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Arizona Corporation Commission

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BEFORE THE ARIZONA CORPORATION COMMISSION

CARL J. KUNASEK  
Chairman  
JIM IRVIN  
Commissioner  
WILLIAM MUNDELL  
Commissioner

IN THE MATTER OF THE APPLICATION  
OF U S WEST COMMUNICATIONS, INC.,  
A COLORADO CORPORATION, FOR A  
HEARING TO DETERMINE THE EARNINGS  
OF THE COMPANY, THE FAIR VALUE OF  
THE COMPANY FOR RATEMAKING  
PURPOSES, TO FIX A JUST AND  
REASONABLE RATE OF RETURN THEREON  
AND TO APPROVE RATE SCHEDULES  
DESIGNED TO DEVELOP SUCH RETURN.

DOCKET NO. T-01051B-99-0105

**NOTICE OF FILING**

Pursuant to the procedural order entered in this matter on  
May 5, 2000, U S WEST Communications, Inc. hereby gives notice of  
filing its revised direct testimony and associated exhibits  
regarding cost studies and rate design. Proposed tariffs  
relating to the updates are also being filed.

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DATED this 19th day of May, 2000.

U S WEST COMMUNICATIONS, INC.  
Law Department  
Thomas Dethlefs

and

FENNEMORE CRAIG

By   
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for filing this day of  
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COPY of the foregoing hand-delivered  
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**BEFORE THE ARIZONA CORPORATION COMMISSION**

Arizona Corporation Commission

**DOCKETED**

MAY 19 2000

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IN THE MATTER OF THE APPLICATION OF )  
U S WEST COMMUNICATIONS, INC., A )  
COLORADO CORPORATION, FOR A )  
HEARING TO DETERMINE THE EARNINGS )  
OF THE COMPANY, THE FAIR VALUE OF THE )  
COMPANY FOR RATEMAKING PURPOSES, )  
TO FIX A JUST AND REASONABLE RATE OF )  
RETURN THEREON AND TO APPROVE RATE )  
SCHEDULES DESIGNED TO DEVELOP SUCH )  
RETURN )

**DOCKET NO. T-01051B-99-0105**

**SUPPLEMENTAL DIRECT TESTIMONY**

**OF**

**JERROLD L. THOMPSON**

**U S WEST COMMUNICATIONS**

**May 19, 2000**

**TESTIMONY OF JERROLD L. THOMPSON  
INDEX OF TESTIMONY**

**I. TESTIMONY**

**IDENTIFICATION OF WITNESS..... 1**

**PURPOSE OF TESTIMONY ..... 1**

**UPDATED INFORMATION ..... 3**

**LOOP COST INFORMATION ..... 3**

**RECOMMENDATION..... 4**

**II. EXHIBITS**

**COST STUDY RESULTS..... JLT-1**

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**IDENTIFICATION OF WITNESS**

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

A. My name is Jerrold L. Thompson. I am employed by U S WEST Communications, Inc., (U S WEST) as Executive Director - Service Cost Information. My business address is Room 4400, 1801 California Street, Denver, CO.

**Q. DID YOU PROVIDE TESTIMONY EARLIER IN THIS PROCEEDING?**

A. Yes. I provided direct testimony dated January 8, 1999. This testimony revises and updates that testimony.

**PURPOSE OF TESTIMONY**

**Q. COULD YOU BRIEFLY SUMMARIZE YOUR PRIOR TESTIMONY?**

A. Yes. My previous testimony covered Total Service Long Run Incremental Cost (TSLRIC) studies. I described TSLRIC principles, U S WEST's cost study procedures, the proper use of TSLRIC information, and the differences between TSLRIC and Total Element Long Run Incremental Cost (TELRIC) studies. Under confidential cover I provided the results of U S WEST's TSLRIC studies for several products where pricing changes are proposed.

1

2 **Q. WHAT IS THE PURPOSE OF YOUR REVISED TESTIMONY?**

3

4 A. This testimony revises my January 1999 testimony and updates the cost studies  
5 previously submitted in this proceeding. This update is necessary to: (1) provide  
6 costs for services where U S WEST is proposing price changes; (2) reflect more  
7 recent information; and (3) incorporate Commission ordered loop costs.

8

9 **Q. WHY ARE THESE CHANGES NECESSARY?**

10

11 A. My previous testimony provided cost studies for services that U S WEST  
12 proposed price changes. In this testimony U S WEST is proposing changes to  
13 include some additional services. For example, in addition to the cost studies  
14 addressed in my direct testimony I am now including cost studies for Last Call  
15 Return, Common Channel Signaling, and Switched Access Trunk Testing. The  
16 cost studies I am including in this testimony reflect U S WEST's most recent data  
17 for costs. Given the Commission's rules requiring Total Service Long-run  
18 Incremental Cost Studies<sup>1</sup>, it is important that the forward-looking costs reflect  
19 current information. Finally, with the intent to avoid prolonged unnecessary  
20 debate as to the appropriate assumptions for loop costs, I have directed that the  
21 cost studies incorporate the Commission ordered loop rate from Docket No. U-

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<sup>1</sup> R14-2-103 and R14-2-1310.

1 3021-96-448 (*et al*), Decision No. 60635. Because U S WEST is proposing  
2 further deaveraging of its retail rates in this proceeding, I have also directed the  
3 use of U S WEST's deaveraged loop costs for costs in the proposed Base Rate  
4 Area, Zones 1 and 2 as described in the testimony of Mr. David Teitzel.

5 **UPDATED INFORMATION**

6 **Q. HAS U S WEST USED ITS LATEST COST MODELS?**

7  
8 A. Yes. The updated TSLRIC results have utilized the latest models for Switch  
9 Usage, Transport, and Cost Factors. In addition, U S WEST has used the latest  
10 Commission approved depreciation lives and the Company's proposed forward-  
11 looking Cost of Capital, 12.4%. The Switched Usage Model has updated  
12 information for each switch in Arizona including completion ratios, percent digital  
13 lines, and current equipment prices. The Transport Model has updated  
14 equipment prices and utilized current interoffice transport designs. Factors have  
15 been updated to the year 2000 level.

16 **LOOP COST INFORMATION**

17 **Q. WHAT LOOP COST INFORMATION IS USED IN THE REVISED COST**  
18 **STUDIES?**

19  
20 A. I have directed the use of loop costs that comply with the Commission's Decision  
21 No. 60635. The Commission determined that the cost of an unbundled loop on

1 a statewide average basis in Arizona is \$21.98 per month. I have adopted that  
2 cost on a deaveraged basis. The deaveraged cost number was developed from  
3 an analysis of the current Base Rate Area with 2 Outlying Zones. The statewide  
4 average rate of \$21.98 on a deaveraged basis is:

5	Base Rate Area	\$20.12
6	Zone 1	\$40.65
7	Zone 2	\$63.70

8  
9 These costs are based upon the proposed Base Rate and Zone increments  
10 contained in the testimony of Mr. David Teitzel. These costs are also proposed  
11 by U S WEST in Docket No. T-00000A-00-0194, In The matter of Investigation  
12 Into U S WEST Communications, Inc.'s Compliance With Certain Wholesale  
13 Pricing Requirements for Unbundled Network Elements and Resale Discounts.

14  
15 **Q. HAVE YOU PROVIDED THE RESULTS OF THE REVISED TSLRIC STUDIES?**

16  
17 **A.** Yes. Confidential Exhibit JLT-1 Supplemental contains the results of the revised  
18 TSLRIC studies, as well as the new studies I discussed.

19 **RECOMMENDATION**

20 **Q. WHAT IS YOUR RECOMMENDATION TO THE COMMISSION?**

21  
22 **A.** I recommend that the Commission approve the use of U S WEST's TSLRIC  
23 studies as the appropriate price floor for the services in this proceeding.

24

1 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

2

3 A. Yes.

**BEFORE THE ARIZONA CORPORATION COMMISSION**

**IN THE MATTER OF THE APPLICATION OF )  
U S WEST COMMUNICATIONS, INC., A )  
COLORADO CORPORATION, FOR A )  
HEARING TO DETERMINE THE EARNINGS )  
OF THE COMPANY, THE FAIR VALUE OF THE )  
COMPANY FOR RATEMAKING PURPOSES, )  
TO FIX A JUST AND REASONABLE RATE OF )  
RETURN THEREON AND TO APPROVE RATE )  
SCHEDULES DESIGNED TO DEVELOP SUCH )  
RETURN )**

**DOCKET NO. T-01051B-99-0105**

**EXHIBITS**

**OF**

**JERROLD L. THOMPSON**

**U S WEST COMMUNICATIONS**

**May 19, 2000**

Confidential Exhibit JLT-1 provided under separate cover

BEFORE THE ARIZONA CORPORATION COMMISSION

CARL J. KUNASEK  
CHAIRMAN  
JIM IRVIN  
COMMISSIONER  
WILLIAM A. MUNDELL  
COMMISSIONER

IN THE MATTER OF INVESTIGATION INTO  
U S WEST COMMUNICATIONS, INC.'S  
COMPLIANCE WITH CERTAIN WHOLESAL  
PRICING REQUIREMENTS FOR UNBUNDLED  
NETWORK ELEMENTS AND RESALE  
DISCOUNTS

STATE OF COLORADO

COUNTY OF DENVER

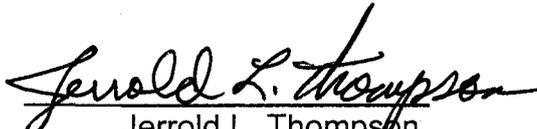
DOCKET NO. T-01051B-99-0105

AFFIDAVIT OF  
Jerrold L. Thompson

SS

Jerrold L. Thompson of lawful age being first duly sworn, deposes and states:

1. My name is Jerrold L. Thompson. I am the Executive Director – Service Cost Information for U S WEST Communications in Denver, Colorado.
2. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.

  
Jerrold L. Thompson

SUBSCRIBED AND SWORN to before me this 10<sup>th</sup> day of May, 2000.

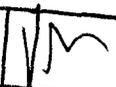
  
Notary Public

My Commission Expires:

May 8, 2004

DOCKETED

MAY 19 2000

DOCKETED BY 

IN THE MATTER OF THE APPLICATION OF )  
U S WEST COMMUNICATIONS, INC., A )  
COLORADO CORPORATION, FOR A )  
HEARING TO DETERMINE THE EARNINGS )  
OF THE COMPANY, THE FAIR VALUE OF THE )  
COMPANY FOR RATEMAKING PURPOSES, )  
TO FIX A JUST AND REASONABLE RATE OF )  
RETURN THEREON AND TO APPROVE RATE )  
SCHEDULES DESIGNED TO DEVELOP SUCH )  
RETURN )

DOCKET NO. T-01051B-99-0105

**SUPPLEMENTAL DIRECT TESTIMONY**

**OF**

**SCOTT A. MCINTYRE**

**U S WEST COMMUNICATIONS**

**MAY 19, 2000**

**TESTIMONY OF SCOTT A. MCINTYRE  
INDEX OF TESTIMONY**

**I. TESTIMONY**

EXECUTIVE SUMMARY .....	i
IDENTIFICATION OF WITNESS .....	1
PURPOSE OF TESTIMONY.....	2
SWITCHED ACCESS SERVICE .....	4
PRIVATE LINE TRANSPORT SERVICES .....	6
Network Access Channel.....	6
Channel Performance.....	8
Transport Mileage.....	9
Optional Features and Functions.....	9
Analog Nonrecurring Charges .....	10
Digital Data Service .....	11
Private Line Summary .....	12
E911 Transport.....	12
PUBLIC ACCESS LINE (PAL) SERVICE .....	14
Proposed Public Access Line .....	14
PUBLIC ANNOUNCEMENT SERVICES .....	14
ScooplineSM Proposal .....	15
PRICING FLEXIBILITY PROPOSAL .....	15
Competitive Zones.....	15
Pricing Flexibility for Wholesale Services .....	16
DEREGULATION OF HIGH CAPACITY SERVICES.....	17
Basis for Deregulation Request .....	17
Interstate Hicap Services Pricing Flexibility .....	18
High Capacity Market Share.....	19
Services Proposed for Deregulation .....	20
CONCLUSIONS AND RECOMMENDATIONS .....	22

**II. EXHIBITS**

	EXHIBIT
Arizona Current and Proposed Switched Access Prices.....	SAM-1
Private Line Network Access Channel & Channel Performance Prices.....	SAM-2
Private Line Transport Mileage Prices .....	SAM-3

Private Line Optional Feature & Function Prices ..... SAM-4  
Private Line Nonrecurring Prices ..... SAM-5  
Digital Data Service Prices ..... SAM-6  
E911 Transport Prices ..... SAM-7  
U S WEST Market Share for High Capacity Private Line Services  
Provided to End-Users ..... SAM-8

## **EXECUTIVE SUMMARY**

My Supplemental Direct Testimony will adopt testimony previously filed by Dr. Barbara M. Wilcox. The purpose is to discuss and support price and structure revisions to U S WEST's switched access, private line transport and public access line services, and the withdrawal of Scoopline<sup>SM</sup> service. My testimony also advocates pricing flexibility for these finished wholesale products, consistent with U S WEST's Competitive Zone proposal.

Switched access service is provided by U S WEST to interexchange carriers for the purpose of connecting these carriers to their end-user customers via the local switched network. In 1995, significant price reductions and restructures of U S WEST's Arizona switched access prices were accomplished. In the present filing, U S WEST proposes to further restructure and reduce switched access prices. The net revenue impact of these proposals is a \$5.0 million reduction in annual revenues.

Private line services are dedicated, direct connections between two or more points. U S WEST has completed a review of each of the individual price elements in the Private Line Transport Tariff, taking into consideration the current costs for each element, the price of competing services, and the need to meet the revenue requirements that exist in Arizona. The resulting price adjustments produce a net \$5.6 million increase in private line and digital data service prices.

Public Access Line (PAL) services provide access to the switched telephone network for payphone service providers. U S WEST continues to propose to withdraw the obsolete customer-owned coin operated telephone service options and move the current customers to equivalent services offered in the PAL tariff. This change produces a net reduction of approximately \$8,000 in annual revenues. U S WEST also proposes to increase the directory assistance prices for PAL customers. The current prices are below cost. The revenue impact for increases in directory assistance charges to PAL customers is \$1.7 million.

Scoopline<sup>SM</sup> is an intraLATA public announcement service whereby U S WEST delivers calls and bills end-user customers on behalf of a sponsor. The end-user reaches the sponsor's information service by dialing a 976 or 676 telephone number. Local public announcement services are being displaced by interexchange carrier's 900 services, which can be offered nationwide. U S WEST proposes to discontinue offering Scoopline<sup>SM</sup> service.

Competitive zones are areas in which U S WEST has competition for local telephone service. Mr. Teitzel describes U S WEST's proposal for pricing flexibility for retail products in competitive zones. The presence of competition in these zones also impacts U S WEST's finished wholesale services, such as switched access, private line, and PAL services. In competitive zones, U S WEST also proposes to introduce flexible pricing for wholesale services.

This testimony also includes my adoption of the testimony filed by Ms. Karen A. Stewart, in which U S WEST requested that the Commission exercise its

authority to deregulate high capacity data services provided by U S WEST in Arizona.

In my supplemental testimony, I update information that demonstrates that the Arizona market for high capacity services continues to be very competitive from both resellers and established facilities-based competitors with substantial resources. An update on FCC action taken since Ms. Stewart's testimony was filed is included. Recent data from a competitive analysis performed by Quality Strategies in second quarter 1999 is presented, showing increasing competition in all high capacity services.

**IDENTIFICATION OF WITNESS**

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**Q. PLEASE STATE YOUR NAME, OCCUPATION, AND PLACE OF EMPLOYMENT.**

A. My name is Scott A. McIntyre. I work for U S WEST Communications, Inc. ("U S WEST" or "Company"). My title is Director – Markets-Regulatory Strategy. My responsibilities include developing marketing and pricing strategies for U S WEST and supporting these strategies in the regulatory arena. My business address is 1600 7<sup>th</sup> Avenue, Room 3009, Seattle, Washington 98191.

**Q. BRIEFLY OUTLINE YOUR EMPLOYMENT AND EDUCATIONAL BACKGROUND.**

A. I earned a Bachelor of Science degree in Electrical Engineering at the University of Washington in 1974. I have worked for U S WEST (formerly Pacific Northwest Bell) since 1970. In the past 30 years I have held many positions that have given me a broad understanding of the telecommunications business. I have experience in the installation and repair of local residence and business telephone services. I also have experience in analyzing and planning new central office equipment and interoffice network facilities. I have performed cost analyses on many aspects of the business and analyzed departmental budgets in great detail. From 1987 to 1999, I managed Private Line (PL) voice and data products. This included the development, pricing and market strategies for a wide range of products serving business customers across U S WEST's fourteen-state region.

1 Since July, 1999, I have been in my current position as a policy and pricing  
2 expert, representing U S WEST in issues involving various business services,  
3 including private line and switched access service. I also represent U S WEST  
4 on issues concerning competition and performance measures. This wide range  
5 of experience has provided me with an understanding of how services are  
6 provided, and the pricing and marketing necessary for these services to be  
7 successful.

8  
9 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS OR ANY OTHER**  
10 **COMMISSION?**

11 A. I have not testified in Arizona, however, I have testified in Washington, Colorado,  
12 New Mexico, Oregon and Wyoming. In addition, I have represented U S WEST  
13 in discussions and settlement conferences in Arizona, Utah, and Minnesota as  
14 well as the states listed above.

15  
16 **PURPOSE OF TESTIMONY**

17  
18 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

19 A. I am adopting the testimony of Dr. Barbara M. Wilcox in its entirety. That  
20 testimony represents switched access, private line services and public access  
21 lines and how U S WEST's proposal for pricing flexibility in competitive zones will  
22 be applied to these products and services. In addition to the testimony of Dr.  
23 Wilcox, I will also adopt the testimony of Karen A. Stewart. Ms. Stewart's  
24 testimony proposed deregulation of Digital High Capacity services and switched  
25 access DS1, DS3 transport. The purpose of my testimony is to present revisions  
26 to the original testimony filed by Dr. Wilcox and Ms. Stewart.

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I describe changes in the original testimony due to an updated test period for switched access, private line services, and PAL services.

I describe U S WEST's proposals for changes in private line prices. U S WEST's private line proposals affect the following price categories for analog private line, and digital data services:

- Network Access Channel
- Transport Mileage
- Channel Performance
- Optional Features and Functions

**Q. WHAT ARE THE SPECIFIC PRICING CHANGES YOU ARE PROPOSING THAT ARE DIFFERENT THAN PROPOSED IN JANUARY 1999?**

A. I am proposing changes in pricing for the following items:

- Analog Private Line NAC, 2-wire and 4-wire
- Analog Private Line Channel Performance
- Analog Private Line Fixed Mileage
- Analog Private Line Per Mile
- Digital Data Service NAC
- Digital Data Service Channel Performance
- Digital Data Service Fixed Mileage
- Digital Data Service Per Mile

**Q. WHY ARE THESE PRIVATE LINE PRICES CHANGING FROM THE ORIGINAL FILING?**

A. Since so much time has passed, new cost studies have been developed which demonstrate that these services have little or no margins. We have taken this opportunity to adjust many prices to cover cost. In an attempt to minimize rate impacts to customers, we have also reduced prices where possible. This has



1 A. The current and proposed switched access revenues, as well as the current and  
2 proposed switched access prices, will be impacted by the updated test period.  
3 The revenues and prices will be reflective of more current demand.  
4

5 **Q. WILL THE AMOUNT OF THE REDUCTION REMAIN THE SAME?**

6 A. Yes. The proposed switched access reduction will remain at \$5M.  
7

8 **Q. DOES THE UPDATED TEST PERIOD CHANGE ANYTHING ELSE ON THE**  
9 **SWITCHED ACCESS PROPOSAL?**

10 A. Yes. With the new revised test period the switched access average weighted  
11 rate changes from 4.1 cents to 3.8 cents per minute-of-use. The current and  
12 proposed prices are shown in Exhibit SAM-1.  
13

14 **Q ARE THERE ANY MORE CHANGES TO SWITCHED ACCESS THAT NEED TO**  
15 **BE INTRODUCED?**

16 A. No. The price changes that are mentioned above are the only changes to  
17 U S WEST's original switched access proposal.  
18

19 **Q. WHAT IS THE NET IMPACT OF ALL THE PROPOSED CHANGES TO**  
20 **SWITCHED ACCESS SERVICES?**

21 A. The overall net impact of price changes to switched access results in a \$5.0  
22 million reduction in annual revenues.  
23



1 **Q. ARE THESE THE SAME PRICES PROPOSED BY DR. WILCOX IN HER**  
2 **ORIGINAL TESTIMONY?**

3 A. No. The original filing proposed rates of \$28 for a two wire NAC and \$56 for a  
4 four wire NAC.

5

6 **Q. WHY HAVE YOU REDUCED THE PROPOSED PRICES FOR THE NAC IN**  
7 **THIS UPDATE?**

8 A. We want to reduce the rate impact that may be significant for some customers.  
9 While we are still concerned with the arbitrage of these services, we are more  
10 concerned, for the present, with the increases faced by some customers as a  
11 result of this significant NAC increase.

12

13 **Q. WHY DO NAC PRICES NEED TO BE RAISED TO THESE LEVELS?**

14 A. Private line services can be used in lieu of an unbundled loop for many services.  
15 Since the unbundled loop is required to be a cost-based wholesale loop  
16 component that will enable Competitive Local Exchange Carriers (CLEC's) to  
17 offer local service, it makes no sense to have a retail service, which could be  
18 used for the same purpose, to be priced lower.

19

20 **Q. WHAT IS THE TOTAL REVENUE IMPACT OF U S WEST'S NETWORK**  
21 **ACCESS CHANNEL PROPOSALS?**

22 A. The NAC proposals for analog private line services will result in an overall annual  
23 increase in revenue of approximately \$5.9 million.

24

1           **Channel Performance**

2  
3   **Q.   PLEASE DESCRIBE U S WEST'S PROPOSALS FOR CHANNEL**  
4   **PERFORMANCE RATES AND YOUR SUPPORTING RATIONALE.**

5   A.   U S WEST proposes to increase certain channel performance rate elements so  
6   that they will be priced above the price floor. U S WEST also proposes to  
7   reduce prices on some channel performance rate elements. Overall, channel  
8   performance prices are being decreased. Details of U S WEST's proposals for  
9   channel performance are detailed in my Exhibit SAM-2.

10  
11   **Q.   WHAT IS THE REVENUE IMPACT OF U S WEST'S CHANNEL**  
12   **PERFORMANCE PROPOSALS?**

13   A.   U S WEST's channel performance proposals will decrease annual revenue by  
14   \$1.0 million.

15  
16   **Q.   ARE ANY OTHER CHANGES BEING MADE REGARDING CHANNEL**  
17   **PERFORMANCE OFFERINGS?**

18   A.   Yes. The original filing by Dr. Wilcox proposed the grandfathering of Local Area  
19   Data Service (LADS), and the elimination of Voice Grade Basic service. At this  
20   time I am also proposing to withdraw Low Speed Data LS1, LS2, MT3, TG1,  
21   TG2; Voice Grade 1, 7, 8, 9, and 12 services. These additional types of analog  
22   private lines are archaic, have no quantities in service, and have no future  
23   market requirement.

24  
25

1           **Transport Mileage**

2  
3   **Q.   WHAT ARE U S WEST'S PROPOSALS FOR TRANSPORT MILEAGE RATES**  
4   **AND THE CORRESPONDING RATIONALE?**

5   A.   U S WEST proposes to adjust prices for Arizona's transport mileage so they are  
6   more closely aligned with costs. This will be accomplished by increasing the  
7   "fixed" rate element and increasing the "per-mile" rate element for all except the  
8   third mileage bands. Higher monthly rates are proposed for the three higher  
9   Audio Services bands in recognition of their greater bandwidth capacities. These  
10  proposed analog private line transport mileage changes are shown in Exhibit  
11  SAM-3.

12  
13 **Q.   WHAT IS THE REVENUE IMPACT OF U S WEST'S TRANSPORT MILEAGE**  
14 **PROPOSALS?**

15 A.   The annual revenue impact of U S WEST's recurring transport mileage rate  
16  proposals is a decrease of approximately \$1.7 million.

17  
18           **Optional Features and Functions**

19  
20 **Q.   WHAT ARE OPTIONAL FEATURES AND FUNCTIONS?**

21 A.   Optional Features and Functions provide options to improve the quality or utility  
22  of a private line transport service to meet specific customer requirements.  
23  Examples of these options include bridging, conditioning, and transfer  
24  arrangements.

25

1 **Q. WHAT PROPOSALS DOES U S WEST HAVE FOR OPTIONAL FEATURES**  
2 **AND FUNCTIONS?**

3 A. U S WEST proposes to increase bridging rates for services that are below costs.  
4 Decreases are also being made to some bridging and conditioning options. The  
5 details of these proposals are shown on my Exhibit SAM-4.  
6

7 **Q. WHAT IS THE REVENUE IMPACT OF U S WEST'S PROPOSALS FOR**  
8 **OPTIONAL FEATURES AND FUNCTIONS?**

9 A. The annual revenue effect of this portion of U S WEST's overall proposal is a net  
10 decrease of \$47,000.  
11

12 **Analog Nonrecurring Charges**

13  
14 **Q. WHAT CHANGES ARE YOU PROPOSING FOR PRIVATE LINE**  
15 **NONRECURRING CHARGES?**

16 A. The nonrecurring charges, which are applied when a customer installs or  
17 changes a private line service, are being simplified to be more consistent across  
18 services and to align prices more closely with costs. This involves both price  
19 increases and price decreases. The specific prices being changed are shown in  
20 my Exhibit SAM-5.  
21

22 U S WEST also proposes to modify prices and price structure for some private  
23 line miscellaneous nonrecurring charges. The design change charge is being  
24 increased from \$63 to \$70. Prices for additional engineering and labor are being  
25 increased and simplified to just one half-hour charge for all half-hour increments.

1 These miscellaneous nonrecurring changes are applicable to all private line  
2 services and they result in additional annual revenues of \$36,000.

3  
4 **Q. WHAT IS THE REVENUE IMPACT OF U S WEST'S PROPOSALS FOR**  
5 **ANALOG PRIVATE LINE NONRECURRING CHARGES?**

6 A. The annual revenue effect of this portion of U S WEST's overall proposal is a  
7 decrease of approximately \$355,000.

8 **Digital Data Service**

9  
10 **Q. WHAT IS DIGITAL DATA SERVICE (DDS)?**

11 A. Digital Data Service (DDS) is offered under the name DIGICOM I and DIGICOM  
12 II Service in Arizona. This proposal will combine DIGICOM I and II into the  
13 U S WEST regional standard Digital Data Service offering. It is a private line  
14 transport service providing point-to-point transmission of digital data at various  
15 speeds up to and including 64 kilobits per second. DDS is used in situations  
16 where a customer needs digital data transmission, but does not have large  
17 enough volumes of data to warrant use of a high-capacity service, such as DS1  
18 Service, which is capable of 1.54 megabits per second.

19  
20 **Q. IS U S WEST PROPOSING ANY CHANGES TO THE PRICES OF DIGITAL**  
21 **DATA SERVICE?**

22 A. Yes, U S WEST is proposing to increase the monthly price for a network access  
23 channel from \$31.50 to \$44. DDS utilizes a four-wire NAC and this change will  
24 make all 4-wire NAC prices consistent with each other. This price increase will  
25 be partially offset by price reductions for channel performance at the higher data

1 speeds. Transport mileage for DDS will be priced with one fixed and one per-  
2 mile price for all mileage bands, which overall will reduce DDS transport revenue.  
3 Proposed prices are shown on Exhibit SAM-6.  
4

5 **Q. WHAT IS THE REVENUE IMPACT OF THE CHANGES TO DDS?**

6 A. The overall net effect is a \$640,256 decrease in annual revenues.

7 **Private Line Summary**

8  
9 **Q. WHAT IS THE TOTAL ANNUAL REVENUE IMPACT OF ALL U S WEST  
10 PRIVATE LINE PROPOSALS?**

11 A. The net annual revenue impact of all of these private line price changes is a \$5.6  
12 million increase.  
13

14 **E911 Transport**

15  
16 **Q. WHAT IS E911 TRANSPORT?**

17 A. E911 Transport consists of facilities that connect and transport 911 calls from the  
18 calling party's serving wire center to the Public Safety Answering Point (PSAP).  
19 These facilities include local loops called Network Access Channels (NACs) and  
20 interoffice transport between the serving wire center of the party calling E911  
21 and the E911 control office, and between the E911 control office and the PSAP's  
22 serving wire center. A channel performance element will also be associated with  
23 each NAC for signaling and conditioning purposes.  
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**Q. HOW DOES U S WEST CHARGE FOR E911 TRANSPORT?**

A. Charges for E911 Transport are shown in the Arizona Exchange and Network Services Tariff, Section 9.2.1. These charges are based on the number of exchange access lines in the E911 serving area. Depending on the number of access lines, U S WEST engineers, installs and maintains transport facilities at sufficient levels to provide a minimum of P.01 grade of service. This ensures that during the average busy hour no more than 1% of calls to the E911 system will encounter a busy condition.

**Q. WHAT CHANGES ARE PROPOSED FOR THESE RATES?**

A. U S WEST is proposing that these transport rates be increased by the same percentage that analog private line prices are being increased. This amounts to a 30% increase in this case.

**Q. PLEASE EXPLAIN WHY IT IS APPROPRIATE TO ASSOCIATE THIS RATE INCREASE WITH ANALOG PRIVATE LINE?**

A. E911 transport is provisioned using service elements identical to those described in my testimony for analog private line. This proposal aligns prices more closely to costs.

**Q. WHAT IS THE REVENUE EFFECT OF THIS PRICE PROPOSAL?**

A. The proposed E911 price changes will result in an annual revenue increase of \$109,972. Details are shown in my Exhibit SAM-7.

1

2

## **PUBLIC ACCESS LINE (PAL) SERVICE**

3

4

### **Proposed Public Access Line**

5

6

**Q. ARE THERE ANY CHANGES TO THE ORIGINAL PAL PROPOSAL?**

7

A. There are no changes to the original proposal for PAL service.

8

9

**Q. WHY DID YOU SET THE PROPOSED RATE FOR FLAT FULL RESALE BASIC PAL AT THE CURRENT TARIFFED RATE OF \$32.78?**

10

11

12

A. The Flat Full Resale Basic PAL rate was reduced to the Flat Business rate in Arizona Corporation Commission Decision No. 61304 dated December 31, 1998. The Commission's Decision is under appeal. U S WEST has reflected the Commission ordered rate for Flat Full Resale Basic PAL in this proceeding while the decision is under appeal. However, should the Company win its appeal, it believes that the PAL price should be set at \$42.31, the price that was in effect prior to decision No 61304.

13

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20

## **PUBLIC ANNOUNCEMENT SERVICES**

21

22

**Q. WHAT ARE PUBLIC ANNOUNCEMENT SERVICES?**

23

A. U S WEST currently offers one public announcement service in Arizona. It is known as Scoopline<sup>SM</sup> Service. Scoopline<sup>SM</sup> Service consists of service and facilities for sponsor-provided pre-recorded announcements or interactive

24

25

1 programs within the Phoenix and Tucson LATAs. This service enables an end-  
2 user client, for a charge, to dial a Scoopline<sup>SM</sup> telephone number and receive a  
3 Scoopline<sup>SM</sup> sponsor's pre-recorded announcement or to participate in an  
4 interactive program. As an integral part of the service, the Company will deliver  
5 calls and bill clients on behalf of the sponsor. In order to reach the information  
6 service, the client dials a 976 telephone number in the Phoenix LATA, or a 676  
7 telephone number in the Tucson LATA.  
8

### 9 Scoopline<sup>SM</sup> Proposal

10  
11 **Q. DESCRIBE THE PROPOSED CHANGES FOR SCOOPLINE<sup>SM</sup> SERVICE.**

12 **A.** U S WEST proposes to eliminate and remove from its tariff the Scoopline<sup>SM</sup>  
13 offering.  
14

15 **Q. IS THIS A CHANGE FROM U S WEST ORIGINAL PROPOSAL?**

16 **A.** No, this is the same proposal as was originally proposed.  
17

### 18 PRICING FLEXIBILITY PROPOSAL

#### 19 20 Competitive Zones

21  
22 **Q. WHAT ARE COMPETITIVE ZONES?**

1 A. Competitive zones consist of the areas in which U S WEST experiences  
2 competition for local telephone service. Mr. David Teitzel provides more detailed  
3 information on U S WEST's competitive zone proposal in his testimony.  
4

5 **Pricing Flexibility for Wholesale Services**  
6

7 **Q. WHAT IS MEANT BY PRICING FLEXIBILITY?**

8 A. Pricing flexibility allows the company to strategically move prices upward and  
9 downward within a defined range as the marketplace dictates.  
10

11 **Q. WILL THE PROPOSED PRICE RANGES FOR PRICING FLEXIBILITY BE**  
12 **PRESENTED TO THE ARIZONA CORPORATION COMMISSION FOR**  
13 **APPROVAL?**

14 A. Yes. U S WEST is asking for the establishment of price floors and price ceilings  
15 in this rate case.  
16

17 **Q. ARE YOU SAYING THAT PRICING FLEXIBILITY IS ALSO NEEDED FOR**  
18 **WHOLESALE, AS WELL AS RETAIL SERVICES IN THE COMPETITIVE**  
19 **ZONE?**

20 A. Yes. Finished wholesale services such as private line, switched access and  
21 public access lines are subject to the same competitive pressures as retail  
22 services.  
23

24 **Q. PLEASE EXPLAIN HOW CUSTOMERS BENEFIT FROM PRICING**  
25 **FLEXIBILITY.**

1 A. Customers will benefit in having an opportunity to pick and choose the best  
2 packaged and priced services that fit their specific needs. At the same time, the  
3 support for basic residential services that have traditionally come from switched  
4 access will not be immediately removed. This will enable U S WEST to continue  
5 to fulfill its carrier-of-last resort responsibilities and customers to continue to have  
6 affordable service.

7  
8 **DEREGULATION OF HIGH CAPACITY SERVICES**

9  
10 **Q. WHAT IS THE PURPOSE OF THIS PART OF YOUR TESTIMONY?**

11 A. The purpose of testimony filed by Ms. Stewart was to demonstrate that the  
12 Arizona market for high capacity digital services is robustly competitive.  
13 U S WEST requests that the Commission allow the deregulation of the following  
14 digital high capacity services: Frame Relay Service (FRS), ATM Cell Relay  
15 Service (ATM CRS), LAN Switching Services (LSS), Transparent LAN Service  
16 (TLS), Megabit Services, DS1 and DS3 transport services (including Switched  
17 Access transport).

18  
19 **Basis for Deregulation Request**

20  
21 **Q. PLEASE REVIEW THE BASIS FOR U S WEST'S REQUEST TO**  
22 **DEREGULATE HIGH CAPACITY SERVICES?**

23 A. This request is made pursuant to A.R.S. § 40-281(e), which provides:

24  
25 When the commission determines after notice and hearing that any  
26 product or service of a telecommunications corporation is neither essential  
27 nor integral to the public service rendered by such corporation, it shall

1 declare that such product or service is not subject to regulation by the  
2 commission.

3 In general, regulation of telecommunications services has always been a  
4 surrogate for the competitive market place. Since testimony was initially filed in  
5 this case, the competitive market for high capacity digital services has continued  
6 to develop. This bolsters our position that regulation is no longer necessary.  
7

### 8 **Interstate Hicap Services Pricing Flexibility**

9  
10 **Q. MS. STEWART TESTIFIED THAT U S WEST APPLIED FOR FORBEARANCE**  
11 **FROM REGULATION AS A DOMINANT CARRIER OF HIGH CAPACITY**  
12 **SERVICES AT THE INTERSTATE LEVEL. WHAT IS THE STATUS OF THAT**  
13 **APPLICATION?**

14 **A.** On August 24, 1998, U S WEST filed with the Federal Communications  
15 Commission a petition for forbearance from regulation as a dominant carrier in  
16 the Phoenix Metropolitan Statistical Area (MSA), for special access and  
17 dedicated transport for switched access at DS1 and higher transmission levels.<sup>1</sup>  
18 Subsequently, the FCC issued an order in August 1999<sup>2</sup> granting pricing  
19 flexibility for high capacity services, based on a carrier's passing a competitive  
20 threshold test. The tests are segmented into Phase 1 and Phase 2. The Phase  
21 2 level would remove these services from rate of return and price cap regulation.  
22 In November, 1999 the FCC denied U S WEST's petition for forbearance (as

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<sup>1</sup> CC Docket No. 98-157

<sup>2</sup> CC Doc 96-262, et al, FCC 99-206, August 27, 1999

1 well as the petition of SBC, Bell Atlantic, and Ameritech) because it considered  
2 the regulatory relief requested was essentially provided by their August order.<sup>3</sup>  
3

4 **Q. HOW DOES THE FCC PRICING FLEXIBILITY ORDER SUPPORT U S WEST'S**  
5 **REQUEST FOR DEREGULATION OF HIGH CAPACITY SERVICES IN**  
6 **ARIZONA?**

7 A. The FCC order provides for removal of these services from price cap regulation,  
8 which is the state equivalent of rate of return regulation. Deregulation of these  
9 services at the state level would allow U S WEST to market state and interstate  
10 services in much the same way.  
11

12 **High Capacity Market Share**

13  
14 **Q. SINCE JANUARY 1999, DO YOU HAVE EVIDENCE THAT U S WEST HAS**  
15 **CONTINUED TO LOSE HIGH CAPACITY MARKET SHARE IN THE PHOENIX**  
16 **AREA?**

17 A. Yes. Since the original testimony was filed in this proceeding, Quality Strategies  
18 has produced an updated report through second quarter 1999, which shows  
19 continued loss of market share.  
20

21 **Q. IN PARTICULAR, WHAT HAS THE UPDATED DATA SHOWN FOR RETAIL**  
22 **MARKET SHARE IN THE PHOENIX AREA?**

---

<sup>3</sup> FCC 99-365, November 22, 1999

1 A. Of note in the Quality Strategies report is the overall Phoenix high capacity retail  
2 share loss of more than 6% from second quarter 1998 to the same quarter in  
3 1999, going from just a 27.9% share to 21.8% in a year.<sup>4</sup>  
4

5 **Q. WHAT DOES THE REPORT SHOW ABOUT SPECIFIC COMPETITORS'**  
6 **GROWTH IN MARKET SHARE?**

7 A. The combinations of MCI WorldCom/Sprint, and AT&T/TCG have grown market  
8 share from 63% in second quarter 1998 to 65.8% in the same quarter 1999.  
9

10 **Q. WHAT DOES THIS CONTINUING LOSS OF RETAIL MARKET SHARE**  
11 **DEMONSTRATE?**

12 A. U S WEST's steadily declining market share for retail high capacity services in  
13 the Phoenix MSA supports the conclusion that competitive providers in Phoenix  
14 have a significant marketing advantage over U S WEST, regardless of the actual  
15 volume of facilities U S WEST provides. As Ms. Stewart stated previously, all  
16 competitors in the Phoenix and Tucson MSAs (other than U S WEST), can take  
17 advantage of their relationships with the customers to offer full service packages  
18 which include interLATA voice and data services.  
19

20 **Services Proposed for Deregulation**

21  
22 **Q. PLEASE REVIEW WHICH SERVICES U S WEST IS PROPOSING TO**  
23 **DEREGULATE?**

---

<sup>4</sup> Exhibit SAM- 8, Quality Strategies, Retail Market Share Overview, Phoenix Market Shares, p.75.

1 A. U S WEST proposes to deregulate the following digital high capacity services;  
2 Frame Relay Services (FRS), ATM Cell Relay Services (ATM CRS), LAN  
3 Switching Services (LSS), Transparent LAN Service (TLS), Megabit Services,  
4 DS1 and DS3 transport services (including switched access transport).

5

6 **Q. ARE THESE SERVICES NECESSARY TO PROVIDE UNIVERSAL**  
7 **TELEPHONE SERVICE IN ARIZONA?**

8 A. No, these competitive high capacity services are not the same as basic  
9 telephone services that are necessary to insure universal service objectives in  
10 Arizona.

11

12 **Q. DO CUSTOMERS STILL HAVE ALTERNATIVE SERVICES AVAILABLE TO**  
13 **MEET THEIR NEEDS?**

14 A. Yes. Today, customers have even more alternatives for service from both  
15 U S WEST and other competitors. In the supplemental direct testimony filed by  
16 Mr. David Teitzel in this proceeding, he demonstrates the growth in competitive  
17 alternatives for customers of all types of services in U S WEST serving areas.  
18 While he focuses on exchange services, most of the companies he highlights  
19 also provide high capacity services, with even greater success in the  
20 marketplace. AT&T and MCI WorldCom are excellent examples of this  
21 competitive market.

22

1 **CONCLUSIONS AND RECOMMENDATIONS**

2  
3 **Q. PLEASE SUMMARIZE YOUR CONCLUSIONS.**

4 A. U S WEST's proposals seek price changes and some structure changes for  
5 switched access, private line, PAL and SCOOPLINE<sup>SM</sup> services. The structure  
6 and price levels assure cost coverage and alignment of prices for an increasingly  
7 competitive environment. The PAL and Scoopline<sup>SM</sup> proposals will remove  
8 obsolete services and simplify the tariffs.

9  
10 U S WEST's competitive zone proposal should be applied to finished wholesale  
11 services as well as retail services. In particular, switched access, private line  
12 and PAL services should be flexibly priced inside of competitive zones.

13  
14 Additionally, the Arizona market for high capacity services continues to be very  
15 competitive for both resellers and facilities-based competitors. As such, digital  
16 high capacity services including DS1 and DS3 switched access transport must  
17 be deregulated, which will afford U S WEST the same competitive advantages  
18 as its competitors.

