of wireline basic service remains of critical importance because, as the Commission also found,

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[46] Communications Division, *Market Share Analysis of Retail Communications in California 2001 Through 2009*, March 10, 2011, p. 4.
[47] *Id.*
[48] Centers for Disease Control and Prevention, U.S. Dept. of Health and Human Services, "Wireless Substitution: State-level Estimates From the National Health Interview Survey, 2010-2011", Table 2, p. 7 (California data for "dual-use", "landline mostly", and "landline only" adult households).
[49] *Id.*, p. 23. The 16.8 million household figure does not include 2.7 million households subscribing to VOIP service.
[50] D.12-12-038 at p. 14.

"wireline and wireless services may be complementary rather than complete substitutes for each other." Traditional wireline service offers advantages over wireless and VOIP services that many households consider important. And, "most customers still value features currently available through wireline basic service that may not otherwise be available through a current wireless service plan." For example, call quality for wireless services, including ability to engage in "cross-talk," is generally inferior to wireline service. For many households, wireless signal strength is inadequate to provide service inside or near their homes. Wireless service is of limited use during a lengthy power outage, as the service no longer works once a phone has lost its battery power. In contrast, traditional landline phone service has its own separate power supply that is generally unaffected by power outages. Portable wireless phones are of no use in an at-home emergency when the wireless phone users have left the home premises.

55. VOIP services also have limitations that render them inferior to traditional wireline service. VOIP services such as Vonage that operate on top of a separately provided broadband service will not allow outgoing calls when the broadband service is not operating, such as during a power outage. Cable VOIP services offer limited backup power, but will cease operating if power is out longer than a few hours.

56. The Commission requires that carriers offering voice services through alternative technologies provide 911/E911 services "reasonably comparable" to wireline basic service.[51] In order to qualify as a Carrier of Last Resort, providers of alternative technologies have the burden to demonstrate that they can provide adequate emergency calling capability, suggesting that this Commission recognizes the critical importance of robust and effective emergency calling. To date, no wireless or VoIP carrier has attempted to make this showing and it is uncertain whether

[51] D.12-12-038 at p. 22.

these alternative technologies are up to the task.[52] This means the Commission must be cognizant of the reliance on wireline technology for sufficient emergency calling, particularly by vulnerable populations such as the elderly and disabled.

57. For these and other reasons, for a large number of households, traditional wireline service remains essential for their ability to reliably and effectively communicate with others, including in emergency situations.

V. THE COMMISSION SHOULD REDUCE AND FREEZE AT&T'S BASIC SERVICE RATES UNTIL IT HAS COMPLETED A REVIEW TO DETERMINE WHY COMPETITION IS NOT CONSTRAINING AT&T'S RATES

A. A Review of Competition in the California Telecommunications Industry Is Long Overdue

58. It has been seven years since the Commission found in D.06-08-030 that competition could be relied upon to ensure just and reasonable rates for voice communications services in California. As has been shown, since that deregulation decision, AT&T's basic rates have leapfrogged those of the other ILECs, and AT&T's steep rate increases show no signs of abating.

59. Almost three years ago, the Assigned Commissioner (Commissioner Bohn) in R.09-06-019 issued a Ruling and Amended Scoping Memo ordering a new phase in that proceeding to re-examine whether competition was sufficient to produce just and reasonable rates, including for basic services. The Ruling made a compelling case for such a re-examination:

> *Examining the level of competition in the telecommunications industry is critical in the Commission's discharging of its duty to ensure the telecommunications service prices remain just and reasonable.* Many of the policies adopted in the telecommunications

[52] In fact, the Commission concluded that it did not have a sufficient record to conclude that alternative technology providers such as wireless and VOIP are capable of meeting service quality standards necessary to carry out the statutory obligation to provide universal service to "interact and participate in modern society" and that competitive forces are not sufficient to ensure wireless carriers will be motivated to meet sufficient service quality standards. D.12-12-038, p. 45

arena since 2005 are premised on the assumption that sufficient competition exists to keep the prices of telecommunications services in check. *It is reasonable that we inquire as to whether competition within the industry is robust enough to maintain just and reasonable pricing.*

Moreover, since the issuance of the URF Decision, the Commission has received several reports and Petitions for Modification concerning the policies we adopted in URF, notable the [California] Senate Report, TURN's Report, the DRA Report, the DRA's 2008, and 2010 Petitions for Modification and CD's Report, discussed above. The Commission has not formally considered the merits of any of these reports and filings. We believe that this expanded scope of the rulemaking provides the appropriate forum in which to consider the arguments of and/or data presented by the Senate Office of Oversight and Outcomes Report, TURN, DRA and CD.