19  
20 **Q. WHAT DO YOU RECOMMEND TO THE COMMISSION?**

21 A. I recommend that the Commission adopt U S WEST's proposals for switched  
22 access, private line, E911, PAL and Scoopline<sup>SM</sup> services. Further, I  
23 recommend that U S WEST's competitive zone proposal be adopted in its  
24 entirety, including the application of pricing flexibility to finished wholesale

1 services within the competitive zones. Lastly, I recommend the Commission  
2 adopt U S WEST's proposal for the deregulation of High Capacity Services.

3

4 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

5 **A.** Yes, it does.

**BEFORE THE ARIZONA CORPORATION COMMISSION**

**IN THE MATTER OF THE APPLICATION OF )  
U S WEST COMMUNICATIONS, INC., A )  
COLORADO CORPORATION, FOR A )  
HEARING TO DETERMINE THE EARNINGS )  
OF THE COMPANY, THE FAIR VALUE OF THE )  
COMPANY FOR RATEMAKING PURPOSES, )  
TO FIX A JUST AND REASONABLE RATE OF )  
RETURN THEREON AND TO APPROVE RATE )  
SCHEDULES DESIGNED TO DEVELOP SUCH )  
RETURN )**

**DOCKET NO. T-01051B-99-0105**

**EXHIBITS**

**OF**

**SCOTT A. MCINTYRE**

**U S WEST COMMUNICATIONS**

**MAY 19, 2000**

## INDEX OF EXHIBITS

<u>DESCRIPTION</u>	<u>EXHIBIT</u>
Arizona Current and Proposed Switched Access Prices	SAM-1
Private Line Network Access Channel & Channel Performance Prices	SAM-2
Private Line Transport Mileage Prices	SAM-3
Private Line Optional Feature & Function Prices	SAM-4
Private Line Nonrecurring Prices	SAM-5
Digital Data Service Prices	SAM-6
E911 Transport Prices	SAM-7
U S WEST Market Share for High Capacity Private Line Services Provided to End-Users	SAM-8

PROPOSED SWITCHED ACCESS FOR THE STATE OF ARIZONA

<b>DIRECT TRUNKED TRANSPORT</b>	<u>Fixed</u>	<u>Per Mile</u>		
<b>VG</b>	<u>Per Month</u>	<u>Per Month</u>		<u>Per Month</u>
OVER 0 - 8 MILES	\$25.96	\$0.17		\$6.59
OVER 8 - 25 MILES	\$25.96	\$0.17		
OVER 25 - 50 MILES	\$25.96	\$0.17		<u>Per Month</u>
OVER 50 MILES	\$32.45	\$0.45		\$9.01
<b>DS1</b>				<u>Per Minute</u>
OVER 0 - 8 MILES	\$86.50	\$13.55		\$0.002450
OVER 8 - 25 MILES	\$109.85	\$14.19		
OVER 25 - 50 MILES	\$116.35	\$14.63		<u>Per Minute</u>
OVER 50 MILES	\$127.99	\$15.11		\$0.022669
<b>DS3</b>				<u>Per Month</u> <u>Nonrecurring</u>
OVER 0 - 8 MILES	\$714.84	\$78.90		
OVER 8 - 25 MILES	\$714.84	\$78.90		
OVER 25 - 50 MILES	\$714.84	\$80.73		
OVER 50 MILES	\$805.44	\$91.74		
<b>TANDEM SWITCHED TRANSPORT</b>				
<b>TANDEM TRANSMISSION</b>	<u>Per Minute</u>	<u>Per Mile</u>		
OVER 0 - 8 MILES	\$0.000199	\$0.000020		
OVER 8 - 25 MILES	\$0.000255	\$0.000023		
OVER 25 - 50 MILES	\$0.000263	\$0.000023		
OVER 50 MILES	\$0.000265	\$0.000023		
<b>TANDEM SWITCHING</b>		<u>Per Minute</u>		
		\$0.005000		
<b>ENTRANCE FACILITIES</b>		<u>Per Month</u>		
VG		\$64.67		
DS1		\$125.00		
DS3 Electrical		\$1,500.00		
DS3 Optical		\$943.50		
<b>MULTIPLEXER</b>		<u>Per Month</u>		
DS3 - DS1		\$300.00		
DS1 - VG		\$250.00		
<b>END OFFICE SHARED PORT</b>		<u>Per Minute</u>		
		\$0.001300		
<b>COMMON TRANSPORT MULTIPLEXING</b>		<u>Per Minute</u>		
		\$0.000137		
<b>TANDEM TRUNK PORT</b>				
<b>END OFFICE DEDICATED TRUNK PORT</b>				
<b>INTERCONNECTION CHARGE</b>				
<b>CARRIER COMMON LINE TERMINATING</b>				
<b>EXPANDED INTERCONNECT</b>				
DS1 Switched Transport		\$13.66	\$375.50	
DS3 Switched Transport		\$41.30	\$401.64	
<b>COMMON CHANNEL SIGNALING ACCESS CHANNEL</b>				
		<u>Fixed</u>	<u>Per Mile</u>	
		<u>Per Month</u>	<u>Per Month</u>	
<b>VG</b>				
OVER 0 - 8 MILES		\$25.96	\$0.17	
OVER 8 - 25 MILES		\$25.96	\$0.17	
OVER 25 - 50 MILES		\$25.96	\$0.17	
OVER 50 MILES		\$32.45	\$0.45	
<b>DS1</b>				
OVER 0 - 8 MILES		\$86.50	\$13.55	
OVER 8 - 25 MILES		\$109.85	\$14.19	
OVER 25 - 50 MILES		\$116.35	\$14.63	
OVER 50 MILES		\$127.99	\$15.11	
<b>DS3</b>				
OVER 0 - 8 MILES		\$714.84	\$78.90	
OVER 8 - 25 MILES		\$714.84	\$78.90	
OVER 25 - 50 MILES		\$714.84	\$80.73	
OVER 50 MILES		\$805.44	\$91.74	
<b>STP PORT</b>				<u>Per Month</u>
				\$465.00
<b>ENTRANCE FACILITIES</b>				<u>Per Month</u>
DS1				\$125.00
DS3				\$1,500.00
<b>MULTIPLEXER</b>				<u>Per Month</u>
DS3 - DS1				\$300.00
DS1 - VG				\$250.00
<b>MESSAGE UNIT CREDIT</b>				<u>Per Minute</u>
				\$0.000146

PROPOSED SWITCHED ACCESS FOR THE STATE OF ARIZONA

DIRECTORY ASSISTANCE		
DA CREDIT	Per Call	\$0.017676
TANDEM TRANSMISSION		
	Per Call	Per Minute
OVER 0 - 8 MILES	\$0.000113	\$0.000011
OVER 8 - 25 MILES	\$0.000145	\$0.000013
OVER 25 - 50 MILES	\$0.000150	\$0.000013
OVER 50 MILES	\$0.000151	\$0.000013
TANDEM SWITCHING		
	Per Call	\$0.002843
TANDEM TRUNK PORT		
	Per Call	\$6.59
COMMON TRANSPORT MULTIPLEXING		
	Per Call	\$0.000078
DA SERVICE		
	Per Call	\$0.35
INTERCONNECTION CHARGE		
	Per Call	\$0.001393

Analog Private Line  
Network Access Channel and Channel Performance  
Recurring Price Proposal

Arizona Corporation Commission  
Docket No. T-01051B-99-0105  
U S WEST Communications - SAM-2  
Exhibits of Scott A. McIntyre  
Page 1 of 5, May 19, 2000

<u>ELEMENT/SERVICE</u>	<u>USOC</u>	<u>PRESENT PRICE</u>	<u>PROPOSED PRICE</u>
<u>NETWORK ACCESS CHANNEL (NAC)</u>			
2-WIRE	1DC2X	11.50	22.00
4-WIRE	1DC4X	23.00	44.00
NAC ANNUAL REVENUE EFFECT			
<u>CHANNEL PERFORMANCE</u>			
<u>LOW SPEED DATA</u>			
<u>(END-LINK/MID-LINK) No Qty's, Eliminate</u>			
LS1	PCW3X	5.00	
LS2	PCW4X	16.00	
MT3	PJWAX	1.50	
TG1	PCW5X	30.00	
TG2	PCW6X	35.00	
<u>(END-TO-END)</u>			
LS31 CONTROL	PCWSX	13.35	13.35
LS31 MCCULLOH	PCWTX	4.62	7.50
LS31 DC CHANNEL	PCWWX	1.50	1.00
LS31 TELEGRAPH			
0 - 75 BAUD	PCWUX	30.00	18.00
0 - 150 BAUD	PCWVX	35.00	19.00
<u>VOICE GRADE</u>			
<u>(END-LINK/MID-LINK)</u>			
VG1			
NO SIGNALING	PCWEX	7.50	
LOOP START	PCWYX	18.70	
GROUND START	PCWJX	14.70	
VG2			
NO SIGNALING	PCWEX	8.05	14.00
LOOP START - LA	PCWAX	18.00	16.50
- LB	PCWBX	16.00	15.50
- LC	PCWCX	14.50	13.00
- LO	PJWCX	10.00	9.00

Analog Private Line  
 Network Access Channel and Channel Performance  
Recurring Price Proposal

Arizona Corporation Commission  
 Docket No. I-01051B-99-0105  
 U S WEST Communications - SAM-2  
 Exhibits of Scott A. McIntyre  
 Page 2 of 5, May 19, 2000

<u>ELEMENT/SERVICE</u>	<u>USOC</u>	<u>PRESENT PRICE</u>	<u>PROPOSED PRICE</u>
- LS			
SF SIGNALING	PJWHX	11.50	16.00
MANUAL RINGDOWN	PCWZX	21.15	14.00
AUTO RINGDOWN	PCWFX	23.69	27.00
CODE-SELECT	PCWGX	13.00	18.00
	PCWHX	10.50	24.00
VG3			
NO SIGNALING	PCWEX	9.50	7.45
LOOP START	PCWYX	21.00	20.00
GROUND START	PCWJX	21.00	19.00
E & M SIGNALING	PCWKX	21.50	23.50
SF SIGNALING	PCWZX	36.00	22.00
REVERSE BATTERY	PCW1X	11.00	11.00
TYPE - DX	PJWOX	15.10	18.00
TYPE - DY	PJWPX	13.90	18.00
VG5			
NO SIGNALING	PCWEX	5.18	13.75
DATA STREAM	PCWLX	21.00	14.50
VG6			
NO SIGNALING	PCWEX	13.80	12.75
DATA STREAM	PCWLX	21.00	12.50
VG7			
NO SIGNALING	PCWEX	9.50	13.25
LOOP START - LA	PCWAX	23.00	19.50
- LB	PCWBX	21.90	18.00
- LC	PCWCX	24.50	13.00
- LO	PJWCX	11.60	13.00
- LS	PJWHX	14.00	13.00
GROUND START	PCWJX	12.70	11.00
E&M SIGNALING	PCWKX	17.40	25.50
SF SIGNALING	PCWZX	22.10	16.00
TYPE - DX	PJWOX	12.75	18.00
TYPE - DY	PJWPX	12.75	18.00

Analog Private Line  
 Network Access Channel and Channel Performance  
 Recurring Price Proposal

Arizona Corporation Commission  
 Docket No. T-01051B-99-0105  
 U S WEST Communications - SAM-2  
 Exhibits of Scott A. McIntyre  
 Page 3 of 5, May 19, 2000

PRESENT PRICE      PROPOSED PRICE

USOC

ELEMENT/SERVICE

VG8	No Qlys, Eliminate			
LOOP START	No Qlys, Eliminate	PCWYX	27.50	
E&M SIGNALING	No Qlys, Eliminate	PCWKX	18.60	
SF SIGNALING	No Qlys, Eliminate	PCWZX	17.50	
VG-9	No Qlys, Eliminate			
NO SIGNALING	No Qlys, Eliminate	PCWEX	6.90	
E&M SIGNALING	No Qlys, Eliminate	PCWKX	20.13	
SF SIGNALING	No Qlys, Eliminate	PCWZX	17.50	
VG10				
NO SIGNALING		PCWEX	4.65	11.50
DATA STREAM		PCWLX	21.00	18.25
VG12				
DATA STREAM		PCWLX	21.00	17.50
(END-TO-END)				
VG32				
NO SIGNALING		PCWEX	8.05	9.20
LOOP START - LA		PCWAX	18.00	11.35
- LB		PCWBX	16.00	10.00
- LC		PCWCX	14.50	9.30
- LG		PCW8X	18.50	17.65
- LO		PJWCX	10.00	10.20
- LS		PJWHX	11.50	10.20
MAN. RINGDOWN		PCWFX	10.50	8.00
AUTO RINGDOWN		PCWGX	13.00	8.00
CODE SEL. RINGDN		PCWHX	10.50	10.50
VG33				
NO SIGNALING		PCWEX	9.50	12.00
E & M SIGNALING		PCWKX	21.50	19.70
REV BAT SIG		PCWTX	7.90	7.25

Analog Private Line  
 Network Access Channel and Channel Performance  
 Recurring Price Proposal

Arizona Corporation Commission  
 Docket No. T-010518-99-0105  
 U S WEST Communications - SAM-2  
 Exhibits of Scott A. McIntyre  
 Page 4 of 5, May 19, 2000

ELEMENT/SERVICE	USOC	PRESENT PRICE	PROPOSED PRICE
VG36			
DATA STREAM	PCWLX	21.00	15.15
VOICE GRADE BASIC NO SIGNALING	PCWEX	3.00	10.00
LOCAL AREA DATA SERVICE (LADS) NO SIGNALING	PCWXX	5.45	10.00
(DSAS) DATAPHONE SELECT-A-STATION END TO END	PJW7X	14.00	15.00
END LINK MID LINK	PJW7X	14.20	15.00
AUDIO (END-LINK/MID-LINK) No Q'tys. Eliminate			
AP1	PJW1X	3.25	No Q'tys. Eliminate
AP2	PJW2X	13.26	No Q'tys. Eliminate
AP3	PJW3X	15.40	No Q'tys. Eliminate
AP4	PJW5X	26.20	No Q'tys. Eliminate
(END-TO-END)			
AP31	PCWNX	3.25	12.00
AP32	PCWQX	13.26	16.00
AP33	PCWQX	15.40	18.00
AP34	PJW5X	26.20	26.00
FX			
LOOP ST	PJWEX	24.42	15.00
GR ST	PJWKX	24.42	15.00
REV BAT	PJWLX	24.42	15.00
FCO			
LOOP ST	PJWFX	8.48	10.25
GR ST	PJWMX	8.48	10.25

Andlog Private Line  
Network Access Channel and Channel Performance  
Recurring Price Proposal

Arizona Corporation Commission  
Docket No. T-010518-99-0105  
U S WEST Communications - SAM-2  
Exhibits of Scott A. McIntyre  
Page 5 of 5, May 19, 2000

<u>ELEMENT/SERVICE</u>	<u>USOC</u>	<u>PRESENT PRICE</u>	<u>PROPOSED PRICE</u>
REV BAT	PJWZX	19.25	10.25
EXCHANGE SERVICE EXTNS	PJWGX	6.50	10.25
TAS	PJWJX	5.85	10.25

Analog Private Line  
 Interoffice Transport Mileage  
 Recurring Price Proposal

ELEMENT	USOC	PRESENT PRICE	PROPOSED PRICE
<u>TRANSPORT MILEAGE</u>			
Fixed-Over 0 to 8 Fixed-Over 8 to 25 Fixed-Over 25 to 50 Fixed-Over 50	FQYX1	17.00	21.00
	FQYX2	17.00	21.00
	FQYX3	17.00	21.00
	FQYX4	17.00	21.00
Per Mi.-Over 0 to 8 Per Mi.-Over 8 to 25 Per Mi.-Over 25 to 50 Per Mi.-Over 50	3LBXA	1.00	1.25
	3LBXB	1.10	1.35
	3LBXC	1.45	1.45
	3LBXD	1.45	1.55
AUDIO AP 1 OR AP 31	FQYX1	17.00	21.00
	FQYX2	17.00	21.00
	FQYX3	17.00	21.00
	FQYX4	17.00	21.00
Per Mi.-Over 0 to 8 Per Mi.-Over 8 to 25 Per Mi.-Over 25 to 50 Per Mi.-Over 50	3LBXA	1.00	1.25
	3LBXB	1.10	1.35
	3LBXC	1.45	1.45
	3LBXD	1.45	1.55
AP 2 OR AP 32	FQYX1	34.00	44.00
	FQYX2	34.00	44.00
	FQYX3	34.00	44.00
	FQYX4	34.00	44.00
Per Mi.-Over 0 to 8 Per Mi.-Over 8 to 25 Per Mi.-Over 25 to 50 Per Mi.-Over 50	3LBXA	1.00	3.35
	3LBXB	1.10	3.55
	3LBXC	1.45	3.75
	3LBXD	1.45	3.95
AP 3 OR AP 33	FQYX1	51.00	65.00
	FQYX2	51.00	65.00

Analog Private Line  
 Interoffice Transport Mileage  
 Recurring Price Proposal

<u>ELEMENT</u>	<u>USOC</u>	<u>PRESENT PRICE</u>	<u>PROPOSED PRICE</u>
Fixed-Over 25 to 50	FQYX3	51.00	65.00
Fixed-Over 50	FQYX4	51.00	65.00
Per Mi.-Over 0 to 8	3LBXA	1.00	3.75
Per Mi.-Over 8 to 25	3LBXB	1.10	4.05
Per Mi.-Over 25 to 50	3LBXC	1.45	4.35
Per Mi.-Over 50	3LBXD	1.45	4.65
AP4 OR AP 34			
Fixed-Over 0 to 8	FQYX1	112.00	125.00
Fixed-Over 8 to 25	FQYX2	112.00	125.00
Fixed-Over 25 to 50	FQYX3	112.00	125.00
Fixed-Over 50	FQYX4	112.00	125.00
Per Mi.-Over 0 to 8	3LBXA	1.00	5.00
Per Mi.-Over 8 to 25	3LBXB	1.10	5.40
Per Mi.-Over 25 to 50	3LBXC	1.45	5.80
Per Mi.-Over 50	3LBXD	1.45	6.20

Andlog Private Line  
Optional Features and Functions  
Recurring Price Proposal

ELEMENT/SERVICE	USOC	PRESENT PRICE	PROPOSED PRICE
LOW SPEED DATA			
MCCULLOH BRIDGING	B5NHF	3.80	3.00
TELEGRAPH BRIDGING 0 TO 75 BAUD	B5NJF	4.60	23.00
0 TO 150 BAUD	B5NKF	47.00	68.00
DIRECT BRIDGING	BMW	2.85	3.25
VOICE GRADE			
RESISTIVE BRIDGING TWO-WIRE	B5NA2	7.48	7.00
FOUR-WIRE BRIDGE LIFTER	B5NA4 BLBV2	8.95 1.00	7.00 2.00
SPLIT FREQ BRDNG TWO-WIRE	B5NVB	3.60	10.00
FOUR-WIRE	B5NVC	12.20	10.00
PASSIVE BRIDGING	B5NVP	5.25	7.00
SUMMATION BRIDGING	B5NVS	5.85	10.00
CONDITIONING, PER NAC END LINK - MID LINK			
C CONDITIONING	X1CPT	8.90	5.00
DATA CAPABILITY	XDCPT	1.00	1.00
IMPROVED ATTENUATION DISTORTION	UHW	0.40	0.50
IMPROVED ENVELOPE DELAY DISTORTION	UHY	23.20	5.00

Analog Private Line  
 Optional Features and Functions  
 Recurring Price Proposal

Feature/Function	Code	Price
END-TO-END		
	C1	8.90
	C2	17.17
	C4	51.52
	D1	17.17
	O1B	5.00
	O2B	5.00
	O4B	5.00
	O1D	5.00
DATA ENHANCEMENT		
EFFECTIVE 4 WIRE	3BE	2.00
EQ LVL PATH LOSS	HBD	12.00
IMPROVED RETURN LOSS	ORP	5.00
IMPROVED TERMINATION	1QA2W	6.00
CO DATA EQUAL	CP6	4.00
	LBA	1.00
DSAS		
	DSK	7.00
	DSP	15.00
TAS		
	C97	10.25
AUDIO SERVICE		
	CENT OFC RELAY	10.25
AUDIO BRIDGING		
	2-WIRE BRIDGING	
	4-WIRE BRIDGING	
	BCNPT	8.00
	AP1/31	4.00
	AP2/32	5.20
	AP3/33	22.80
	AP4/34	14.85
	BCNPT	10.00
	BCNPT	12.00
	BCNPT	14.00

Analog Private Line  
 Nonrecurring Price Proposal

USOC      PRESENT PRICE      PROPOSED PRICE

LOW SPEED DATA:

SERVICE PROVISIONING

INITIAL

SUBSEQUENT

SCH      261.00      260.00  
 SCHAX      136.00      100.00

CHANNEL PERFORMANCE (END LINK/MID LINK)

LS1 - Same Wire Center

LS2 - Same Wire Center

MT3

TG1

TG2

PCW3X      80.00      30.00  
 PCW4X      82.00      30.00  
 PJWAX      79.00      30.00  
 PCW5X      84.00      30.00  
 PCW6X      83.00      30.00

CHANNEL PERFORMANCE (END TO END)

LS31 CONTROL- Same Wire Ctr

LS31 MCCULLOH- Same Wire Ctr

LS31 DC CHANNEL

LS31 TELEGRAPH

0 - 75 BAUD

0 - 150 BAUD

PCWSX      80.00      30.00  
 PCWTX      80.00      30.00  
 PCWW.      79.00      30.00  
 PCWUX      83.00      30.00  
 PCWV>      88.00      30.00

VOICE GRADE

SERVICE PROVISIONING

INITIAL

SUBSEQUENT

SCH      261.00      260.00  
 SCHAX      136.00      100.00

CHANNEL PERFORMANCE (END LINK/MID LINK)

VG1

NO SIGNALING

LOOP START

GROUND START

VG2

NO SIGNALING

LOOP START - LA

-LB

-LC

-LO

-LS

PCWEX      82.00      30.00  
 PCWYX      90.00      30.00  
 PCWJX      91.00      30.00  
 PCWEX      80.00      30.00  
 PCWA>      92.00      30.00  
 PCWBX      94.00      30.00  
 PCWC>      94.00      30.00  
 PJWCX      91.00      30.00  
 PJWHX      91.00      30.00

Analogue Private Line  
Nonrecurring Price Proposal

	<u>USOC</u>	<u>PRESENT PRICE</u>	<u>PROPOSED PRICE</u>
SF SIGNALING	PCWZX	93.00	30.00
MANUAL RINGDOWN	PCWFX	98.00	30.00
AUTO RINGDOWN	PCWG)	94.00	30.00
CODE-SELECT	PCWHY	98.00	30.00
VG3			
NO SIGNALING	PCWEX	77.00	30.00
LOOP START	PCWYX	91.00	30.00
GROUND START	PCWJX	91.00	30.00
E&M SIGNALING	PCWKX	95.00	30.00
SF SIGNALING	PCWZX	93.00	30.00
REVERSE BATTERY SIGNALLING	PCWTX	101.00	30.00
DUPLEX SIGNALLING - DX	PJWOX	90.00	30.00
DUPLEX SIGNALLING - DY	PJWPX	90.00	30.00
VG5			
NO SIGNALING	PCWEX	76.00	30.00
DATA STREAM	PCWLX	102.00	30.00
VG6			
NO SIGNALING	PCWEX	80.00	30.00
DATA STREAM	PCWLX	97.00	30.00
VG7			
NO SIGNALING	PCWEX	77.00	30.00
LOOP START - LA	PCWA)	91.00	30.00
- LB	PCWBX	91.00	30.00
- LC	PCWC)	91.00	30.00
- LO	PJWCX	92.00	30.00
- LS	PJWHX	94.00	30.00
GROUND START	PCWJX	90.00	30.00
E&M SIGNALING	PCWKX	97.00	30.00
SF SIGNALING	PCWZX	93.00	30.00
DUPLEX SIGNALLING - DX	PJWOX	90.00	30.00
DUPLEX SIGNALLING - DY	PJWPX	90.00	30.00
VG-8			
LOOP START	PCWYX	95.00	30.00
E&M SIGNALING	PCWKX	92.00	30.00
SF SIGNALING	PCWZX	92.00	30.00
VG-9			
NO SIGNALING	PCWEX	78.00	30.00

Analog Private Line  
 Nonrecurring Price Proposal

Arizona Corporation Commission  
 Docket No. T-010518-99-0105  
 U S WEST Communications - SAM-5  
 Exhibits of Scott A. McIntyre  
 Page 3 of 6, May 19, 2000

	USOC	PRESENT PRICE	PROPOSED PRICE
E&M SIGNALING	PCWKX	96.00	30.00
SF SIGNALING	PCWZX	92.00	30.00
VG-10			
NO SIGNALING	PCWEX	75.00	30.00
DATA STREAM	PCWLX	100.00	30.00
VG-12			
DATA STREAM	PCWLX	96.00	30.00
CHANNEL PERFORMANCE (END TO END)			
VOICE GRADE BASIC			
NO SIGNALING	PCWEX	50.00	30.00
VG32			
NO SIGNALING	PCWEX	77.00	30.00
LOOP START - LA	PCWA)	90.00	30.00
- LB	PCWBX	90.00	30.00
- LC	PCWC)	90.00	30.00
- LG	PCW8X	91.00	30.00
- LO	PJWCX	92.00	30.00
- LS	PJWHX	91.00	30.00
MANUAL RINGDOWN	PCWFX	89.00	30.00
AUTO RINGDOWN	PCWG)	94.00	30.00
CODE-SELECT	PCWH)	90.00	30.00
VG33			
NO SIGNALING	PCWEX	76.00	30.00
E & M	PCWKX	93.00	30.00
REVERSE BATTERY	PCW1X	98.00	30.00
VG36			
DATA STREAM	PCWLX	96.00	30.00
LOCAL AREA DATA SERVICE (LADS)			
SERVICE PROVISIONING			
INITIAL	SCH	261.00	260.00
SUBSEQUENT	SCHAX	136.00	100.00
CHANNEL PERFORMANCE	PCWXX	50.00	30.00
AUDIO			

Analog Private Line  
 Nontelecom Price Proposal

	USOC	PRESENT PRICE	PROPOSED PRICE
<u>SERVICE PROVISIONING</u>			
INITIAL			
SUBSEQUENT			
<u>CHANNEL PERFORMANCE (END LINK/MID LINK)</u>			
AP-1 (3.5 KHZ)	SCH	261.00	260.00
AP-2 (5.0KHZ)	SCHAX	136.00	100.00
AP-3 (8.0 KHZ)			
AP-4 (15.0KHZ)			
<u>CHANNEL PERFORMANCE (END-END)</u>			
AP31 ( 3.0 KHZ )	PJW1X	90.00	30.00
AP 32 (5.0 KHZ)	PJW2X	90.00	30.00
AP 33 (8.0 KHZ)	PJW3X	90.00	30.00
AP34 (15.0 KHZ)	PJWBX	90.00	30.00
<u>EXCHANGE SERVICE EXTENSIONS (ESE)</u>			
<u>SERVICE PROVISIONING</u>			
INITIAL			
SUBSEQUENT			
<u>CHANNEL PERFORMANCE</u>			
	SCH	261.00	260.00
	SCHAX	136.00	100.00
	PJWGX	50.00	30.00
<u>FOREIGN EXCHANGE (FX) AND FOREIGN CENTRAL OFFICE (FCO)</u>			
<u>SERVICE PROVISIONING</u>			
INITIAL			
SUBSEQUENT			
<u>CHANNEL PERFORMANCE</u>			
FX LOOP START	SCH	261.00	260.00
FX GROUND START	SCHAX	136.00	100.00
FX REV BATTERY			
FCO LOOP START	PJWEX	97.00	30.00
FCO GROUND START	PJWKX	97.00	30.00
FCO REV BATTERY	PJWLX	102.00	30.00
	PJWFX	97.00	30.00
	PJWMX	97.00	30.00
	PJWZX	102.00	30.00
<u>TELEPHONE ANSWERING SERVICE (TAS)</u>			
<u>SERVICE PROVISIONING</u>			
INITIAL			
SUBSEQUENT			
	SCH	261.00	260.00
	SCHAX	136.00	100.00

Analog Private Line  
 Nonrecurring Price Proposal

USOC      PRESENT PRICE      PROPOSED PRICE

PJWJX      76.00      30.00

CHANNEL PERFORMANCE

TRANSPORT MILEAGE (ALL SERVICES)

FQYX1      51.00      30.00  
 FQYX2      51.00      30.00  
 FQYX3      51.00      30.00  
 FQYX4      51.00      30.00

MILE BAND OVER 0-8  
 MILE BAND OVER 8-25  
 MILE BAND OVER 25-50  
 MILE BAND OVER OVER 50

OPTIONAL FEATURES

B5NHF      2.15      8.00  
 B5NJF      4.32      8.00  
 B5NKF      6.15      8.00  
 BMW      8.00      8.00

LOW SPEED DATA  
 BRIDGING  
 MCCULLOH  
 TELEGRAPH 75 BAUD  
 150 BAUD  
 DIRECT

VOICE

B5NA2      8.50      8.00  
 B5NA4      7.00      8.00  
 B5NVB      5.00      8.00  
 B5NVC      4.00      8.00  
 B5NVP      5.00      8.00  
 B5NVS      2.75      8.00  
 BLBV2      3.50      8.00

BRIDGING  
 RESISTIVE 2-WIRE  
 RESISTIVE 4-WIRE  
 SPLIT FREQUENCY 2-WIRE  
 SPLIT FREQUENCY 4-WIRE  
 PASSIVE  
 SUMMATION  
 BRIDGE LIFTER

TRANSFER ARRANGEMENT 2-WIRE  
 TRANSFER ARRANGEMENT 4-WIRE

USY2X      5.00      8.00  
 USY4X      7.00      8.00

AUDIO BRIDGING

BCNPT      4.00      8.00  
 BCNPT      4.00      8.00  
 BCNPT      4.00      8.00  
 BCNPT      4.00      8.00

AP1/AP31  
 AP2/AP32  
 AP3/AP33  
 AP4/AP34

Andlog Private Line  
 Nonrecurring Price Proposal

CONDITIONING	USOC	PRESENT PRICE	PROPOSED PRICE
TYPE C	X1CPT	20.00	15.00
TYPE D	XDCPT	19.00	15.00
C1	O1B	20.00	15.00
C2	O2B	20.00	15.00
C4	O4B	20.00	15.00
D1	O1D	19.00	15.00
IMPROVED ATTENUATION DISTORTION	UHW	17.00	15.00
IMPROVED ENVELOPE DELAY DISTORTION	UHY	16.00	15.00
DATA ENHANCEMENT	3BE	19.00	15.00
EFFECTIVE 4 WIRE	HBD	13.00	15.00
EQUAL LVL ECHO PAT LOSS	ORP	12.00	15.00
IMPROVED RET LOSS	1GA2W	12.00	15.00
IMPROVED TERMINATION	CP6	12.00	15.00
DATA CHAN TERM EQPT			
CO POWERED	LBA	61.00	8.00
CUST POWERED	LBD	61.00	8.00
MISCELLANEOUS NONRECURRING CHARGES			
DESIGN CHANGE CHARGE	H28	63.00	70.00
ADDITIONAL ENGINEERING PER 1/2 HR.			
BASIC	AEQXX	23.00	30.00
OVERTIME	AEQOX	29.00	40.00
ADDITIONAL LABOR AT INSTAL. PER 1/2 HR.			
OVERTIME	ALFOX	6.00	9.00
PREMIUM	ALFPX	11.00	17.00
ADDITIONAL LABOR OTHER PER. PER 1/2 HR.			
BASIC TIME	ALGXX	19.00	28.00
OVERTIME	ALGOX	24.00	36.00
PREMIUM TIME	ALGPX	29.00	45.00



DIGITAL DATA SERVICE

<u>ELEMENT</u>	<u>USOC</u>	<u>PRESENT PRICE</u>	<u>PROPOSED PRICE</u>
<b>FIXED-1 THRU 25 MILES</b>			
2.4 kbit/s	XUQ2X	55.00	
4.8 kbit/s	XUQ2X	55.00	
9.6 kbit/s	XUQ2X	65.00	
19.2 kbit/s	XUQ2X	90.00	
56 kbit/s	XUQ2X	110.00	
64 kbit/s	XUQ2X	110.00	
<b>FIXED-OVER 25 MILES</b>			
2.4 kbit/s	XUQ3X	60.00	
4.8 kbit/s	XUQ3X	60.00	
9.6 kbit/s	XUQ3X	80.00	
19.2 kbit/s	XUQ3X	100.00	
56 kbit/s	XUQ3X	110.00	
64 kbit/s	XUQ3X	120.00	
<b>PER MI-1 THRU 25 MILES</b>			
2.4 kbit/s	1LNP/42	0.78	
4.8 kbit/s	1LNP/42	1.11	
9.6 kbit/s	1LNP/42	1.20	
19.2 kbit/s	1LNP/42	1.20	
56 kbit/s	1LNP/42	1.20	
64 kbit/s	1LNP/42	1.20	
<b>PER MI-OVER 25 MILES</b>			
2.4 kbit/s	1LNP/43	0.95	
4.8 kbit/s	1LNP/43	0.95	
9.6 kbit/s	1LNP/43	0.95	
19.2 kbit/s	1LNP/43	0.95	
56 kbit/s	1LNP/43	0.95	
64 kbit/s	1LNP/43	0.95	

PROPOSED, ALL SPEEDS  
 (QUANTITIES DIVIDED AMONG PROPOSED MILEAGE BANDS)

DIGITAL DATA SERVICE

<u>ELEMENT</u>	<u>USOC</u>	<u>PRESENT PRICE</u>	<u>PROPOSED PRICE</u>
FIXED-OVER 0 TO 8 MILES	FQYX1		50.00
FIXED-OVER 8 TO 25 MILES	FQYX2		50.00
FIXED-OVER 25 TO 50 MILES	FQYX3		50.00
FIXED-OVER 50 MILES	FQYX4		50.00
PER MILE-OVER 0 TO 8 MILES	3LBXA		0.80
PER MILE-OVER 8 TO 25 MILES	3LBXB		0.80
PER MILE-OVER 25 TO 50 MILES	3LBXC		0.80
PER MILE-OVER 50 MILES	3LBXD		0.80
NONRECURRING:			
SERVICE PROVISIONING			
INITIAL	SCH		240.00
SUBSEQUENT	SCHAX		170.00
CHANNEL PERFORMANCE			
END TO END			
	PJWUX	370.50	105.00
	PJWVX	370.50	105.00
	PJWWX	370.50	105.00
	PJWWX	345.50	105.00
	PMW8X	370.50	105.00
	PJWYX	370.50	105.00
	PJWYX	345.50	105.00
	PM2KX	345.50	105.00
END LINK - MID LINK			
	PJWTX	345.50	105.00

E911 TRANSPORT  
Recurring Price Proposal

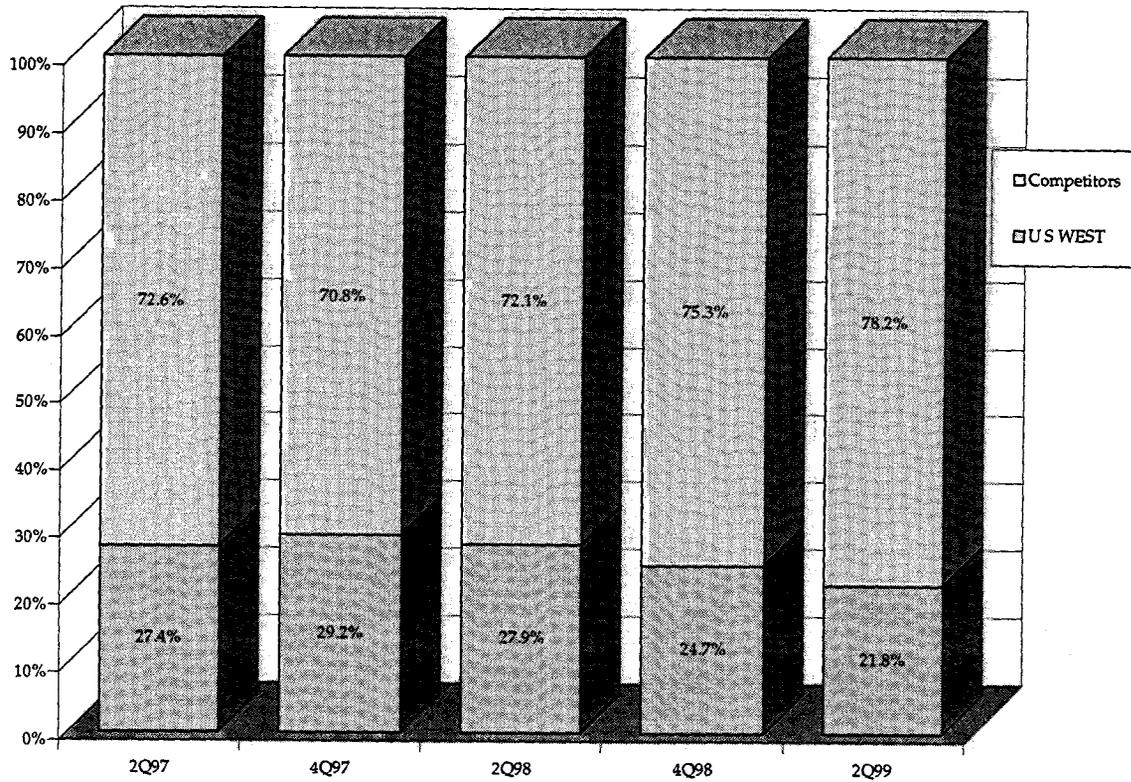
Arizona Corporation Commission  
 Docket No. T-01051B-99-0105  
 U S WEST Communications - SAM-7  
 Exhibits of Scott A. McIntyre  
 Page 1 of 1, May 19, 2000

<u>ELEMENT/SERVICE</u>	<u>USOC</u>	<u>PRESENT PRICE</u>	<u>PROPOSED PRICE</u>
AUTOMATIC NUMBER IDENTIFICATION	C9B	9.85	12.80
SELECTIVE ROUTING TRANSPORT	C9G	9.85	12.80
AUTOMATIC NUMBER IDENTIFICATION & AUTO LOCATION IDENTIFICATION	C9Q	13.46	17.50
AUTOMATIC NUMBER IDENTIFICATION & AUTO LOCATION IDENTIFICATION & SELECTIVE ROUTING TRANSPORT	C9T	13.46	17.50
ADDITIONAL E911 BUSINESS EXCHANGE ACCESS LINE TERM.	E8K	91.75	119.30

**Overall\* End-User HICAP Share By DS-1 Equivalents**

**PHOENIX Retail Shares**

**2Q99**



	Special Access Circuits			Point-to-Point Circuits		
	2Q98	4Q98	2Q99	2Q98	4Q98	2Q99
U S WEST	26.3%	23.6%	21.7%	32.0%	26.4%	22.0%
TCG						
GST						
ELI						
WinStar						
AT&T						
MCI						
Sprint						
MCI WorldCom						
Others						
Competitors						
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

\*Overall HICAP includes DS-0, DS-1, and DS-3 circuits.  
 Source: Quality Strategies, Washington, D.C.



**BEFORE THE ARIZONA CORPORATION COMMISSION**

**IN THE MATTER OF THE APPLICATION OF )  
U S WEST COMMUNICATIONS, INC., A )  
COLORADO CORPORATION, FOR A )  
HEARING TO DETERMINE THE EARNINGS )  
OF THE COMPANY, THE FAIR VALUE OF THE )  
COMPANY FOR RATEMAKING PURPOSES, )  
TO FIX A JUST AND REASONABLE RATE OF )  
RETURN THEREON AND TO APPROVE RATE )  
SCHEDULES DESIGNED TO DEVELOP SUCH )  
RETURN )**

**DOCKET NO. T-01051B-99-0105**

**SUPPLEMENTAL DIRECT TESTIMONY**

**OF**

**DAVID L. TEITZEL**

**U S WEST COMMUNICATIONS, INC.**

**MAY 19, 2000**

**TESTIMONY OF DAVID L. TEITZEL**  
**INDEX OF TESTIMONY**

**I. TESTIMONY**

EXECUTIVE SUMMARY .....	i
INTRODUCTION AND PURPOSE .....	1
COMPETITION UPDATE: PHOENIX AND TUCSON.....	2
AT&T .....	2
MCI WorldCom.....	6
ELI .....	8
GST .....	9
Cox .....	10
e.spire.....	16
PRICING PROPOSALS.....	36
Zone Increment Charges.....	36
Basic Exchange Services .....	39
Market Expansion Line .....	41
Long Distance Services .....	42
Directory Assistance.....	44
Listing Services .....	45
Custom Calling Services .....	46
Start Up Package .....	47
Toll Restriction Services .....	48
CONCLUSION.....	52

**II. EXHIBITS**

	<u>EXHIBIT</u>
AT&T Business Offerings .....	DLT-1
MCI WorldCom January 26, 1999 Press Release .....	DLT-2
MCI WorldCom Business Offerings .....	DLT-3
ELI Product Offerings .....	DLT-4
GST Product Portfolio.....	DLT-5
Cox January 27, 2000 Press Release .....	DLT-6
Cox May 19, 1999 Press Release .....	DLT-7

Cox September 20, 1999 Press Release .....	DLT-8
Cox October 8, 1999 Press Release .....	DLT-9
Phoenix MDUs – Cox Available .....	DLT-10
Cox November 12, 1999 Press Release.....	DLT-11
Cox March 13, 2000 Press Release .....	DLT-12
Cox Residence Offerings .....	DLT-13
Cox February 9, 2000 Press Release.....	DLT-14
Cox Business Offerings .....	DLT-15
Cox Promotional Material .....	DLT-16
e.spire Business Offerings.....	DLT-17
CapRock Advertisements .....	DLT-18
Sprint Fixed Wireless Services .....	DLT-19
WinStar Fixed Wireless Services.....	DLT-20
Teligent Fixed Wireless Services.....	DLT-21
Nextlink Fixed Wireless Services .....	DLT-22
Sprint Broadband Wireless Press Release.....	DLT-23
Teligent December 20, 1999 Press Release .....	DLT-24
Nextlink 1998 Form 10-K Excerpt.....	DLT-25
WinStar June 3, 1999 Press Release.....	DLT-26
Teligent Price Information.....	DLT-27
Teligent October 5, 1999 Press Release .....	DLT-28
Arizona Republic February 16, 2000 Article .....	DLT-29
Wireless Plan Comparison .....	DLT-30

Verizon Plans.....	DLT-31
Wireless Plans Under \$40 .....	DLT-32
Arizona Republic November 16, 1999 Article .....	DLT-33
Arizona Republic March 5, 2000 Article.....	DLT-34
Phoenix DSL Offerings .....	DLT-35
Updated Fiber Maps .....	DLT-36
CLEC Switch Locations .....	DLT-37
Business Access Line Losses .....	DLT-38
(PROPRIETARY)	
Arizona Number Portability Totals .....	DLT-39
(PROPRIETARY)	
Arizona Unbundled Loops In Service.....	DLT-40
(PROPRIETARY)	
Arizona Resold Quantities in Service.....	DLT-41
(PROPRIETARY)	
Arizona Competitive Local Exchange Carrier Growth.....	DLT-42
(PROPRIETARY)	
Arizona Cellular Minutes of Use Growth .....	DLT-43
(PROPRIETARY)	
Residential Number Portability Losses .....	DLT-44
(PROPRIETARY)	
IntraLATA Long Distance Service.....	DLT-45
Custom Calling Services.....	DLT-46
Toll Restriction Services .....	DLT-47
Summary of Annual Revenue Impacts: Revised .....	DLT-48

## **EXECUTIVE SUMMARY**

### **Current Responsibilities:**

I am currently Director-Product and Market Issues, focusing primarily upon U S WEST's Retail products and services. My responsibilities include strategic planning and regulatory advocacy for Basic Exchange services, IntraLATA Long Distance Services, vertical features and associated products and services.

### **Purpose of Testimony:**

The purpose of my testimony is to outline revisions to U S WEST's proposed product structures, price changes and associated revenue impacts filed in this Docket on January 8, 1999. My supplemental testimony focuses primarily on elements of U S WEST's original filing for which revisions are necessary, and those pricing proposals not changing are not re-addressed in this supplement for the sake of brevity.

### **Summary of Testimony:**

My testimony contains two major sections. The first section is a discussion of the dramatic competitive changes in the Arizona telecommunications market, particularly in the greater Phoenix and Tucson areas. In the sixteen months since U S WEST originally filed this rate case, competitive activity has increased sharply. I have provided a variety of exhibits in this testimony which highlight and quantify the extent to which competition for U S WEST's services currently exists. In this section, I discuss extensively the inroads that AT&T, MCI WorldCom, ELI, GST, Cox and e.spire have

made into U S WEST's traditional service territory. I also discuss why these competitive forces augment the need for "competitive zone" classification for U S WEST's business services in greater Phoenix and Tucson and why my original request for competitive zone classification for residential services in three Phoenix wire centers must now be expanded to encompass a total of 23 wire centers in the greater Phoenix area.

The second major section of my testimony is devoted to a discussion of the changes required to U S WEST's original pricing proposals, and the updated revenue impacts associated with these changes are also reflected in this section. In addition to a small number of adjustments to the original pricing proposals to more appropriately position U S WEST's services in the competitive Arizona market, my testimony discusses U S WEST's recommendation to adjust the Zone Increment recurring rates to more properly align U S WEST's wholesale and retail pricing structures. On April 24, 2000, U S WEST submitted its plan to "deaverage" Unbundled Network Element (UNE) loops in compliance with this Commission's procedural order in Docket No. T-0000A-00-0194. My testimony outlines U S WEST's proposal to adjust the Zone 1 increment rate to \$5.00 for residential customers and \$10.00 for business customers, and the Zone 2 increment to \$7.00 for residential customers and \$15.00 for business customers, which moves these prices toward a reasonable rate relationship with the proposed deaveraged UNE loop prices. The remainder of U S WEST's original rate proposal for residential and business Basic Exchange services remains unchanged.

This section of my testimony also discusses pricing reductions for intraLATA Long Distance and Market Expansion Line services, discontinuance of the Business Start Up package and increases in various elements of the Listing Services, Custom Calling and Toll Restriction Services product families which are reflective of current market conditions in Arizona.

**Conclusion and Recommendation:**

The changes I have discussed in my Supplemental Direct testimony are in direct recognition of the changes that have occurred in the competitive telecommunications environment in Arizona. I respectfully request that the Commission carefully consider the competitive insights I have developed and accept the updated recommendations I have submitted in this case.



1 remain unchanged, my supplemental testimony summarizes the changes  
2 that are necessary to the proposals outlined in my direct testimony and  
3 identifies the revised revenue impacts associated with the services  
4 addressed in my direct and supplemental direct testimonies.

5

6

**COMPETITION UPDATE: PHOENIX AND TUCSON**

7

8

**Q. IN YOUR DIRECT TESTIMONY, YOU STATED THAT U S WEST IS  
9 EXPERIENCING SUBSTANTIAL COMPETITION IN ARIZONA. IS THAT  
10 STILL THE CASE?**

11

12

A. Yes. In fact, since my Direct testimony was prepared in late 1998,  
13 competition in the state, particularly in the Phoenix and Tucson areas<sup>2</sup>,  
14 has increased dramatically. New technology is being deployed,  
15 competitors are expanding their serving areas, and many more  
16 companies are participating as telecommunications providers. These  
17 companies have become much more aggressive in competing for  
18 customers in Phoenix, Tucson, and the surrounding areas. I discuss the  
19 competitors below in terms of updating information previously furnished in  
20 my Direct testimony and provide additional information relative to new  
21 participants and the impact they are having on the competitive  
22 telecommunications environment in the state.

23

24

**AT&T**

25

26

**Q. WHAT STRATEGY IS AT&T EMPLOYING TO GAIN CUSTOMERS?**

27

---

<sup>2</sup> Eighty percent of all Arizonans live within these two metro areas. Source: U.S. Census Bureau  
Population Estimates for July 1, 1999.

1 A. AT&T, historically considered primarily a long distance carrier, has spent  
2 well over \$100 billion to reinvent itself as a full service telecommunications  
3 carrier. The company initiated and completed several key acquisitions in  
4 1999 allowing it to further advance its strategy of providing end-to-end  
5 service to customers. For example, early in the year, AT&T purchased  
6 Vanguard cellular, one of the largest independent operators of cellular  
7 telephone systems in the U.S. The company's \$48 million merger with  
8 TCI was finalized in 1999, and in May 1999, AT&T announced a \$58  
9 billion merger with Media One. These actions follow other mergers and  
10 acquisitions, including purchase of McCaw, one of the nation's largest  
11 cellular carriers, and Teleport Communications Group (TCG), one of the  
12 largest Competitive Local Exchange Carriers (CLECs). AT&T holds a  
13 substantial equity position in the nation's largest high speed Internet  
14 service provider (@ Home) and has entered into a joint venture with Time-  
15 Warner, the second largest cable television provider. In addition, on the  
16 international front, AT&T bought IBM's worldwide data network, the  
17 largest CLEC in Canada (Metronet), and it has multi-billion dollar joint  
18 ventures with British Telecom and Japan Telecom. AT&T also owns a  
19 national Internet backbone network and recently acquired a 39% interest  
20 in Net2Phone, the leading provider of internet telephony. Through these  
21 transactions, AT&T has positioned itself to offer local service, long  
22 distance service, data service, cable television and Internet access.<sup>3</sup> It  
23 can include wireless service and international voice and data services in  
24 its "bundle," all using its own network facilities.  
25

---

<sup>3</sup> Experts expect that the cable industry's share of Internet traffic will increase to 37% over the next five years and that local exchange carriers' share of Internet traffic will fall from 94% to 63% over the same time period. *The Economist*, "The Battle for the Last Mile" at p. 60 (May 1, 1999).

1 **Q. HAS AT&T MADE PUBLIC STATEMENTS ACKNOWLEDGING ITS**  
2 **STRATEGY TO BECOME A FULL SERVICE PROVIDER FOR**  
3 **RESIDENCE AND BUSINESS CONSUMERS?**

4  
5 A. Yes, AT&T's 1999 Annual Report contains many such statements. This  
6 excerpt from the Report provides just one example:

7  
8 AT&T is transforming itself with an aggressive growth strategy  
9 centered on connecting AT&T directly to its customers using facilities  
10 which it owns or controls. This facilities-based strategy is taking  
11 AT&T from...

- 12 • Long Distance to Any Distance  
13 AT&T will lead the way to any-distance communications,  
14 fulfilling customers' end-to-end networking needs whether  
15 they be local or global, wired or wireless.
- 16 • Narrowband to Broadband  
17 AT&T believes that broadband connections such as the  
18 cable television wire into the home are the future of  
19 communications – allowing telephone, data and  
20 entertainment services to converge over one connection,  
21 from one company.
- 22 • Domestic to Global  
23 Corporations and consumers want seamless global  
24 communications services and AT&T is taking its facilities-  
25 based approach beyond the U.S. to deliver advanced  
26 services around the world.
- 27 • Circuits to Packets  
28 Packet transmission technologies such as Internet protocol  
29 will become the core of the AT&T network. This will enable  
30 the convergence of all types of communications services  
31 onto unified networks that will surpass the capabilities of  
32 today's circuit-switched networks.<sup>4</sup>

33  
34 These strategies enable AT&T to serve selected customers by bypassing  
35 the local loop and reaching customers directly over its own facilities.  
36

<sup>4</sup> [www.att.com/ir/ap/strategy.html](http://www.att.com/ir/ap/strategy.html), May 5, 2000.

1 **Q. HAS AT&T BEEN SUCCESSFUL IN DEPLOYING THIS STRATEGY IN**  
2 **THE PHOENIX MARKET?**

3

4 A. Yes. Sheldon Fishman, who manages AT&T's local services in the  
5 Phoenix area, has stated that Phoenix has been the company's most  
6 successful marketplace in terms of growth. In an interview which  
7 appeared in the August 1999 edition of X-Change Magazine, Mr. Fishman  
8 declined to supply customer numbers or revenues, but said that AT&T  
9 Local planned to more than double its revenues in the Phoenix area in  
10 1999. "Total sales locally tripled from September 1998 to today, just for  
11 Phoenix," he stated.<sup>5</sup>

12

13 **Q. IS AT&T SERVING RESIDENCE AND BUSINESS CUSTOMERS IN**  
14 **PHOENIX AND TUCSON?**

15

16 A. No. Up to this point, AT&T has chosen to serve only business customers.

17

18 **Q. ARE AT&T'S SERVICES FUNCTIONALLY EQUIVALENT OR**  
19 **SUBSTITUTABLE FOR U S WEST SERVICES?**

20

21 A. Yes. It is very clear from information available on AT&T's Internet web  
22 site that AT&T's local services may be used as direct substitutes for  
23 U S WEST's local services. On a page outlining why business consumers  
24 should choose AT&T as their local provider, the company states:

25

26 Take advantage of very competitive market entry pricing and  
27 timing that is more specific than the Local Exchange  
28 Company (LEC) usually provides.

29

---

<sup>5</sup> [www.x-changemag.com/articles/981cover.html](http://www.x-changemag.com/articles/981cover.html), May 11, 2000.

1 According to Mr. Fishman, AT&T Local typically prices its services 10  
2 percent or more below U S WEST.<sup>6</sup> Pages from AT&T's web site  
3 describing their business local services offerings are attached as Exhibit  
4 DLT-1 to this testimony.

5

6 **MCI WorldCom**

7

8 **Q. IS AT&T THE ONLY FACILITIES-BASED CARRIER IN THE MARKET**  
9 **POSITIONING ITSELF AS A SINGLE SOURCE PROVIDER?**

10

11 A. Definitely not. MCI WorldCom has also articulated a strategy of less  
12 reliance on RBOC facilities. MCI WorldCom's announcement introducing  
13 its new DSL-based service, On-Net, indicates the company is aggressively  
14 implementing a similar strategy to that followed by AT&T:

15

16 MCI WorldCom's On-Net provides business customers with local-to-  
17 global-to-local connectivity for voice and data services. Introduced  
18 late last year, On-Net allows business customers to combine voice  
19 and data traffic from local U.S. and international locations onto one  
20 seamless, end-to-end network. On-Net eliminates the hassle and  
21 cost of interconnecting with multiple phone companies for local, long  
22 distance and international communications services. MCI WorldCom  
23 On-Net customers are able to utilize a single access method for all of  
24 their voice, data, and Internet services empowering businesses with  
25 unprecedented flexibility, network accessibility, and significant  
26 savings. (See Exhibit DLT-2 for January 26, 1999 MCI WorldCom  
27 Press Release.)

28

29 MCI WorldCom is a combination of, among other entities, MCI and  
30 WorldCom (long distance), Brooks Fiber (CLEC), MFS (CLEC and trans-  
31 Atlantic fiber network) and UUNet (world's largest Internet backbone).<sup>7</sup>

---

<sup>6</sup> *ID.*

<sup>7</sup> WorldCom has made a total of 68 acquisitions over the past four years. *Red Herring*, "The Next Ma Bell" (May 1999).

1 The company is on the threshold of a merger with Sprint, poised to  
2 become a global communications company serving residential and  
3 business customers via its own end-to-end network. A press release  
4 announcing the proposed merger described the potential for WorldCom  
5 (the name for the combined company) in this way:  
6

7 WorldCom will have the capital, proven marketing strength, and  
8 state-of-the-art networks to compete more effectively against the  
9 incumbent carriers, domestically and abroad. The combination of  
10 MCI WorldCom and Sprint will: ... Offer a unique nationwide  
11 broadband access alternative to both cable and traditional telephony  
12 through a combination of Digital Subscriber Line (DSL) facilities and  
13 fixed wireless access using the combined company's nationwide  
14 MMDS spectrum; Continue to lead the industry with innovative  
15 service offerings for consumer and business customers alike in an  
16 increasingly competitive global marketplace. The combined  
17 company, operating with extensive local facilities as well as  
18 substantial scale, will have the capability to bring innovative  
19 broadband solutions to local customers in the United States and  
20 abroad ...<sup>8</sup>  
21

22 The Sprint-MCI WorldCom merger is expected to be approved by mid-  
23 2000. I discuss implications of the proposed merger on the wireless  
24 industry later in my testimony.  
25

26 **Q. IS MCI PRIMARILY TARGETING BUSINESS CUSTOMERS IN THE**  
27 **PHOENIX AND TUCSON MARKETS?**  
28

29 A. Yes. The MCI WorldCom center in Chandler employs 650 people,  
30 providing sales, customer service and technical support to MCI  
31 WorldCom's Business Markets divisions. MCI WorldCom is building a  
32 40,000 square foot switching site at 34<sup>th</sup> Street and Camelback Road in

---

<sup>8</sup> "MCI WorldCom and Sprint Create Pre-eminent Global Communications Company for 21<sup>st</sup> Century," *MCI WorldCom Press Release*, October 5, 1999.

1 Phoenix to go after lucrative business from the Camelback Corridor.  
2 Exhibit DLT-3 contains information from MCI WorldCom's internet web  
3 site, identifying their business services. These include MCI WorldCom  
4 On-Net Services, Voice, Data, Internet, Messaging, Contact Center, DSL,  
5 Paging, Conferencing, Business Solutions, Partnerships & Buying  
6 Programs, International, and E-Business. Voice services include local,  
7 long distance, toll-free, enhanced call routing, calling card, Worldphone,  
8 and access. Local services available from MCI, e.g., lines, trunks, 911,  
9 Directory Listings, Operator Services, and Equal Access are provided in  
10 direct competition with similar services provided by U S WEST.

11  
12 **ELI**

13  
14 **Q. IS ELI ALSO AN INTEGRATED COMMUNICATIONS PROVIDER?**

15  
16 **A.** Yes. ELI has invested in network expansion, entered into partnerships  
17 with other providers, and swapped facilities in order to offer business  
18 consumers a broad menu of telecommunications services from a single  
19 source. For example, in the second quarter 1999, ELI entered into a deal  
20 with IXC Communications, which will almost double the company's fiber  
21 network. The company is making significant investments in its internet  
22 backbone network and was recently recognized by Boardwatch magazine  
23 as one of the top five Internet backbone providers in the country.  
24 According to ELI's Internet web page, "In its full service markets, Electric  
25 Lightwave bundles its services to provide the convenience of a single bill  
26 and one number to call for service. These full service markets include  
27 Portland, Ore.; Seattle and Spokane, Wash.; Sacramento, Calif.;

1           **Phoenix, Ariz.; Salt Lake City, Utah; and Boise, Idaho.”**<sup>9</sup> (emphasis  
2           added)

3

4           **Q.    WHAT SERVICES ARE AVAILABLE FROM ELI?**

5

6           A.    ELI offers business customers local, long distance, data and video, and  
7           network access services. Exhibit DLT-4 is a listing of ELI’s products and  
8           services as identified on the company’s Internet web site.<sup>10</sup>

9

10          **GST**

11

12          **Q.    WHAT ACTIONS HAS GST TAKEN TO ENHANCE ITS**  
13          **EFFECTIVENESS AS A COMPETITIVE LOCAL EXCHANGE CARRIER?**

14

15          A.    GST was one of the first companies to develop and deploy a converged  
16          telecommunications network – the Virtual Integrated Transport and  
17          Access (VITA) network. This \$800 million network employs an open  
18          architecture approach, utilizing a combination of Internet Protocol, packet,  
19          frame and cell technology, along with Asynchronous Transfer Mode  
20          (ATM) switching equipment, to transmit both voice and data traffic over a  
21          single network. The VITA network allows GST to provide a full suite of  
22          telecommunications solutions on a single network, at substantial savings  
23          over using separate voice and data network backbones.

24

25          **Q.    WHAT MARKETING STRATEGY DOES GST EMPLOY TO ATTRACT**  
26          **CUSTOMERS?**

27

---

<sup>9</sup> [www.eli.net/about/index/shtml](http://www.eli.net/about/index/shtml), May 8, 2000.

<sup>10</sup> *ID.*

1 A. GST offers integrated packages of service offerings to small and medium  
2 business customers, as well as individual local, long distance, access,  
3 Internet, and data solutions. Integrated packages include GST's  
4 PowerFlex,<sup>TM</sup> Hospitality, and Hospitality Plus. In May 1999 GST  
5 announced that it was expanding its PowerFlex service to combine local,  
6 long distance, frame relay and Internet services onto a single T-1  
7 connection. In November 1999, GST announced the introduction of its  
8 new Enhanced Business Services which provides lines bundled with five  
9 features as well as other optional features. In addition to lines and  
10 features, GST offers Voice Mail, trunks, and ISDN-type services. GST  
11 has also begun rolling out DSL service as a vehicle for offering network  
12 access, voice and virtual private networks. Exhibit DLT-5 shows internet  
13 web pages from GST's web site, describing GST's product portfolio.

14  
15 **Cox**

16  
17 **Q. HOW HAS COX UTILIZED ITS CABLE TELEVISION BUSINESS TO**  
18 **EXPAND INTO THE TELECOMMUNICATIONS MARKET?**

19  
20 A. For its cable television business Cox employs a "clustering" concept  
21 whereby it accumulates customers in distinct geographic areas through  
22 acquisitions and mergers.<sup>11</sup> This provides the company with the ability to  
23 reduce expenses through the consolidation of marketing and support

---

<sup>11</sup> For example, in June 1998, Cox completed the acquisition of a cable television system serving approximately 115,000 customers in Arizona from Tele-Communications, Inc. in a cash transaction valued at \$250.2 million. In March 2000, Cox and AT&T Corp. exchanged Cox's 50.3 million shares of AT&T common stock for the stock of AT&T subsidiaries that own cable television systems serving approximately 495,000 customers and certain other assets and liabilities, including cash. In return for its 50.3 million shares of AT&T common stock, Cox received: cable television systems serving Tulsa, Oklahoma (160,000 customers) and Baton Rouge, Louisiana (156,000 customers); the remaining 20% ownership interest in a partnership in which Cox acquired an 80% interest through its merger with TCA Cable TV, Inc.; Peak Cablevision LLC, which has 117,000 customers in Oklahoma, Arkansas, Utah and Nevada; and approximately \$750.0 million in other assets, including cash. Source: Cox Communications Form 10-K for the Fiscal Year Ended December 31, 1999, Page 41.

1 functions and increases the speed and effectiveness of the company's  
2 new product and service deployment.<sup>12</sup> These new services include Cox  
3 Digital television, high speed Internet access, and Cox Digital  
4 Telephone.<sup>13</sup> Phoenix is rated as the top local and regional cluster for  
5 Cox with 617,615 basic cable television customers and Tucson is rated  
6 number 15 with 132,272 customers.<sup>14</sup> Cox explains its business strategy  
7 in its Form 10-K filed with the Securities and Exchange Commission for  
8 fiscal year ended December 31, 1999:

9

10 Cox utilizes the capacity and reliability of its advanced  
11 broadband network, which will pass virtually all homes and  
12 most businesses in its markets, by providing local telephone  
13 services and reselling long distance services. (Page 8)

14

15 Cox's total revenues for the year ended December 31, 1999 were  
16 \$2,318.1 million, a 35% increase over revenues of \$1,716.8 million for the  
17 year ended December 31, 1998. Part of this increase in revenues is  
18 attributable to growth in data, commercial telephony and residential  
19 telephony subscribership.<sup>15</sup>

20

21 **Q. WHAT ADVANCES HAS COX MADE AS A COMPETITIVE LOCAL**  
22 **EXCHANGE CARRIER IN PHOENIX SINCE YOUR DIRECT**  
23 **TESTIMONY WAS FILED IN JANUARY 1999?**

24

25 **A.** By the end of 1999, Cox had completed approximately 70 percent of its  
26 11,000 mile network upgrade in the Phoenix area. This allowed Cox to  
27 roll out its bundle of digital cable television, telephone and high speed

<sup>12</sup> Cox Communications Form 10-K for the Fiscal Year Ended December 31, 1999, Page 4.

<sup>13</sup> Cox Communications Form 10-K for the Fiscal Year Ended December 31, 1999, Page 5.

<sup>14</sup> Cox Communications Form 10-K for the Fiscal Year Ended December 31, 1999, Page 6.

<sup>15</sup> Cox Communications Form 10-K for the Fiscal Year Ended December 31, 1999, Page 42.

1 data service to "several hundred thousand homes valley-wide."<sup>16</sup> In  
2 recapping the company's previous year's accomplishments, Cox reported  
3 in early January 2000 that Cox Digital Telephone is now available to  
4 approximately 200,000 homes across greater Phoenix and that by early  
5 2002, Cox will have a full suite of digital telephone, digital cable, and high  
6 speed Internet services available valley-wide. (See Exhibit DLT-6, Cox  
7 January 27, 2000 Press Release) Significant activity throughout 1999  
8 included:

- 9
- 10 • In February, Cox expanded its offering of Cox Digital Telephone,  
11 Digital Cable and Cox@Home high speed Internet services to parts of  
12 Mesa, Phoenix, and Chandler. (See Exhibit DLT-6, Cox January 27,  
13 2000 Press Release.)
  - 14
  - 15 • In March, Cox partnered with Grayhawk Community to offer its  
16 Cox@Home, Cox Digital Cable and Cox Digital Telephone services to  
17 residents of that Scottsdale community. (See Exhibit DLT-6, Cox  
18 January 27, 2000 Press Release.)
  - 19
  - 20 • In May, Cox announced that its advanced digital package, including  
21 digital cable, telephone and high-speed Internet access, is now  
22 available in areas of north Phoenix. In describing its telephone  
23 service, Cox stated, "Cox Digital Telephone costs 10 percent less than  
24 the competition, with savings of 50 percent for a second phone line.  
25 Cox Communications also offers free installation for this service,  
26 saving the customer as much as \$45. Cox Digital Telephone is being  
27 launched to 80,000 residential homes in north Phoenix, and Cox plans

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<sup>16</sup> "Cox Communications Announces 1999 as a Year of Growth and Transition," *Cox Press Release*,  
January 27, 2000.

1 on rolling this service out to 200,000 homes valley-wide by the end of  
2 the year." (See Exhibit DLT-7, Cox May 19, 1999 Press Release.)  
3

- 4 • In September, Cox announced that it was launching its Business  
5 Services division in the Phoenix area, offering businesses of all sizes  
6 across greater Phoenix digital cable, high speed data and digital  
7 telephone services. Cox reportedly had more than 200 business  
8 customers by the end of 1999. (See Exhibit DLT-6, Cox January 27,  
9 2000 Press Release and Exhibit DLT-8, Cox September 20, 1999  
10 Press Release.)  
11
- 12 • In October, Cox acquired Cable Plus/Telephone Plus, giving it access  
13 to more than 6,000 additional telephone and cable customers at 65  
14 multiple dwelling unit (MDU) locations throughout greater Phoenix.  
15 (See Exhibit DLT-9, Cox October 8, 1999 Press Release.) Exhibit  
16 DLT-10 is a list of apartment complexes within the Phoenix metro area  
17 where Cox telephone service is available. Over forty locations are  
18 represented.  
19
- 20 • In November, Cox, APS Energy Services, and IBM announced a  
21 partnership designed to provide enhanced wiring solutions to homes  
22 across the greater Phoenix area. This will provide homeowners with  
23 instant access to Cox Digital Cable, Cox@Home high speed Internet  
24 service and Cox Digital Telephone service, as well as high-speed  
25 remote office links for businesses. According to the Cox press release  
26 explaining the endeavor, "ASPES/Cox Communications will provide  
27 multiple incoming phone lines and easy call management features at a  
28 price less than the incumbent telephone provider." (See Exhibit DLT-  
29 11, Cox November 12, 1999 Press Release.)

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Also in 1999, Cox constructed three Master Telecommunications Centers (MTCs) across greater Phoenix, which gives Cox the ability to provide its suite of digital services to new areas in the Valley. Cox now has seven MTCs in the greater Phoenix areas.<sup>17</sup>

In March 2000, Cox announced that it plans on adding approximately 1,000 jobs in Phoenix, expanding its employee base to 2,800. The new employees will be working to expand Cox's digital cable, telephone, and high-speed data services valley-wide. (See Exhibit DLT-12, Cox March 13, 2000 Press Release.)

**Q. ARE COX'S TELEPHONE OFFERINGS FOR PHOENIX RESIDENTIAL AND BUSINESS CUSTOMERS COMPETITIVE WITH THE SERVICES OFFERED BY U S WEST?**

A. Yes. Cox offers residence customers local and long distance calling, as well as a Cox Calling Card. Cox promises its customers that they will pay less than what they would pay U S WEST for local service. Exhibit DLT-13 contains information from Cox's Internet web site which describes Cox's telephone service available to Phoenix residence customers. Included is a page which lists each Cox telephone service and the associated rate. Services are available on a stand-alone basis or as part of a package. As an example, Cox indicates its first line is \$11.75 per month (rate for Cox cable television customer) and additional lines are \$6.50 per month. Features such as Three-Way Calling, Call Forwarding, Caller ID, and Call Waiting are also available. In addition, feature packages consisting of several popular features are available. Exhibit DLT-14 is a February 9,

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<sup>17</sup> *Id.*

1 2000 Press Release from Cox, announcing the availability of enhanced  
2 voice messaging and call management services for its telephone  
3 customers. In the Press Release, Cox states, "Cox Digital Telephone  
4 service is competitively priced at 10 percent less than the incumbent local  
5 telephone provider on a first line, 50 percent less on a second line. Cox  
6 Digital Telephone offers all of the same features available from the  
7 incumbent telephone provider, including Call Waiting, Caller ID and Call  
8 Forwarding."<sup>18</sup>

9  
10 Also on its Internet web site, Cox allows Phoenix customers to compare  
11 its rates to U S WEST's rates. Consumers can select the services they  
12 are currently subscribing to from U S WEST and they are then able to  
13 calculate their savings. Cox states, "Why pay more? With Cox Digital  
14 Telephone you'll save up to 30% every month." This information is also  
15 included as part of Exhibit DLT-13.

16  
17 Cox offers Phoenix business customers a "full range of telephony, high-  
18 speed Internet, voice, data and video transport services."<sup>19</sup> Information  
19 from Cox's Internet web site describing these services in more detail is  
20 attached to this testimony as Exhibit DLT-15. In describing its Voice  
21 Services, Cox states:

22  
23 Cox offers a full suite of voice services, ranging from basic  
24 dialtone and calling features to more complex services,  
25 including PBX trunking arrangements, Primary Rate ISDN,  
26 and Centrex Service.<sup>20</sup>  
27

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<sup>18</sup> "Cox Communications Helps "Wake Up" Telephone Customers," *Cox Press Release*, February 9, 2000.

<sup>19</sup> [www.cox.com/phoenix/business](http://www.cox.com/phoenix/business), May 9, 2000.

<sup>20</sup> *ID.*

1 Cox also offers businesses dedicated point – to – point services in  
2 competition with U S WEST. These, too, are described in the  
3 information attached as Exhibit DLT-15.

4

5 **Q. ARE CUSTOMERS WHO SWITCH FROM U S WEST TO COX**  
6 **ALLOWED TO KEEP THEIR SAME TELEPHONE NUMBER?**

7

8 A. Yes, in most cases.

9

10 **Q. DOES COX OFFER CONSUMERS INCENTIVES TO SUBSCRIBE TO**  
11 **ITS TELEPHONE SERVICES?**

12

13 A. Yes. Cox routinely waives installation charges. Its most recent promotion  
14 allowed new telephone subscribers to receive Call Waiting free for five  
15 months. Other offers provide a "\$10 Off" coupon. Promotional marketing  
16 material describing these incentives is attached as Exhibit DLT-16.

17

18 **Q. IS COX NOW PROVIDING TELEPHONE SERVICE IN TUCSON?**

19

20 A. Not at this time. However, Cox has indicated they will begin offering  
21 telephone services in Tucson in the summer of 2001.<sup>21</sup>

22

23 **e.spire**

24

25 **Q. DID E.SPIRE MAKE SIGNIFICANT STRIDES IN ENHANCING ITS**  
26 **POSITION AS AN INTEGRATED SERVICES PROVIDER IN 1999?**

27

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<sup>21</sup> "Cox Rolls Out New Cable Services," *Tucson Business Journal*, March 27, 2000.

1 A. Yes. e.spire reported total revenues of \$244.0 million for the year ending  
2 December 31, 1999, a 56% increase over full year 1998 revenues of  
3 \$156.8 million.<sup>22</sup> The company also reportedly installed a record number  
4 of access lines during fourth quarter 1999, bringing cumulative lines in  
5 service to 164,290, up from 131,965 lines at the end of the third quarter.  
6 The company continued a strong focus on ridding itself of resale lines,  
7 resulting in 95% of total access lines in service being on-switch by the end  
8 of 1999.<sup>23</sup> It successfully acquired \$175 million in financing which  
9 Chairman William R. Huff indicated the company would use to "transition  
10 from network construction to building profitability in its core and other  
11 businesses."<sup>24</sup> In October 1999, e.spire announced a new suite of  
12 products for small-to-medium-sized businesses, as described in the press  
13 release and other information obtained from the company's internet web  
14 site, included as Exhibit DLT-17 to this testimony. e.spire continues to be  
15 a major competitor in the Tucson market.  
16

17 **Q. ARE THESE THE ONLY FACILITIES-BASED PROVIDERS**  
18 **COMPETING WITH U S WEST IN THE PHOENIX AND TUCSON**  
19 **AREAS?**  
20

21 A. No. Other providers include CapRock, Global Crossing  
22 Telecommunications, Mountain Telecommunications, McLeodUSA,  
23 Metromedia Fiber, Cable & Wireless, Electric Lightwave, Westel, Nextlink,  
24 POPP Telecom, Williams, Level 3, and Covad.<sup>25</sup>  
25

<sup>22</sup> "e.spire Reports Fourth Quarter and Full Year Results," *e.spire Press Release*, April 14, 2000.

<sup>23</sup> "e.spire Installs Record Number of Access Lines in Fourth Quarter 1999," *e.spire Press Release*, February 8, 2000.

<sup>24</sup> "e.spire Receives Additional \$50 Million Funding Commitment, For a Total of \$175 Million in Commitments," *e.spire Press Release*, February 24, 2000.

<sup>25</sup> This is not meant to be an all-inclusive list of providers in the Phoenix and Tucson markets; however, it is representative of the competitors actively competing with U S WEST.

1 **Q. ARE FACILITIES-BASED PROVIDERS ENTERING INTO**  
2 **PARTNERSHIPS TO HELP THEM EXPAND THEIR REACH IN**  
3 **ARIZONA?**

4  
5 A. Yes. For example, early this year, Worldwide Fiber (WFI) announced it  
6 was entering into an agreement with CapRock Communications to co-  
7 develop approximately 1,300 miles of long-haul multi-conduit fiber network  
8 through Texas, New Mexico and Arizona. Part of the fiber will pass  
9 through Tucson and into Phoenix. CapRock is an integrated  
10 telecommunications provider offering local, long distance, Internet, data  
11 and private line services to business customers. The company also  
12 provides switched and dedicated access, private lines and other services  
13 to carrier customers.<sup>26</sup> (See Exhibit DLT-18 for Phoenix CapRock  
14 advertisements.) WFI designs, builds, operates and maintains high-  
15 speed fiber networks for communications carriers, Internet Service  
16 Providers and corporations.

17  
18 **Q. HOW IS THE ABILITY TO PARTNER IMPACTING THE COMPETITIVE**  
19 **ENVIRONMENT IN ARIZONA AND THE REST OF THE NATION?**

20  
21 A. Partnerships provide a means for carriers to acquire the facilities and  
22 resources necessary to compete as full service providers in today's  
23 telecommunications industry. WFI president, Ron Stevenson, described  
24 the advantages of the partnership agreement with CapRock:

25  
26 Our current construction rollout is meeting all financial and  
27 implementation milestones and with this expansion, the rapidly  
28 growing southwestern markets will be able to take advantage of  
29 connecting to the WFI network. Securing this joint development

---

<sup>26</sup> "WorldWide Fiber and CapRock Communications Enter Joint Build Agreement," *Worldwide Fiber Press Release*, January 20, 2000.

1 agreement with CapRock provides a more time and capital efficient  
2 means of expanding in this U.S. geographic area.<sup>27</sup>  
3

4 Partnerships play a critical role in escalating competitive activity in Arizona  
5 and other areas of the country.  
6

7 **Q. HOW IMPORTANT IS THE ABILITY TO BUNDLE A FULL ARRAY OF**  
8 **SERVICES TO THE COMPETITIVE ENVIRONMENT?**  
9

10 A. Offering a full service bundle or "solution" has become crucial to being a  
11 successful player in the extremely competitive telecommunications  
12 market. In a recent interview with Fiber Optics News, CapRock chairman  
13 and CEO, Jere Thompson, commented on this aspect of the company's  
14 business:  
15

16 Today we are bundling together local, long distance, Internet,  
17 ATM, frame relay, and private line services on a single  
18 convergent bill.... The fastest growing segment of our  
19 business is bundled services.... CapRock is knocking on the  
20 doors of smaller and medium-sized businesses. We have a  
21 fair number of larger business customers, but the bulk of the  
22 market for bundled services is in companies with five to 1,000  
23 local access lines. We can offer these businesses an  
24 attractive package of savings, simplicity, and service.<sup>28</sup>  
25

26 AT&T also emphasizes its bundling strategy to prospective  
27 customers:  
28

29 We will continue to expand and enhance our local and end-to-  
30 end solutions portfolio so that you can take advantage of  
31 leading-edge networking solutions, including wireless, data  
32 and internet services.<sup>29</sup>  
33

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<sup>27</sup> ID.

<sup>28</sup> "CapRock Communications Develops Strong CLEC Business," Fiber Optics News, October 18, 1999.

<sup>29</sup> [www.att.com/local/why](http://www.att.com/local/why), May 11, 2000.

1 Being able to provide one-stop shopping with bundles of  
2 competitive offerings is imperative to being a successful participant  
3 in today's telecommunications industry.  
4

5 **Q. WHAT IMPACT HAS WIRELESS SERVICES HAD ON COMPETITION IN**  
6 **PHOENIX AND TUCSON?**  
7

8 A. Fixed and mobile wireless technologies are being used in Phoenix and  
9 Tucson to bypass the U S WEST switched network. Fixed wireless  
10 providers utilize digital microwave facilities in conjunction with fiber optic  
11 networks to provide business customers with a full range of  
12 telecommunications products. Fixed wireless networks are quick and  
13 inexpensive to deploy compared to landline networks. Furthermore, they  
14 can provide competitive access services to businesses not located along  
15 CLEC fiber routes. This greatly expands the number of businesses that  
16 are addressable by CLECs with fiber networks. Mobile wireless  
17 technologies, e.g. Personal Communications Services (PCS) and cellular,  
18 are increasingly being used by residential and business customers as  
19 replacements for traditional wireline telephones.  
20

21 **Q. WHO ARE THE FIXED WIRELESS PROVIDERS OPERATING IN**  
22 **PHOENIX?**  
23

24 A. Fixed wireless providers currently offering service in Phoenix include  
25 Sprint, WinStar, Teligent and Nextlink. A summary of their offerings is as  
26 follows:  
27

1

<b>Company Name</b>	<b>Services Offered</b>	<b>Customers Targeted</b>
Sprint	Internet (See Exhibit DLT-19)	Residential Small Business
WinStar	Voice Data Internet (See Exhibit DLT-20)	Small Business Medium-sized Business Large Business
Teligent	Voice Data Internet (See Exhibit DLT-21)	Small Business Medium-sized Business Large Business
Nextlink	Voice Data Internet (See Exhibit DLT-22)	Small Business Medium-sized Business Large Business

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Sprint recently acquired SpeedChoice, a Phoenix provider of high-speed Internet access. Sprint's service, Sprint Broadband Direct, utilizes fixed wireless to reach residential and business consumers in approximately 85% of the Phoenix area. The service provides two-way multi-megabit download speeds and does not require a second phone line to hook up a computer to the Internet. The connection is always on, which alleviates the need to use a modem.<sup>30</sup> Tim Sutton, president of Sprint's Broadband Wireless Group, described the future implications of the new service in a recent press release:

13

14

15

16

17

The strategy behind BWG's deployment of MMDS technology is to develop, implement, and manage the fastest, most reliable wireless network possible. We want to rapidly roll out two-way, high-speed Internet access for the masses, and in the future, add Voice over Internet Protocol services and to

<sup>30</sup> "Sprint Launches First Broadband Wireless Market in Phoenix," *Sprint Press Release*, May 8, 2000.

1 set the stage for the rapid deployment of the Sprint ION<sup>sm</sup>,  
2 Integrated On Demand, product line.

3  
4 The Press Release is attached as Exhibit DLT-23. With the merger  
5 with MCI WorldCom imminent, there appears to be great potential  
6 for enhancing Sprint's fixed wireless service with bundles of local,  
7 long distance, and data offerings.

8  
9 WinStar's 38-gigahertz spectrum system connects individual buildings in  
10 Phoenix to one of the company's three hub sites which are connected to  
11 each other with fiber which it leases from other carriers. The company  
12 was expecting to add three more hub sites in Phoenix by year-end 1999.  
13 The company is somewhat restricted, in that its transmissions operate  
14 over a limited distance and require a line of sight between the service  
15 provider hub and the customer premises. In a recent interview, Daniel  
16 Briggs, WinStar's director of capital market relations, indicated the  
17 company is looking to install its services on buildings not yet connected to  
18 fiber by other carriers. "That's our sweet spot," he said. Briggs indicated  
19 the company expected to be connected to 100 buildings by the end of  
20 1999 and currently has "hundreds of customers."<sup>31</sup>

21  
22 Teligent described how its fixed wireless technology is being used to  
23 bypass U S WEST's switched network in a December 20, 1999 press  
24 release:

25  
26 Teligent delivers its fixed wireless service by installing small  
27 antennas on the roofs of customer buildings. When a  
28 customer picks up a telephone, accesses the Internet, or  
29 activates a videoconference, the signal travels over inside  
30 wiring to the rooftop antenna. The customer building antenna  
31 then relays the voice, data, or video signals to a Teligent base

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<sup>31</sup> [www.zdnet.com/intweek/stories/news/0,4164,2323911,00.html](http://www.zdnet.com/intweek/stories/news/0,4164,2323911,00.html). Inter@active Week: A Tree Grows in Phoenix, August 30, 1999.

1 station antenna. The base station antenna gathers signals for  
2 a cluster of surrounding customer buildings, aggregates the  
3 signals and then routes them to a Teligent broadband  
4 switching center. At the switching center, Teligent uses ATM  
5 switches and data routers along with Nortel DMS switches to  
6 hand off the traffic to other networks – the public circuit  
7 switched voice network, the packet switched Internet and  
8 private data networks. (See Exhibit DLT-24 for December 20,  
9 1999 Teligent Press Release.)