URF and several other Commission decisions are premised on the assumption that vigorous competition governs pricing practices in the telecommunications marketplace. We continue to believe that this assumption has merit. However, *it has been over four years since this Commission issued the URF Decision, and it is appropriate that the Commission inquire as to whether changes in the marketplace provide any reason to revisit our prior reliance on competition as providing effective price discipline.* In particular, *we will examine whether the prices of basic service and certain commonly used stand-alone ancillary services have been kept in check by URF.* These issues will be considered in this phase of the proceeding.[53]

60. On January 20, 2011, shortly after assuming the Assigned Commissioner's role in R.09-06-019, President Peevey issued a new Ruling "temporarily" deferring the schedule for comments that had been established in Commissioner Bohn's Competition Review Ruling. The Ruling stated that President Peevey supported a review of whether competition is sufficient to control prices for the four largest telephone companies in the state. President Peevey's Ruling further stated that, in February or March of 2011, he intended either to issue a new ruling setting a new schedule for a competition review or to present an Order Instituting Rulemaking for the full Commission's consideration for this purpose.[54] Almost three years have passed since President Peevey's Ruling and the Commission still has done neither.

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[53] *Assigned Commissioners' Ruling Adopting Amended Scoping Memo and Schedule*, R.09-06-019, December 31, 2010 ("Competition Review Ruling"), pp. 20-21 (emphasis added).
[54] *Assigned Commissioner's Ruling Temporarily Deferring Comment Schedule*, R.09-06-019, January 20, 2011, pp. 1-3.

61. The reasons for a competition review identified by Commissioners Bohn and Peevey have only strengthened in the intervening years. The 2011 CD Report presented a new market share analysis of retail communications in California for the period 2001 through 2009, which showed that, compared to other communications technologies, market share concentration in California is greatest by far for wireline voice service.[55] Of perhaps even greater import, whereas the 2001 through 2005 data that was available when the Commission developed the record for D.06-08-030 showed a steady decline in concentration for wireline voice service, the SBC/AT&T and Verizon/MCI WorldCom mergers – which removed the legacy AT&T and MCI WorldCom as key UNE-based competitive threats for wireline voice service in late 2005 and early 2006 – broke the declining trend and caused concentration to increase. Since mid-2006, unlike the 2001-2005 period, market share concentration for wireline voice service has not declined but has held steady, and perhaps increased as potential market entrants have abandoned business plans to offer residential service in California.[56] Thus, one of the key assumptions of D.06-08-030, that UNE-based competition would continue to impose a competitive check on ILEC pricing,[57] is dubious at best; at a minimum, this assumption bears careful re-examination in a new competition review.

62. Of course, as detailed in this Complaint, the most important, and unanticipated, changes in the voice market since late 2010/early 2011 relate to AT&T's pricing of basic services: (1) even after significantly narrowing the disparity between its rates and those of other ILECs, AT&T has been able to continue to increase raise its basic service rates at a pace that

[55] 2011 CD Report, pp. 7-8.
[56] Even as early as 2009, it was abundantly apparent that the competitive local exchange carrier "threat" to the incumbent market for residential local exchange service was evaporating due to a number of legal and economic developments. *See*, Roycroft, "Why 'Competition' is Failing to Protect Consumers, The Limits of Choice in California's Residential Telecommunications Market." (March 25, 2009, Prepared on behalf of TURN), pp.5-9.
[57] D.06-08-030, p. 119.

significantly exceeds the rate of inflation; and (2) even though it enjoys the lowest cost to serve, it now has the highest basic service rates of all the state's ILECs.

63. Clearly, competition is not constraining AT&T's basic service rates. A comprehensive review of competition for voice communication services is necessary to see why this failure has occurred and what long-term reforms are necessary to ensure just and reasonable rates.

64. This review will also allow the Commission to determine whether AT&T or any other ILEC that holds a state video franchise under the Digital Infrastructure and Video Competition Act of 2006 ("DIVCA"), Sections 5800 *et seq.*, is engaging in the prohibited behavior of using increases to basic service rates to cross-subsidize video services. Section 5940 mandates that state video franchise holders providing "*stand-alone*, residential, primary line, *basic telephone service shall not increase this rate* to finance the cost of deploying a network to provide video service." (Emphasis added.). In D.07-09-020, the Commission stated that, based on its previous finding in D.07-03-014 that "[*i*]*t will be relatively easy to review any changes to rates of stand-alone, residential, primary line basic telephone service, either prospectively or retrospectively, to ensure that the increase is not used to finance video deployment*," there was no need for "additional reporting requirements or other safeguards to guard against cross-subsidization of video services as prohibited under § 5940."[58] AT&T's skyrocketing rates for stand-alone basic service cry out for a Commission examination of whether the increases are being used to subsidize its video offerings. Under the reasoning of D.07-09-020, this analysis should be "relatively easy."

[58] D.07-09-020, pp. 99-100 (quoting D.07-03-014) (emphasis added).

B. AT&T's Basic Service Rates Should Be Reduced and Capped Pending the Findings of the Competition Review

65. The Commission cannot allow the status quo to continue while it deliberates regarding the opening of the long-promised and long overdue competition review. AT&T's unjust and unreasonable basic service rates are punishing the many millions of California households that subscribe to basic service from AT&T. Upon a finding in response to this Complaint, AT&T's rates should be reduced to just and reasonable levels and should be capped at those levels until the Commission determines in the competition review why competition is not keeping AT&T's rates in check and what regulatory changes are needed.