10  
11 Nextlink began operations in Phoenix in late 1998, combining fiber  
12 facilities and wireless to reach business customers. As Nextlink stated in  
13 its 1998 Form 10-K filed with the Securities and Exchange Commission:

14  
15 We currently use both direct connections from our fiber  
16 network to buildings in the central business district as well as  
17 leased unbundled loop lines from the ILEC to connect off-  
18 network customers to our network (commonly referred to as  
19 the “last mile” to the customer). For off-network buildings, we  
20 are also developing alternative means for establishing  
21 transport that links our end users to our network through the  
22 use of a radio service, generally called local multipoint  
23 distribution service, or LMDS. LMDS is a newly authorized  
24 fixed broadband point-to-multipoint radio service which the  
25 license holder may deploy for wireless local loop telephony,  
26 mobile wireless backhaul services, high-speed data transfer,  
27 video broadcasting and video conferencing, in any  
28 combination.” (See Exhibit DLT-25 for excerpt from Nextlink  
29 1998 Form 10-K.)  
30

31 Nextlink has approximately 60 miles of fiber placed in Phoenix, with plans  
32 to expand; however, it is using wireless to add new customers to the  
33 company’s network in the interim. According to Mike McHale, Nextlink’s  
34 Vice President, Nextlink has spent about \$18 million on its Phoenix  
35 network and is installing from 20,000 to 25,000 lines per month. The

1 company's Phoenix network will include eight local switching stations and  
2 one central office.<sup>32</sup>

3  
4 **Q. ARE THESE FIXED WIRELESS COMPANIES AGGRESSIVELY**  
5 **COMPETING WITH U S WEST?**

6  
7 A. Yes. Fixed wireless facilities are much less expensive than traditional  
8 networks. As a result, companies such as WinStar and Teligent are able  
9 to significantly under-price the market to gain market share. WinStar  
10 offered customers signing on with them between June 3, 1999 and August  
11 31, 1999 up to one year's free long distance service. A company press  
12 release, announcing the marketing program ("Project Millennium"), states:

13  
14 Since its launch last October, the very successful Project Millenium  
15 has fueled WinStar's growing on-net customer base. The innovative  
16 marketing program has established long-term relationships with  
17 customers, increased traffic on the company's end-to-end broadband  
18 network, and created opportunities to sell incremental, high margin,  
19 bandwidth intensive services. (See Exhibit DLT-26 for June 3, 1999  
20 WinStar Press Release.)  
21

22 Teligent's Internet home page claims that Teligent is able to offer local  
23 and Internet service to consumers at up to 30% savings along with  
24 "affordable, predictable rates on long distance calls." (See Exhibit DLT-27  
25 for document from [www.teligent.com](http://www.teligent.com), January 31, 2000.) Teligent recently  
26 entered into an agreement with First Industrial Realty Trust, Inc., one of  
27 the nation's largest providers of industrial real estate, to provide First  
28 Industrial's tenants local, long distance, Internet and data services over  
29 Teligent's "SmartWave" networks. According to a Teligent Press Release  
30 issued October 5, 1999, "Teligent will immediately target First Industrial's  
31 portfolio of office and industrial buildings in Chicago, Denver, **Phoenix**,

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<sup>32</sup> ID.

1 Philadelphia, and Tampa.” (emphasis added) The press release goes on  
2 to describe Teligent’s “SmartWave” technology:

3  
4 With its advanced SmartWave™ technology, Teligent offers  
5 customers in 31 markets nationwide savings of up to 30 percent on  
6 local and Internet services. Teligent offers long distance service at a  
7 single, low “per minute” price. When customers install local service,  
8 Teligent deducts up to an additional 30 percent from the per-minute  
9 long distance price. Prices for long distance calls within a state may  
10 vary in some states.  
11

12 Teligent also offers a high-speed data service for cost-conscious  
13 customers – SmartWave DSL™. Using advanced “digital subscriber  
14 line” (DSL) electronics to enhance the copper circuits inside  
15 customer buildings, Teligent’s new DSL service will enable smaller  
16 businesses to take advantage of high-speed Internet access at  
17 prices starting at \$149 a month.  
18

19 The October 5 Press Release is attached as Exhibit DLT-28.

20  
21 Clearly, fixed wireless technology presents another avenue for companies  
22 to enter the market and compete for customers in the Phoenix area.  
23

24 **Q. IS MOBILE WIRELESS BEING USED AS A COMPETITIVE**  
25 **ALTERNATIVE IN PHOENIX AND TUCSON?**  
26

27 A. Yes, mobile wireless services are being used increasingly by both  
28 business and residence customers in the Phoenix and Tucson areas. (Up  
29 to this point, fixed wireless providers have focused primarily on business  
30 customers.) According to a 1999 survey conducted by The  
31 Telecommunications and Utilities Group of Claritas, Inc., 45% of Phoenix  
32 households and 43% of Tucson households subscribe to wireless

1 service.<sup>33</sup> Those figures are likely understated, as wireless  
2 communications is one of the most rapidly growing segments of the  
3 telecommunications industry. For example, the Cellular  
4 Telecommunications Industry Association (CTIA) recently reported that  
5 the number of wireless subscribers increased 24% between December  
6 1998 and December 1999 nationally. According to CTIA, "The wireless  
7 industry had record-setting growth during the last six months of 1999, with  
8 subscribership surging to more than 86.1 million customers by the end of  
9 the year. CTIA's survey shows that nationwide, more than 31% of the  
10 population now has active wireless service. A new person signs up for  
11 wireless service every two seconds."<sup>34</sup> Wireless is an attractive option for  
12 consumers in Arizona, especially as more wireless providers offer new  
13 calling plans that do away with roaming charges and include long distance  
14 charges as part of the standard offering.

15  
16 **Q. PLEASE IDENTIFY THE MOBILE WIRELESS COMPANIES OFFERING**  
17 **SERVICE IN PHOENIX AND TUCSON.**

18  
19 A. Mobile wireless providers in Phoenix and Tucson include AT&T Wireless,  
20 Nextel, VoiceStream, Verizon Wireless (formerly AirTouch), Cellular One,  
21 Sprint PCS, and U S WEST Wireless.

22  
23 **Q. HOW DO THE RATES FOR MOBILE WIRELESS COMPARE TO**  
24 **WIRELINE SERVICES IN PHOENIX AND TUCSON?**

25  
26 A. The rates for mobile wireless services in the Phoenix and Tucson metro  
27 areas are extremely competitive with wireline services. A February 16,  
28 2000 article in the Arizona Republic reported that Phoenix cellular rates

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<sup>33</sup> "The 1999 Convergence Audit," The Telecommunications and Utilities Group of Claritas, Inc.

1 are the lowest in the nation, according to a study performed recently by  
2 Econ One. (See Exhibit DLT-29 for article.) The study found that the  
3 average monthly cost of wireless service in Phoenix in January 2000 was  
4 \$36.98. VoiceStream had the Valley's lowest average rate - \$34.98.  
5 Other companies' average rates were:

6  
7 AirTouch - \$34.99  
8 Cellular One - \$35.19  
9 AT&T - \$37.07  
10 U S WEST Wireless - \$37.91  
11 Sprint - \$41.74  
12

13 Exhibit DLT-30 contains a side-by-side comparison of several wireless  
14 plans available in the Phoenix and Tucson areas. Many plans include  
15 calling features in the price of their standard offerings. For example,  
16 Verizon offers a plan for \$19.99 that includes 75 minutes of calling, Caller  
17 ID, Call Waiting, Call Forwarding, and Three-Way Conference Calling.  
18 U S WEST's Custom Choice package, which would be most comparable  
19 to Verizon's plan, is priced at \$29.95. Customers who want the features  
20 but do not make many local calls, can obtain significant savings with the  
21 Verizon plan. For almost the same price as Custom Choice, Verizon has  
22 a plan that includes 250 minutes of calling. Verizon's plans include all  
23 long distance calling for \$.12 per minute. (See Exhibit DLT-31 for  
24 additional details on Verizon's calling plans.) Many wireless carriers offer  
25 special promotions, including discounts and rebates, to make their  
26 services even more competitive with wireline services. With this attractive  
27 wireless pricing, an increasing number of mobile users have begun to  
28 migrate local and long distance usage from their landline to wireless  
29 phones. Exhibit DLT-32 lists 39 plans available to customers in Phoenix  
30 and Tucson for under \$40 per month.

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<sup>34</sup> CTIA Reports 1999 Survey Results, *CTIA News Release*, April 11, 2000.

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**Q. WHAT OTHER DEVELOPMENTS HAVE OCCURRED IN THE PHOENIX AND TUCSON MARKETS SINCE YOU FILED YOUR DIRECT TESTIMONY?**

A. In Phoenix, many buildings located next to competitive fiber routes are being converted to “telco hotels.” Carriers are locating switching facilities in these hotels to tie directly to fiber facilities, rather than pay access to U S WEST. Many competitors may be housed within the same building. For example, in the basement of a building at Jackson Street and Third Avenue, a switching center is being built which will allow tenants to connect to AT&T, U S WEST, Level 3, Sprint, Williams, AT&T and Nextlink – all at a single location. “When telecom firms realized they could save lots of money by locating close to competitors and tying into their networks to reach more customers, the market for telco hotels took off,” according to Jerry Marmelstein, president of New York-based Riser Management Systems, a carrier hotel consultant.<sup>35</sup> Intense competition in the Phoenix telecommunications market, where hundreds of competitors are vying for limited space to lay fiber, make this an ideal location to deploy the telco hotel concept. (See Exhibit DLT-33 for November 16, 1999 *Arizona Republic* article discussing fiber congestion in Phoenix.) Exhibit DLT-34 contains a recent article from the *Arizona Republic*, describing the activity associated with telco hotels in Phoenix.

Another development in the Phoenix and Tucson competitive markets since I filed my Direct testimony is the explosion of Digital Subscriber Line (DSL) service. DSL-type services provide high-speed Internet access to residence and business customers. As use of the Internet continues to

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<sup>35</sup> “Phoenix getting telco hotels,” *Arizona Republic*, March 5, 2000.

1           escalate and home offices and telecommuting is becoming increasingly  
2           common-place, high-speed internet access has become a key component  
3           in telecommunications providers' portfolios. Competitors offering this  
4           service compete directly with U S WEST's DSL service, Megabit. In  
5           addition, consumers may purchase a DSL line from a competitor rather  
6           than purchasing an additional access line from U S WEST. Once a  
7           competitor has its "foot in the door," it is an easy transition for the  
8           consumer to purchase all services from the competitor – especially if the  
9           competitor offers a bundle of services at rates discounted from what  
10          U S WEST charges. DSL providers in the Phoenix and Tucson areas  
11          include Flashcom, Concentric, Covad, RMI.NET, virtually all of the major  
12          carriers, and even the fixed wireless providers, as demonstrated above in  
13          my testimony. Exhibit DLT-35 contains information on just some of the  
14          DSL offerings available in Phoenix and Tucson.

15  
16       **Q.    HAS THE NUMBER OF APPROVED INTERCONNECTION/RESALE**  
17       **AGREEMENTS INCREASED FROM WHAT WAS IDENTIFIED IN YOUR**  
18       **DIRECT TESTIMONY?**

19  
20       **A.    Yes. In my Direct Testimony, I indicated the Commission had approved**  
21       **fifty contracts allowing for interconnection with U S WEST facilities and/or**  
22       **resale of U S WEST products and services in Arizona. There are now**  
23       **over eighty approved contracts allowing companies to compete with**  
24       **U S WEST.**

25  
26       **Q.    IN YOUR DIRECT TESTIMONY, YOU PROVIDED MAPS DEPICTING**  
27       **COMPETITORS FIBER FACILITIES IN PHOENIX AND TUCSON. HAVE**  
28       **THESE BEEN UPDATED?**

29

1 A. Yes. Exhibit DLT-36 to this testimony provides an update of what was  
2 provided on DLT-11 of my Direct testimony. In addition to fiber facilities,  
3 competitors also have invested in switching equipment to provide a full  
4 range of switched services to Phoenix and Tucson customers. Exhibit  
5 DLT-37 is a list of CLEC switches in Arizona as reported by the firm,  
6 Current Analysis, Inc. It is apparent from this list that competitors are  
7 primarily focusing on Phoenix and Tucson where they can easily focus on  
8 lucrative business customers.  
9

10 **Q. HAVE YOU SUPPLEMENTED YOUR DIRECT TESTIMONY RELATIVE**  
11 **TO THE COMPETITIVE ENVIRONMENT IN PHOENIX AND TUCSON**  
12 **PRIOR TO FILING THIS SUPPLEMENTAL TESTIMONY?**  
13

14 A. Yes. U S WEST has responded to hundreds of data requests in this  
15 docket, many of which provided additional evidence of competition in  
16 Phoenix and Tucson. Significant information was provided in response to  
17 RUCO Set 6, for example. Competition is so dynamic in these markets  
18 that new developments occur virtually every day. This testimony, in  
19 conjunction with my previous testimony and U S WEST's responses to  
20 data requests, all support a finding that competition for services in the  
21 Phoenix and Tucson markets is prevalent, and as a result, reduced  
22 regulation is appropriate.  
23

24 **Q. DO YOU HAVE UPDATED INFORMATION TO DEPICT THE IMPACT**  
25 **COMPETITORS ARE HAVING IN THE PHOENIX AND TUCSON WIRE**  
26 **CENTERS YOU HAVE REQUESTED BE CLASSIFIED AS**  
27 **COMPETITIVE ZONES?**  
28

1 A. Yes. Proprietary Exhibit DLT-38 illustrates the significant number of  
2 business access line losses U S WEST has tracked in Phoenix and  
3 Tucson wire centers through April 2000. It should be noted that these  
4 losses represent only a subset of the total number of business losses  
5 incurred, since these data represent only access lines associated with  
6 customers who have voluntarily reported to U S WEST that they are  
7 leaving U S WEST for a competitor. In many instances, business  
8 customers decline to report the reason for disconnection of service, in  
9 which case the disconnect would not be tracked as a competitive loss. In  
10 addition, a certain number of customers subscribe to a competitor's  
11 service when service is initially established, and U S WEST therefore has  
12 no record of that service.

13

14 **Q. IS THE NUMBER OF LOCAL TELEPHONE NUMBERS "PORTED" TO**  
15 **A COMPETITOR ANOTHER MEASURE OF THE PRESENCE OF**  
16 **COMPETITION IN ARIZONA?**

17

18 A. Yes. The number of "ported" local telephone numbers is a rough  
19 measure of the number of access lines being served by local exchange  
20 competitors, and represents one access line per ported number.  
21 Proprietary Exhibit DLT-39 displays the total number of telephone  
22 numbers ported from U S WEST to other carriers in the greater Phoenix  
23 and Tucson markets as of March 2000.

24

25 **Q. WHAT MEANS ARE AVAILABLE TO LOCAL EXCHANGE**  
26 **COMPETITORS TO DELIVER ALTERNATIVE SERVICES TO**  
27 **CUSTOMERS IN PHOENIX AND TUCSON IF THE COMPETITORS**  
28 **HAVE NOT YET INSTALLED PHYSICAL FACILITIES TO PROVIDE**  
29 **SERVICE?**

1

2 A. In many instances, CLECs elect to subscribe to Unbundled Network  
3 Elements (UNEs) from U S WEST to provide services when the CLECs  
4 have not yet built facilities to serve a particular market. Proprietary Exhibit  
5 DLT-40 displays the number of UNE local loops that are in service in  
6 Phoenix and Tucson wire centers as of March 2000.

7

8 **Q. IS RESALE OF FINISHED U S WEST SERVICES A VIABLE OPTION**  
9 **CURRENTLY AVAILABLE TO COMPETITORS WHO HAVE YET TO**  
10 **INSTALL PHYSICAL FACILITIES?**

11

12 A. Yes. Any CLEC can opt to provide services to a particular Arizona market  
13 by purchasing and reselling U S WEST's retail services via an  
14 interconnection arrangement with U S WEST. When a service is resold,  
15 the customer of that service is considered a competitive loss to  
16 U S WEST, and U S WEST no longer has a direct marketing relationship  
17 with that customer. Resale of service is often viewed by CLECs as a  
18 means through which a customer base can be rapidly acquired and which  
19 can eventually be migrated to the CLEC's physical network as it is  
20 installed. McLeod Communications, for example, has publicly announced  
21 this precise strategy in states in which they have accumulated a significant  
22 customer base through resale.

23

24 Proprietary Exhibit DLT-41 is a summary through March 2000 of  
25 U S WEST residential and business services that have been resold in wire  
26 centers in the greater Phoenix and Tucson areas.

27

1 **Q. HAS U S WEST ATTEMPTED TO GAUGE THE INCREASE IN LOCAL**  
2 **CALLING TRAFFIC ASSOCIATED WITH THE GROWTH IN THE CLEC**  
3 **CUSTOMER BASE IN PHOENIX AND TUCSON?**

4  
5 A. Yes. Proprietary Exhibit DLT-42 displays the increase in measurable  
6 CLEC local minutes of use<sup>36</sup> in Phoenix and Tucson wire centers from  
7 January 1999 to March 2000, and indicates that local call volumes  
8 associated with end users of CLECs in Phoenix have increased by 140%,  
9 and in Tucson in excess of 75%, over this span of time. This data is  
10 another clear indication that local exchange competition in these markets  
11 is well established and is escalating rapidly.

12  
13 **Q. DO YOU BELIEVE WIRELESS SERVICES HAVE BECOME A MORE**  
14 **VIALE ALTERNATIVE TO U S WEST'S TRADITIONAL LAND LINE**  
15 **SERVICES SINCE THIS RATE CASE WAS ORIGINALLY FILED?**

16  
17 A. Yes. Since January 1999, cellular service providers in Phoenix and  
18 Tucson have aggressively promoted attractive packages of local service,  
19 long distance and calling features that are competitive with traditional land  
20 line services. While I do not believe that cellular service is typically  
21 viewed as a complete substitute for land line service, customers may  
22 delay or even forego the addition of an additional line and instead utilize  
23 cellular service as a surrogate. Additionally, local calling areas associated  
24 with cellular service are typically substantially larger than  
25 U S WEST's Extended Area Service (EAS) local calling areas, creating an  
26 additional incentive to customers seeking an alternative to intraLATA long  
27 distance calling in Arizona.

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<sup>36</sup> These data reflect only local minutes of use exchanged between CLECs and U S WEST. If a local call is processed through a CLEC's switch, that call cannot be measured by U S WEST and is not included in the tracking data.

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Proprietary Exhibit DLT-43 displays the significant growth in cellular service minutes of use in Phoenix and Tucson wire centers since this rate case was filed in January 1999.

**Q. IN YOUR ORIGINAL DIRECT TESTIMONY, YOU LISTED THREE PHOENIX WIRE CENTERS, CHANDLER MAIN, CHANDLER WEST AND MCCLINTOCK, IN WHICH SUFFICIENT LOCAL COMPETITION EXISTED TO WARRANT CLASSIFICATION OF THOSE WIRE CENTERS AS COMPETITIVE ZONES.<sup>37</sup> DO YOU NOW HAVE DATA SPECIFIC TO RESIDENTIAL LOCAL EXCHANGE SERVICE COMPETITION THAT SUGGESTS THIS LIST SHOULD BE AUGMENTED?**

A. Yes. Competition for residential local exchange service in Phoenix has grown significantly in the fifteen month period since my Direct testimony was filed. Proprietary Exhibit DLT-44 illustrates the residential local exchange competitive losses U S WEST has identified through April 2000 in both Phoenix and Tucson. While the data shows that residential local exchange competition is emerging in Tucson but is not yet sufficient to warrant residential competitive zones, competitive losses in a variety of Phoenix wire centers support an expansion of the list of wire centers in which U S WEST seeks competitive zone designation.

**Q. BASED UPON THE UPDATED INFORMATION YOU ARE FURNISHING IN THIS TESTIMONY, WHAT ADDITIONAL WIRE CENTERS ARE YOU PROPOSING FOR COMPETITIVE ZONE CLASSIFICATION?**

---

<sup>37</sup> Direct Testimony of David L. Teitzel, January 8, 1999, P. 20, L. 2.

1 A. I am proposing that the following wire centers be considered additional  
2 Residence Competitive Zones in Phoenix:

3  
4 Cactus, Chandler South, Deer Valley North, Gilbert, Greenway,  
5 Mesa, Mid Rivers, Pecos, Peoria, Phoenix Main, Phoenix North,  
6 Phoenix Southeast, Phoenix West, Pinnacle Peak, Scottsdale Main,  
7 Shea, Sunnyslope, Super West, Tempe and Thunderbird.  
8

9 The loss tracking data clearly indicates that residential local exchange  
10 competitors have established a presence in these wire centers and that  
11 customers are now availing themselves of these competitors' services.  
12

13 **Q. DOES THE INFORMATION YOU'VE PROVIDED IN YOUR DIRECT**  
14 **TESTIMONY AND THIS SUPPLEMENTAL DIRECT TESTIMONY**  
15 **SUPPORT THE REQUIREMENTS OF COMMISSION RULE R-14-2-**  
16 **1108?**

17  
18 A. Yes. I have demonstrated that the Phoenix and Tucson markets are  
19 experiencing significant competition, I have identified alternative providers  
20 and the affiliations they have with other telecommunications carriers and I  
21 have described competitive alternatives available in the marketplace that  
22 are functionally equivalent and substitutable for services provided by  
23 U S WEST. I have not provided information as to the market share held  
24 by each alternative provider, as this is not publicly available information.  
25 However, the information and data submitted in this and my previous  
26 testimony provides overwhelming support for a finding by this Commission  
27 that the Phoenix and Tucson markets are fully competitive and as a result,  
28 services offered by U S WEST in those competitive markets should be  
29 afforded reduced regulatory oversight on par with that applicable to  
30 providers of competitive services.  
31

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## PRICING PROPOSALS<sup>38</sup>

### Zone Increment Charges

**Q. IN U S WEST'S JANUARY 8, 1999 FILING, WHAT CHANGES WERE PROPOSED TO RESIDENTIAL AND BUSINESS ZONE INCREMENT CHARGES?**

A. In U S WEST's initial pricing proposal, the Zone Increment charge for residential and business customers in Zone 1 was increased from \$1.00 to \$2.00 per month. The Zone Increment charge for Zone 2 customers was proposed to increase from \$3.00 to \$5.00 per month.

**Q. WHAT CHANGES HAVE OCCURED SINCE THIS INITIAL PROPOSAL WAS FILED THAT REQUIRE A REVISION IN THE PROPOSAL?**

A. The FCC and the Arizona Corporation Commission (ACC) have taken action to deaverage Unbundled Network Element (UNE) loop rates into a minimum of three geographic areas. In its Universal Service Order released November 2, 1999, the FCC lifted its stay of Rule 51.507(f) and stated, by May 1, 2000, "states are required to establish different rates for interconnection and UNEs in at least three geographic areas pursuant to Section 51.507(f) of the Commission's rules."<sup>39</sup> On March 30, 2000, the ACC issued a procedural order in Docket No. T-00000A-00-0194 to

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<sup>38</sup> All pricing proposals discussed in this testimony compare proposed prices against prices **currently** filed in U S WEST's Arizona tariffs. The local exchange rate surcharges resulting from Decision No. 60381, which expired on October 21, 1999, are not contained in current or proposed prices.

<sup>39</sup> *In the Matter of the Federal-State Joint Board on Universal Service*, CC Docket 96-45, Ninth Report and Order and Eighteenth Order on Reconsideration, FCC 99-30-6 ¶ 120

1 ensure state compliance with the FCC's rules. Subsequently, on April 24,  
2 2000, U S WEST submitted its plan to deaverage UNE loops in Arizona  
3 through the direct testimony of Teresa K. Million.

4

5 **Q. IN MS. MILLION'S TESTIMONY, WHAT DEAVERAGED UNE LOOP**  
6 **PRICES WERE PROPOSED?**

7

8 A. In Ms. Million's testimony, U S WEST proposed to deaverage the current  
9 statewide average UNE loop rate of \$21.98 into three separate zones to  
10 conform with the zone increment structure for retail services proposed in  
11 this rate case. The proposed UNE loop prices are as follows:<sup>40</sup>

12

13	Base Rate Area	\$20.12
14	Zone 1	\$40.65
15	Zone 2	\$63.70

16

17 This proposal is in conformance with FCC rules requiring UNE prices to  
18 reflect geographic cost differences.

19

20 **Q. DOES THIS PROPOSAL IMPACT U S WEST'S RETAIL PRICING**  
21 **PROPOSAL IN THE ARIZONA RATE CASE?**

22

23 A. Yes. In an increasingly competitive environment, and as implicit subsidies  
24 are removed from U S WEST's rate structure, retail prices will be drawn  
25 toward the level of wholesale prices. When the original Zone Increment  
26 pricing proposal was filed, the modest price increases for zones 1 and 2  
27 were reasonable in view of the prevailing statewide average UNE loop  
28 price then in effect. However, the proposal to adjust UNE loop prices to  
29 cost-recovery levels in zones 1 and 2 creates a need to move the retail

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<sup>40</sup> Direct Testimony of Teresa K. Million, P. 14, April 24, 2000

1 Zone Increment prices toward those levels to avoid creation of an  
2 inappropriate pricing anomaly. As Ms. Million accurately states:

3 Discrepancies between the retail and wholesale price structures  
4 undermine competition and competitive neutrality. Otherwise,  
5 competitors could obtain unbundled loops for low-cost urban  
6 business consumers at a deaveraged price, and purchase high-  
7 cost longer loops at a non-deaveraged retail price less the avoided  
8 cost discount. This presents an arbitrage opportunity for  
9 Competitive Local Exchange Carriers (CLECs) that choose the  
10 economically more attractive option of providing service to high-  
11 cost customers through resale.<sup>41</sup>  
12

13 **Q. TO MAINTAIN A REASONABLE RELATIONSHIP BETWEEN UNE**  
14 **LOOP PRICES AND RETAIL PRICES, WHAT ADJUSTMENTS DO YOU**  
15 **PROPOSE FOR ZONE INCREMENT CHARGES?**

16  
17 **A.** I propose that the Zone Increment charges in Zone 1 be increased from  
18 \$1.00 to \$5.00 for residential customers and from \$1.00 to \$10.00 for  
19 business customers, and that the Zone 2 charges be increased from  
20 \$3.00 to \$7.00 for residential customers and from \$3.00 to \$15.00 for  
21 business customers. These adjustments move Business Local Exchange  
22 prices into a reasonable relationship with UNE loop prices, and represent  
23 a first step toward moving residential prices toward correct rate levels in  
24 Zones 1 and 2. While these adjustments do not align wholesale and retail  
25 prices perfectly, they are a good first step toward that objective.  
26

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<sup>41</sup> Direct Testimony of Teresa K. Million, P. 6, L. 11-16, April 24, 2000

1 **Basic Exchange Services**

2

3 **Q. DO YOU PROPOSE ANY REVISIONS TO THE RESIDENTIAL BASIC**  
4 **EXCHANGE PRICING PROPOSAL OUTLINED IN YOUR DIRECT**  
5 **TESTIMONY?**

6

7 **A.** No. The pricing proposal for Residential Basic Exchange service filed in  
8 my direct testimony remains unchanged. This proposal remains as  
9 follows.<sup>42</sup>

10 Flat Rate Service

11	<u>Rate Element</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>Difference</u>
12	Individual Line	\$13.18	\$15.68	\$2.50
13	2-Party Line	\$11.94	\$14.44	\$2.50
14	4 Party Line	\$10.70	\$13.20	\$2.50

15 Low Income-Telephone Assistance Program

16	Individual Line	\$8.05	\$9.92	\$1.87
17	2-Party Line	\$7.12	\$9.00	\$1.88
18	4 Party Line	\$6.20	\$8.07	\$1.87
19	Low Use Option	\$4.58	\$6.44	\$1.86

20 Lifeline Assistance Program

21	Individual Line	\$11.43	\$13.93	\$2.50
22	2-Party Line	\$10.19	\$12.69	\$2.50
23	4 Party Line	\$ 8.95	\$11.45	\$2.50
24	Low Use Option	\$ 6.75	\$ 9.25	\$2.50

25 This proposal continues to apply only to initial lines at a customer's  
26 location. Additional lines will remain priced at current rate levels to reflect  
27 the manner in which U S WEST's competitors are pricing non-primary

<sup>42</sup> Current and proposed prices for all services addressed in this Docket are reflected in the rate case inventory.

1 lines in Arizona, and in recognition of the fact that additional residential  
2 lines are assessed an End User Common Line (EUCL) charge of \$6.07  
3 per line, while primary lines are assessed an EUCL charge of \$3.50. This  
4 proposal ensures that customers are not penalized for ordering residential  
5 additional lines at a single location.  
6

7 **Q. DOES YOUR INITIAL PROPOSAL REMAIN UNCHANGED REGARDING**  
8 **CONVERSION OF "LOW USE OPTION" CUSTOMERS TO THE**  
9 **BUDGET MEASURED PLAN, REDUCTION OF THE RESIDENTIAL**  
10 **NONRECURRING CHARGE FROM \$46.50 TO \$35.00, ELIMINATION**  
11 **OF THE ZONE CONNECTION CHARGE AND DISCONTINUATION OF**  
12 **MULTI-PARTY SERVICES?**

13  
14 A. Yes. These proposals are fully explained in my direct testimony and  
15 remain unchanged.  
16

17 **Q. DO YOU RECOMMEND ANY REVISIONS TO THE BUSINESS BASIC**  
18 **EXCHANGE PROPOSAL AS ORIGINALLY FILED?**

19  
20 A. No. The Business Basic Exchange proposal remains unchanged, and  
21 includes a revenue-neutral collapse of the Dial Tone Line and usage  
22 elements into a single flat business line rate, elimination of the Zone  
23 Connection Charge, adjustment of monthly rates for 911 and E911  
24 services to maintain a correct pricing relationship with business access  
25 lines and an adjustment to prices for Resale/Sharing lines and trunks to  
26 attain an appropriate price differential between flat and measured services  
27 in this category.  
28

1 **Q. WHAT IS THE REVISED ANNUAL REVENUE IMPACT RESULTING**  
2 **FROM THE BASIC EXCHANGE SERVICES PRICING PROPOSALS**  
3 **YOU HAVE DESCRIBED?**

4  
5 A. The annual revenue impact of these changes is \$45,474,400, on the test  
6 period basis of full year 1999.

7  
8 **Market Expansion Line**

9  
10 **Q. ARE CHANGES REQUIRED TO THE MARKET EXPANSION LINE**  
11 **PROPOSAL DISCUSSED IN YOUR DIRECT TESTIMONY?**

12  
13 A. Yes. In my direct testimony, I proposed an increase in the monthly rate  
14 for Market Expansion Line (MEL) service from \$19.00 to \$22.00.  
15 However, other new U S WEST services, such as Trackline Plus,  
16 Anywhere Mailbox and Remote Access Forwarding are functionally similar  
17 to the MEL product but are priced lower than MEL. In view of potential  
18 cross elasticities between these products,  
19 U S WEST has amended the MEL pricing proposal originally filed in this  
20 Docket.

21  
22 **Q. WHAT MODIFICATIONS DO YOU NOW RECOMMEND TO THE INITIAL**  
23 **MEL PRICING PROPOSAL?**

24  
25 A. I proposed to reduce the recurring MEL rate from \$19.00 to \$16.00 in  
26 recognition of the factors discussed above.

27  
28 **Q. WHAT IS THE ANNUAL REVENUE IMPACT OF THE REVISED MEL**  
29 **PRICING PROPOSAL?**

1

2 A. This proposal will result in an annual revenue decrease of \$559,705.

3

4 **Long Distance Services**

5

6 **Q. WHAT CHANGES DO YOU RECOMMEND TO THE PRICING**  
7 **PROPOSALS FOR INTRALATA LONG DISTANCE SERVICES?**

8

9 A. I am proposing several changes to the original intraLATA Long Distance  
10 pricing proposal, and have reflected each of these changes in Exhibit  
11 DLT-45. In regard to standard, direct dialed long distance service (Toll),  
12 prevailing market prices are now lower than they were when U S WEST's  
13 rate case was originally filed. In recognition of these changes, the  
14 proposed residential day rate is amended from \$0.25 to \$0.22 per minute,  
15 while the proposed residential evening/night/weekend rate is adjusted  
16 from \$0.12 to \$0.10. In addition, the proposed "miscellaneous" rate per  
17 minute for evening/night/weekend calls is adjusted to \$0.10 to maintain  
18 proper relationship with the residential off peak rate.

19

20 **Q. WHAT CHANGES DO YOU PROPOSE FOR THE SIMPLE VALUE**  
21 **CALLING PLAN AS COMPARED TO THE ORIGINAL RATE CASE**  
22 **FILING?**

23

24 A. The reductions discussed above in the standard Toll rate schedule  
25 obviate the need for the Residential Simple Value Calling Plan, as the  
26 proposed Toll prices represent a substantial savings as compared to  
27 current Simple Value prices. Current Residential Simple Value  
28 subscribers will be converted to the standard Toll schedule, and this plan  
29 will be withdrawn for residential customers. All Residential Simple Value

1 subscribers will experience a rate decrease in this conversion. The  
2 Business Simple Value Calling Plan will remain in place, and no pricing  
3 changes are proposed.  
4

5 **Q. WILL THE ARIZONA VALUE CALLING PLAN I BE CONTINUED?**  
6

7 A. No. The Super Savings plan represents a savings for all customers of the  
8 Arizona Value Calling Plan I. This plan will be discontinued, and all  
9 current customers will be automatically shifted to the lower-priced Super  
10 Savings plan. All current Value Calling Plan customers will experience a  
11 price decrease as a result of this conversion.  
12

13 **Q. WILL THE ARIZONA VALUE CALLING PLAN II ALSO BE**  
14 **DISCONTINUED?**  
15

16 A. Yes. All Value Calling Plan II customers will be converted to the Super  
17 Savings plan, and each customer will realize a price decrease as a result  
18 of this conversion. The elimination of these calling plans will streamline  
19 the somewhat complex array of calling plans currently offered by  
20 U S WEST and will directly benefit each customer affected by the  
21 conversion.  
22

23 **Q. DOES THIS UPDATED PROPOSAL ALTER THE PLANS OUTLINED IN**  
24 **YOUR DIRECT TESTIMONY TO ELIMINATE THE VOLUME DISCOUNT**  
25 **CALLING PLANS AND TO GRANDFATHER THE METROPAC PLAN TO**  
26 **EXISTING CUSTOMERS?**  
27

28 A. No. These proposals remain exactly as outlined in my direct testimony.  
29 All Volume Discount Calling Plan business customers will be automatically

1 converted to the Simple Value calling plan while residential customers of  
2 this plan will be converted to standard, direct-dialed Toll service. All  
3 customers affected by this conversion will experience rate decreases.  
4 MetroPac will be grandfathered as discussed in my direct testimony due  
5 to declining popularity of the plan.  
6

7 **Q. WHAT IS THE REVISED ANNUAL REVENUE IMPACT ASSOCIATED**  
8 **WITH THE TOLL AND OPERATOR SERVICE CHARGE PROPOSALS?**  
9

10 A. Based upon the updated test period, the annual revenue impact of these  
11 changes is a net reduction of \$1,693,703.  
12

13 **Directory Assistance**  
14

15 **Q. WHAT CHANGES DO YOU PROPOSE TO THE DIRECTORY**  
16 **ASSISTANCE PROPOSAL OUTLINED IN YOUR DIRECT TESTIMONY?**  
17

18 A. The only change to the Directory Assistance proposal will be a revision in  
19 the revenue impact associated with the proposal due to the updated test  
20 period.  
21

22 **Q. WOULD YOU RECAP YOUR ORIGINAL PROPOSAL TO**  
23 **RESTRUCTURE THE DIRECTORY ASSISTANCE PRODUCT?**  
24

25 A. Yes. As I stated in my direct testimony, the existence of multiple Directory  
26 Assistance services from U S WEST is needlessly confusing to  
27 customers. This proposal restructures and simplifies the entire Directory  
28 Assistance offering. National Directory Assistance will become the only  
29 Directory Assistance service offered by U S WEST. The current \$0.85

1 National Directory Assistance price will not change in this proposal. In  
2 addition, the "Complete-A-Call" feature will be incorporated into the  
3 National Directory Assistance price as a value enhancement. The  
4 traditional Directory Assistance offering will be withdrawn and the monthly  
5 call allowances discontinued. These changes will streamline this product  
6 and will align it more properly with alternative Directory Assistance  
7 services available in Arizona.

8  
9 **Q. WHAT IS THE REVISED ANNUAL REVENUE IMPACT OF THIS**  
10 **PROPOSAL?**

11  
12 A. The updated revenue increase associated with this proposal is  
13 \$19,743,296 annually.

14  
15 **Listing Services**

16  
17 **Q. DO YOU PROPOSE CHANGES FOR LISTING SERVICES BEYOND**  
18 **THOSE OUTLINED IN YOUR DIRECT TESTIMONY?**

19  
20 A. No. The Listing Services pricing proposals reflected in my direct  
21 testimony remain valid.

22  
23 **Q. WHAT IS THE UPDATED REVENUE IMPACT ASSOCIATED WITH THE**  
24 **PROPOSED PRICING CHANGES FOR LISTING SERVICES?**

25  
26 A. The revised annual revenue impact of these changes, driven by the test  
27 period update, is \$9,476,737.

28

1 **Custom Calling Services**

2

3 **Q. WHAT CHANGES DO YOU SUGGEST TO THE CUSTOM CALLING**  
4 **PRICING PROPOSALS SUBMITTED IN YOUR DIRECT TESTIMONY?**

5

6 A. The pricing changes I proposed in my direct testimony for Custom Calling  
7 services, including an increase in the Residential Caller I.D. rate, an  
8 increase in the U S WEST Receptionist rate and the grandfathering of  
9 Business Custom Calling feature packages, remain valid. The lone  
10 revision to the Custom Calling proposal is to increase Last Call Return  
11 rates to appropriately reflect the value of this service.

12

13 **Q. WOULD YOU DESCRIBE THE LAST CALL RETURN FEATURE?**

14

15 A. Yes. This feature enables the customer to enter a code into his or her  
16 Touch Tone keypad which triggers the U S WEST switching equipment to  
17 automatically dial the number of the last caller who placed a call to the  
18 customer. The system also provides a voice message to the customer to  
19 identify the telephone number of the last caller.

20

21 **Q. WHAT PRICING ADJUSTMENTS DO YOU PROPOSE FOR THE LAST**  
22 **CALL RETURN FEATURE?**

23

24 A. The Last Call Return feature will be enhanced to provide a voice  
25 announcement to the customer of the last caller's name in addition to the  
26 caller's telephone number. Concurrent with this enhancement, I propose  
27 to increase the residential price for this service to \$3.95 per month and to  
28 increase the business price to \$4.00 per month. In addition, the optional  
29 "pay per use" price will be increased to \$0.95 per use of the feature. The

1 addition of the Last Call Return pricing change is reflected in the range of  
2 Custom Calling proposals in Exhibit DLT-46.  
3

4 **Q. WHAT IS THE REVISED ANNUAL REVENUE IMPACT OF THE**  
5 **PRICING PROPOSALS FOR CUSTOM CALLING SERVICES,**  
6 **INCLUDING THE ADDITION OF THE ADJUSTMENTS TO THE LAST**  
7 **CALL RETURN FEATURE PRICING?**

8  
9 A. The updated annual revenue impacts of these proposals is \$7,455,163.  
10

11 **Start Up Package**  
12

13 **Q. PLEASE DESCRIBE START UP PACAKGES.**  
14

15 A. Start Up packages were originally put in place to relieve business  
16 customers from the nonrecurring charges associated with adding features  
17 to a new business line. The most common Start Up package has been  
18 the "1+2", which provides a one-time credit of \$45 when a customer  
19 selects two features on an order for a new business line.  
20

21 **Q. WAS ANY ACTION RELATIVE TO START UP PACKAGES PROPOSED**  
22 **IN THE ORIGINAL RATE CASE FILING?**  
23

24 A. No. However, on September 28, 1999, U S WEST filed to discontinue the  
25 Start Up/Upgrade Business Packages in recognition of the fact that the  
26 majority of business customers are now opting for the Business  
27 CustomChoice package, which is essentially a surrogate for the Start Up  
28 package.  
29

1 **Q. HAS THE COMMISSION TAKEN ACTION AS TO U S WEST'S FILING**  
2 **TO DISCONTINUE THE START UP PACKAGE?**

3

4 A. Yes. On January 25, 2000, the Commission ruled<sup>43</sup> that this proposal  
5 should be rejected, due to their finding that this proposal would create a  
6 monthly revenue increase of approximately \$5,000 and would therefore  
7 need to be considered within the context of a rate case.

8

9 **Q. WHAT ACTION DO YOU NOW PROPOSE REGARDING START UP**  
10 **PACKAGES?**

11

12 A. I propose the recommendation to eliminate Start Up packages be  
13 incorporated into the current rate case, and that the modest positive  
14 revenue impact of \$60,000 annually identified by the Commission be  
15 folded into the rate case financials.

16

17 **Toll Restriction Services**

18

19 **Q. DO YOU RECOMMEND ANY CHANGES TO THE CALL SCREENING**  
20 **AND RESTRICTION SERVICES PROPOSALS OUTLINED IN YOUR**  
21 **DIRECT TESTIMONY?**

22

23 A. Yes. Generally, many of the Screening and Restriction services have  
24 traditionally not included a nonrecurring charge in their rate structures,  
25 and nonrecurring costs have been recovered through recurring revenue  
26 streams. In this proposal, U S WEST has initiated nonrecurring charges,  
27 if none previously existed, to ensure nonrecurring costs are recovered as  
28 they are incurred. In the instances in my original proposal in which

1 recurring rate increases were proposed, U S WEST has modified the  
2 proposal such that recurring rates will not increase in conjunction with the  
3 advent of new nonrecurring charges for Screening and Restriction  
4 services. All modifications in the Screening and Restriction services  
5 pricing proposals are shown in Exhibit DLT-47.  
6

7 **Q. IS U S WEST RECOMMENDING A MODIFICATION TO THE ORIGINAL**  
8 **CUSTOMNET PROPOSAL?**  
9

10 A. Yes. The original proposal called for a reduction in the "individual line"  
11 recurring rate for residential customers from \$5.00 to \$0.25, while the  
12 recurring rate for business customers would continue to be \$5.00. In the  
13 updated proposal, the recurring rate will remain at \$5.00 for both business  
14 and residential customers. In addition, the current nonrecurring charge of  
15 \$27.50 will remain unchanged. The net result of this modification to  
16 U S WEST's original CustomNet proposal is that customers of this service  
17 will experience no rate change.  
18

19 **Q. WHAT MODIFICATIONS DO YOU RECOMMEND TO THE INITIAL**  
20 **TOLL RESTRICTION PROPOSAL DISCUSSED IN YOUR DIRECT**  
21 **TESTIMONY?**  
22

23 A. In the original proposal, I discussed establishment of a new recurring  
24 charge of \$0.25 for and an increase in the nonrecurring charge to \$12.50  
25 for residential Toll Restriction, and reduction in the business nonrecurring  
26 charge for this service to \$27.50. In the updated proposal, the proposed  
27 residential recurring charge for Toll Restriction service will be eliminated  
28 while the nonrecurring charge proposal for residential customers will be

---

<sup>43</sup> Decision No. 62262, Docket No. 01051B-99-0536

1 increased from the current price level of \$6.00 to \$12.50. In this revised  
2 proposal, current recurring and nonrecurring charges for business Toll  
3 Restriction customers will not change.  
4

5 **Q. DO YOU PROPOSE CHANGES TO THE RATE STRUCTURE FOR**  
6 **BILLED NUMBER SCREENING SERVICES?**  
7

8 A. Yes. The original proposal is modified to remove recurring charges and to  
9 establish a nonrecurring charge of \$12.50 for business and residential  
10 customers.  
11

12 **Q. DOES THE PROPOSAL OUTLINED IN YOUR DIRECT TESTIMONY TO**  
13 **WITHDRAW SCOOPLINE RESTRICTION SERVICE REMAIN VALID?**  
14

15 A. Yes. Since U S WEST is eliminating the ScoopLine product as described  
16 in the direct testimony of Dr. Barbara Wilcox<sup>44</sup>, a restriction service  
17 associated with this product is no longer necessary and will also be  
18 eliminated.  
19

20 **Q. DO YOU PROPOSE MODIFICATIONS TO THE 900 SERVICE ACCESS**  
21 **RESTRICTION PRICING STRUCTURE OUTLINED IN YOUR DIRECT**  
22 **TESTIMONY?**  
23

24 A. Yes. Similar to the proposal for Billed Number Screening, this proposal  
25 has been modified to reflect no recurring charge for either residential or  
26 business subscribers of the service. In addition, a new nonrecurring  
27 charge of \$12.50 will be established, which will apply uniformly to  
28 residential and business customers.

1

2 **Q. WHAT CHANGES DO YOU RECOMMEND TO YOUR ORIGINAL**  
3 **PROPOSAL REGARDING CARRIER ACCESS CODE (10XXX)**  
4 **BLOCKING CHARGES?**

5

6 A. This service currently carries a recurring rate of \$0.10 for residential and  
7 business customers. The original proposal to increase this charge to  
8 \$0.25 for residential customers will be withdrawn, and this price will  
9 remain at \$0.10. The nonrecurring charge for residential and business  
10 customers will be increased from \$3.00 to \$12.50 to maintain consistency  
11 with nonrecurring charges for other call screening services, such as Billed  
12 Number Screening and 900 Service Access Restriction.

13

14 **Q. WHAT IS THE ANNUAL REVENUE IMPACT OF THE CHANGES YOU**  
15 **HAVE PROPOSED FOR TOLL RESTRICTION SERVICES PRICING?**

16

17 A. The annual revenue impact associated with the Toll Restriction Services  
18 price changes I have discussed is \$7,955,484.

19

20 **Q. HAVE YOU SUMMARIZED THE UPDATED REVENUE IMPACTS**  
21 **ASSOCIATED WITH ALL PRICING PROPOSALS ADDRESSED IN**  
22 **YOUR TESTIMONY?**

23

24 A. Yes. In Exhibit DLT-48, I have recapped the revenue impacts displayed in  
25 Exhibit DLT-15 of my direct testimony originally filed in this Docket, and  
26 have displayed the revised annual revenue impacts for each service  
27 category resulting from the update of the test period and changes in the

---

<sup>44</sup> U S WEST witness Mr. Scott A. McIntyre has adopted the testimonies of Dr. Barbara Wilcox and Karen Stewart in this Docket.

1 pricing proposals discussed in this testimony. The revised annual  
2 revenue impact of the proposals I have outlined is \$87,911,672.

3  
4 **CONCLUSION**

5  
6 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

7  
8 **A.** Since this case was filed in January 1999, numerous significant changes  
9 have occurred in the Arizona telecommunications market that create the  
10 need to update the proposals originally filed. In Section II of my  
11 testimony, I discussed in detail the dramatic changes that have been seen  
12 in the competitive landscape, particularly in the Phoenix and Tucson  
13 markets, that enhance the importance of competitive zone classification  
14 for business services in Phoenix and Tucson wire centers and which  
15 create an impetus for expanding the array of Phoenix wire centers  
16 included in U S WEST's competitive zone classification request for  
17 residential services. These same competitive forces have created a need  
18 for U S WEST to revise the pricing proposals originally filed to position  
19 U S WEST's services properly in the market. These revisions were  
20 discussed fully in Section III of this testimony.

21  
22 Coupled with the change in the overall revenue impact of this proposal  
23 associated with the test year update requested by the Commission, the  
24 revenue impact of this case has increased. However, the revenue  
25 increase resulting from the changes I have discussed is significantly lower  
26 than U S WEST's revenue requirement outlined in the testimony of  
27 U S WEST witness Mr. George Redding. The changes I have proposed  
28 are appropriate in the current Arizona market, will result in balanced  
29 competitive growth and will ultimately drive benefits to the Arizona

1 consumer. I respectfully request that the Commission find these  
2 proposals reasonable and approve them as filed.

3

4 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

5

6 **A.** Yes, it does.

**BEFORE THE ARIZONA CORPORATION COMMISSION**

**IN THE MATTER OF THE APPLICATION OF )  
U S WEST COMMUNICATIONS, INC., A )  
COLORADO CORPORATION, FOR A )  
HEARING TO DETERMINE THE EARNINGS )  
OF THE COMPANY, THE FAIR VALUE OF THE )  
COMPANY FOR RATEMAKING PURPOSES, )  
TO FIX A JUST AND REASONABLE RATE OF )  
RETURN THEREON AND TO APPROVE RATE )  
SCHEDULES DESIGNED TO DEVELOP SUCH )  
RETURN )**

**DOCKET NO. T-01051B-99-0105**

**EXHIBITS OF**

**DAVID L. TEITZEL**

**U S WEST COMMUNICATIONS**

**MAY 19, 2000**

## INDEX OF EXHIBITS

<u>DESCRIPTION</u>	<u>EXHIBIT</u>
AT&T Business Offerings	DLT-1
MCI WorldCom January 26, 1999 Press Release	DLT-2
MCI WorldCom Business Offerings	DLT-3
ELI Product Offerings	DLT-4
GST Product Portfolio	DLT-5
Cox January 27, 2000 Press Release	DLT-6
Cox May 19, 1999 Press Release	DLT-7
Cox September 20, 1999 Press Release	DLT-8
Cox October 8, 1999 Press Release	DLT-9
Phoenix MDUs – Cox Available	DLT-10
Cox November 12, 1999 Press Release	DLT-11
Cox March 13, 2000 Press Release	DLT-12
Cox Residence Offerings	DLT-13
Cox February 9, 2000 Press Release	DLT-14
Cox Business Offerings	DLT-15
Cox Promotional Material	DLT-16
e.spire Business Offerings	DLT-17
CapRock Advertisements	DLT-18
Sprint Fixed Wireless Services	DLT-19
WinStar Fixed Wireless Services	DLT-20

Teligent Fixed Wireless Services	DLT-21
Nextlink Fixed Wireless Services	DLT-22
Sprint Broadband Wireless Press Release	DLT-23
Teligent December 20, 1999 Press Release	DLT-24
Nextlink 1998 Form 10-K Excerpt	DLT-25
WinStar June 3, 1999 Press Release	DLT-26
Teligent Price Information	DLT-27
Teligent October 5, 1999 Press Release	DLT-28
Arizona Republic February 16, 2000 Article	DLT-29
Wireless Plan Comparison	DLT-30
Verizon Plans	DLT-31
Wireless Plans Under \$40	DLT-32
Arizona Republic November 16, 1999 Article	DLT-33
Arizona Republic March 5, 2000 Article	DLT-34
Phoenix DSL Offerings	DLT-35
Updated Fiber Maps	DLT-36
CLEC Switch Locations	DLT-37
Business Access Line Losses (PROPRIETARY)	DLT-38
Arizona Number Portability Totals (PROPRIETARY)	DLT-39
Arizona Unbundled Loops In Service (PROPRIETARY)	DLT-40
Arizona Resold Quantities in Service (PROPRIETARY)	DLT-41

Arizona Competitive Local Exchange Carrier Growth (PROPRIETARY)	DLT-42
Arizona Cellular Minutes of Use Growth (PROPRIETARY)	DLT-43
Residential Number Portability Losses (PROPRIETARY)	DLT-44
IntraLATA Long Distance Service	DLT-45
Custom Calling Services	DLT-46
Toll Restriction Services	DLT-47
Summary of Annual Revenue Impacts: Revised	DLT-48



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**The Services\***

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**▶ AT&T PrimePlex<sup>SM</sup>**

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AT&T Dedicated IntraLATA (Local Access Transport Area) can handle your local toll calls over 100 percent digital

**Switched DS-0 Solutions**

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AT&T PrimePath is the ideal stand alone local telecommunications solution for PBX, key, modem and fax users.

**▶ AT&T PrimePath NBX**

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**▶ AT&T Prime NBX**

AT&T's Prime NBX is another full-featured, off-site solution that provides PBX-like switching for digital or analog lines.

**▶ AT&T Seamless Link**

AT&T Seamless Link is a bundled local, long distance, 800 and Card offer that packages a number of switched features.

dedicated T1 access facilities.

▶ AT&T Prime Digital Trunk

AT&T Prime Digital Trunk is AT&T's premiere, full-feature, stand alone local and IntraLATA trunking service for business customers requiring a fractional T-1 solution that provides 12 to 23 active voice channels.

▶ AT&T PrimeConnect

AT&T PrimeConnect is a DS-1 level switched service perfect for businesses with heavy inbound calling patterns, such as Internet Service Providers (ISPs) and enhanced service providers.

▶ AT&T Switched IntraLATA

The ability to designate AT&T to handle IntraLATA (Local Access Transport Area) or local toll calls over lines and trunks.

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AT&T CERFtone represents the most advanced and fully integrated Internet and voice solution to meet all your local and long-distance needs.

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## The Convenience Why AT&T Local Service

Now that you have a *real choice* in local service for your business, see why AT&T can provide you the same level of superior service our long-distance customers have enjoyed for over a century. Be sure to click on our [Success Stories](#) to see how we have already helped our customers meet their business goals.

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Success Stories](#)

**Why is AT&T Local Service the best choice for businesses?**

**AT&T Local Service for business lets you choose what's best for your business.**

- Our extensive portfolio of local service options allows you to select the offer that makes the most sense for your business goals.
- You can now leverage AT&T Local Service by integrating it into your existing AT&T calling plan OR select a stand-alone service that provides seamless local service across multiple locations.

**AT&T Local Service for business allows you to simplify your network administration.**

- Reduce the number of bills you have to manage by consolidating your local service with AT&T and enjoy a consistent local billing format for all your locations. Use the time saved in productivity to focus your staff on other areas that are critical to your business.

**AT&T Local Service for business offers you a very competitive price.**

- You can now leverage your buying power by aggregating your local usage with your AT&T long-distance usage.
  - Integrate into existing AT&T calling plans to have local usage retire commitments and ensure maximum volume discounts.
- Aggregate usage across multiple locations for volume and term discounts.
- Take advantage of very competitive market entry pricing and timing that is more specific than the Local Exchange Company (LEC) usually provides.

**AT&T Local Service for business provides enhanced end-to-end solutions capabilities.**

- By providing local service, AT&T is now able to offer you enhanced customer service and end-to-end solutions capabilities.
- From local to global, we'll provide you with the performance, quality, reliability and value you've come to expect from AT&T.
- We will continue to expand and enhance our local and end-to-end solutions portfolio so that you can take advantage of leading-edge networking solutions, including wireless, data and internet services.

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## AT&T DIGITAL LINK

### Simplify and Save with AT&T Digital Link. The Local Connection in your Total AT&T Solution.

#### 3 Important Reasons to Choose AT&T Digital Link

##### The Connection

- It improves your total communications solution by completing the local connection to 100% digital access for your calls over the AT&T Worldwide Intelligent Network.

##### The Convenience

- It simplifies your job with one contact, one bill and one number to call for assistance. Plus you can leverage your buying power for larger volume discounts on all your AT&T calls. Save even more with precise 6-second billing.

##### The Choice

- It's easy to choose AT&T Digital Link. Conversion is simple and you can elect to keep or switch your present telephone numbers. All with no change to your dialing procedure.

AT&T Digital Link sets a whole new standard in connection, convenience and choice for local calling. That's because, with AT&T Digital Link, you can now choose AT&T to handle all your local direct inward dialed calls, direct outbound dialed calls, and originating toll-free calls. And you can use the same dedicated digital access facilities that now carry your AT&T Long Distance, international calls and data services.\* As a result, you can enjoy the consistent quality and simplicity of using a single, nationwide provider for your calls while making the most of your AT&T relationship.

#### Enjoy the Quality of Totally Digital Connection

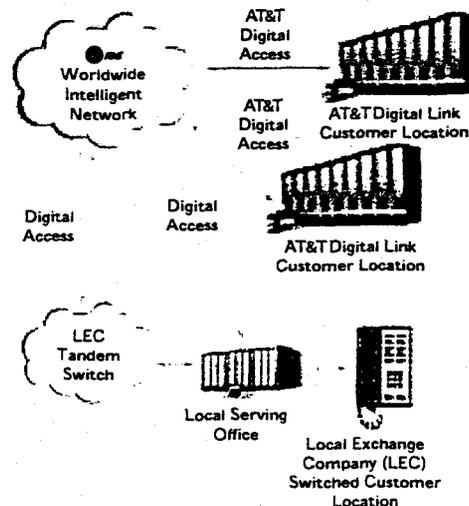
By providing 100% digital connectivity for your local calls, AT&T Digital Link takes you to a whole new level of quality and reliability. The AT&T Worldwide Intelligent Network is unsurpassed for clear, trouble-free transmission, with round-the-clock monitoring to detect and correct problems before they impact your business. The advanced functionality of the AT&T Network will also extend to your local calls, along with its unmatched network design. Plus you have the added benefit of expert technical support 24 hours a day, 7 days a week.

#### Make the Most of Your Dedicated Access Facilities

With AT&T Digital Link, your PBX can be programmed to dynamically allocate your calls on your existing T1.5 access channels, so you can use the

same trunks for local, intraLATA, long distance and international calls, both inbound and outbound. As a result, you'll not only increase the efficiency of your existing facilities, but you can also cost-justify remote or new facilities. What's more, you'll cut costs by disconnecting some of your local exchange company lines, plus you'll enjoy many of the same features with AT&T Digital Link that you already have with your long distance calling.

#### AT&T Digital Link Call Flow



#### Leverage your Buying Power for Greater Discounts

With AT&T Digital Link, your local calls may contribute to AT&T Calling Plan discounts. And by combining your local and long distance calling volumes, you can leverage your buying power for even greater discounts than before. What's more, your AT&T Digital Link calls

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**AT&T DIGITAL LINK**



will help contribute to your minimum annual commitment.

Best of all, your *AT&T Digital Link* calls are timed in 6-second increments, so you pay less per call than

you would with some local service providers who bill by the minute.

#### Save Administrative Time with a Single-source Solution

*AT&T Digital Link* offers everything you need to make managing your communications simple and more trouble-free — the convenience of one contact, one consolidated bill for virtually all your AT&T calls and one number to call whenever you need assistance. The result? Reduced expenses by centralizing administrative tasks and eliminating extra bill processing. What's more, you'll enjoy consistent service and a nationwide presence from a single provider for your calls, no matter how dispersed your company's operations. In short, *AT&T Digital Link* is easy to buy, easy to order and easy to install.

#### Your can Even Keep your Existing Telephone Numbers

It's so simple to switch to *AT&T Digital Link*. In fact, you can keep your existing telephone numbers and dialing procedures stay the same. Your AT&T Account Team is ready to answer all your questions about *AT&T Digital Link* and help you arrange the simple modifi-

cation in your PBX routing tables to automatically send your calls to the AT&T Worldwide Intelligent Network.

#### Add AT&T Dedicated IntraLATA Service for a Total "Any Distance" Calling Solution

To complete your total AT&T calling solution, choose AT&T Dedicated IntraLATA Service. That way, you realize greater discounts by extending your buying power further. And you have the added convenience of one contact, one bill for virtually all your AT&T calls, and one number to call for assistance. Plus you'll enjoy the same efficiency, convenience and consistent digital quality that dedicated AT&T facilities deliver.

#### The Connection, the Convenience, the Choice... and more!

Simply put, *AT&T Digital Link* helps you get the most from your present communications facilities, for less — less money, less time, less aggravation. It's just one more way we're delivering on our commitment to provide you with a total communications solution to make the administration and management of your business communications more cost-effective.

\*Note: Certain call types are not currently available in all locations. Please consult your AT&T Account Team for the latest information.

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#### Contacts

News Media: MCI WorldCom News Bureau, 800-644-NEWS

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## MCI WORLD COM DELIVERS DSL INTEGRATED LOCAL ACCESS SERVICES FOR THE ENTERPRISE

### Company Expands DSL Offering Beyond Internet for High-Performance Data and Voice Networking

#### MCI WorldCom Fund Takes Minority Equity Stake in Rhythms

**Jackson, Miss., January 26, 1999** – MCI WorldCom today announced that it will deliver nationwide DSL (digital subscriber line) services beyond Internet for enterprise-wide networking applications including frame relay, ATM (asynchronous transfer mode) and voice. The new service will be commercially available in the U.S. in second quarter 1999, enabling companies to integrate local access on a single line for a wide range of networking requirements. MCI WorldCom is also taking a \$30 million minority stake in remote networking company Rhythms, and its wholly owned subsidiary ACI, a D-CLEC (data competitive local exchange carrier) specializing in DSL for the business market.

MCI WorldCom will supplement its on-net facilities-based strategy, and extend DSL reach beyond its initial deployment, announced in November 1998, through its investment and strategic alliance with Englewood, Colorado-based Rhythms. The investment will be made through the MCI WorldCom Fund, which invests in emerging companies, to expand MCI WorldCom's reach and capabilities to create increased demand for company services. Through its agreement, the companies will work closely on several initiatives including network planning and value-added applications for customers. In addition, MCI WorldCom will become Rhythms' preferred network provider for backbone and metropolitan network services.

"DSL technology is an ideal complement to MCI WorldCom's on-net – facilities based strategy, allowing us to extend our end-to-end services to a broader range of customers," said Brian Brewer, MCI WorldCom senior vice president of Product Marketing. "With DSL from MCI WorldCom, small companies will be able to deploy DSL as a cost-effective, high

MCI WorldCom, Inc. 01/26/99 Corporate Press Release

[http://www.wcom.com/about\\_the\\_cor](http://www.wcom.com/about_the_cor)

performance alternative to leased lines, and large comp to extend local bandwidth in remote locations for broadband within the MCI WorldCom on-net product suite."

"Rhythms' expertise in providing enterprise customers with productivity enhancing services, combined with MCI WorldCom's extensive on-net portfolio will enable MCI WorldCom to quickly deliver high performance service to the business market," said Catherine Hapka, Rhythms president and CEO.

Businesses in major cities will be the first to benefit from MCI WorldCom's expanded DSL offering. Customers will be able to choose from a variety of DSL technologies to meet their specific requirements and take advantage of access speeds ranging from 128 Kbps to 7 Mbps, depending on customers' locations and particular applications. MCI WorldCom's DSL access service will initially support virtual data services and later this year will be extended to include voice services.

MCI WorldCom's On-Net provides business customers with local-to-global-to-local connectivity for voice and data services. Introduced late last year, On-Net allows business customers to combine voice and data traffic from local U.S. and international locations onto one seamless, end-to-end network. On-Net eliminates the hassle and cost of interconnecting with multiple phone companies for local, long distance and international communications services. MCI WorldCom On-Net customers are able to utilize a single access method for all of their voice, data and Internet services empowering business with unprecedented flexibility, network accessibility and significant savings. MCI WorldCom DSL access will compliment existing access methods currently offered with the on-net product suite.

MCI WorldCom is a global communications company with revenue of more than \$30 billion and established operations in over 65 countries encompassing the Americas, Europe and the Asia-Pacific regions. MCI WorldCom is a premier provider of facilities-based and fully integrated local, long distance, international and Internet services. MCI WorldCom's global networks, including its state-of-the-art pan-European network and transoceanic cable systems, provide end-to-end high-capacity connectivity to more than 38,000 buildings worldwide. For more information on MCI WorldCom, visit the World Wide Web at [www.mciworldcom.com](http://www.mciworldcom.com) or [www.wcom.com](http://www.wcom.com).

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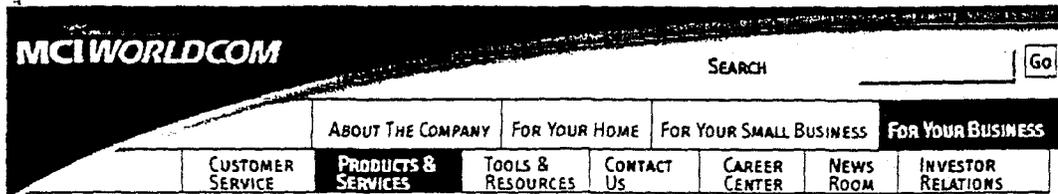
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[Voice Services](#) < [For Your Business](#)

## Local Service

Our local offering within MCI WorldCom On-Net Voice Services<sup>SM</sup> provides all the features you have come to expect from a world-class provider of local service. Be it local circuits to connect to your PBX or hybrid systems, or ISDN-PRI trunks to facilitate delivery of videoconferencing and Internet service, MCI WorldCom on-net voice Services now provides the last and most critical mile of network connection: local dial tone service.

Local Service boasts an impressive list of products and services, including standard services like 911, Directory Listing, Operator Service, and Equal Access, designed to address all of your business' unique needs.

Local Service truly is an integral part of our total integration package and a key component to providing all of the price, service, and technological advantages offered through MCI WorldCom.

### Customer Benefits

- **One Network:** MCI WorldCom is the world's premier provider of local-to-global-to-local communication services over our own network. Through build-out and acquisition, we are singularly positioned to compete head on with the Bell companies in the U.S. and with the monopoly PTTs overseas. With operational facilities already in a number of the largest international markets, you now have the ability to transport traffic end-to-end over one network.
- **One Number:** By relying on MCI WorldCom for all your communications needs, you have only one number you will need to call for any of your service requirements. This benefit alone will prove to be a major differentiator among all telecom providers, as MCI WorldCom quality and commitments are instantly apparent.
- **One Bill:** The same invoice that used to deliver just your local and long distance billing is now designed to integrate many more of your services.
- **One Contract:** Today, in many cases, we can aggregate many of your services across multiple invoices to count toward one combined contract commitment, meaning you can commit to more dollars and receive bigger volume discounts by signing one contract for many of your services.

### OTHER SERVICES

#### Voice Services

- [MCI WorldCom On-Net Voice Overview](#)
- [Local Service](#)
- [Long Distance Service](#)
- [Toll Free](#)
- [Enhanced Call Routing](#)
- [Calling Card](#)
- [Worldphone](#)
- [Access](#)
- [more...](#)

### Communication Tools

- **Manage Your Account**
  - [Log in to Interact](#)
- **Keeping In Touch**
  - [Page Someone](#)
  - [Address Book](#)
  - [Arrange a Conference Call](#)
  - [Find an International Country Code](#)
- **Travel Help**
  - [International Access Numbers](#)
- **Site Help**
  - [Site Map](#)

**MCI WORLD COM**

ABOUT THE COMPANY		FOR YOUR HOME		FOR YOUR SMALL BUSINESS		<b>FOR YOUR BUSINESS</b>	
CUSTOMER SERVICE	PRODUCTS & SERVICES	TOOLS & RESOURCES	CONTACT US	CAREER CENTER	NEWS ROOM	INVESTOR RELATIONS	

[For Your Business](#)

as the last generation was with long distance.

## For Your Business

Thank you for providing us information.

Based on your selection, your business' communication needs are best served by the products and services we offer in our Business Segment.

From voice to data to Internet services, we can provide a local-to-global solution to enhance your company's communications.

### SELECT A SERVICE

- [MCI WorldCom On-Net Services](#)
- [Voice](#)
- [Data](#)
- [Internet](#)
- [Messaging](#)
- [Contact Center](#)
- [DSL](#)
- [Paging](#)
- [Conferencing](#)
- [Business Solutions](#)
- [Partnerships & Buying Programs](#)
- [International](#)
- [E-Business](#)

### STOCK PRICE

\$42.3125 | [WCOM](#)

### IN THE NEWS

[MCI WorldCom Unveils New Alphanumeric Prepaid Paging Product](#)

Worldwide Sites:

Did you recently become an MCI WorldCom Business customer? [Click here.](#)

We take your privacy as seriously as you do.

### Communication Tools

- Manage Your Account**
  - [Log in to Interact](#)
- Keeping In Touch**
  - [Page Someone](#)
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dependent on the reliable transfer of, and access to, information.

## Wholesale Customer Profile

Electric Lightwave offers services to national and local interexchange carriers, as well as wireless providers who value the company's diversity, flexibility, security, efficiency, and advanced network management capabilities.

## Service Areas

Electric Lightwave currently serves 99 municipalities. In the western United States, Electric Lightwave is a full service communications provider, offering business customers a complete suite of integrated products and services, including local phone service, switched and dedicated long distance, private networks, advanced data and Internet access services. Nationwide, Electric Lightwave offers data, Internet access and broadband transport services.

High-speed voice, data, and video transmission services are provided over local and longhaul fiber optic networks and extended regional and national networks. Electric Lightwave's SONET monitoring and network management capabilities provide greater efficiency in addition to a common point of control and improved economies.

In its full service markets, Electric Lightwave bundles its services to provide the convenience of a single bill and one number to call for service. These full service markets include Portland, Ore.; Seattle and Spokane, Wash.; Sacramento, Calif.; Phoenix, Ariz.; Salt Lake City, Utah; and Boise, Idaho.

## Service and Product Listing

### Local Telephone

- Basic Business Lines
- Business Trunks
- Virtual Private Exchange (Centrex)
- Foreign Exchange Services
- ISDN - PRI
- Voice Messaging
- Fax Mail (2Q99)
- Custom Calling Services
- Multi-Service Fractional T-1
- Wholesale Local Telephone Service
- LEC Resale Products

### Long Distance

- Retail Switched 1+ Services
- Retail Dedicated 1+ Services
- 800 Services - Dedicated
- 800 Services - Switched
- Travel Cards
- Conferencing
- Dedicated Long Distance
- Wholesale Termination

### Data and Video

- Frame Relay

International Frame Relay  
Dedicated Internet Services - DS-1 to DS-3  
Asynchronous Transfer Mode (ATM)  
Transparent LAN Service  
Wholesale Remote Dial Up Access  
Customer Network Monitoring  
Managed Router Service  
Remote Systems Virtual Portal (RSVP)

**Network Access**

Local Loop Access DS-0 to OC-48  
Longhaul DS-0 to OC-48  
Dedicated SONET Rings  
Dense Wave Division Multiplexing - (DWDM) Broadband  
Multiplexing  
Colocation

**Timing is Everything**

Electric Lightwave is the first telecommunications company west of the Mississippi to be authorized as an alternative local and long distance telephone service provider. The company has been a pioneer, helping to define the industry. Electric Lightwave has moved swiftly to become a true integrated communications provider for business customers.

**1990 - 1994**

Electric Lightwave begins operations for interstate carrier service in Oregon and Washington. During this time, Electric Lightwave is also authorized to provide intralATA high-speed and interLATA private line service in California. In 1994, operations begin in Arizona and Utah.

**1995 - 1996**

Electric Lightwave continues to increase its presence in Oregon and signs an interconnection agreement with Pacific Bell in California. A hallmark event in 1996 is the signing of the nation's largest and most comprehensive strategic alliance with Arizona's Salt River Project (SRP), giving Electric Lightwave access to SRP's vast fiber-optic network in the Phoenix metropolitan area.

**1997 - 1998**

Electric Lightwave goes public on the NASDAQ stock exchange (ELIX). Expansion continues in Oregon, Washington, California, Arizona, Utah, Idaho, and Nevada. An agreement with Qwest Communications gives Electric Lightwave the opportunity to expand data and Internet access services nationwide. As the build-out of the longhaul network continues, more business customers take advantage of the company's high-speed data, voice and video access.

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## Want an alternative to your local phone company?

### ENHANCED BUSINESS SERVICES

For the medium to large-sized business, Enhanced Business Services (EBS) can be configured as simple lines or a rich telephone system that is easily adaptable to changing telecommunications needs.

Available with five bundled features and a host of unique optional features, finding the right EBS solution is easy.  
[More product information.](#)

### VOICE MAIL

Voice Mail offers a variety of call management solutions for businesses including Basic Business Mail, Enhanced Business Mail, and specialized voice mail applications that can be customized to meet your business needs. Voice Mail is a perfect enhancement to Enhanced Business Services.  
[More product information.](#)

### POWERTRUNK™

PowerTrunk is a flexible, T-1 based service over which you can make and receive local and long distance voice, fax, and data calls. Delivered over a T-1, PowerTrunk provides superior performance, quality, and reliability for medium-to-large sized businesses.  
[More product information.](#)

### ANALOG TRUNK

Analog Trunk is an analog local dial tone service over which you can make and receive voice and data calls at 64 Kbps.  
[More product information.](#)

### FASTRUNK PRI™

Need more features, quicker call connect times, and better PBX utilization?

Using ISDN-PRI technology, FasTrunk PRI delivers inbound and outbound voice, data, and video traffic over a single T-1, making it an ideal solution for medium-to-large sized businesses.

[More product information.](#)

### ISPRI

If you're managing an ISP and want to offer your customers quicker call connect times and faster download speeds - look no further. This high-speed digital connection (the equivalent of 24 channels of 64 Kbps bandwidth each) handles both voice and data traffic.

Using ISDN PRI technology, ISPRI delivers inbound termination on a single T-1 for data traffic only.

[More product information.](#)



## Want an alternative to your local phone company?



### ENHANCED BUSINESS SERVICES

For the medium to large-sized business, Enhanced Business Services (EBS) can be configured as simple lines or a rich telephone system that is easily adaptable to changing telecommunications needs.

Available with five bundled features and a host of unique optional features, finding the right EBS solution is easy.

EBS provides the following benefits:

- Can combine multiple locations together under one easy, abbreviated dialing plan
- Requires no major common equipment on-site (such as a PBX or key system)
- Offers feature flexibility - GST's unique features allow for customized business solutions
- Lowers in-house maintenance and costs associated with telecommunications needs

EBS is an ideal solution if you:

- Have employees located in several locations
- Want all incoming calls to be answered by a centralized attendant
- Experience heavy seasonal demands on your phone system
- Want worry-free maintenance GST services and maintains equipment

---

GST Telecommunications (Nasdaq: GSTX) is an Integrated Communications Provider headquartered in Vancouver, Washington. Founded in 1994, GST offers business customers integrated communications solutions including data and Internet, point-to-point transport, local telephone, and long distance services throughout the western United States.

For more information on Enhanced Business Services or any of our products,  
Call 1-888-RING-GST.



[More info](#)





## **GST** ENHANCED BUSINESS SERVICES

### ABOUT ENHANCED BUSINESS SERVICES (EBS)

For the medium-to-large-sized business, EBS can be configured as simple lines or a rich telephone system that is easily adaptable to changing telecommunications needs.

Available with five bundled features and a host of unique optional features, finding the right EBS solution for your business is easy.

#### ENHANCED BUSINESS SERVICES PROVIDE THE FOLLOWING BENEFITS:

- Can combine multiple locations together under one easy, abbreviated dialing plan
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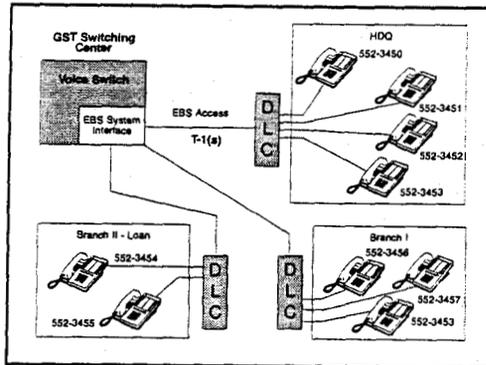
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#### ABOUT GST

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#### HOW ENHANCED BUSINESS SERVICES WORKS:



Want an alternative to your local phone company? <<

VOICE MAIL

Voice Mail offers a variety of call management solutions for business including Basic Business Mail, Enhanced Business Mail, and specialized voice mail applications that can be customized to meet your business needs. Voice Mail is a perfect enhancement to either Basic Business Line or Centrex.

Voice Mail provides the following benefits:

- 24-hour call coverage
- Easily customizable with a variety of optional features
- Customers can easily contact you – even if you're out of the office or on the phone

Voice Mail is an ideal solution if you:

- Desire an "Automated Receptionist" to handle overflow traffic during busy times
- Require a "Virtual Office" -- all incoming calls go directly to voice mail
- Would like to be able to receive faxes and print out at your convenience



More info



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Call 1-888-RING-GST.

Want an alternative to your local phone company? <<

**POWERTRUNK™**

PowerTrunk is a flexible, T-1 based service over which you can make and receive local and long distance voice, fax, and data calls. Delivered over a T-1, PowerTrunk provides superior performance, quality, and reliability for medium-to-large sized businesses.

PowerTrunk provides the following benefits:

- Provides reliable, fully digital service
- Meets today's bandwidth requirements by offering 1.544 Mbps speeds
- Allows for multiple bi-directional trunk groups for better call maintenance

PowerTrunk is an ideal solution if you:

- Have a PBX or hybrid key system
- Need DID (Direct Inward Dialing) capabilities
- Require flexibility to accommodate diverse calling patterns
- Require flexibility to anticipate future growth
- Are a call center, telemarketing, or inside sales organization



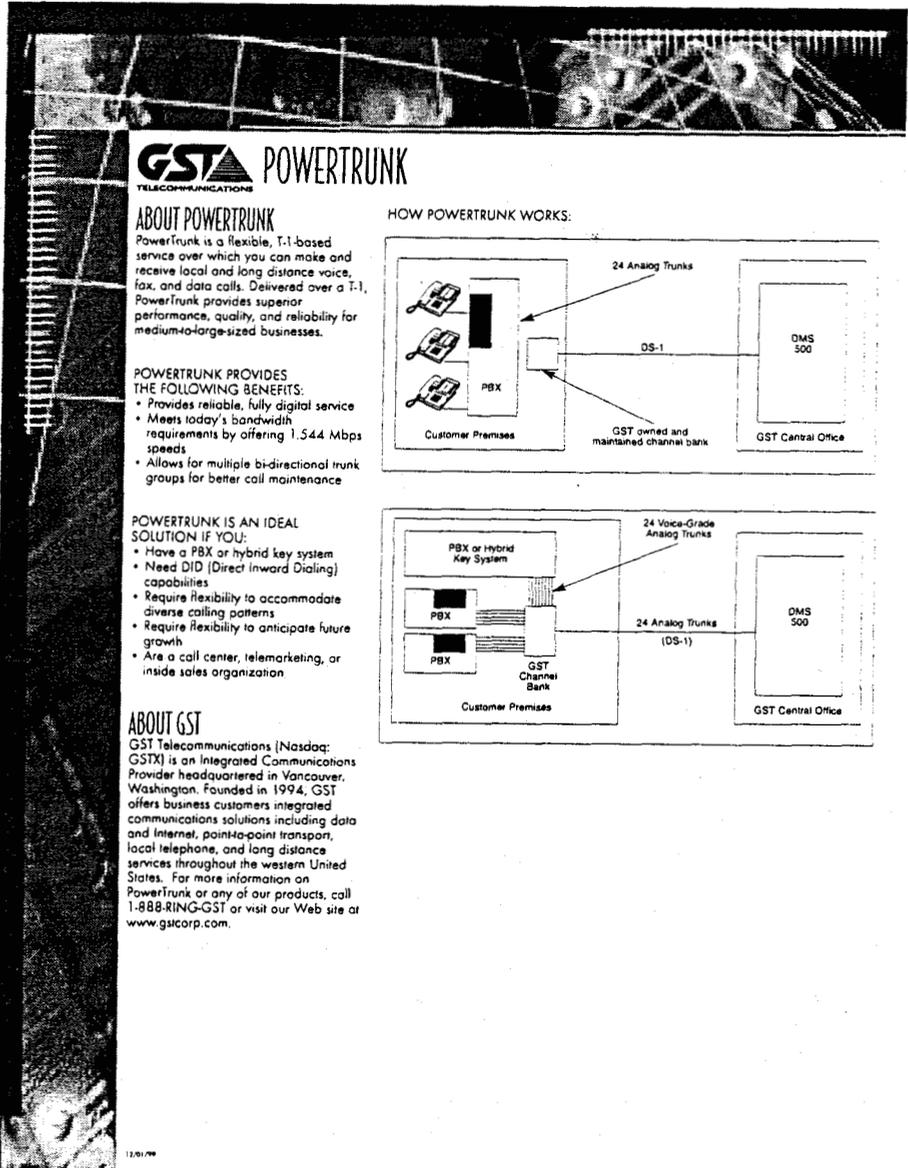
[More info](#)



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## GST TELECOMMUNICATIONS POWERTRUNK

### ABOUT POWERTRUNK

PowerTrunk is a flexible, T-1-based service over which you can make and receive local and long distance voice, fax, and data calls. Delivered over a T-1, PowerTrunk provides superior performance, quality, and reliability for medium-to-large-sized businesses.

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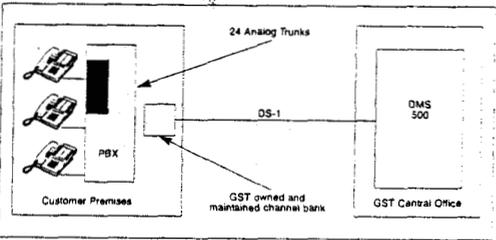
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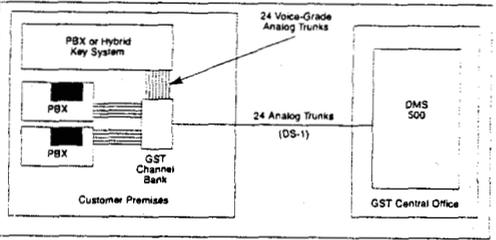
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**HOW POWERTRUNK WORKS:**



This diagram illustrates a basic PowerTrunk setup. On the left, the 'Customer Premises' contains a 'PBX' and is connected to the 'GST Central Office' via a 'DS-1' line. The Customer Premises has '24 Analog Trunks'. The GST Central Office contains a 'DMS 500' and a 'GST owned and maintained channel bank'.



This diagram illustrates a more complex PowerTrunk setup. On the left, the 'Customer Premises' contains a 'PBX or Hybrid Key System', two 'PBX' units, and a 'GST Channel Bank'. It is connected to the 'GST Central Office' via a 'DS-1' line. The Customer Premises has '24 Voice-Grade Analog Trunks' and '24 Analog Trunks'. The GST Central Office contains a 'DMS 500'.

## Want an alternative to your local phone company?



### ANALOG TRUNK

Analog Trunk is an analog local dial tone service over which you can make and receive voice and data calls at 64 Kbps.

Analog Trunk provides the following benefits:

- Provides reliable analog service
- Consolidates local and long distance billing
- Offers lower long distance rates
- Allows for multiple trunk groups for better call management
- Reduces hold time for your callers

[More info](#)



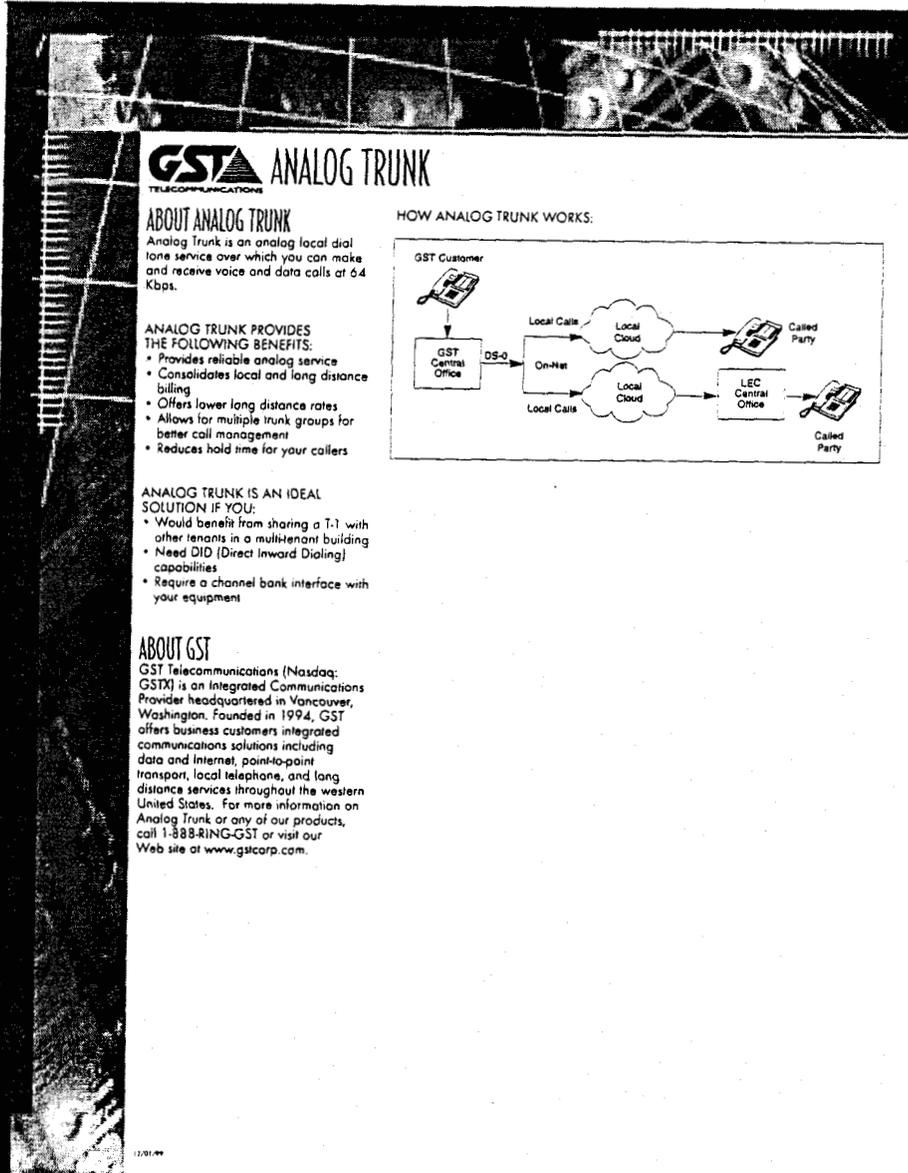
Analog Trunk is an ideal solution if you:

- Are a tenant in a multi-tenant business
- Would benefit from sharing a T-1 with other businesses
- Need DID (Direct Inward Dialing) capabilities
- Require a channel bank interface with your equipment

---

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For more information on Analog Trunk or any of our products,  
Call 1-888-RING-GST.