66. Pending the conclusion of this competition review, the appropriate interim levels for AT&T's basic service rates should be set by reference to the rates of the two smallest URF ILECs, Roseville and Frontier, over which AT&T enjoys (on average) a significant cost advantage. In light of this cost advantage, just and reasonable basic service rates for AT&T should be somewhat lower than the rates of those two carriers; *at a minimum*, AT&T's rates should be no higher. Accordingly, although a strong case could be made for even lower rates, upon a finding that AT&T's rates are not just and reasonable in this docket and during the pendency of the competition review, the Commission should reduce AT&T's basic service rates to no more than $20 for flat service and $14 for measured service. These are the current rates for SureWest, which compared to Frontier, has higher basic service rates. The reasonableness of a $20 flat service rates is reinforced by the fact that it is virtually identical to the current $20.25 Commission-regulated rate for Small LECs received A Fund support.

67. In deference to the rule against retroactive ratemaking, these rate reductions should be prospective. In conjunction with this Complaint, TURN is filing a Motion for the Establishment of a Memorandum Account for AT&T's Basic Services ("Motion"). The rate reduction should be prospective from the date that the memorandum account established in

response to TURN's Motion becomes effective and customers should be provided refunds for the excess amount paid in basic service rates from the date that the memorandum account is established to the date the rate reductions are implemented.

VI. INFORMATION REQUIRED BY COMMISSION RULE 4.2

68. In accordance with Commission Rule of Practice and Procedure 4.2, TURN provides the following information.

A. Information Regarding Complainant

69. Complainant TURN is a 501(c)(3) consumer advocacy organization that represents residential and small business consumers in proceedings before the California Public Utilities Commission and other state and federal fora. TURN is a frequent intervenor on issues relating to telecommunications matters before the CPUC and was an active participant in the Commission's dockets that led to the various deregulatory decisions discussed in this Complaint.

The full name, address, telephone and fax number for complainant are as follows:

The Utility Reform Network (TURN)
785 Market Street, Suite 1400
San Francisco, CA 94103
Telephone: (415) 929-8876
Fax: (415) 929-1132

TURN's attorneys in this case, and their contact information (mailing addresses are the same as above), are as follows:

Christine Mailloux, Staff Attorney
E-mail: cmailloux@turn.org
Phone: (415) 929-8876

Thomas Long, Legal Director
E-mail: tlong@turn.org
Phone: (415) 929-8876 x303

B. Information Regarding Defendant

70. Pacific Bell Telephone Company d/b/a AT&T California (AT&T) is a corporation organized under the laws of the state of California with principal offices located at 525 Market

Street, San Francisco, CA 94105. AT&T is the legal entity that provides regulated telecommunications services in California. AT&T is an incumbent local exchange carrier that serves as a carrier of last resort throughout its service territory in California. AT&T is the largest local service provider in the state. AT&T is the entity that holds Certificate of Public Convenience and Necessity U-1001-C issued by the Commission and it has a tariff on file with the Commission for the provision of residential local exchange service.[59]

On information and belief, TURN believes that the proper contact information for AT&T is:

Pacific Bell Telephone Company d/b/a/ AT&T California
Attn: David Tate, Associate General Counsel
525 Market Street, Room 1904
San Francisco, CA 94105
jon.david.tate@att.com

C. Issues to Be Considered

71. The issues to be considered in this Complaint proceeding are:

(1) Whether AT&T's steep increases to its stand-alone basic service rates (flat and measured rate services) following the Commission's removal of price caps for those services on January 1, 2011 are just and reasonable, as required by Public Utilities Code Section 451;

(2) How soon can the Commission initiate the long-deferred comprehensive review of competition for voice communications services, as promised over two years ago by the former and present Assigned Commissioners in R.09-06-019;

(3) Whether, pending the outcome of the above-referenced competition review, AT&T's basic service rates should be: (a) reduced and capped, on a prospective basis, to $20 for flat service and $14 for measured service, *i.e.,* the levels of SureWest, a much smaller ILEC with higher average costs than AT&T; and

[59] Schedule Cal.P.U.C. No. A5.

(4) Whether, in response to the accompanying Motion for the Establishment of a Memorandum Account for AT&T's Basic Services, the Commission should require AT&T to establish a memorandum account for the purposes of allowing rate refunds associated with reduced AT&T basic service rates to customers from the date of the decision ordering the memorandum account to the time of the rate reduction.

D. Proposed Categorization

72. The proposed categorization is ratesetting. Pursuant to Section 1701.1(c)(2), complaints as to the reasonableness of rates are an exception to the general rule that complaints are to be classified as adjudicatory cases.

E. Need for Hearing

73. TURN does not believe there should be any material factual disputes regarding the facts presented in this Complaint showing that AT&T's rates are unjust and unreasonable. Accordingly, at this time, TURN does not see a need for evidentiary hearings. However, if the Commission should determine based on the Answer of the defendants that there are material factual issues in dispute, TURN reserves the right to request evidentiary hearings.