## **GST** TELECOMMUNICATIONS ANALOG TRUNK

### ABOUT ANALOG TRUNK

Analog Trunk is an analog local dial tone service over which you can make and receive voice and data calls at 6.4 Kbps.

#### ANALOG TRUNK PROVIDES THE FOLLOWING BENEFITS:

- Provides reliable analog service
- Consolidates local and long distance billing
- Offers lower long distance rates
- Allows for multiple trunk groups for better call management
- Reduces hold time for your callers

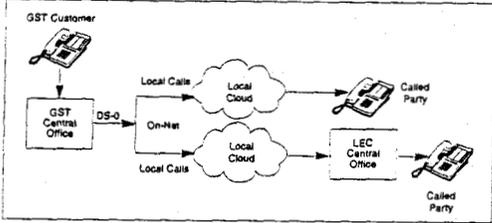
#### ANALOG TRUNK IS AN IDEAL SOLUTION IF YOU:

- Would benefit from sharing a T-1 with other tenants in a multi-tenant building
- Need DID (Direct Inward Dialing) capabilities
- Require a channel bank interface with your equipment

### ABOUT GST

GST Telecommunications (Nasdaq: GSTX) is an Integrated Communications Provider headquartered in Vancouver, Washington. Founded in 1994, GST offers business customers integrated communications solutions including data and Internet, point-to-point transport, local telephone, and long distance services throughout the western United States. For more information on Analog Trunk or any of our products, call 1-888-RING-GST or visit our Web site at [www.gstcorp.com](http://www.gstcorp.com).

### HOW ANALOG TRUNK WORKS:



```
graph LR
    Customer[GST Customer] --> CO[GST Central Office]
    CO -- Local Call --> Cloud1((Local Cloud))
    CO -- On-Hat --> LEC[LEC Central Office]
    CO -- Local Call --> Cloud2((Local Cloud))
    Cloud1 --> Party1[Called Party]
    LEC --> Party2[Called Party]
    Cloud2 --> Party2
```

## Want an alternative to your local phone company? <<<

### FASTRUNK PRI™

Need more features, quicker call connect times, and better PBX utilization?

Using ISDN-PRI technology, FasTrunk PRI delivers inbound and outbound voice, data, and video traffic over a single T-1, making it an ideal solution for medium-to-large sized businesses.

FasTrunk PRI provides the following features:

- 1.544 Mbps digital service
- ISDN-PRI protocol
- Analog and digital compatibility
- Caller ID
- Called number
- Dynamic bandwidth allocation

FasTrunk PRI provides the following benefits:

- Higher network efficiencies
- High-speed access for incoming voice and data from customers, branch offices, or telecommuters
- Reduced busy signals
- Aggregate multiple DS-0 channels
- Reduced call set-up and take-down by up to 15%
- Increased bandwidth compared to standard DS-1 delivery
- Full spectrum of dial-up Internet users supported
- Improved network efficiencies through sharing a DS-1 facility among multiple local calling areas
- Simplified customer usage tracking
- Improved administrative control

FasTrunk PRI is an ideal solution if you:

- Want to improve network performance without adding new facilities
- Would benefit from lower PBX costs by allowing more users per channel
- Need access to network features not available on PowerTrunk
- Allows prioritization of customer calls
- Need flexibility to automatically reconfigure bandwidth as needs dictate

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For more information on FasTrunk PRI or any of our products,  
Call 1-888-RING-GST.



[More info](#)





## GST TELECOMMUNICATIONS FASTRUNK PRI

### ABOUT FASTRUNK PRI

Need more features, quicker call connect times, and better PBX utilization?

Using ISDN-PRI technology, Fastrunk PRI delivers inbound and outbound voice, data, and video traffic over a single T-1, making it an ideal solution for medium-to-large-sized businesses. Fastrunk PRI provides the following features:

- 1.544 Mbps digital service
- ISDN-PRI protocol
- Analog and digital compatibility
- Caller ID
- Called number
- Dynamic bandwidth allocation

FASTRUNK PRI PROVIDES THE FOLLOWING BENEFITS:

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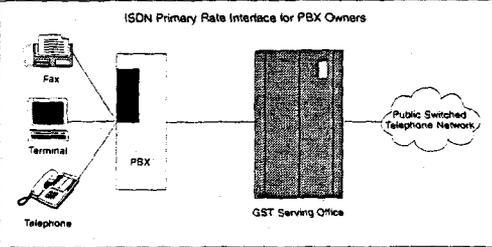
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### ABOUT GST

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HOW FASTRUNK PRI WORKS:



The diagram illustrates the ISDN Primary Rate Interface for PBX Owners. On the left, three devices are connected to a central PBX: a Fax machine, a Terminal, and a Telephone. The PBX is connected to a GST Serving Office, which is in turn connected to the Public Switched Telephone Network (represented by a cloud icon).

12/01/99

## Want an alternative to your local phone company?



### ISPRI

If you're managing an ISP and want to offer your customers quicker call connect times and faster download speeds – look no further. This high-speed digital connection (the equivalent of 24 channels of 64 Kbps bandwidth each) handles both voice and data traffic.

Using ISDN PRI technology, ISPRI delivers inbound termination on a single T-1 for data traffic only. ISPRI provides the following features:

[More info](#)



- 1.544 Mbps digital service
- ISDN-PRI protocol
- Analog and digital compatibility
- Aggregate traffic among multiple calling areas
- Caller ID
- Called number

ISPRI provides the following benefits:

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- Simplified customer usage tracking
- Improved administrative control

ISPRI is an ideal solution if you:

- Want to decrease download times for your customers
- Need to relieve congestion on existing DTI trunks
- Want to reduce hardware costs
- Allows prioritization of customer calls

---

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**GST** ISPRI  
TELECOMMUNICATIONS

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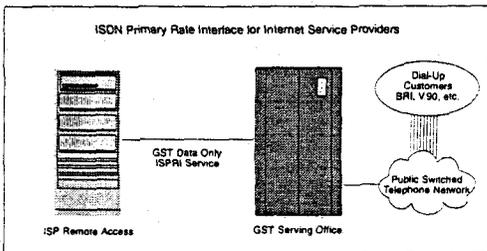
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### ISPRI IS AN IDEAL SOLUTION IF YOU:

- Want to decrease download times for your customers
- Need to relieve congestion on existing DTI trunks
- Want to reduce hardware costs
- Allow prioritization of customer calls

### HOW ISPRI WORKS:



ISDN Primary Rate Interface for Internet Service Providers

ISP Remote Access

GST Data Only ISPRI Service

GST Serving Office

Public Switched Telephone Network

Dial-Up Customers (BRI, V.90, etc.)

12/01/99

Communications problem? We may have the answer.

**POWERFLEX™**

PowerFlex is a multi-use digital T-1 product available in two options designed to meet the telecommunications needs of small-to-medium-sized businesses. For a simple, reliable, and cost-effective solution you can combine PowerFlex with Local Telephone Service, Long Distance, Frame Relay, and High-Speed Internet Access onto a single T-1.

More product information.

**HOSPITALITY**

No matter what size your property, GST will work with you to analyze your communications needs - including Operator Services, Local Telephone, Long Distance, and Internet access - and design a plan that is specifically suited to your business.

More product information.

**HOSPITALITY PLUS™**

Increase your telecom profits with GST's Hospitality Plus service. To meet the changing needs of the hospitality industry, Hospitality Plus bundles Long Distance and Operator Services along with Toll Advantage. Add GST's High-Speed Internet Access for a customized telecom solution. Hospitality Plus benefits your business with competitive rates on Local and Long Distance telephone service and some of the industry's highest Operator Services commissions.

More product information.

**COLLO PLUS™**

Collo Plus is a cost-effective way to access GST's network services. Typically located near a GST frame, ATM, or voice switch, each collocate facility provides immediate access to voice and data services and a secured, temperature-controlled environment in which to place communications equipment.

More product information.



Communications problem? We may have the answer. <<<

### POWERFLEX™

PowerFlex is a multi-use digital T-1 product where components can be combined to create a customized package specifically designed to meet the telecommunications needs of small-to-medium sized businesses.

With PowerFlex, you can combine Local Telephone Service, Long Distance, Frame Relay and High-Speed Internet Access onto a single T-1 for a simple, reliable, and cost-effective solution.

PowerFlex provides the following benefits:

- Offers convenient packages designed for small-to-medium sized businesses
- Provides one interface for all of your customers telecom services
- Reduces dedicated access charges by bundling services on a single T-1
- Offers additional savings when bundled with two or more products and a FlexCall Long Distance plan

PowerFlex is an ideal solution if you:

- Would benefit from significant savings with a FlexCall Long Distance plan
- Need flexibility to allow for future growth
- Would like one service provider, one bill, and one point of contact
- Require high-speed Internet access for faster downloading
- Cannot meet the minimums for a full T-1 of voice and T-1 of data

---

GST Telecommunications (Nasdaq: GSTX) is an Integrated Communications Provider headquartered in Vancouver, Washington. Founded in 1994, GST offers business customers integrated communications solutions including data and Internet, point-to-point transport, local telephone, and long distance services throughout the western United States.

For more information on PowerFlex or any of our products,  
Call 1-888-RING-GST.



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## GST TELECOMMUNICATIONS POWERFLEX

### ABOUT POWERFLEX

PowerFlex is a multi-use digital T-1 product that comes in two options designed to meet the telecommunications needs of small-to-medium-sized businesses:

- Pre-set packages with value-added features for a low monthly rate or
- PowerFlex components that can be combined to create a customized package

With PowerFlex, you can combine Local Telephone Service, Long Distance, Frame Relay, and High-Speed Internet Access onto a single T-1 for a simple, reliable, and cost-effective solution.

### POWERFLEX PROVIDES THE FOLLOWING BENEFITS:

- Offers convenient packages designed for small-to-medium-sized businesses
- Provides one interface for all of your telecommunications services
- Reduces dedicated access charges by bundling services on a single T-1
- Offers additional savings when bundling two or more products and a FlexCall Long Distance plan

### POWERFLEX IS AN IDEAL SOLUTION IF YOU:

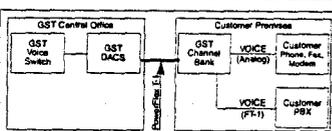
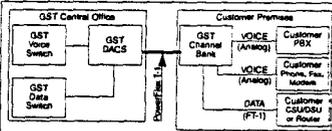
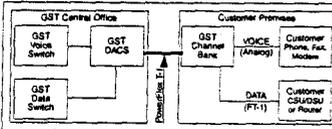
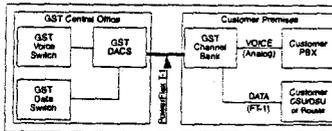
- Would benefit from significant savings with a FlexCall Long Distance plan
- Need flexibility to allow for future growth
- Would like one service provider, one bill, and one point of contact
- Require high-speed Internet access for faster downloading
- Can't meet the minimums for a full T-1 of voice and T-1 of data

### ABOUT GST

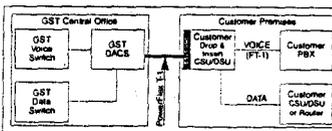
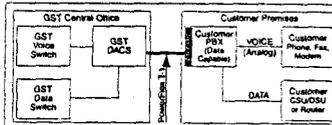
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### HOW POWERFLEX WORKS:

#### CHANNEL BANK SOLUTIONS



#### DTI CARD SOLUTIONS



**GST** TELECOMMUNICATIONS **POWERFLEX PACKAGES**

**LINE PACKAGES**

EBS8*	EBS11	EBS14	EBS17	EBS20
8 Enhanced Business Services Lines	11 Enhanced Business Services Lines	14 Enhanced Business Services Lines	17 Enhanced Business Services Lines	20 Enhanced Business Services Lines
Hunting, Caller ID (number only), Call Transfer, Conferencing and one extra feature	Hunting, Caller ID (number only), Call Transfer, Conferencing and one extra feature	Hunting, Caller ID (number only), Call Transfer, Conferencing and one extra feature	Hunting, Caller ID (number only), Call Transfer, Conferencing and one extra feature	Hunting, Caller ID (number only), Call Transfer, Conferencing and one extra feature
128 kbps of HSlA				

A FlexCall Long Distance plan must be added to one of the five Line Packages.

\*EBS8 is not available in all regions.

**TRUNK PACKAGES**

PT11	PT14	PT17	PT20
11 PowerTrunk with DIDs	14 PowerTrunk with DIDs	17 PowerTrunk with DIDs	20 PowerTrunk with DIDs
100 DIDs	100 DIDs	100 DIDs	100 DIDs
128 kbps of HSlA or Frame Relay			
DNS/IP addresses	DNS/IP addresses	DNS/IP addresses	DNS/IP addresses

A FlexCall Long Distance plan must be added to one of the four Trunk Packages.

**Modification to the packages:**

- Add one or two lines/channels of Enhanced Business Services or PowerTrunk to the packages at tariffed rates.
- Add features and Voice Mail to the Enhanced Business Services packages at tariffed rates.
- Increase High-Speed Internet Access speed to 256 kbps, 384 kbps, or 512 kbps.
- Increase Frame Relay speed to 256 kbps, 384 kbps, or 512 kbps.
- Frame Relay rates will only apply for the PowerFlex location. A separate Frame Relay order will still need to be completed.
- A channel bank can be added to the Trunk Packages for an additional charge.

Communications problem? We may have the answer. <<<



HOSPITALITY

If you're in the hospitality industry, making your customers happy is a priority. Our goal is to create that unique balance between telephone profits for your business with reliable and efficient phone service for your guests' satisfaction.

No matter what size your property, GST will work with you to analyze your communications needs – including operator services, local telephone service, long distance, and Internet access – and design a plan that is specifically suited to your needs.

Hospitality provides the following benefits:

- Features low, flexible, customized rate plans
- Delivers services over digital fiber optic network

Hospitality is an ideal solution if you:

- Want to simplify your communications plan
- Need flexibility to add additional services as required
- Would like one service provider, one bill, and one point of contact

---

GST Telecommunications (Nasdaq: GSTX) is an Integrated Communications Provider headquartered in Vancouver, Washington. Founded in 1994, GST offers business customers integrated communications solutions including data and Internet, point-to-point transport, local telephone, and long distance services throughout the western United States.

For more information on Hospitality or any of our products,  
Call 1-888-RING-GST.

Communications problem? We may have the answer. <<<

### HOSPITALITY PLUS™

Looking for a way to increase your telecom profits? GST's Hospitality Plus service is the answer to your business needs.



Hospitality Plus bundles Local, Long Distance and Operator Services, along with a unique feature called Toll Advantage. With Toll Advantage, your business will receive a per-minute commission based on the number of outbound toll free minutes originating over your GST local service lines.

GST's High-Speed Internet Access may also be added to the Hospitality Plus bundle to customize a telecom solution for your business. With Hospitality Plus, your business will benefit from competitive rates on your local and long distance telephone service, as well as some of the highest operator service commissions in the industry.

Increase your profits and streamline your telecommunications with GST's Hospitality Plus, specifically designed to meet the changing needs of the hospitality industry.

Hospitality Plus provides the following benefits:

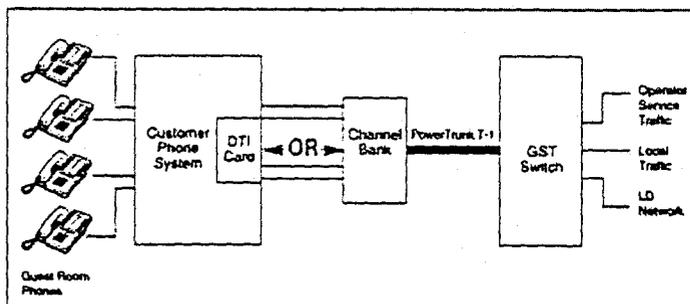
- Commissions for "dial around" calling via Toll Advantage
- Competitive local and long distance rates
- High operator service commissions
- Bundled services offers one-bill convenience and single point of contact
- Customer Service 24 hours a day, seven days a week
- Reliable services over a fully digital, fiber optic network
- Customized trunk group configurations to meet individual customer needs
- High-Speed Internet Access over a 1.544 Mbps connection

Hospitality Plus is an ideal solution if you:

- Want to simplify your communications services
- Would like to consolidate all their telecom needs with one company
- Has a high volume of "dial around" calls
- Need flexibility to add additional services as required
- Would like to provide guest access to the Internet

#### VOICE SERVICES DIAGRAM

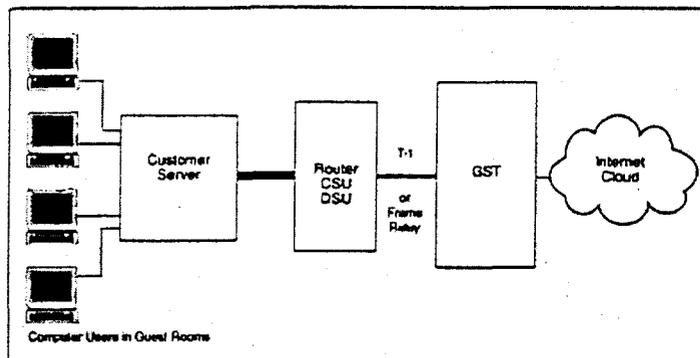
(Local Dial Tone, Long Distance, Operator Services)



GST Hospitality Plus

[http://www.gstcorp.com/products/body/hospitality\\_plus.html](http://www.gstcorp.com/products/body/hospitality_plus.html)

DATA SERVICES DIAGRAM (High-Speed Internet Access)



GST Telecommunications (Nasdaq: GSTX) is an Integrated Communications Provider headquartered in Vancouver, Washington. Founded in 1994, GST offers business customers integrated communications solutions including data and Internet, point-to-point transport, local telephone, and long distance services throughout the western United States.

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Cox Press Room

Cox Communications Announces 1999 as a Year of Growth and Transition

January 27, 2000

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Maximizing the vast capabilities of its advanced broadband network, Cox Communications Phoenix has expanded its bundled offering of Cox Digital Cable, Cox Digital Telephone and Cox@Home high speed data services to several hundred thousand homes valley-wide. The availability of Cox's suite of communications services, offered over one wire to the home, have greatly exceeded penetration rates. Cox has also surpassed network upgrade expectations, completing approximately 70 percent of its 11,000-mile hybrid fiber network across the greater Phoenix area.

Cox Communications Vice President and General Manager Gregg Holmes said, "Bandwidth rules, and it is what customers are demanding in today's technology marketplace. Cox Communications enjoys the advantage of being the Valley's bandwidth leader, with a competitively-priced communications offering to customers across greater Phoenix."

The following includes highlights of Cox's involvement with the greater Phoenix area in 1999:

Education

On April 14, Cox Communications and the Horizon Charter School celebrated the grand opening of the Horizon Community Learning Center in Phoenix, Cox's first model technology school in Arizona. Cox Communications was named the exclusive communications provider to the educational facility.

Each month, Cox Communications presents the

Section Navigatio  
Phoenix, Arizona  
Latest Headlines  
News Releases  
Fact Sheet

Phoenix [ ] Search

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Cox Communications, Inc  
Phoenix, Arizona  
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Phoenix, AZ 85027

Cox Excellence in Education and Technology award to eight local educators for their use of cable and technology as teaching tools in the classroom. By the end of 1999, the total number of schools receiving courtesy cable television service from Cox Communications had climbed to nearly 420 elementary, junior high and high schools valley-wide.

In July, Cox celebrated the grand opening of the Cox Multimedia Academy, a facility that teaches local educators how to use technology such as high speed data and cable television as teaching tools in the classroom. More than 60 Valley teachers graduated from the Academy's inaugural four-day session.

#### **Charitable Giving**

Cox Communications donated nearly \$10 million in cash and in-kind contributions to local youth and education programs, including a \$70,000 donation from Cox Charities to ten local non-profit organizations. Cox remained focused on giving back to the community through such programs as Cox Cans for Cable, which raised more than 3,500 cans of food for the needy during the holiday season.

Cox also sponsored the fourth annual Camp Cox in June, a three-week camp for local youth that focuses on cultural diversity and problem solving through a team-oriented approach. In addition, Cox Communications partnered with the Back to School Clothing Drive Association to launch the fourth annual "Warm the Child" project. Cox donated more than 4,000 school uniforms to local under-served children as part of the clothing drive.

In September, Cox Communications donated nearly \$100,000 in studio production equipment to the Sun Cities Production Club, allowing the organization to continue producing community programming with this new equipment.

#### **Technology**

Cox Communications now offers Cox Digital Cable and Cox@Home high speed Internet services to 560,000 homes across the Valley. Cox Digital Telephone is now available to approximately 200,000 homes across greater Phoenix. By early 2002, Cox will have a full suite of digital telephone, digital cable and high speed Internet services available valley-wide.

In September, Cox officially launched Cox Business Services, a division of Cox that

provides digital cable, high speed data and digital telephone services to businesses of all sizes across greater Phoenix. Cox Business Services currently has more than 200 business customers valley-wide.

Finally, Cox, APS and IBM announced in November that they would provide pre-wired services including Cox's digital cable, digital telephone and high speed data services to new homes being built valley-wide. New homeowners are wired to receive these high demand services, which also include energy management and security features, before they even move in!

#### **Company Growth**

Cox Communications continues to grow across the Valley, expanding this year into a 147,000-square foot building on Deer Valley Road and 19th Avenue. Cox Phoenix now has more than 1,800 local employees, making it one of the Valley's largest employers.

In October, Cox Communications acquired Cable Plus/Telephone Plus, a local provider with more than 6,000 telephone and cable customers. The acquisition adds to Cox's total of more than 610,00 cable television customers across greater Phoenix.

Finally, Cox constructed three Master Telecommunications Centers (MTC) across greater Phoenix in 1999, which gives Cox the ability to provide its suite of digital services to new areas in the Valley. Cox now has seven MTCs in the greater Phoenix area.

#### **Programming**

Cox Communications provides local origination programming on Cox 9, which features nearly 40 Phoenix Suns home games and high school football. In October, Cox 9 aired live high school football for the first time ever.

#### **Highlights of 1999**

##### **January 1999**

- Nearly 1,500 local students enjoy a day of youth clinics and golf exhibitions at the third annual Cox Communications Dream Day at the Phoenix Open.
- Cox Clubs for Kids at the Phoenix Open generates donations in excess of 3,500 golf clubs to local under-served youth.
- Cox officially launches Cox Digital Cable service to 60,000 homes in Chandler and

to more than 560,000 customers across the Valley by the end of 1999.

#### **February 1999**

- Cox expands offering of Cox Digital Telephone, Cox Digital Cable and Cox@Home high speed Internet services to parts of Mesa and Phoenix, as well as Chandler.
- The Classic Sports Network and Cox Communications award five Cox Classic Sports scholarships worth \$1,000 each to qualified participating high school seniors as part of the third annual Cox Communications G.A.M.E. Plan (Giving Academics More Emphasis).

#### **March 1999**

- Cox Communications partners with Grayhawk Community to create a total interactive lifestyle, offering its Cox@Home, Cox Digital Cable and Cox Digital Telephone services to residents of the Scottsdale neighborhood.
- Cox Communications expands into 147,000-square foot facility at Deer Valley Road and 19th Avenue.

#### **April 1999**

- Cox Communications celebrates the grand opening of the Horizon Community Learning Center in Phoenix, Cox's first model technology school in Arizona. Cox Communications is the exclusive communication provider to the educational facility.
- More than 200 students from Madison Heights Elementary school in Phoenix participate in the Line to Learning event, a live interactive Webcast sponsored by Cox Communications and Disney. Students from the Horizon Community Learning Center, Cox's first model technology school in Arizona, participate in this program as well.

#### **May 1999**

- More than \$100,000 worth of studio production equipment is donated to the Sun Cities Production Club by Cox Communications.
- Cox Digital Cable unveiled at Cox Clubhouse at Bank One Ballpark. The total interactive facility also features

Cox@Home high speed Internet service.

- Cox Excellence in Education awards local teachers for their use of technology in the classroom.

#### **June 1999**

- Nearly 200 local students attend Camp Cox, a three-week camp sponsored by Cox Communications that focuses on cultural diversity and problem solving through a team-oriented approach.

#### **July 1999**

- More than 4,000 local under-served children receive complimentary school uniforms as part of Cox's fourth annual Warm the Child project. The program was part of the Back to School Clothing Drive Association's annual donation program.
- Cox celebrates the grand opening of the Cox Multimedia Academy, a facility that teaches local educators how to use technology such as high speed data and cable television as teaching tools in the classroom. More than 60 Valley teachers attend and graduate from the academy's four-day session.

#### **August 1999**

- Cable in the Classroom magazine recognizes Cox@School as Web site of the month. The first of its kind interactive Web site was created for teachers by members of Cox's Education Delegation, allowing instructors to share valuable educational resources.

#### **September 1999**

- Cox officially launches Cox Business Services, a division of Cox that will provide digital cable, high speed data and digital telephone services to businesses of all sizes across greater Phoenix.
- The Phoenix Coyotes and Cox Communications host more than 16,000 local students to a Coyotes home game as part of the first ever Cox Cool Coyotes field trip.

#### **October 1999**

- Cox Communications announces acquisition of Cable Plus/Telephone Plus, a local communications provider with

approximately 6,000 cable and telephone customers in apartment complexes across the Valley.

- Cox Communications televises high school football live on Cox 9 for the first time ever.

#### **November 1999**

- Cox, APS and IBM partner to provide pre-wired services including Cox's digital cable, digital telephone and high speed data to homes being built valley-wide by such major home builders as Richmond American, Shea and Golden Heritage.

#### **December 1999**

- Cox sponsors Fall Information Technology seminar, which features such notable speakers as MicroAge co-founder Alan Hald and Computer Telephony Solutions President Skip Welch.
- Cox Communications donates nearly \$10 million to local organizations in 1999. In addition, Cox Charities donates more than \$70,000 to local educational, youth and development programs in 1999.

Cox Communications in Phoenix is owned and operated by Atlanta-based Cox Communications, Inc., (NYSE:COX) and is among the nation's largest operators of broadband communications. Approximately 70% of Cox's 11,000-mile hybrid fiber coaxial cable network upgrade is completed throughout the greater Phoenix area, providing high speed Internet access, digital telephone service and digital television. Cox Communications currently serves more than 640,000 customers in 23 communities throughout the Valley. Additional information about Cox Communications in Phoenix is available at [www.cox.com/phoenix](http://www.cox.com/phoenix).

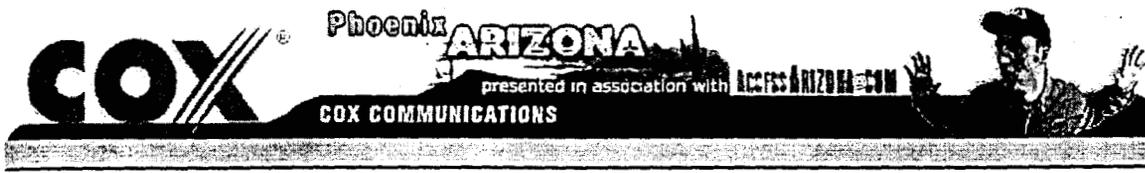
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## Cox Communications' Full Service Package Now Available to Areas of North Phoenix

May 19, 1999

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Officials from Cox Communications have announced the availability of its advanced digital communications package, which includes Cox Digital Cable, Cox Digital Telephone and Cox@Home, its high speed Internet service, to areas of North Phoenix.

On Saturday, May 22, from 9:00 a.m. to 3:00 p.m., the public is invited to experience first hand Cox's complete line of high speed, advanced digital services. The demonstration will take place at Cox's Customer Service Center, located at 1101 East Bell Road in Phoenix.

Cox Digital Cable offers the convenience and control of 207 digital channels, including 40 cd-quality audio channels, for between \$7.95 and \$12.95 more than existing cable service. Cox Digital Cable will be offered initially to approximately 97,000 homes in North Phoenix, and 558,000 homes across greater Phoenix by the end of 1999.

Cox Digital Telephone costs 10 percent less than the competition, with savings of 50 percent for a second phone line. Cox Communications also offers a free installation for this service, saving the customer as much as \$45. Cox Digital Telephone is being launched to 80,000 residential homes in North Phoenix, and Cox plans on rolling this service out to 200,000 homes valley-wide by the end of the year.

Section Navigation  
Phoenix, Arizona  
Latest Headlines  
News Releases  
Fact Sheet

Phoenix

Search

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Phoenix, Arizona

1550 W. Deer Valley Road

Phoenix, AZ 85027

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Cox@Home is currently offered to approximately 444,000 single-family homes across the Valley. By year-end, Cox@Home will be available to 97,000 residential homes in North Phoenix and to 558,000 homes across greater Phoenix.

Cox Communications in Phoenix is owned and operated by Atlanta-based Cox Communications, Inc., (NYSE:COX) and is among the nation's largest operators of broadband communications. Approximately 70% of Cox's 11,000-mile hybrid fiber coaxial cable network upgrade is completed throughout the greater Phoenix area, providing high speed Internet access, digital telephone service and digital television. Cox Communications currently serves more than 640,000 customers in 23 communities throughout the Valley. Additional information about Cox Communications in Phoenix is available at [www.cox.com/phoenix](http://www.cox.com/phoenix).

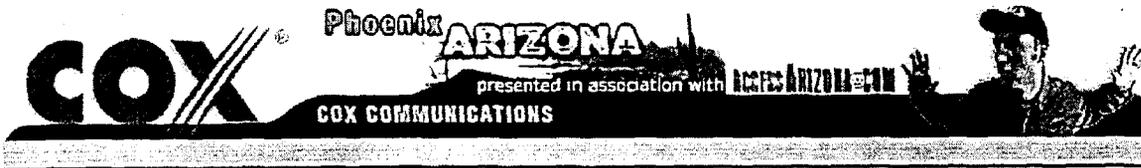
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## Cox Communications Launches Business Services Division

*Cox to Offer Valley Businesses Digital Telephone, High-Speed Internet Access, and Other Advanced Communications Services*

September 20, 1999

[Back to press releases.](#)

Today, Cox Communications Phoenix announced the unveiling of its new Cox Business Services division. Cox Business Services will offer a full suite of communications solutions including Cox Digital Telephone, Cox@Work high-speed commercial Internet access, and private line services over Cox's proven broadband network. Cox's advanced communications solutions are available in areas across greater Phoenix to businesses and educational facilities. Cox Communications in Phoenix is the eighth Cox system to successfully launch commercial services.

"Cox Communications is upgrading Phoenix to Business Class," said Gregg Holmes, vice president and general manager for Cox Communications. "Cox's robust fiber optic network enables Valley businesses and educational facilities to enjoy more services on a network backbone that offers greater reliability and capacity than what the competition currently offers, at a competitive price." Holmes added, "By offering advanced business communications services here in the Valley, Cox is creating opportunities for our community to benefit from the latest cutting-edge technology well in to the 21st century."

### Cox Digital Telephone Services

Section Navigation  
Phoenix, Arizona  
Latest Headlines  
News Releases  
Fact Sheet

Phoenix

Search

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Cox's full suite of digital telephone services includes voice applications that connect customers to the Public Switched Telephone Network. Cox Business Services offers several voice products tailored to meet the needs of home offices and small businesses, as well as large corporations with more complex communications needs. Cox's basic telephony services include business telephone lines and features like Caller ID, Voice Mail, Call Forwarding and Conference Calling. More sophisticated solutions include public branch exchange (PBX) arrangements, Primary Rate and Centrex services.

#### **High-Speed Internet Access**

Cox Business Services provides an array of advanced high-speed Internet solutions for local businesses and educational facilities. The Cox@Work suite of products is designed for home offices and small-to-medium sized businesses requiring email, web browsing, business domain name support, web design development and hosting services. Cox Business Services also provides high-capacity, dedicated and scalable Internet access products and custom telecommuting solutions for businesses.

Cox Internet solutions are a reliable and high-value alternative to dial-up, integrated services digital network (ISDN), digital subscriber line (DSL), and T1 Internet access connections.

#### **Private Line Applications**

Cox's private line services include products for customers requiring dedicated, high-bandwidth, point-to-point connections for voice and data communications. Cox provides several synchronous optical network (SONET)-based products with bandwidths ranging from 1.5 megabits per second (Mbps) to 10 Gigabits per second (Gbps). Typical customer applications include providing dedicated circuits between office locations, establishing direct connections to long distance carriers or Internet service providers (ISP), and creating metropolitan area networks.

#### **Cox's Network**

Cox's 99.99 percent reliable network combines thousands of route miles of fiber optics in a redundant, self-healing architecture, featuring path diversity, electronic SONET component

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redundancy, and protection switching, ensuring the integrity and reliability of Cox's proven network. Cox also maintains a network operations center to ensure the reliability of its advanced network, 24 hours a day, seven days a week.

#### Customer Service

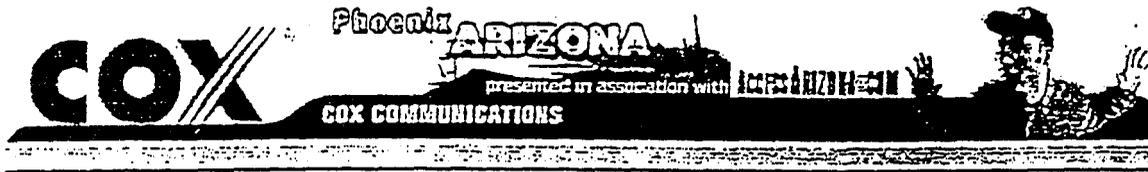
Cox Business Services customers are supported by a local, dedicated customer service center staffed by dependable communications professionals. Cox's call center operates 24 hours a day, seven days a week. Cox Communications has garnered such awards as the National Cable Television Association's Seal of Good Customer Service, the Cable and Telecommunications Marketing Society's Customer is Key award, and most recently, Inter@ctive Week magazine's 1999 Most Innovative Cable Company award for the second consecutive year.

Cox Business Services is a division of Cox Communications in Phoenix. Cox Communications in Phoenix is owned and operated by Atlanta-based Cox Communications, Inc., (NYSE:COX) and is among the nation's largest operators of broadband communications. Additional information about Cox Business Services in Phoenix is available at [www.phx.cox.com/business](http://www.phx.cox.com/business).

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[ ] go

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Cox Communications Announces Acquisition of Cable Plus

October 08, 1999

[Back to press releases.](#)

Officials at Cox Communications have announced the purchase of Cable Plus assets across the greater Phoenix area effective October 1, 1999. Cable Plus provides video service to 41 multiple dwelling units (MDU) throughout greater Phoenix, and serves nearly 6,000 video customers. The company also provides telephone service to approximately 6,200 customers at 65 local MDU locations. Cable Plus customers will be notified of the transition by letter beginning the second week of October.

Cox Communications Phoenix Vice President and General Manager Gregg Holmes said, "We will be working diligently to convert all Phoenix-area Cable Plus customers to Cox's advanced broadband network during the next 18 months. We look forward to serving these customers with the same high quality service and reliability that has made Cox Communications the Valley's premier full service communications provider."

Cox Communications in Phoenix is owned and operated by Atlanta-based Cox Communications, Inc., (NYSE:COX) and is among the nation's largest operators of broadband communications. Approximately 70% of Cox's 11,000-mile hybrid fiber coaxial cable network upgrade is completed throughout the greater Phoenix area, providing high speed Internet access, digital telephone service and digital television. Cox Communications currently serves more than 640,000 customers in 23 communities throughout the Valley. Additional information about Cox Communications in Phoenix is available at [www.cox.com/phoenix](http://www.cox.com/phoenix).

[Back to press releases.](#)

Section Navigation  
Phoenix, Arizona  
Latest Headlines  
News Releases  
Fact Sheet

Phoenix  
Search

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Updated 11/12/99

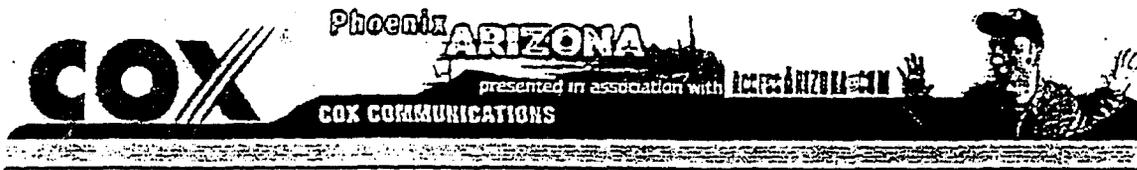
Mike O'Sadnick, 602 351-5184

**Phoenix Metro Apartment Complexes with Cox Phone Service Available**

The Raven	3434 E Baseline Rd	
Montana del Sol	8245 E Bell Rd	
Glen Eagle Apts	8275 E Bell Rd	
Traditions at Kierland	6633 E Greenway Parkway	
Legends at Kierland	6637 E Greenway Parkway	
San Riva	2155 e liberty ln	
Jefferson Commons	1595 E University	on ASU campus, only full bypass com
Jefferson Commons	1555 E University	no USW available
Red Rock Villas	5345 E. Van Buren	
River Walk	5401 E Van Buren	
Desert Winds	20545 Lake Pfeasant Rd	
Bayside Apt	20245 N 32nd St	
Cambridge Court	5145 N 7th St	
Palm court	20401 N 19th Ave	
Ridge Apts	15202 N 40th St	
San Palmero	17030 N 49th St	
Montierra Apt	9850 N 73rd St	
Desert Winds	20216 N 101 Ave	
Desert Winds	20222 N 101 Ave	
Desert Winds	20244 N 101 Ave	
Desert Winds	20544 N 101 Ave	
The River View	711 N Evergreen Rd	mesa
The Morings	1233 N Mesa Dr	
The San Palmas	1111 N Mission Park	
Briarwood apt	3175 N Price Rd	tempe/mesa
San Brisas	900 N Rural	
San Marbeya	1535 N Scottsdale Rd	
Montana Apts	7611 S 36th st	
San malia	14435 S 48th St	
Wynhaven	1361 S Greenfield Rd	
Crestview Townhome	255 S Kyrene	
Pavillians@Arrowhea	7400 W Arrowhead Clubhouse dr	
SanPalmilla	750 W Baseline Rd	
Terras @ Tiburon	2875 W Highland St	
Bay Club@Mesa Cov	2121 W. Main St	
Pala Mesa	2433 W Main	
Avanti Apts	6161 W McDowell	
San Valiente Apt	2220 W Mission ln	
Ocotillo Springs	825 W Queen Creek Rd	
Conchise@ Arrowhea	7701 W St John Rd	

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  - Customer Service
  - Cox Press Room
  - Community Outreach
  - A Parents Guide
  - Cox Career Network
  - Investor Center
  - Cox Channel 9

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[ ]

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Cox Press Room

Cox Communications, APS Energy Services, and IBM Partner to Provide Total Communications/Energy Management Controls for New Homes

High Tech Partnership to Create "Cox Digital Community"

November 12, 1999

Back to [press releases](#).

Cox Communications has partnered with APS Energy Services (APSES), Home Systems Integration (HSI) and IBM to provide advanced wiring solutions to new homes across the greater Phoenix area. From instant access to Cox Digital Cable, Cox@Home high speed Internet service and Cox Digital Telephone, to high-speed remote office links for business, the APSES/Cox Home Wiring System will enable residents to benefit from the emerging communications revolution through an interactive network of digital technology.

"This partnership brings an unprecedented level of service and technology to customers across the Valley," said Gregg Holmes, vice president and general manager of Cox Communications. "New homeowners, working in conjunction with their builder and HSI, will experience the finest in studio-quality audio and video, home security and energy management. In essence, they're being wired for the environment of the future."

The APSES/Cox advanced wiring solution utilizes the IBM Home Director Distribution System, installed by HSI, to distribute home communication services from outside service providers through an integrated open architecture wiring system of multi-media

Section Navigation  
Phoenix, Arizona  
Latest Headlines  
News Releases  
Fact Sheet

Phoenix

Search

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connections utilizing Category 5 and upgraded cabling systems. These systems allow the homeowner to receive the latest in communications services while preparing their home wiring system for future needs.

The system also supports a variety of home security products, providing the homeowner with lighting controls, home automation and an optional in-home video camera system that allows customers to monitor the entire house from any television or computer.

"The APSES/Cox Home Wiring System is a single-source solution for the design and installation of advanced home-wiring systems," said Vicki Sandler, vice president of APS Energy Services. "Not only will families have access to state-of-the-art communications technologies, but they also will have better control of when and how they use their home electronics, allowing them to better manage their energy needs. It's home technology at its finest."

Along with energy management products offered by APSES and the latest in home audio systems by HSI, new homeowners will be able to receive and distribute all of Cox's services through this advanced wiring system. These services include:

#### **Cox Digital Television**

Customers will enjoy access to as many as 207 quality channels with APSES/Cox Communications. Customers can experience theatre-quality audio and video on every television in their home, for a very competitive price.

#### **Cox Digital Telephone**

APSES/Cox Communications will provide multiple incoming phone lines and easy call management features at a price less than the incumbent telephone provider.

#### **Home Office**

APSES/Cox's home office system facilitates video conferencing, computer networking and remote office links, allowing for a wide range of telecommuting possibilities.

#### **Cox@Home**

Customers will receive a competitively-priced, always-on high speed Internet connection that is up to 100 times faster than a standard dial-up modem.

This advanced wiring solution is part of a

complete package being offered to new homebuilders through Cox Communications' Preferred Communications Provider Program. Participating builders, such as Richmond American and Golden Heritage, are providing full digital communities to their new home buyers that will include IBM Home Director Advanced Wiring systems as a standard feature.

Other builders who are offering the IBM Home Director systems in their communities are Shea Homes, Centex, and Geoffrey Edmunds.