F. Proposed Schedule

74. Based on TURN's current belief that there are no material factual disputes regarding the issues raised by this Complaint, TURN proposes the following schedule:

Complaint and Motion to Establish a Memorandum Account	December 6, 2013
Complaint Served on Defendants	(Filing of Complaint + 7 days)
Defendants' Response to Motion Filed	(Motion + 15 days)
Complainants' Reply to Response re Motion Filed (if permission granted by ALJ)	(Motion + 25 days)

Answer Filed	(Service of Complaint + 30 days)
Draft Decision Regarding Motion Issued	(Motion + 45 days)
Prehearing Conference	(Answer +15 days)
Concurrent Opening Briefs	(PHC + 30 days)
Concurrent Reply Briefs	(PHC + 50 days)
Draft Decision Regarding Complaint Issued	(Reply Briefs + 90 days)

75. Should the Commission determine that there are material factual issues in dispute, TURN reserves the right to propose a different schedule that includes opportunity for discovery, submission of prepared testimony and evidentiary hearings.

Date: December 6, 2013

Respectfully submitted,

By: _____/s/_____

Christine Mailloux, Staff Attorney
Thomas J. Long, Legal Director
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VERIFICATION

I am a representative of the complainant in the above titled matter and am authorized to make this verification on its behalf. The statements in the foregoing document are true of my knowledge, except as to matters that are therein stated on information and belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on December 6, 2013 at San Francisco, California

/s/
Thomas J. Long
Legal Director

Testimony
David Bergman, Office of Ohio Consumers' Counsel
Chair Telecom Committee NASUCA
Dec 9, 2009

RESULTS OF THE 2008-2009 NATIONAL ASSOCIATION OF STATE UTILITY CONSUMER ADVOCATES (NASUCA) RATE SURVEY

The Telecommunications Act of 1996 promised consumers higher quality service and lower prices. We've talked about service quality in other forums; today the focus is on prices.

We sent out a survey to all National Association of State Utility Consumer Advocates members; responses were received from 26 jurisdictions, and I've included information from Wisconsin (which does not have a NASUCA member) based on a state Public Service Commission report. The following discussion is based on responses from Alaska, California, Colorado, Connecticut, Washington, D.C., Delaware, Florida, Hawaii, Iowa, Illinois, Indiana, Maine, Maryland, Minnesota, Missouri, Montana, Nevada, New Jersey, New York, Ohio, Pennsylvania, Texas, Utah, Washington and Wyoming.

The survey focused on the largest carriers in each state, typically AT&T, Verizon or Qwest. Although some states provided information on multiple carriers, in the summary the AT&T, Verizon or Qwest response is treated as governing for the entire state.

We looked at three basic groupings of service. First, intraLATA toll are local toll calls made within a defined access area but not covered under a customer's basic local service plan. This is one area where the presence of competition is pretty well established, although there remain questions of intermodal alternatives. IntraLATA toll has pretty much been price-deregulated. **For ease of reference, further references to "deregulation" should be understood to refer only to deregulation of prices; other forms of regulation (i.e., service quality) are not considered here.**

Second, non-basic services have often been found to be competitive or otherwise been price-deregulated, because of their optional nature. In many states, service bundles that include basic service are grouped with these optional services. Apart from bundles, the survey focused on the most popular vertical services (caller ID, call waiting and call forwarding).

Third and last, there is basic service, which may or may not be specifically defined in each state. It has tended to be the last service to be price-deregulated, especially as a stand-alone service, not part of a bundle.

In 21 jurisdictions, intraLATA toll is deregulated.[1] Some states did not report on intraLATA toll increases, but seven jurisdictions indicated that there had been increases,[2] while eight others reported no increases; one reported increases and decreases; one reported some decreases.

Non-basic services are deregulated in 20 jurisdictions (one additional for new services

[1] AK and DC have no LATAs.

[2] CA reported that the increases had been "too numerous to count."

only); four jurisdictions report that these services are NOT deregulated. In most of the states reporting deregulation, there has been a finding that the services are subject to competition. All states reporting deregulation indicated that bundles that include basic service were among the deregulated services.

Only three of the deregulated jurisdictions have NOT seen increases in the rates for those services. [Not all responders specified the amount of the increases. For those who did, the increases have ranged from what might be called "minimal" (8 percent per year) to "massive," with some services' rates doubling.]

Then there is basic service. There were 15 jurisdictions that reported a statutory definition of basic service; others did not have such a definition.

In nine jurisdictions, there have been findings that basic service is competitive, although some of those findings are limited to particular areas.[3] In 13 jurisdictions, there have been no such findings. In two of the jurisdictions with a competitive finding, basic service rates are no longer regulated; the remaining jurisdictions (including those without competitive findings) have some limitations on the increases.[4]

Actual increases in the jurisdictions with competitive findings range from $2.00-$3.22 per month. Increases in jurisdictions without competitive findings also have occurred.[5] In three jurisdictions there have been basic service rate decreases; in all of those, basic service rates are fully regulated.

Obviously, these results are not universal, and are subject to some interpretation. But it does appear that the '96 Act's promise of lower prices due to competition has not been met. Exactly the opposite, in fact.

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[3] For example, in Alaska, the findings apply in Anchorage, Fairbanks and Juneau; in Ohio, the findings are on a company-by-company, exchange-by-exchange basis.

[4] For example, Alaska has an 8 percent per year price increase cap; California is considering transitional price caps for after the current caps expire in January 2009; Illinois limits increases to $1 per year for access and $0.05 per year for usage; New York caps its basic rate at $23 per month.

[5] For example, Florida has increases under an overall price cap; Minnesota will see a $1 increase in 2009 under its AFOR plan; New Jersey will see three years of increases, from the current $8.95 a month up to $16.45 a month.

Survey results as of 6/26/09 (* denotes informal response)

I. IntraLATA toll (toll calls made within a defined access area but not covered under a customer's basic local service plan) and non-basic services

"Deregulated" here refers to price deregulation, where the Incumbent Local Exchange Carrier (ILEC) has authority to set its own rates, a/k/a "market-based pricing"[6]
Services addressed in "non-basic service price increases" are CallerID, call waiting and call forwarding.
Blanks are where answer was not determinable from the state response.

State	IntraLATA toll deregulated?	IntraLATA toll price increases?	Non-basic services deregulated	Competitive finding for non-basic services	Bundles including basic service included?	Non-basic service price increases
Alaska	N	N	Y[7]		Y	8% per year
Calif.	Y	Y[8]	Y	Y[9]	Y	N
Colo	Y		Y[10]		Y[11]	
Conn	Y	N	Y	Y	Y	Y
D.C.	N/A		New services only		Y	
Del.	Y	Increases and decreases	Y	Y	Y	N
Fla.	Y	N	N	N	N	Price cap
Hawaii	Y	N	N	N	N	N

[6] In some states, there is a requirement that toll be priced above incremental costs, with no upper limit. Some interpret that as a "price constraint."
[7] In competitive areas
[8] "Too numerous to count"
[9] AT&T, Verizon. Frontier 2006.
[10] Except for per-call blocking, per-line blocking, call trace, busy line verification/interrupt, non-listed/non-pub, white pages listings, some operator services.
[11] Basic service component still regulated.

State	IntraLATA toll deregulated?	IntraLATA toll price increases?	Non-basic services deregulated	Competitive finding for non-basic services	Bundles including basic service included?	Non-basic service price increases
Iowa	Y		Y	Y	Y	
Ill.	Y	Y	Y[12]	Y	Y	Y (57%-175%)
Ind.	Y	Some decreases	Y[13]	Y	Y	Y
Md.	Y		Y[14]		N	
Maine	Y	N[15]	Y[16]	Y	Y	Y; about 100% over 10 years
Mich.*	Y		Y[17]			
Minn.	Y		N		N	Not since 2005.
Mo.	Y	Y	Y	Y[18]	Y	
Mont.	N		N[19]	N		
N.J.*	Y			Y[20]		Restrictions on increases
Nev.	Y	Y	Y	Y	Y	Y; 20%-50% (2007-2008)
N.Y.	N	N	Y	Y	Y	Y

[12] AT&T, 2205 & 2008.
[13] By statute 2006; earlier PUC orders.
[14] Not all non-basic services; under price cap.
[15] But lower rates available from competitors.
[16] Except for directory and operator services.
[17] 1991.
[18] By statute.
[19] Pending case would price deregulate for five years.
[20] By stipulation 5/08.

State	IntraLATA toll deregulated?	IntraLATA toll price increases?	Non-basic services deregulated	Competitive finding for non-basic services	Bundles including basic service included?	Non-basic service price increases
Ohio	Y	Y	Y	Y	Y	Y
Penn.	Y[21]	Y	Y	Y[22]	Y	Y; 6-17% in one year
Texas	Y	N		Y	Y	42%-185% (1999-2007)
Utah	Y	Y	Y	Y		
Wash.*			Y	Y		Rate increases
Wis.[23]	Y		Y	Y	Y	
Wyo.	Y	N	Y	Y	Y	

[21] For Verizon and most ILECs.

[22] Verizon PA and Verizon North.

[23] "Second Annual Report on the Impact of Partial Deregulation of AT&T's Basic Local Exchange Service on Competitive Conditions and on BLES Customers" (October 2007).

II. Basic services

"Deregulated" here refers to price deregulation, where the ILEC has authority to set its own rates, a/k/a "market-based pricing".

State	Statutory definition of basic service?	Competitive findings for basic service?	Pricing regime for basic service	Basic service price increases	
Alaska	N	Y[24]	8% per year price cap	$2.25 per month	
Calif.	N[25]	Y	Frozen until 1/2009; PUC considering transitional price caps	Inflation	
Colo.	Y[26]	N[27]	In hearing[28]	Request to increase from $14.88 to $16.99 and up to $18.25	
Conn.	Y	N	Price caps	N	
D.C.	N	N		Two-year rate freeze ends in 2010	
Del.	N	N	Statutory	Some decreases	
Fla.	Y	N	Price caps	Annual price cap increases	
Hawaii	Y	N	Fully regulated	N	
Iowa	Y	Y	Not regulated	$2.33	

[24] Anchorage, Fairbanks, Juneau

[25] By PUC decision,

[26] List of services deferred to PUC.

[27] Pricing for other than first lines has been deregulated.