For more information, please contact Cox Communications at (623) 322-7847.

APS Energy Services is a wholly owned subsidiary of Pinnacle West Capital Corporation (NYSE: PNW), a Phoenix-based company with consolidated assets of \$7 billion. Established in 1997, APS Energy Services offers energy and energy-related products for business and residential customers. The company was first to serve in California and Arizona as an active energy service provider.

Cox Communications in Phoenix is owned and operated by Atlanta-based Cox Communications, Inc., (NYSE: COX) and is among the nation's largest operators of broadband communications. Approximately 70% of Cox's 11,000-mile hybrid fiber coaxial cable network upgrade is completed throughout the greater Phoenix area, providing high speed Internet access, digital telephone service and digital television. Cox Communications currently serves more than 640,000 customers in 23 communities throughout the Valley. Additional information about Cox Communications in Phoenix is available at [www.cox.com/phoenix](http://www.cox.com/phoenix).

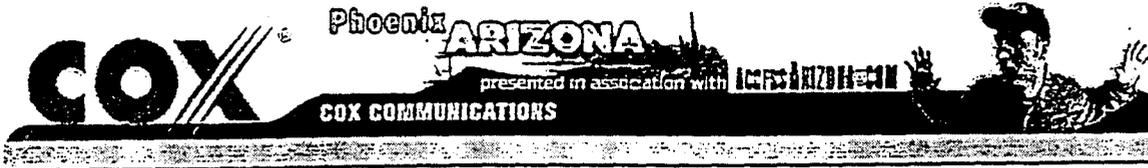
[Back to press releases.](#)

---

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- [Cox At School](#)
- [Customer Service](#)
- [Cox Press Room](#)
- [Community Outreach](#)
- [A Parents Guide](#)
- [Cox Career Network](#)
- [Investor Center](#)
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## Cox Communications to Fill Nearly 1,000 Jobs in Year 2000

March 13, 2000

[Back to press releases.](#)

Cox Communications in Phoenix will fill approximately 1,000 jobs during the year 2000. The majority will be new positions, with a smaller number of job openings due to attrition and normal turnover.

Expanding its employee base will allow Cox Communications to support the rollout of its digital cable, digital telephone and high-speed data services valley-wide. The company currently employs about 1,800 Valley residents.

The launch of Cox Business Services, a division focused primarily on the delivery of advanced communications services to local businesses, also contributed to the hiring spree. Cox Communications currently provides about 400 Valley businesses with advanced communications services.

Cox Vice President and General Manager Gregg Holmes said, "Superior customer service is our primary goal. These new employees will help us continue to deliver advanced technology backed by reliable customer service."

Employment seekers interested in Cox Communications should call the Cox Job Hotline at (602) 866-0072, ext. 284 or visit [www.cox.com/coxcareer](http://www.cox.com/coxcareer).

Cox Communications in Phoenix is owned and operated by Atlanta-based Cox Communications, Inc., (NYSE:COX) and is among the nation's largest operators of broadband communications. Approximately 70% of Cox's 11,000-mile hybrid fiber coaxial cable network upgrade is completed throughout the greater Phoenix area, providing high speed

Section Navigation  
[Phoenix, Arizona](#)  
[Latest Headlines](#)  
[News Releases](#)  
[Fact Sheet](#)

Search

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Internet access, digital telephone service and digital television. Cox Communications currently serves more than 640,000 customers in 23 communities throughout the Valley. Additional information about Cox Communications in Phoenix is available at [www.cox.com/phoenix](http://www.cox.com/phoenix).

[Back to press releases.](#)

---

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- Digital Cable
- Cox@Home
- Digital Telephone
- Cable TV
- New Home Activation
- Advanced Wiring

FOR YOUR BUSINESS

- ABOUT COX
- QUICK FIND
- JOBS



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[ ] go

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Cox Digital Telephone

Make the Better Choice...

Cox is bringing a better choice in telephone service to your home: Cox Digital Telephone. It's a better choice because it gives you greater value. For starters, you'll pay less than you're currently paying for the same local services with US West. Guaranteed. And, If you ever need assistance or repairs, you'll have the best people in the industry on call, 24 hours a day.

Better Technology

Cox Digital Telephone service is provided over an upgraded digital fiber-optic network that has made Cox first in reliability. Our state-of-the-art technology assures you of crystal-clear connections. To keep your phone service trouble-free, we monitor the network 24 hours a day.

Better Customer Service

You can expect excellent customer service from our award-winning team of customer care professionals. We schedule service calls to be as convenient as possible. And we give you an On-Time Guarantee that guarantees we will arrive within our promised service window - if we don't, you'll receive a credit on your next bill.

Satisfaction Guaranteed

To make it even easier to enjoy the better choice, we guarantee your satisfaction. If you're not completely satisfied with Cox Digital Telephone service, we'll refund your first month's charges on your primary line (excluding long-distance charges).

call (602) 277.1000  
and start saving today

- Section Navigation
- Phoenix, Arizona
- At A Glance
- Local & Long Distance Service
- Pricing
- Savings Calculator
- On-Time Guarantee
- Cox International Savings Plan
- CISP Pricing
- Availability Search
- Availability Map
- FAQ's
- Area Code Split
- Sign Up Online

Cox Digital Telephone: Local & Long Distance Service

http://www.cox.com/phoenix/telephone/service.asp



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### FOR YOUR HOME

- [Digital Cable](#)
- [Cox@Home](#)
- [Digital Telephone](#)
- [Cable TV](#)
- [New Home Activation](#)
- [Advanced Wiring](#)

### FOR YOUR BUSINESS

- [ABOUT COX](#)
- [QUICK FIND](#)
- [JOBS](#)



Customer Service

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### Local Calling

Cox Digital Telephone has made local calling simpler and less expensive. One low monthly rate allows you to call within the existing US West local calling area.

### Long Distance Calling

Cox Long Distance is simple and affordable. In state and out-of-state (within the Continental U.S.) are just 10c per minute, 24 hours per day. Plus, you'll have the convenience of one single bill.

### And, Cox Digital Telephone Calling Card

Stop paying per call service charges every time you use a calling card! With the Cox Digital Telephone Card, calls are a flat per minute rate, no matter where you call within the Continental U.S.\*

The Cox Digital Telephone Calling Card gives you the convenience of making local and long-distance phone calls while you are away from your home phone. These calls are then billed on your monthly Cox Digital Telephone bill.

Cox Digital Telephone Cards are available at no charge.

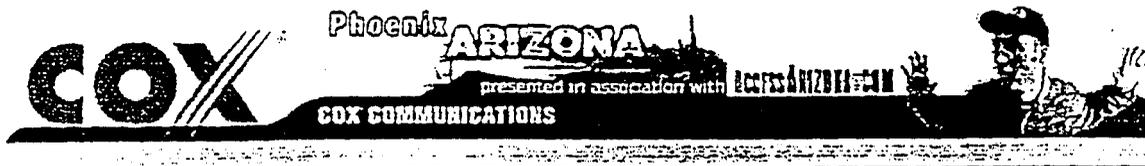
\* rates subject to change.

call (602) 277.1000  
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### Section Navigation Phoenix, Arizona

- [At A Glance](#)
- [Local & Long Distance Service](#)
- [Pricing](#)
- [Savings Calculator](#)
- [On Time Guarantee](#)
- [Cox International Savings Plan](#)
- [CISP Pricing](#)
- [Availability Search](#)
- [Availability Map](#)
- [FAQ's](#)
- [Area Code Split](#)
- [Sign Up Online](#)

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**FOR YOUR HOME**

- [Digital Cable](#)
- [Cox@Home](#)
- [Digital Telephone](#)
- [Cable TV](#)
- [New Home Activation](#)
- [Advanced Wiring](#)

**FOR YOUR BUSINESS**

- [ABOUT COX](#)
- [QUICK FIND](#)
- [JOBS](#)



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**Basic Service**

- First Line
- Second Line
- Activation Charge

Monthly

- \$11.75\*
- \$6.50\*
- FREE\*\*

**Basic Features**

- Three - Way Calling \$2.75
- Call Forwarding \$2.75
- Selective Call Forwarding \$2.75
- Speed Dial \$2.75
- Call Return \$2.75
- Busy Line Redial \$2.75
- Priority Ring \$2.75
- Selective Call Acceptance \$2.75
- Selective Call Rejection \$2.75
- Long Distance Alert \$2.75
- Caller ID &dash; Per Call Blocking FREE
- Caller ID &dash; Per Line Blocking FREE
- 900 & 976 Number Blocking FREE
- Anonymous Call Rejection FREE

**Premium Features**

- Call Waiting \$4.00
- Caller ID \$5.00
- Call Waiting ID \$9.00
- Voice Mail \$4.95
- Voice Mail Paging \$6.95
- Voice Mail Home Office \$8.95
- Extension Mailbox \$2.95

**Cox Packages**

**Section Navigation  
Phoenix, Arizona**

- [At A Glance](#)
- [Local & Long Distance Service](#)
- [Pricing](#)
- [Savings Calculator](#)
- [On Time Guarantee](#)
- [Cox International Savings Plan](#)
- [CISP Pricing](#)
- [Availability Search](#)
- [Availability Map](#)
- [FAQ's](#)
- [Area Code Split](#)
- [Sign Up Online](#)

**Solutions Package** \$14.95

Features include: Call Waiting, Call Waiting ID, Call Forwarding on Call Waiting, Three-Way Calling, Busy Line Redial, Speed Dialing, Call Forwarding, Call Forwarding Busy, Call Forwarding No Answer, Caller ID, Call Return, Selective Call Acceptance, Selective Call Rejection, Selective Call Forwarding, Priority Ringing, Long Distance Alert

**Phone Control Package** \$ 8.95

Features include: Caller ID, Call Return, Priority Ringing, Selective Call Acceptance, Selective Call Rejection, Long Distance Alert.

**Active Lifestyle Package** \$ 6.95

Features include: Call Waiting, Call Forwarding, Three - Way Calling, Speed Calling, Busy Line Re-dial.

Cox also offers low rates on long distance. In-state and out-of-state calls, within the United States, are only \$.10 a minute, 24 hours a day. For International calling check out [Cox's International Savings Plan](#).

call (602) 277.1000  
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\* Pricing reflects Cox preferred rates (for customers who also purchase either cable Internet access from Cox). Prices do not include taxes or surcharges.

\*\* Free activation is subject to limitation and is for a limited time only. Free activation excludes inside wiring installation. Cox reserves the right to terminate at anytime. Service not available in all areas. Rates subject to change and limitations may apply.

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- [Digital Cable](#)
- [Cox@Home](#)
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- [Cable TV](#)
- [New Home Activation](#)
- [Advanced Wiring](#)

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- ABOUT COX
- QUICK FIND
- JOBS



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Add up your savings today!

Are you paying too much for your telephone service? Add up your savings with our savings calculator and see for yourself.

Just click on the box next to the services you are currently using, then click the button below to calculate your savings and see how much you can save in a month ... and a year!

Why pay more? With Cox Digital Telephone you'll save up to 30% every month. See for yourself! \*

Section Navigation  
 Phoenix, Arizona

- At A Glance
- Local & Long Distance Service
- Pricing
- Savings Calculator
- On Time Guarantee
- Cox International Savings Plan
- CISP Pricing
- Availability Search
- Availability Map
- FAQ's
- Area Code Split
- Sign Up Online

Item Description	Cox	US WEST	
<b>Monthly Service Charges</b>			
1 <sup>st</sup> Line	\$11.75	\$13.18	<input checked="" type="checkbox"/>
2 <sup>nd</sup> Line	\$6.50	\$13.18	<input type="checkbox"/>
<b>Convenient Features</b>			
Caller ID	\$5.00	\$5.95	<input type="checkbox"/>
Call Waiting	\$4.00	\$5.00	<input type="checkbox"/>
Call Waiting ID	\$9.00	\$10.95	<input type="checkbox"/>
Three-Way Calling	\$2.75	\$3.50	<input type="checkbox"/>
Voice Mail	\$4.95	\$6.95	<input type="checkbox"/>
Wirelink/Linebacker	\$0.00	\$3.90	<input type="checkbox"/>
<b>Initial Service Activation Charges</b>			
Service Activation Fee Line 1	\$0.00	\$46.50	<input checked="" type="checkbox"/>
Service Activation Fee Line 2	\$0.00	\$46.50	<input type="checkbox"/>
<input type="button" value="Reset Table"/>		<input type="button" value="Calculate Your Savings"/>	

\*Savings of up to 30% are based on a comparison of Cox Preferred Rates (for custom who also buy either cable or Internet access service from Cox) of the combination

Cox Digital Telephone: Savings Calculator

<http://www.cox.com/phoenix/telephone/calculator.asp>

primary line and second line flat rate service plus voice mail compared to USWest publish rates as of 1/28/00 for the same service combination. Free activation excludes inside wire installation. All rates herein do not include taxes or surcharges. Fiber-optic technology not available to customers served by the pre-existing Telephone Plus network. Service may not be available in all areas. Rates may be subject to change and limitations may apply. Contact Cox Communications for more details.

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### FOR YOUR HOME

- [Digital Cable](#)
- [Cox@Home](#)
- [Digital Telephone](#)
- [Cable TV](#)
- [New Home Activation](#)
- [Advanced Wiring](#)

### FOR YOUR BUSINESS

- ABOUT COX
- QUICK FIND
- JOBS



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## Cox Digital Telephone Service FAQ's

On the Internet, the list of Frequently Asked Questions (FAQ) is a time-honored institution. With the Help of Cox Customer Service, we've compiled a list of the most common questions about the Cox Digital Telephone service - and we've provided the answers, of course.

1. What parts of the valley are serviceable today? How long will it take to service the rest of the valley?
2. How good will the voice quality be?
3. With power outages, if one service goes down, will the other Cox services go down also? (i.e. Cox@Home goes down, will the phone service go down also?)
4. Will I have to buy a special telephone for the new service?
5. What phone books will our information go in?
6. What makes Cox Digital Telephone better than its competitors?
7. Will Cox Digital Telephone lines work with regular computer modems?
8. Is Cox renting its phone line from another service provider?
9. Can I keep my current phone number?
10. Does someone have to be home at the time of install?
11. What exactly do you do during the time of install?
12. What is a Network Interface Unit (NIU)?
13. Will the house have to be re-wired?
14. How long is the installation charge going to be waived?
15. The long distance is 10 cents a minute. Is this a special, and if so when is it going to end?

### Section Navigation Phoenix, Arizona

- [At A Glance](#)
- [Local & Long](#)
- [Distance Service](#)
- [Pricing](#)
- [Savings Calculator](#)
- [On Time Guarantee](#)
- [Cox International](#)
- [Savings Plan](#)
- [CISP Pricing](#)
- [Availability Search](#)
- [Availability Map](#)
- [FAQ's](#)
- [Area Code Split](#)
- [Sign Up Online](#)

16. Is there a fee to switch to Cox Long Distance?
17. What's the difference between intra-state and inter-state?
18. What are some of the FCC charges that I see on my bill for?
19. With Cox Digital Telephone, will directory assistance be available  
How much will it cost?
20. Can I have all of my Cox services billed together?

Do you have more questions? We've got more answers!  
Choose a F.A.Q. page from the categories below:  
[Digital Cable](#) | [Cox@Home](#) | [Digital Telephone](#) | [Cable TV](#)  
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1. **What parts of the valley are serviceable today? How long will it take to service the rest of the valley?**

[▲ back to t](#)

**Answer:** At this time Cox Digital Telephone is available in Chandler, parts of North Phoenix and Mesa. Our services will continue to roll out based upon the installation of fiber optic cable and the hardware required to facilitate the return of the digital signal back to the serving Head End or MTC. Cox Communications is aggressively pursuing the installation of these facilities and has committed millions of dollars over the next three years to complete the process Valley wide.

2. **How good will the voice quality be?**

[▲ back to t](#)

**Answer:** Cox's digital broadband network provides excellent voice quality that meets today's telecommunication standards.

3. **With power outages, if one service goes down, will the other Cox services go down also? (i.e. Cox@Home goes down, will the phone service go down also?)**

[▲ back to t](#)

**Answer:** No. Outages can occur for a variety of reasons that may not affect the telephone lines. Cox's Network Operations Center constantly monitors the network for potential problems, quickly identifies interruptions in service, and remedies the problem. In addition, if the problem is an electrical power outage, Cox provides back-up power so your phone keeps working. And finally, Cox's broadband network is 99.986 percent reliable, so outages are rare on our telephone network system.

4. **Will I have to buy a special telephone for the new service?**

[▲ back to t](#)

**Answer:** No, the telephone devices working with your current service should work on Cox's Digital Telephone service. Cox utilizes the same type of switching equipment and software as other telephone service providers.

**5. What phone books will our information go in?**

[▲ back to top](#)

**Answer:** The same directory that they currently reside in: US West Dex.

**6. What makes Cox Digital Telephone better than its competitors?**

[▲ back to top](#)

**Answer:** Cox Digital Telephone is provided over an upgraded digital fiber-optic network that has made Cox first in reliability. Our state-of-the art technology assures you of crystal-clear connections and, to keep your phone service trouble-free, we monitor the network 24 hours a day.

**7. Will Cox Digital Telephone lines work with regular computer modems?**

[▲ back to top](#)

**Answer:** Yes, Cox telephone service also works with dial-up modems.

**8. Is Cox renting its phone line from another service provider?**

[▲ back to top](#)

**Answer:** No, Cox Communications is a facilities-based provider. That means all of our services are provided over a network that we've built and monitor.

**9. Can I keep my current phone number?**

[▲ back to top](#)

**Answer:** Yes, in most instances, you can! Local Number Portability (LNP) allows a customer to change local exchange carriers and maintain their current telephone number, even though they are now serviced by a different provider.

**10. Does someone have to be home at the time of install?**

[▲ back to top](#)

**Answer:** Yes, it is important that we make sure that the phone jacks in your home have dial tone and that all of the services that you requested are in working order before we leave.

**11. What exactly do you do during the time of install?**

[▲ back to top](#)

**Answer:** We will attach a Network Interface Unit (NIU) to the side of your home (usually where the other utilities are located), test phone lines and jacks, verify services and test outgoing and incoming call ability.

**12. What is a Network Interface Unit (NIU)?**

[▲ back to top](#)

**Answer:** A Network Interface Unit (NIU) is the device placed on the side of a customer's house that connects incoming signals to the wiring inside a customer's home. Cox's NIU is similar to the

device that other phone companies utilize.

**13. Will the house have to be re-wired?**

[▲ back to t](#)

**Answer:** Usually not. There might be a time when our customer wants an outlet in a place that is not pre-wired or there is a problem with the existing pre-wire but this is the exception, not the rule.

**14. How long is the installation charge going to be waived?**

[▲ back to t](#)

**Answer:** At this time, Cox Communications has an introductory waiver on installation fees for first time customers.

**15. The long distance is 10 cents a minute. Is this a special, an if so, when is it going to end?**

[▲ back to t](#)

**Answer:** This is no special! Cox Long Distance rates are always this competitive, plus you have all the convenience of a single phone bill!

**16. Is there a fee to switch to Cox Long Distance?**

[▲ back to t](#)

**Answer:** There is no charge to switch over to Cox Long Distance. And, Cox Long Distance is simple and affordable. Calls in the U.S are just 10 cents a minute, 24 hours a day.

**17. What's the difference between intra-state and inter-state?**

[▲ back to t](#)

**Answer:** Intra-state refers to calls that originate and terminate within the same state. Inter-state calls originate in one state and terminate in another. For example, a call from Phoenix to Tuscon is considered intra-state, while a call from Phoenix to Houston, TX is inter-state. Cox Communications is licensed to provide both intra and inter-state services to our customers.

**18. What are some of the FCC charges that I see on my bill for?**

[▲ back to t](#)

**Answer:** The Universal Fund Fee was created by the FCC to help provide affordable telecommunications services for low-income families, to remote areas and advanced services, such as Internet access, to eligible organizations. All long distance carriers pay into this fund. The Carrier Line Fee helps recover a portion of fees paid to local telephone companies for access.

**19. With Cox Digital Telephone, will directory assistance be available? How much will it cost?**

[▲ back to t](#)

**Answer:** Directory Assistance is available with Cox Digital Telephone service. Directory Assistance is \$.60 for each use.

**20. Can I have all of my Cox services billed together?**

Cox Digital Telephone: F.A.Q's

<http://www.cox.com/phoenix/telephone/faqs/default.asp>

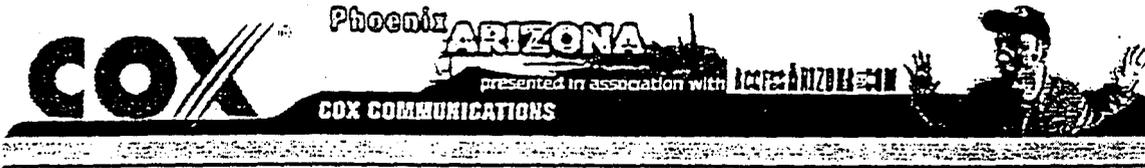
[▲ back to t](#)

**Answer:** Initially, monthly phone service charges will not be included on the same bill as monthly cable service. Eventually, C plans to consolidate the billing systems so that its customers may have that choice.

call (602) 277.1000  
and start saving today

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Cox Press Room

Cox Communications Helps "Wake Up" Telephone Customers

*New voice mail and messaging package for Cox Digital Telephone includes simplified features to meet consumer needs*

February 09, 2000

[Back to press releases.](#)

Cox Communications has announced the introduction of enhanced voice messaging and call management services for customers of its Cox Digital Telephone service.

As part of Cox's ongoing enhancements to provide leading-edge communications services for the home or office, Cox Digital Telephone customers will enjoy convenient features such as Automatic Callback and other new options to simplify their everyday needs. Automatic Callback allows customers to return phone calls after listening to their messages and brings them back to their original messages after completing the call. Instead of a surcharge or higher price for these calls, customers will only pay the standard Cox rates for local and long distance calling.

Later this year, Cox will introduce additional expanded features to include a wake-up service, which can be set to automatically ring customers at home as a personal wake-up service. The platform also provides the capabilities for voice mail, "find me" searching and voice-activated dialing.

"We're committed to offering our customers the most complete, advanced telephone service package available," said Della Berg, director of telephony services for Cox. "Our new messaging services complement an existing wide array of telecom features that includes

Section: [Navigation](#)  
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(623) 322.8002  
Cox Communications,  
Inc  
Phoenix, Arizona  
1550 W. Deer Valley Road  
Phoenix, AZ 85027

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local and long-distance telephone service, high-speed Internet access and digital cable television programming.”

Cox Digital Telephone is a facilities-based local exchange service delivered via Cox’s advanced broadband communications network for Phoenix-area residences and businesses. The company currently offers its telephone service to approximately 200,000 homes valley-wide. By early 2002, the service will be available valley-wide.

Cox Digital Telephone service is competitively priced at 10 percent less than the incumbent local telephone provider on a first line, 50 percent less on a second line. Cox Digital Telephone offers all of the same features available from the incumbent telephone provider, including Call Waiting, Caller ID and Call Forwarding.

Cox Communications in Phoenix is owned and operated by Atlanta-based Cox Communications, Inc., (NYSE:COX) and is among the nation’s largest operators of broadband communications. Approximately 70% of Cox’s 11,000-mile hybrid fiber coaxial cable network upgrade is completed throughout the greater Phoenix area, providing high speed Internet access, digital telephone service and digital television. Cox Communications currently serves more than 640,000 customers in 23 communities throughout the Valley. Additional information about Cox Communications in Phoenix is available at [www.cox.com/phoenix](http://www.cox.com/phoenix).

[Back to press releases.](#)

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Cox For Your Business

A Better Choice...

If your business is looking for a full-service communications provider, delivering exceptional customer service, over one of the world's most advanced networks, you've found us! Cox Communications presents Cox Business Services. Cox Business Services provides a complete line of telephone, Internet access and transport solutions, delivered over our broadband metropolitan network, and supported by a customer care center staffed with communications professionals dedicated to the success of your business. Cox Business Services has built a team, a network, and a suite of communications solutions to help make you successful - and it all comes at a great value!

Section Navigation  
Phoenix, Arizona  
At A Glance:  
Voice Services  
Cox@Work  
Cox Fibernet  
Testimonials

Superior Technology...

SEARCH [ ] GO



Not all networks are created equal. Cox offers one of the most reliable, robust broadband networks in the world. Our network combines thousands of route miles of fiber-optic cable with a self-healing, ring-in-ring architecture that features path diversity and redundant electronics. And we monitor the network 24 hours a day, 7 days a week from our national Network Operations Centers (NOC).

The high quality redundant design and network monitoring of our 100% SONET network ensures your business' communications services are there when you need them.

In addition to service reliability and security, Cox's network is both high-performance and scalable, providing ample bandwidth to deliver a full range of telephony, high-speed Internet, and voice, data and video transport services. And because we are a facility-based communication provider, Cox provides your business with the products and solutions you need to do business effectively. And you get it all from a single provider -- Cox Business Services.

Solutions for Every Business...

Whether you manage a home-based business or an office of five or five hundred, Cox Business Services offers businesses like yours affordable communications solutions, including switched voice services, high-speed

CONTACT US

Internet access, and point-to-point voice, data, and video transport services.

- **Voice Services**

Cox offers a full suite of voice services, ranging from basic dialton and calling features to more complex services, including PBX trunking arrangements, Primary Rate ISDN, and Centrex Services. Cox Business Services works with you to find the solution that be fits your business.

- **Internet Access**

If you need email, web browsing, business domain name support or web design, development and hosting services, Cox provides the solutions you need to get your business online. Cox provides you a high-value alternative to dial-up, ISDN, DSL and DS1/DS3 Internet access connections. Cox also provides solutions for businesses large and small interested in telecommuting services. Using Virtual Private Network (VPN) technology, Cox can provide high-speed access to the corporate network from your employee' homes.

- **Transport Services**

Cox Business Services provides a variety of custom solutions for businesses requiring dedicated point-to-point voice, data, and video services. Common transport applications include dedicated connections between company locations, interconnecting compan PBX's, and establishing direct connections to long distance carrier or Internet service providers (ISP). Cox's transport services range in bandwidth from 56 Kbps (kilobits per second) to more than 2 Gbps (gigabits per second).

### **Service Makes the Difference...**

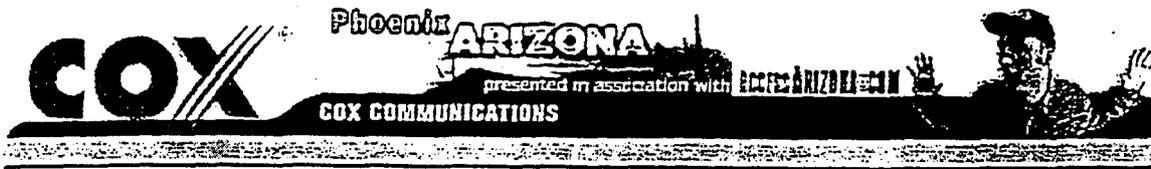
Cox understands exceptional customer service shouldn't be the exception. Cox business customers are supported by a local, dedicated customer service center staffed by communications professionals who are available 24 hours a day, 7 days a week. Our Business Services team works with you to identify savings opportunities and how different technologies and solutions may help increase your



company's efficiency. With Cox as your business partner, your company will have a staff of responsive professionals at its disposal -- because to Cox, service does make all the difference in the world.

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ABOUT COX

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Market:

Cox Business Services offers a suite of switched voice services designed to deliver businesses cost-effective communications solutions. Cox's family of voice products and services include applications for businesses ranging in size from home offices and small businesses to large, complex corporate environments.

Section Navigation  
Phoenix, Arizona  
At A Glance  
Testimonials



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[ ] go

Technology:

Cox's broadband network provides businesses with dependable, secure communications services. Cox's self-healing fiber optic network incorporates a ring-in-ring architecture with 100 percent SONET-based transmission equipment. The survivability of Cox's network elements ensures your business' communications services are there when you need them. To further ensure Cox's network reliability, Cox monitors its ring network 24 hours a day, 7 days a week from its national Network Operations Center.

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Products & Services:

Cox offers a variety of voice solutions, ranging from simple dialtone to complex corporate applications, all of which are tailored to help your business operate more efficiently. Cox's basic voice products include business telephone lines, Caller ID, Voice Mail, Call Forwarding, Conference Calling as well as several other vertical services. Among Cox's more sophisticated applications are PBX trunking arrangements, switched DS-1's, Primary Rate ISDN, and Centrex services.

Features & Benefits:

- Key features and benefits of Cox's switched voice services include:
- Custom Solutions: Cox works with your company to identify specific

communications needs and can tailor a solution for your business.

- Low Cost, High Value: All of Cox's products and services are competitively priced, in many instances Cox provides material discounts relative to incumbent communications providers.
- Crystal Clear Connections: Cox's fiber optic network delivers businesses clear, reliable, secure connections.
- Convenience: Cox provides business customers one billing statement for local and long distance charges. Customers can also keep their current telephone numbers when they switch to Cox.
- 24 X 7 Customer Care: Cox maintains a local customer care center dedicated exclusively to business customers in Phoenix. The call center's communications professionals are available 24 hours a day, 7 days a week.

**More Info:**

If you would like to learn more about Cox Business Services products and services, product pricing, or service availability you can contact our business center at 623.322.2000.

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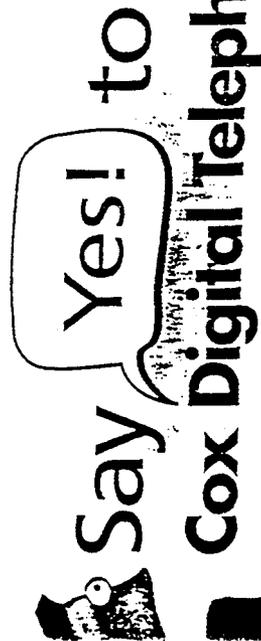
**Cox offers quality, reliability and savings!**

Cox Communications offers you a better choice in telephone service. Discover why so many of your neighbors and friends are saying "Yes!" to Cox Digital Telephone.

**Experience fiber-optic technology.** Our state-of-the-art digital network delivers crystal-clear connections. And we monitor the system 24 hours-a-day to keep it trouble-free.

**Save 50% on your second line.** A second line makes sense for so many reasons — Internet use, a dedicated fax line, teenagers and more. With Cox, a second line is just \$6.50 a month.

**Get great long-distance rates.** Our all-day, everyday rates make it easy to stay in touch — and even easier to do the



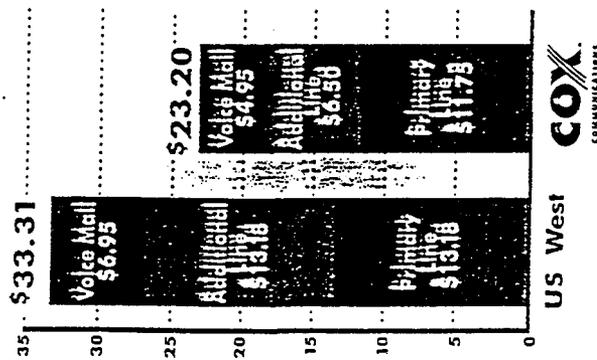
...re up to 30% a month

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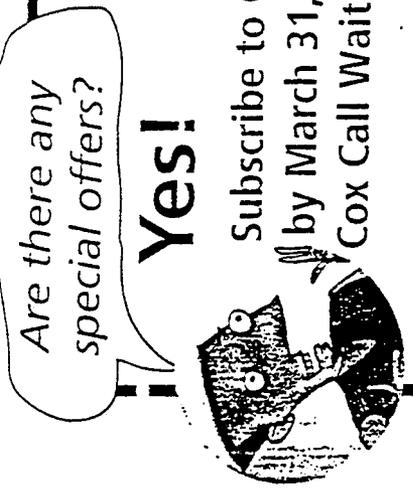
...itching is easy

**2-795-7964**



Switching to Cox Digital Telephone can add up to savings of more than \$100 a year!

Based upon published rates of US West as of 1/00. Rates are subject to change, which may affect accuracy of comparison.



Subscribe to Cox Digital Telephone by March 31, 2000, and receive Cox Call Waiting free for five months!



math! Call anywhere in the USA for only 10¢ a minute. There's no monthly fee and no rules about how long you have to be on the phone to get these great rates. Ask about our low international rates.

**Try it.** Cox guarantees your satisfaction. If you're not completely satisfied, we'll refund your first month's charges on your primary line (excluding taxes, fees and long-distance charges). And our Offer Guarantee gives you a \$20 credit on your next bill if our service technician doesn't arrive within a 4-hour service window.

**We're here to help.** You'll enjoy our award-winning customer service. So, for great service and guaranteed savings, sign up for Cox Digital Telephone service today. Simply call 602-277-1000.

\*Savings of up to 30% are based on a comparison of Cox Preferred Rates of the combination of primary line and second line that rate service plus voice mail compared to US West published rates as of 1/2000 for the same service combination, as listed in the chart. A similar comparison was conducted to calculate the 50% savings on the purchase of the second line rate service only. Some illustrated pricing reflects Cox Preferred Rates for customers who also qualify for special rates. Cox Call Waiting is available only to new Cox Digital Telephone subscribers responding to this offer. Customer must subscribe to Cox Digital Telephone by March 31, 2000, to receive Cox Call Waiting. Unless disconnected, Cox will begin billing Call Waiting at the tariffed rate of \$4.00 per month after the first 12 months of service. Offer ends 3/31/00. All rates include taxes and surcharges. First month refund applies within first 12 months of service. Offer ends 3/31/00. All rates include taxes and surcharges.

Cox Digital Telephone, huh?  
So it sounds just as good?

yes.

And it's up to 30% less  
than what I'm paying now?

yes.

And tens of thousands of  
people are already using it?

yes.

And it's easy to switch?

yes.

Cool.



**FREE CALL WAITING**  
See details inside

\*\*\*\*\*E\*\*\*\*\*RLODT \*\*C-080  
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Phoenix, AZ



movies and Pay-Per-View events, as well as discounted tickets to Cox-sponsored events.

Cox is also introducing the "Refer a Friend" program. With this new program, customers will receive a \$10 credit on their monthly cable bill when they "Refer a Friend" to Cox Communications, and their friend will receive an additional \$10 credit as well.

Cox Communications will continue its emphasis on customer care excellence by offering twenty-four hour, seven-day-a-week (24/7) on-time customer service, with a guaranteed two-to-four hour service window. With Cox's "On Time Guarantee," customers will receive a free install if a Cox representative is late; if Cox is not on time for a service appointment, the customer will have \$20 credited to their account. Cox

Communications Vice President and General Manager Gregg Holmes said, "At Cox Communications, we are consistently looking for new ways to serve and meet the needs of our customers. The Cox Value Club and Wirelink, together with our overall commitment to customer satisfaction, help to ensure our products and services continue to represent the best value in the Valley."

Cox Communications is notifying customers with details of the pricing and packaging adjustments in a direct mail campaign that began July 30. The notification includes a \$10 savings certificate for upgrades to Cox Digital Cable, Cox@Home and Cox Digital Telephone, as well as for Pay Per View movies. Registration forms for "Cox Sure Pay," a new electronic payment feature, and for free Wirelink are also included. For more information, customers can contact Cox Communications' customer service center at (602) 277-1000.

## **COST SAVING OPTIONS**

**Cox Value Club** - Cox is introducing the all-new Cox Value Club, which packages Cox Classic service together with five premium movie channels (HBO, Showtime, Cinemax, STARZ! and The Movie Channel) at a discounted rate of almost \$8 a month. The Cox Value Club also offers savings on Pay-Per-View movies and Pay-Per-View events, as well as discounted tickets to Cox-sponsored events.

**\$10 Off Coupon** - Customers receive a \$10

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credit on Cox Digital Cable, Cox@Home and Cox Digital Telephone. Just complete the "\$10 Off" coupon and submit it to Cox Communications when you connect to any new Cox digital service.

**Cox WireLink** - save \$3 or more every month!  
- Cox's free Wirelink service ensures that customers' telephone wires are always in perfect working order. This complementary service saves customers at least \$36 a year compared to other competitors' wire maintenance plans.

**Cox SurePay** - Save time! Save postage! Cox Sure Pay, an electronic payment plan, offers direct debit to customers' checking accounts for their monthly Cox bill.

**Refer a Friend** - Customers will receive a \$10 credit on their monthly cable bill when they "Refer A Friend" to Cox Communications, and their friend will receive a \$10 credit as well.

Cox Communications in Phoenix is owned and operated by Atlanta-based Cox Communications, Inc., (NYSE:COX) and is among the nation's largest operators of broadband communications. Approximately 70% of Cox's 11,000-mile hybrid fiber coaxial cable network upgrade is completed throughout the greater Phoenix area, providing high speed Internet access, digital telephone service and digital television. Cox Communications currently serves more than 640,000 customers in 23 communities throughout the Valley. Additional information about Cox Communications in Phoenix is available at [www.cox.com/phoenix](http://www.cox.com/phoenix).

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**Cox Digital Telephone.**

- Save up to 30% a month
- Local and long distance from one company
- Keep your current telephone number
- Free activation
- Switching is easy

Subscribe to Cox Digital Telephone  
by March 31, 2000, and receive  
Cox Call Waiting free for five months!

Call 602-795-7963

**COX**  
COMMUNICATIONS

Now you're living:

\*Savings of up to 30% are based on a comparison of Cox Preferred Rates of the combination of primary line and second line flat rate service plus voice mail compared to USWest published rates as of 1/28/00 for the same service combination. Pricing reflects Cox Preferred Rates for customers who also buy either cable or internet access service from Cox. Free activation excludes inside wiring installation. Free Call Waiting is available only to new Cox Digital Telephone subscribers responding to this offer. Customer must subscribe to Cox Digital Telephone to receive Cox Call Waiting. Unless disconnected, Cox will begin billing Call Waiting at the tariffed rate of \$4.00 per month after the free five-month period. All rates herein do not include taxes or surcharges. Fiber-optic technology not available to customers served by the pre-existing Telephone Plus network. Service may not be available in all areas. Rates may be subject to change and limitations may

# Finally a better choice for saving on your phone service

**Compare  
and you'll  
choose Cox**

**Let's face it,** no one can do without their phone. But every one can do without the big phone bills.

That's why there's Cox Digital Telephone. Using the upgraded digital fiber-optic network that delivers cable TV and high-speed Internet service, Cox Digital Telephone offers reliable, high-quality local telephone service at a savings of up to 30% every month.\*

**Risk-free, money-back guarantee.** With Cox we guarantee you'll enjoy savings, reliable service and award-winning customer support. In fact, if you're not completely satisfied with our service, we'll refund the first month's charges on your primary line.\*\*

Now choosing guaranteed savings and superior service is easier than ever. In fact, your choice is crystal clear. Join thousands of satisfied customers and take advantage of your Cox connection. Call today and make the switch to Cox Digital Telephone.

## Upgraded fiber-optic network.

Our digital fiber-optic network will provide you with clear connections for all your communication needs. We monitor our network around-the-clock to ensure the best possible quality and reliability.

## Add a second line. Subtract even more from your bill.

With today's hectic lifestyles, there are a lot of reasons for having a second line. Whether it's because you have kids, on-line access or a fax machine. Whatever the reason, with Cox Digital Telephone it'll cost you \$6.50 a month. That's over 50% less than US West.

## Cox Digital Telephone® Service Summary

SERVICE	US WEST	COX
Primary Line	\$13.43	\$11.75
Second Line	\$13.43	\$6.50
Long Distance In State	Up to 30¢/min.	10¢/min. anytime
Long Distance Out-of-State	Up to 30¢/min.	10¢/min. anytime
Voice Mail	\$6.95	\$4.95
Activation	\$46.50	FREE**

Save over 50% monthly!

No restrictions. No plans to join.

Save over 25% monthly!



**Call 602-277-1000**

**for guaranteed savings;**

[www.phx.cox.com](http://www.phx.cox.com)

\*Illustrated pricing reflects Cox Preferred Rates (for customers who have at least one other qualifying Cox service). 30% savings refers to Cox Preferred Rates for the service combination of primary and second line flat-rate service and voice mail compared to US West's 9/99 published rates for the same service combination. Long distance rates within the United States. Rates do not include taxes or surcharges. Rates may be subject to change and limitations apply. Service may not be available in all areas. \*\*Activation excludes inside wiring. Limited time offer. Cox reserves the right to terminate the free activation offer at any time. \*\*\*Excludes inside wiring and long distance charges. Call Cox Communications for more details. ©1999 Cox Communications, Inc. All rights reserved.

Call 602-277-1000

today and start saving.



Now we can connect you  
to big savings  
on your local phone service  
each month —  
guaranteed.



Della Berg  
Director, Telephone Marketing

1550 West Deer Valley Road  
Phoenix, AZ 85027

## Choose Cox and we can connect you to savings of up to 30% each month.

February 18, 2000



\*\*AUTO\*\*\*\*\*5-DIGIT 85254

Telephone User  
16014 N 58th Pl  
Scottsdale, AZ 85254-1875



Dear Telephone User:

Imagine having a choice that would let you save up to 30% on your phone service.\* A choice to pay just 10 cents a minute for all of your long distance calls within the United States.

Well, now you can have that choice — with Cox Digital Telephone.

### Superior technology for reliable connections.

Using our digital fiber-optic based network, Cox Digital Telephone offers both substantial savings and clear connections. So even though you're cutting down on the size of your phone bill, you won't be cutting back on the quality of your calls.

And of course, the award-winning service you have come to expect from Cox will now be available for your phone service — 24 hours a day, seven days a week.

### A second line for \$6.50.

Today, there are a lot of reasons to have a second phone line — the kids, on-line access, or a fax machine, just to name a few. But here's one reason to subscribe to a second line — a monthly charge of \$6.50\* — that's a tremendous savings. Plus, with Cox Digital Telephone you'll save even more on time-saving features like Voice Mail.

### No hassles. Switching is easy!

Switching to Cox Digital Telephone is easy. Just give us a call, we'll do the rest. Activation is FREE.\*\* And if for any reason you are not satisfied with our service, we'll refund the first month's charges on your primary line!†

Thousands of customers are already enjoying our reliable service and savings. So why not join them and call 602-277-1000 today? With Cox Digital Telephone, you have a choice. A crystal-clear choice.