[28]

State	Statutory definition of basic service?	Competitive findings for basic service?	Pricing regime for basic service	Basic service price increases	
Ill.	N	Y	Basic increase no more than $1/year; usage increase no more than $0.05/year	$2 increase for basic; $0.04 for usage	
Ind.	Y	Y[29]	All rate regulation ends 7/1/09	N	
Md.	Y	N	Price caps	$0.50 per month (2006)	
Maine	Y	N	Fully regulated	Decreases	
Mich.*	Y		Minimum plan protected		
Minn.	N	N	Limited in AFOR	$1 increase in 2009	
Mont.	N	N	Pending case would reduce rates by $16M, eliminate zone and EAS charges		
N.J.		N	Three years of increases, to $16.45/month, from $8.95/month		
Nev.	Y	As of 2012[30]	Capped.	In 2012.	
N.Y.	Y	Y	Capped at $23	$2, up to cap	
Ohio	Y	Y[31]	Max. increase $1.25/month each year	CBT: $2.50; none yet for AT&T, Embarq	
Penn.	Y	N	Price cap	Y	
Utah	Y	Y	No price limits		

[29] Except for stand-alone basic service.
[30] By statute.
[31] By individual company, by exchange

State	Statutory definition of basic service?	Competitive findings for basic service?	Pricing regime for basic service	Basic service price increases	
Wash.*			AFOR allows $1 one-time increase		
Wis.[32]		Y[33]	No cap after 12/1/07	$3.22 increase 2005-2006	
Wyo.	Y	N	Capped at 2006 levels	Prior to 2006[34]	

[32] "Second Annual Report on the Impact of Partial Deregulation of AT&T's Basic Local Exchange Service on Competitive Conditions and on BLES Customers' (October 2007).

[33] Except for AT&T's 60 smallest exchanges.

[34] State USF means no customer pays more than 130% of statewide average rate.

APPENDIX B

SUMMARY OF DEREGULATORY ACTIVITIES IN STATES NAMED IN CRONIN COMMUNICATIONS TESTIMONY			
STATE	**BASIC SERVICE RATES**	**BROADBAND COMMITMENTS/ INCENTIVES**	**SERVICE QUALITY**
Alabama	Incumbent Local Exchange Carriers (ILECs) may opt out of regulation after a commission proceeding showing four competitors; no regulation of basic service rates after 1/1/11. (Alabama Code 37-2A-5, signed 5/8/09).		The Commission has exclusive complaint jurisdiction. (Alabama Code 37-2A-8, signed 5/8/09)
Alaska	Where no carrier has 60% market share, local service rate increase may not exceed 6% in any 12-month period or 15% total in a three-year period. (NOT LEGISLATIVE; COMMISSION ACTION; 3 Alaska Adm. Code 53.240)		The Commission may prescribe standards for measurement. All services tariffed. All services just and reasonable. (Rule 42.05.381)
Arizona	Services commission finds competitive after a proceeding may be increased within limits in the company's tariff and notice to commission. (NOT LEGISLATIVE; COMMISSION ACTION; R14-2-1108, R14-2-1109)		Detailed rules on establishment of customer service, deposits, customer information, etc. (R14-2-503 to 508).
California	Companies generally may raise rates by filing an advice letter and giving customers at least 30 days written notice of the filing. Customers may file a protest within 20 days after the filing. (NOT LEGISLATIVE; COMMISSION ACTION; CPUC General Order 96-B)		Order has minimum service quality measures such as installation, trouble reports, answer time, outages. Reporting requirements based on level of competition. Quarterly reporting. (General Order 133-C)
Colorado	Price ceiling for reregulated basic service under commission approved alternative regulation after showing of effective competition and public interest determination. (CRS 40-15-207; 40-15-302)		The Commission has detailed rules on deposits, disconnection, restoration, billing, etc.
Connecticut	Commission may reclassify a service as competitive, emerging competitive or noncompetitive, based on competition for the service. (12 CA 16-247f). Cellular service subject to regulation (but with ability for forbearance under certain conditions (Section 16-250b)		Service quality standards for trouble reports, appointments met, installation, outages; semiannual reports filed publicly. (12 CA 16-247 g-2)
Florida	If commission determines that the level of competition warrants, the company may, on 30 days' notice, adjust its basic service rates once in any 12-month period in an amount not to exceed the change in inflation less 1%. A rate increase over the cap may be granted only after a hearing and a compelling showing of changed circumstances. (Statute 364.051(3))		Statutory regulation of billing practices. (Statute 364.604)
Georgia	Basic service rates capped at the rate in effect on the date the company becomes subject to alternative regulation for five years; increases based on inflation rate (OCGA 46-5-166)	Company must commit to provide basic service on reasonable request and to invest $500 million per year for five years to improve and strengthen telecommunications (OCGA 46-5-165)	Commission has rules on deposits, service disconnection, etc. (Rules 515-12-1-.28)

Staff/401
Moore/82

STATE	BASIC SERVICE RATES	BROADBAND COMMITMENTS/ INCENTIVES	SERVICE QUALITY
Hawaii	Carriers may have pricing flexibility for services that the commission finds are effectively competitive provided that rates for basic service and services not effectively competitive are cost-based and are just, reasonable and nondiscriminatory, and universal service is preserved and advanced; commission may exempt a provider or service, after notice and hearing, from most regulation if the exemption is in the public interest. (HRS §269-38; 269-16.9)		Commission has adopted rules regarding refunds for service interruptions, deposits, outages, etc.
Idaho	No regulation of basic service rates in an exchange if commission finds effective competition exists for basic service throughout the exchange. (Idaho Code 62-622(3))		Commission has adopted rules on repair standards, deposits, disconnections, reconnection, etc.
Indiana	No cap on basic service rate increase, but requires all basic service providers to offer flat rate, not measured, service. (IC 8-1-2.6-1.3)	Company must offer broadband to at least 50% of households in the exchange area not later than 18 months after first rate increase, at an average speed of at least 1.5 Mbps downstream and at least 384 kbps upstream. Failure means either a refund to customers, or a civil penalty, in an amount equal to company's incremental revenue from all basic service rate increases in the exchange under the statute, plus interest. (IC 8-1-2.6-1.3)	No commission jurisdiction over service quality except for annual reporting requirement. (IC 8-1-2.6-13)
Illinois (all statutes are slated for repeal on 7/1/2010)	Alternative regulation for noncompetitive services on petition: basic rate capped at rate in effect 180 days before filing of the plan for the first three years, basic residence rates no higher than those rates in effect. Plan may reduce rates. (220 ILCS 5/13-506.1(b)). In absence of petition under 13-506.1, ILECs, with more than 35,000 lines subject to rate of return regulation. NOTE: AT&T residential services recently classified as competitive per 13-502, although order on appeal.	Every ILEC shall offer or provide advanced telecommunications services to at least 80% of its customers by January 1, 2005. (220 ILCS 5/13-517)	Statutory minimum standards for basic service: automatic credits for failure to repair within 24 hours, failure to install within five days and failure to keep service appointments. (220 ILCS 5/13-712)

Staff/401
Moore/83

STATE	BASIC SERVICE RATES	BROADBAND COMMITMENTS/ INCENTIVES	SERVICE QUALITY
Iowa	Pursuant to Iowa Utilities Board decision allowed by statute, as of July 1, 2008, there is no retail rate regulation in Iowa. Thus basic service rates are deregulated. (Iowa Code 476.1D)	Company electing to increase flat-rate residential rates shall offer digital subscriber line broadband in all of its exchanges within 18 months of the first rate increase. Failure may mean civil penalty or refund of all incremental revenue resulting from the rate increase. (Iowa Code 476.1D)	
Kansas	Carriers may elect price cap regulation that may be revoked if carrier violates minimum service quality standards and fails to correct the violation. As of 7/1/06, bundles price deregulated, but cannot be priced higher than total a la carte rate. All services, including basic service, price deregulated in exchanges with less than 75,000 lines. All services, including basic service, may be price deregulated if LEC can demonstrate there are two or more nonaffiliated carriers providing service to more than one customer. One of the nonaffiliated carriers must be facilities-based, and not more than one of the nonaffiliated carriers may be a wireless carrier. (Kansas Code 66-2005; 66-2005a)	Regulatory reform plans also shall include commitments to provide broadband services to any hospital, any school, any public library or other state and local government facilities at discounted prices and basic rate integrated services digital network (ISDN) service at uniform prices throughout the carrier's service area, and must reduce intrastate access charges to interstate levels. (Kansas Code 66-2005; 66-2005a)	Have standards on billing and disconnection (adopted in 1983, docket no. 120,408-U)
Michigan (statutes sunset 2009)	A provider may reduce or increase its basic service rate within specified parameters; only one rate increase for each regulated service during any 12-month period. (MCL 484.2304)		The Commission may publish rules to enforce quality standards for basic service. (MCL 2202)
Missouri	Basic service may increase up to Consumer Price Index. Company may petition to increase rate up to $2 per year for four years. Total pricing flexibility where effective competition shown. If at least 55% of territory is competitive, can increase to statewide average, up to $2 per year. (Code 392.245)		Has service quality regulations for repair and installation, as well as billing and disconnection.
Nebraska	Basic rate increases with 90-day notice to customers where, after notice and hearing, commission determines there is competition. Automatic review if a company files to increase basic rates by more than 10% in any consecutive 12-month period. (Statute 86-144; 86-146)		The commission shall regulate service quality and shall investigate and resolve subscriber complaints concerning service quality, subscriber deposits, and disconnection of service. (Statute 86-123)

STATE	BASIC SERVICE RATES	BROADBAND COMMITMENTS/ INCENTIVES	SERVICE QUALITY
Nevada	On competitive showing at commission (made by AT&T and CenturyLink), basic rates capped until 1/1/11; may increase by $1 until 1/1/12, then no cap. (NRS 704.68877) Other ILECs categorized as "small-scale providers of last resort" and remain rate-regulated. Have opportunity to seek classification as a competitive supplier (upon showing of competition). No such application yet.		
New Jersey	Companies petition for alternative regulation. (48:2-21.18) Board of Public Utilities determines which services are competitive and may not regulate them. (48.2-21.19) Verizon pricing flexibility for basic service: rate caps of $3.00, $2.50 and $2.00 in first three years. (Order, Docket No. TX07110873)	Under the current alternative form of regulation, there are broadband commitments identified as Opportunity New Jersey (ONJ).	The Board still regulates service quality for retail services and for wholesale services.
North Carolina	ILEC may seek pricing based on changes in generally accepted indices of prices; to approve, commission must find that plan protects the affordability of basic service, reasonably assures continuation of basic service that meets reasonable service standards, will not unreasonably prejudice any class of customers and is otherwise consistent with the public interest. (NC Code § 62-133.5(a)) HB1180 (6/30/09): allows annual basic rate increase by a percentage that does not exceed the prior year increase in the GDPPI unless authorized.		HB1180: new section 62-133.5(k) – to evaluate affordability and quality of local exchange service, company offering residential basic service reports annually to General Assembly on the state of competition, including access line gain or loss and impact on consumer choices; analysis of service quality based on customer satisfaction studies; analysis of level of local exchange rates
South Carolina	Basic rate capped at existing rate for two years; then may increase based on inflation. Must have competitive showing. (SC Code 58-9-576)		
Tennessee	ILECs may elect market regulation upon competitive showing. (TN Code 65-5-109(m)-(o))		ILECs remain subject to state consumer protection act and commission jurisdiction over complaints (TN Code 65-5-109(p)). Commission has adopted service quality standards
Texas	Markets unregulated if at least 100,000 population; markets of 30,000-100,000 population must have at least three competitors, at least one providing residential service. Commission develops test to deregulate markets under 30,000. (Utilities Code 65.051-65.204). Companies that have only some markets deregulated have some pricing restrictions and must reduce access charges.		Service Quality standards (Texas Administrative Code, Chapter 26 §26.54)
Utah	ILECs may be exempt from price regulation upon showing of effective competition; commission must consider impact on captive customers. (UT Code 54-8b-3)		Commission may adopt rules for service quality standards (including billing credits); no requirements greater than existed on 1/1/05.

STATE	BASIC SERVICE RATES	BROADBAND COMMITMENTS/ INCENTIVES	SERVICE QUALITY
			(UT Code 54-8b-3.3)
Virginia	After notice and hearing, commission may find any ILEC's service to be competitive and regulate those services equally with competitors' services. (VA Code § 56-235.5)	If a telephone company provides 90% or more of its residential and business lines access to broadband service within an exchange area, the commission shall apply the same regulatory treatment already adopted for those services in competitive areas. (VA Code § 56-235.5:1)	Commission has regulations concerning disconnection and repair standards. (20 VAC Chapters 413 and 427)
Wisconsin	Upon application to commission and a public interest finding, basic service may be price regulated: rates capped at current levels for three years, except large companies must reduce rates by 10%; thereafter, increases limited by GDPPI. (WI Code 196.195)	Must submit to commission a six-year plan for infrastructure development; large companies must commit to at least $700 million investment for first five years. (WI Code 196.196)	

Wire Center Name	Without Wireless Area (sq. miles)	Without Wireless Population	Without Wireless Population Density
BAKER-SUMPTER	72.760	15	0.21
BLUE RIVER	263.098	58	0.22
BURLINGTON	7.737	69	8.92
COTTAGE GROVE	14.086	86	6.11
CULP CREEK	62.293	54	0.87
FALLS CITY	41.263	5	0.12
FLORENCE	11.786	18	1.53
INDEPENDENCE	1.285	0	-
JACKSONVILLE	15.671	17	1.08
JUNCTION CITY	6.591	63	9.56
LOWELL	2.686	26	9.68
MAPLETON	25.072	68	2.71
MARCOLA	18.698	509	27.22
MILTON-FREEWATER	32.652	5	0.15
NORTH PLAINS	18.854	156	8.27
OAKRIDGE	8.496	33	3.88
PRINEVILLE	94.816	0	-
RAINIER	17.786	928	52.18
SILETZ	31.219	382	12.24
ST HELENS	37.682	1254	33.28
VALE	0.591	0	-
VENETA	6.005	24	4.00
Total	**791.125**	**3770**	**4.77**

CASE: UM 1354
WITNESS: MITCH MOORE

PUBLIC UTILITY COMMISSION
OF
OREGON

STAFF EXHIBIT 402

Exhibits in Support
Of Opening Testimony

April 2, 2014

STAFF EXHIBIT 402

IS CONFIDENTIAL AND SUBJECT TO MODIFIED

PROTECTIVE ORDER NO. 08-116. YOU MUST HAVE SIGNED

APPENDIX B OF THE MODIFIED PROTECTIVE ORDER IN

DOCKET UM 1354 TO RECEIVE THE

CONFIDENTIAL VERSION

OF THIS EXHIBIT.

CERTIFICATE OF SERVICE

UM 1354

I certify that I have, this day, served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-001-0180, to the following parties or attorneys of parties.

Dated this 2nd day of April, 2014 at Salem, Oregon

Mark Brown
Public Utility Commission
3930 Fairview Industrial Drive SE
Salem, Oregon 97302
Telephone: 503-378-8287

UM 1354
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