Sincerely,

Della Berg

P.S. Don't wait to start saving up to 30%. call 602-277-1000 today!

\*Illustrated pricing reflects Cox Preferred Rates (for customers who also buy either cable or Internet access service from Cox). \*Savings of up to 30% are based on a comparison of Cox Preferred Rates for the combination of primary line and second local line flat rate service plus voice mail compared to US West's 9/99 published rates for the same service combination. Rates do not include taxes or surcharges. Rates may be subject to change and limitations apply. Service may not be available in all areas. \*\*Activation excludes inside wiring. Limited time offer. Call Cox Communications for more details. †First month refund applies within first 12 months of service and excludes inside wiring and long distance charges. ©2000 Cox Communications, Inc. All rights reserved.

# Make The Better Choice...



Cox is bringing a better choice in telephone service to your home: Cox Digital Telephone service. It's a better choice because it gives you greater value. For starters, you'll pay less than you're paying now for the same monthly services with USWest. Guaranteed. Plus, your calls will be immediately connected over our superior digital fiber-optic network. If you ever need assistance or repairs, you'll have the best people in the industry on call, 24 hours a day.

## Better Technology

Cox Digital Telephone service is provided over an upgraded superior digital fiber-optic network that has made Cox first in reliability. Our state-of-the-art technology assures you of crystal-clear connections. To keep your phone service trouble-free, we monitor the network 24 hours a day.

Compare And You'll Choose Cox.

Cox Digital Telephone

US West

Monthly Line Charge	\$11.75	\$13.43
Long Distance	10¢/min.	Up to 30¢/min.
Second Line	\$6.50	\$13.43
Worldwide Long Distance	Yes	No
Installation Charge	FREE*	\$46.50

\*Free as published as of November 15, 1998. Rates subject to change.

## Better Customer Service

Cox Communications is a company you can depend on for superior quality and award-winning service. You can expect the best, because that's our ongoing commitment to you. We schedule service calls to be as convenient for you as possible. And we give you an On-Time Guarantee that guarantees we will arrive within a 4-hour service window—if we don't, you will receive a \$20 credit on your next bill.

## Better Value

Save on your monthly line charge every month. And features like Call Waiting and Voice Mail are also less. If you would like a second line for a computer, fax machine or your teenager, you can get one for just \$6.50 per month.

Line 1	\$11.75	\$13.43
Line 2	\$6.50	\$13.43
Caller I.D.	\$5.00	\$5.95
Call Waiting	\$4.00	\$5.00
Voice Mail	\$4.95	\$6.95
Total	\$32.20	\$44.76

You Can Save 28% every month. That adds up to more than \$150 a year you'll save by switching to Cox!

## Satisfactic Guarantee

To make it even easier, we guarantee you satisfaction. If you are not completely satisfied with Cox Digital Telephone service, we'll refund your first month's charges on your line (excluding local and long-distance, and long-distance).

## Long Distance

Cox Long Distance is simple and affordable. In-state and out-of-state calls (within the continental U.S.) are just 10¢ per minute, 24 hours a day. Plus, you'll have the convenience of a single phone bill.

**COX** Digital Telephone

Call 1-888-333-21





Della Berg  
Director, Telephone Marketing

1550 West Deer Valley Road  
Phoenix, AZ 85027  
602-277-1000

January 19, 2000

\*\*\*\*\*ECRLOT \*\*C-079

Telephone User  
16014 N 58th Pl  
Scottsdale, AZ 85254-1875



Dear Telephone User:

I'm excited and pleased to offer you a better choice in local phone service.

In another step toward becoming your full-service communications provider, Cox's upgraded digital fiber-optic network will bring you something new: Cox Digital Telephone service.

Every call is connected over our superior digital fiber-optic network, which millions of customers rely on every day. You can have confidence in this new service because it's brought to you by Cox Communications, a company you already know.

## Cox Digital Telephone.

### Guaranteed Savings And Satisfaction.

We guarantee that Cox Digital Telephone service will provide superior value. With Cox, you'll pay less than you're paying now for the same monthly services with U S West.

There's another important way Cox Digital Telephone will save you money. With Cox Long Distance, all domestic long distance calls are just 10¢ a minute, 24 hours a day. In addition, with Cox, you'll receive guaranteed satisfaction. If you're not completely satisfied with Cox Digital Telephone service, we'll refund your first month's charges on your primary line (excluding long distance charges). That's hard to beat. And since your activation is FREE,\* it's a no-risk offer!

### Another Line Makes Your Life Easier.

You'll also be able to subscribe to a second line for just \$6.50 per month.\*\* That's a tremendous savings which makes adding a line for a teenager, a dedicated fax, or online computer usage a lot more affordable.

### Expect The Best!

With Cox Digital Telephone you can expect fast, clear digital connections, courteous service, and a guarantee of satisfaction. Our commitment to quality has been recognized and earned us such awards as *Cablevision* magazine's "1998 Innovator Award and Education Innovator Award". In addition, Cox was granted its second consecutive award for "Most Innovative Cable Company" from *Inter@ctive Week* magazine for years 1998 and 1999. Truly, Cox can be your better choice for local telephone service.

Make the switch to Cox Digital Telephone now, so you can start saving right away. Just give us a call at 602-277-1000.

Sincerely,

A handwritten signature in dark ink, appearing to read "Della Berg", written over a horizontal line.

\* Free activation offer subject to limitation and is for a limited time only. Cox reserves the right to terminate at any time. Service not available in all areas.  
\*\* Pricing reflects Cox Preferred Rates (for customers who have at least one other qualifying Cox service). Prices do not include taxes or surcharges. Guaranteed savings over U S West refers to the primary and additional line flat rate service plan. Based on published rates of U S West as of September, 1999. 12927

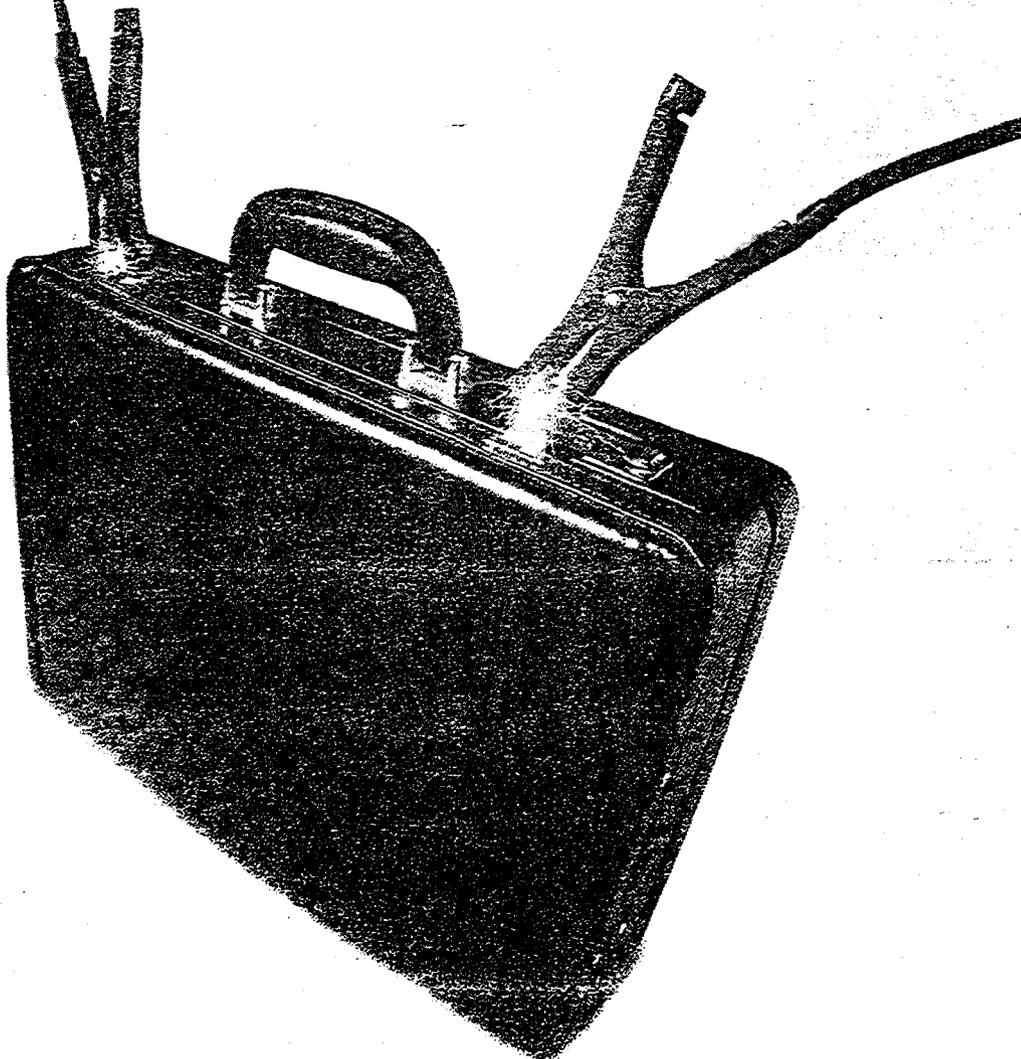
Nothing can energize the productivity of your company like a connection from Cox Business Services. We offer digital telephone service and high-speed Internet access that's faster than DSL. And it's all delivered over our own fiber-optic based network for high reliability.

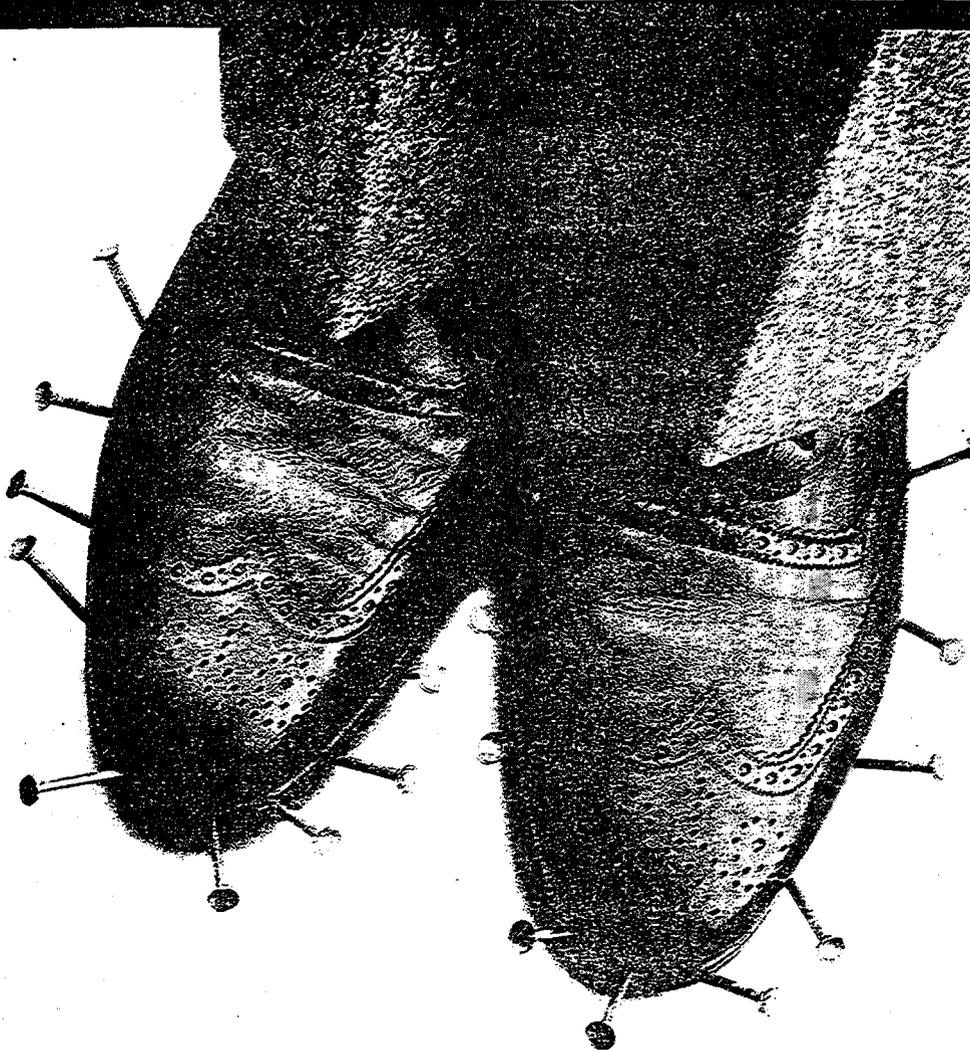


So go ahead and get connected. It's the jump-start your business needs to compete in the Net Economy. For more information, call (623) 822-2000 or visit [www.cox.com/phoenix/business](http://www.cox.com/phoenix/business).

*Plug in. Do business.™*

We're juicing up businesses all over the Valley.





Without the right connections,  
it's rather difficult for your business to move forward.

If you're not wired for the future, your business is going nowhere. And fast. But with a connection from Cox Business Services, you get everything you need to make it in the Net Economy. Like high-speed Internet access and digital telephone service – all delivered over our own fiber-optic based network for high reliability.

So go ahead and get connected. Because in today's lightning-fast business world, you don't want to be caught standing still. For more information, call (625) 322-2000 or visit our website at [www.cox.com/phoenix/business](http://www.cox.com/phoenix/business).

**COX** Business  
Services.

*Plug in. Do business.™*



What's so different about our phone technology?  
For starters, it was invented in the last hundred years.

Crystal-clear, fiber-optic telephone service for business.

Does the phone company's 1870's technology really belong in today's business world? We don't think so. That's why we offer the modern-day alternative of Cox Digital Telephone service. It's a crystal-clear connection that's extremely reliable because it's delivered over our state-of-the-art, fiber-optic based network that's monitored around the clock. But that's not the only way we run circles around the competition. You also get rates up to 10% less than the phone company. Responsive customer service. Local and long-distance service from the same company. Not to mention a long list of optional features. It's your call: Antiquated past. Or bright, bright future. For more details, call (623) 322-2000 or visit us at [www.phx.cox.com/business](http://www.phx.cox.com/business).



Cox Business Services

Service not available in all areas served by Cox. Our 1999 savings reflect a comparison between the resulting charges for a single business line and a select package of customer services offered by Cox versus the 1999 published rates of US West for the same combination of services. Amounts of savings may vary based on the services included in comparison. Rates subject to change. ©1999 Cox Communications, Inc. All rights reserved.

## Telephone and Internet access services for business.

If you think Cox is just the hometown cable company, it's time you looked at the bigger picture. Truth is, we're one of the largest broadband communications companies in the nation, providing competitively priced communications solutions to businesses of any size. Delivered over a fiber-optic based network instead of traditional telephone lines, our high-bandwidth data, Internet access and local and long-distance telephone services give you higher speeds and lower costs than alternative solutions. You also get the benefit of superior 24/7 customer service, and the convenience of dealing with just one company. We're aggressively expanding our Phoenix coverage area, so there's a good chance we'll be in your area soon, if we're not there already. So give us a call. Because, like they say, in business it's all about connections. For more details, call (623) 322-2000 or visit us at [www.phx.cox.com/business](http://www.phx.cox.com/business).

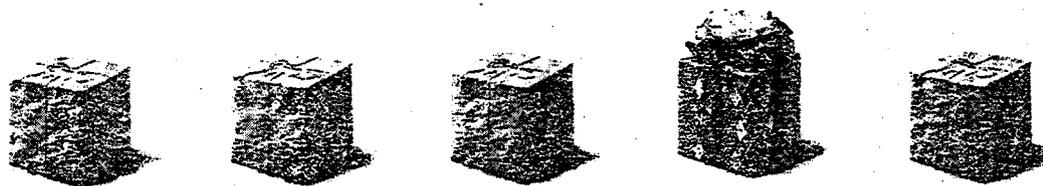


## Cox Business Services

We've got connections in high places.



Some services may not be available in all areas of Phoenix. ©1999 Cox Communications, Inc. All rights reserved.



What's so different about our business phone service?  
Let's just say it's a more attractive package.

#### Local and long-distance telephone service for business.

The business world now has an appealing alternative to the phone company. It's Cox Communications. And our Cox Digital Telephone® service is anything but the same old line. It's a crystal-clear connection that's highly reliable since it's delivered over our own fiber-optic based network that's monitored around the clock. But that's only part of the package. You also get one convenient bill that covers both local and long-distance charges. Rates up to 10% less than the competition. And optional features like call waiting, conference calling and voice mail, just to name a few. But clearly, what stands out most is our customer service. We're local, responsive and available. In other words, nothing like you-know-who. So give us a call. Then unwrap an exciting new alternative. For more details, call (623) 322-2000 or visit us at [www.phx.cox.com/business](http://www.phx.cox.com/business).



#### Cox Business Services

Service not available in all areas served by Cox. Up to 10% savings reflects a comparison between the recurring charges for a single business line and a select package of consumer features offered by Cox versus the 10-15% standard rates of US West for the same combination of services. Amount of savings may vary based on the features included in the comparison. Applicable local, state and federal taxes are not included in the comparison. Rates subject to change. © 1999 Cox Communications, Inc. All rights reserved.



How much faster is our business Internet access?  
Let's just say it's an entirely different animal.

### High-bandwidth Internet access for business.

A new species of Internet provider has emerged. And it's nothing like the slow-moving variety that crawls along the Arizona desert. It's Cox@Work™ Internet access for business. Delivered over our existing fiber-optic based network, Cox@Work gives you downstream speeds up to 20 times faster than ISDN. More than 10 times faster than ADSL. And nearly twice as fast as an expensive T1 connection. Yet, most amazingly, it comes with a highly competitive price tag. Cox@Work is a fully managed solution for businesses requiring Internet access, email, Web browsing, domain name support, router-based security and Web design, development or hosting services. And you get it all with 24/7 customer support. So go ahead. Put your business on the fast track. Not the endangered species list. For more details, call (623) 322-2000 or visit us at [www.phx.cox.com/business](http://www.phx.cox.com/business).



### Cox Business Services

Actual speeds will vary. Downstream data speed may be affected by Internet-related factors, such as the location and configuration of each accessed server, network latency, including customer compliance with the applicable usage policies and the level of overall network traffic, whether the data accessed is cached at intermediate, and the customer's computer configuration. Network management needs may require Cox to modify maximum upstream and/or downstream rates. Comparison to DSL based upon ADSL 2+0Kbps service. Service not available in all areas of Arizona. © Work is a trademark of the AT Home Corporation and may be registered in certain jurisdictions. ©1999 Cox Communications, Inc. All rights reserved.

## Telephone and Internet access services for business.

If you think Cox is just the hometown cable company, it's time you looked at the bigger picture. Truth is, we're one of the largest broadband communications companies in the nation, providing competitively priced communications solutions to businesses of any size. Delivered over a fiber-optic based network instead of traditional telephone lines, our high-bandwidth data, Internet access and local and long-distance telephone services give you higher speeds and lower costs than alternative solutions. You also get the benefit of superior 24/7 customer service, and the convenience of dealing with just one company. We're aggressively expanding our Phoenix coverage area, so there's a good chance we'll be in your area soon, if we're not there already. So give us a call. Because, like they say, in business it's all about connections. For more details, call (623) 922-2000 or visit us at [www.phx.cox.com/business](http://www.phx.cox.com/business).



## Cox Business Services

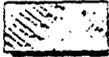
We've got connections in high places.



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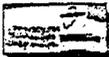
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## e.spire™ INTRODUCES e.spire XpressLink™ INTEGRATED VOICE, DATA AND INTERNET PRODUCT SUITE FOR SMALL- TO MEDIUM-SIZED BUSINESSES

FOR IMMEDIATE RELEASE

e.spire Leverages Nationwide Tier-1 Internet and Data Network To  
Deliver New Industry-Leading Offerings

ANNAPOLIS JUNCTION, MD, OCTOBER 26, 1999 – e.spire  
Communications, Inc. (Nasdaq: ESPI), the communications company for  
the networked economy, announced today the rollout of the e.spire  
XpressLink suite of integrated products that combine traditional voice  
services with frame relay or high-speed dedicated Internet service.

This suite of scalable integrated products is supported by e.spire's  
nationwide Tier-1 Internet and data network. e.spire is one of few U.S.  
telecommunications providers with a fully-deployed, fully-operational  
backbone of this scope already in place.

Delivery of the integrated product suite is the next step of e.spire's  
previously announced strategy to combine its data and voice marketing  
initiatives to bring innovative solutions and savings to small- to  
medium-sized business customers. Now businesses can bundle voice  
services, including local, long distance and toll-free, with frame relay or  
dedicated Internet service using a single T-1 access facility.

By combining data applications with voice traffic on the e.spire network,  
customers save between 20%-30% on their communications costs,  
compared with the costs of traditional services from incumbent carriers,  
and this combination of services improves the efficiency of T-1 access  
facilities, thus also reducing e.spire's costs of doing business.

"e.spire has developed an attractive portfolio of services, including flexible  
integrated service offerings," said a key analyst group, Stratecast Partners,  
in its recently published comprehensive industry report, U.S. Competitive  
Operator Strategies.

"This announcement reinforces e.spire's commitment to being a data  
market leader, providing high-speed data products and services that  
connect small- to medium-sized business customers to the networked  
economy," said Richard Putt, e.spire Executive Vice President of Sales and  
Marketing. "Many companies claim integrated offerings, but very few can  
deliver the convenience and savings associated with true technological and  
business process integration."

The integrated offering has changed the way small businesses consider  
their communications choices. A regional business with a headquarters in  
one city and warehouses and sales offices in several other cities typically  
needs a full T-1 connection for voice and data at its headquarters but only  
sub-T-1 services for both voice and data at the remote sites. In the  
incumbent's product set, the solution would be two separate sales, two

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<http://www.espire.net/press/press.cfm?PressReleaseID=136>

installations and two invoices—and expensive.

Instead, now businesses can choose a more efficient and cost-effective alternative—an e.spire XpressLink solution—that bundles the services at the remote locations. This solution provides the best technology and quality of service at significant cost savings for the customer, and, because of e.spire's robust billing capability, the customer can decide whether to bundle the billing on a single invoice or separate the billings for cost accountability.

"Our new e.spire XpressLink suite provides the ideal solution for businesses that want the speed and reliability of a frame relay or dedicated Internet connection, along with the savings and convenience of one network, one provider and a single consolidated monthly invoice," said Putt.

e.spire owns and operates local networks in 38 markets, a long-haul network from New York to Northern Virginia, and a nationwide Tier-1 Internet and data backbone. Over the past year, e.spire has continued to make topological changes to the network to enhance efficiencies, while continuing to meet all of its performance metrics.

e.spire Communications, Inc. is a leading integrated communications provider, offering traditional local and long distance, Internet access and Web-hosting services, and advanced data solutions, such as ATM and frame relay. In addition, e.spire's subsidiary, ACSI Network Technologies, Inc., provides third parties, including other communications concerns, municipalities and corporations, with turnkey fiber-optic design, construction and project management expertise. For more information on e.spire, contact <http://www.espire.net>.

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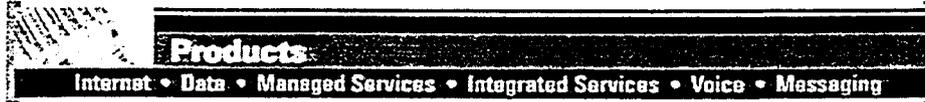
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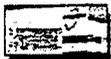
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## Products Overview

Your business is dynamic. You need the latest in internet, data, and voice communications capabilities to be competitive. You also need the best possible value for your money. e.spire understands your requirements. We are focused on meeting your requirements by offering:

- a choice of service providers- you have an alternative to the incumbent monopoly that has provided your local phone service in the past
- the convenience of a single, customer focused, reliable business partner
- a complete portfolio of voice, data, and internet solutions
- integrated voice, data, and internet solutions that provide the benefits of a single invoice, single account representative, single point of contact for Customer Care, and an integrated network.

Visit any of the Product pages to understand our Product portfolio and identify how we assist your business.

- OR -

If you're interested in selling e.spire products by becoming an authorized e.spire sales agent,



Fill Out the  
Auth. Sales Agent  
Application Form...

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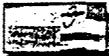
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## e.spire XpressLink PLATINUM

One T-1 does it all. e.spire PLATINUM delivers a single source solution for all of your business telecommunications services. With e.spire PLATINUM you get a powerful and cost-effective multi-function T-1 designed to accommodate your full range of local, long distance, toll-free and data requirements. And, since you can tailor e.spire PLATINUM services with additional business productivity tools, such as custom calling features, voice mail, and conference calling, you get the right fit, at the right price, from a single Integrated Communications Provider.

### Cost Saving Solutions

Large and small businesses alike benefit from the scalability of e.spire PLATINUM. By enabling you to select the combination of lines or trunks you need, up to 24 per T-1, your lines are easily configured to conform to your business communication patterns, for both voice and data connections. e.spire savings are significant when compared to most providers because we can offer Dedicated Internet Access or Frame Relay on the same T-1 as your voice service.

### e.spire PLATINUM means:

- Lower local telephone service costs for Business Exchange Lines, Analog PBX Trunks and Digital PBX Trunks
- Long distance and toll-free service discounts that were once only available to Fortune 500 companies
- Lower Internet and Frame Relay access cost because you can combine your Internet and Frame Relay requirements with your voice services.
- Premier Customer Care

And, since we consolidate all service fees on one simple easy-to-read invoice, tracking and accounting procedures are streamlined.

### What's Included?

- T1
- 24 channel bank
- Router (Premier Internet Access Service Level only)

### One Stop Shop

Because all services are delivered through a single point of contact, you benefit from:

- Dedicated local account team
- Easy, hassle free installation
- Proactive monitoring
- 24x7 toll-free Customer Care

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<http://www.espire.net/products/voice/platinum.cfm>

- Efficient problem tracking and escalation processes.

If you are ready for a single provider of voice and data solutions, reduced network expenses, and an effective way to manage your telecommunication costs, then you are ready for e.spire PLATINUM. With e.spire PLATINUM, you gain all the benefits, without the overhead burden.

If you are interested in any e.spire Voice Service, please email our Product Management Department or call 1.888.6espire.

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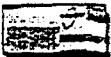
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### e.spire XpressLink Local Calling

Dependable and always there, XpressLink Local Calling provides service you can count on. e.spire offers you a comprehensive portfolio of local calling services which satisfy basic as well as complex voice calling needs.

We currently offer three local calling service options to simplify your buying decision. PLATINUM is our flat-rated, all-in-one service which provides 24 lines/trunks plus many enhanced local calling features for one low monthly fee. PLATINUM ISDN is our PRI (primary rate interface) service which offers you the ability to mix voice, data, or video traffic over 24 channels (23B + 1D), and, get a great package of voice calling features. And if our PLATINUM service options don't suit your needs, we provide GOLD - our completely unbundled local calling service. With GOLD you select the number of lines and calling features that are best suited to your business needs.

If you are interested in any e.spire Voice Service, please email our [Product Management Department](#) or call 1.888.6espire.

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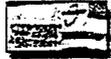
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## e.spire XpressLink Voice Services

e.spire believes that first class voice communication services are a critical ingredient to developing a winning formula in the networked economy. It's pretty simple. The networked economy is about much more than merely linking companies and computers, it's also about connecting people. Your customers, and partners, and vendors aren't companies, they are people. And when people critically need to communicate they choose to talk. If your voice services can't deliver you won't win.

Traditionally, small and midsize businesses who wanted first class voice services had no choice -- the big network providers were the only game in town. With big network providers, size matters. Big corporations get the best rates, the best products, and the best service. Fortunately for small and midsize businesses, there are e.spire XpressLink Voice Services. Developed and designed especially for you, XpressLink Voice Services enable small and midsize companies to compete and win in the networked economy. Choice without compromise -- first class voice communications services unbeatable at any price.

e.spire XpressLink Voice Services offer convenience and flexibility. XpressLink voice services are convenient because they integrate local, long distance, and toll-free on a single T-1. XpressLink Voice Services are flexible because you can choose from either one of our pre-packaged service bundles or select the enhanced calling options and features that are best for your business. Plus, with our Integrated Services you can easily add dedicated internet access or high speed data services.

The only way to provide first class voice service is to build a first rate network. e.spire XpressLink Voice Services are delivered over our state-of-the-art fiber optic network using Lucent 5ESS switches. -- the best voice switch in the world. Our network is engineered to deliver "five-9s" performance. That means that our network is virtually certain to connect you call nearly 24 hours a day, 365 days a year.

We know technology is not enough. e.spire makes it easy to do business with us. One bill, one customer number all delivered by one provider

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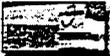
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### e.spire XpressLink Integrated Services

Our customers tell us that they like choices -- particularly when choice means the ability to select innovative new services that make their lives simpler, integrating services in one offering, and billing on one invoice.

We are meeting this demand with the new e.spire XpressLink portfolio of services, which revolutionizes the way customers use and benefit from their telecom services. e.spire XpressLink provides choices that include bundled local, long distance, internet and data, all on a single access circuit with one monthly bill, and serviced by one customer contact providing superlative levels of customer care.

Local voice services can be selected to provide the most popular custom calling features, such as call hunting, call waiting, call forwarding, and three-way conferencing. Customers may also order 800 inbound service.

e.spire XpressLink is designed to fit customers' precise needs and grow with them-without creating a growing bill. Customers can add new voice and data circuits (up to a total of 24 for each T-1) and never worry about incurring any additional "per line" charges.

If you are interested in any e.spire Integrated Service, please email our [Product Management Department](#) or call 1.888.6espire.

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“My boss said cut  
the phone bill.

So I cut the  
phone company.”

— Andrew Kercher  
Vice President  
Datamatic, Inc.



Changing phone companies used to be impossible. But now you have a choice. Call CapRock, the other phone company. We provide local, long distance, internet and high-speed data services for businesses of all sizes — at affordable rates. And no matter how many services you have, CapRock bundles them together on a single monthly invoice. Plus, you'll get personal customer service 24 hours a day. To us, low prices, single billing and great service is what a phone company should be. And at CapRock, that's what it is. Visit us at [www.caprock.com/freequote](http://www.caprock.com/freequote) or call 1-877-CAPROCK.

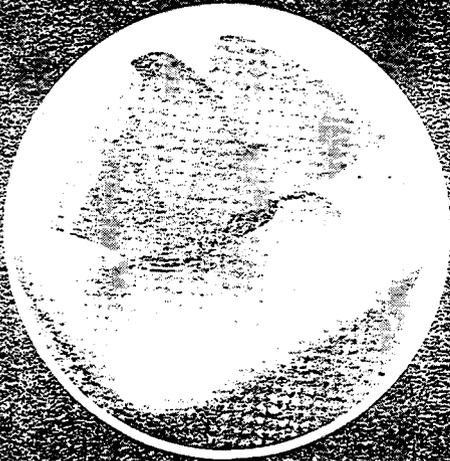


What your phone company should be.

“I cry when I get  
my phone bill.

I just love  
happy endings.”

— Vernet Featherston  
Vice President  
Information Systems  
Sterling Capital Mortgage



If the most stressful part of your job is getting the phone bill, call CapRock. We offer low-cost local, long distance, Internet and high-speed data services for your business — all on one invoice. And because we are building the most advanced fiber optic network in the Southwest, CapRock can assure prices will stay competitive for years to come. With CapRock, you also get personal customer service 24 hours a day. For more information, visit us at [www.caprock.com/freequote](http://www.caprock.com/freequote) or call 1-877-CAPROCK. CapRock. It's what your phone company should be.



What your phone company should be.

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## Residential Products



Sprint Broadband Direct<sup>SM</sup> offers a totally wireless, high-speed connection that transmits data to and from your desktop like you want it - FAST. Sprint Broadband Direct offers two products with varying upstream and downstream speeds to suit your needs.

To order Sprint Broadband Direct for your home, please click [here](#).

Product	Maximum speed receiving	Maximum speed sending
Sprint Broadband Direct <sup>SM</sup>	5 Mbps	256 Kbps
<b>COMING SOON</b> Sprint Broadband Direct Plus <sup>SM</sup>	5 Mbps	512 Kbps

*Note: No matter how fast your connection to the Internet, speeds on the Internet itself can affect download performance. While Sprint Broadband Direct users are connected to a shared channel operating at 10 megabits per second, actual downloads from the Internet will vary in speed. Factors that govern an Internet download speed include the performance of the server hosting the website requested, the bandwidth of the connection between the website's server and the Internet, Internet traffic patterns, router latency and backbone usage. FTP file transfers will be received at higher speeds than HTML web pages. Certain times of day tend to have higher Internet traffic than others. Components in user's PCs may also impose certain speed limitations. Sprint Broadband Direct users can expect download speeds up to and exceeding the megabit per second (Mbps) range on FTP file transfers, in some cases as high as 5 Mbps.*

**HOME**  **Sprint Broadband Direct<sup>SM</sup>** **Special Offers!**

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[Computer Requirements](#)

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**Business Products**

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## Business Products



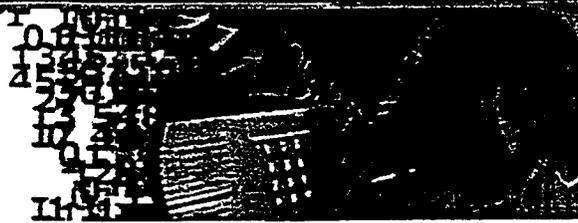
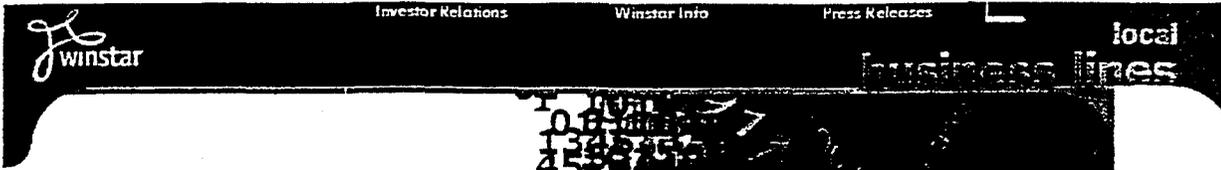
Your business relies on the Internet more and more each day, but the endless wait for downloads over a conventional modem is a frustrating waste of time and money. Now there is a new product that delivers the Internet the way it was meant to be--quick and convenient.

Sprint Broadband Direct<sup>SM</sup> is the wireless, high-speed data network giving you information from the Internet faster and more economically than conventional wire-based options. Sprint Broadband Direct offers two products with varying upstream and downstream speeds to suit your needs.

To order Sprint Broadband Direct for your business, please click [here](#).

Product	Maximum speed receiving	Maximum speed sending
Sprint Broadband Direct Office <sup>SM</sup>	5 Mbps	256 Kbps
<b>COMING SOON</b> Sprint Broadband Direct Office Plus <sup>SM</sup>	5 Mbps	512 Kbps

*Note: No matter how fast your connection to the Internet, speeds on the Internet itself can affect download performance. While Sprint Broadband Direct users are connected to a shared channel operating at 10 megabits per second, actual downloads from the Internet will vary in speed. Factors that govern an Internet download speed include the performance of the server hosting the website requested, the bandwidth of the connection between the website's server and the Internet, Internet traffic patterns, router latency and backbone usage. FTP file transfers will be received at higher speeds than HTML web pages. Certain times of day tend to have higher Internet traffic than others. Components in user's PCs may also impose certain speed limitations. Sprint Broadband Direct users can expect download speeds up to and exceeding the megabit per second*



**VOICE**

Winstar Business Line Services includes all standard services, such as 911, Directory Assistance, Operators Services and Directory Listings.

**Basic Line**

- Hunting
- Touch Tone
- 900/976 Blocking

**Enhanced Line**

- Call Forwarding Busy
- Call Forwarding Don't Answer
- Call Forwarding Variable
- Call Waiting
- Distinctive Ring Two Numbers
- Speed Call 30 Number
- Three Way Calling

**Deluxe Line**

Includes all of the Enhanced Line features plus:

- Anonymous Call Rejection
- Call Trace
- Caller ID
- Distinctive Ring Three Numbers
- Priority Call
- Repeat Call
- Return Call
- Selective Call Acceptance
- Selective Call Forwarding
- Selective Call Rejection

**Highly Recommended Services**

**Business Lines**

**Centrex Lines**

**PBX Trunks**

**Voice Mail**



Local - Business Lines | Centrex Services | PBX Trunks | Voice Mail  
Long Distance - Direct Dial 1+ | Toll-Free 800 | Calling Card  
Integrated Services - Integrated Services

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Our Services

[http://www.teligent.com/default\\_services.as](http://www.teligent.com/default_services.as)

Everything your company  
needs to communicate.

# Finally.



Until now, only the largest companies could get massive amounts of communications power. No longer. Teligent offers any size company high-quality local and long distance phone service. Internet access that is up to 100 times faster than a dial-up connection. Even enough bandwidth for full-motion videoconferencing. All from one company, all on one bill.

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## **Our Services**

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**Local Phone**

**Long Distance**

**Internet and Data**

**Scalability**

**Your Savings**

**The Teligent Guarantee**

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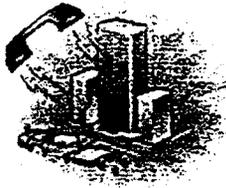
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Teligent Services: Local

[http://www.teligent.com/services/services\\_local.as](http://www.teligent.com/services/services_local.as)

## Local Phone Service

Now that you have a choice for your local telephone service provider, make the right choice. Choose a partner that offers the smart solution — simplicity, service and savings.



Teligent's superior network quality, reliability, affordability and commitment to world-class customer services will take your business into the next millennium.

With Teligent local service, your business enjoys the quality of fixed digital wireless technology — whether calling across the street or around the world. Teligent is proud to offer you a range of services including **analog lines and trunks, digital trunks, T-1s, and expanded calling areas** — all at substantial savings. Teligent's flexible local service offerings are priced attractively in comparison to other local service providers.

### Local Calling Plans

Teligent gives your business a simple choice of local calling plans. Based on your geographic location, we offer a competitively priced local calling plan, "flat unlimited local calling."

Plus, if you're looking for broader coverage than offered by our basic local service, Teligent offers you our Expanded Calling Area service. You will be able to call anyone within a large regional area without incurring additional Local Toll charges.

### Custom Calling Features

Customize your Teligent local calling services by adding a variety of enhanced calling features, like **Caller ID, Call Forwarding, Priority Ringing and Three-Way Call Transfer**. Your Teligent sales representative will help you select the services that make sense for you.

### Voice Mail Services

Let Teligent Voice Mail work for you. For most businesses, missed calls can lead to lost revenue. With Teligent Voice Mail, all your calls will be answered all the time. Plus, it helps eliminate telephone tag and reduces the need for paper messages by ensuring your customers can talk to you even when you're not there.

### Features / Benefits

- **Local Business Lines and Trunks** — Reap added savings and greater value as well as greater calling area

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Long Distance

Internet and Data

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Your Savings

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coverage.

- **Analog and Digital Services** — Design our services to meet your needs and your telephone system's capabilities.
- **Custom Calling Features** — Choose only the features you need.
- **Voice Mail** — Make sure all your calls are answered, all the time.
- **Operator and Directory Services** — Enjoy the quality and convenience of these fundamental services.
- **Emergency 911 Services** — Ensure reliability when you need it most.

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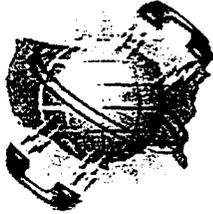
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## Long Distance

Teligent offers you a complete package of long distance services at competitive rates, with all the reliability and clarity you have come to expect.



Plus, we keep it simple. We have flat rates so you know how much you're paying wherever, whomever, and whenever you're calling. All this and unsurpassed customer services is yours with Teligent Long Distance.

### International Calling

Launch your next global initiative with our international service. You can call over 230 locations worldwide.

### Convenient Cost Tracking

Teligent helps you manage your long distance expenditures with flexible, easy-to-use account codes. Whether you need to identify who is placing a call or to assign costs to a project, Teligent makes it simple.

### Calling Cards

When business takes you away from the office for an hour or a week, take the Teligent commitment to quality with you. The TeligentCard™ can be used when you travel locally, nationally or globally. Not only does our Card let you stay in touch, we also offer you a number of features — **Speed Dialing, Message Delivery, Conference Calling, Account Codes, Information Services** and more — designed to make your time out of the office more productive and efficient! Plus, as the world gets smaller and smaller, your TeligentCard makes it easy to conduct business in the far reaches of the world. In fact, you can make international calling-card calls from any one of more than 60 international locations.

### Toll-Free Services

Teligent's toll-free services make it easy for your customers to stay in touch with you and affordable for you to offer toll-free access to them. As part of our commitment to satisfying your every need, we can provide you with a brand new toll-free number or you can keep your existing number. If you prefer a vanity number, we can check the national database of toll-free numbers and reserve whatever number you prefer, if available. And, to increase the visibility of your number, we provide you with up to four listings for each toll-free number in the national toll-free database. Add these services to call blocking and our full complement of routing options and you'll understand why our toll-free services are in high

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Long Distance

Internet and Data

Scalability

Your Savings

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demand.

### Conference Calling

Let Teligent be your meeting planner. Save time and unnecessary travel with our conference calling service. Teligent puts simplicity at your fingertips when you select us to host your next meeting. We offer you a variety of cost-effective services to meet your every need — Call Direct, Call Assist or Call Premium — featuring automated and live attendants as well as direct-dial, toll-free and dial-out access.

### Features/Benefits

- **Predictable Monthly Payment** — Save money and time with our easy-to-understand rates.
- **Digital Technology** — Experience state-of-the-art reliability and clarity.
- **Flexible Account Codes** — Prevent unauthorized usage with verified and non-verified codes.
- **International Calling to over 230 Locations worldwide** — Save on the countries you call often.

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You get bandwidth as big as your

# ideas.



**Geniuses included.**

## Internet and Data

Bandwidth is the amount of data that can be funneled through your communications system at any one time. Think of it as a highway. An eight-lane highway can obviously move more cars more quickly than a two-lane highway. Well, our chunk of microwave bandwidth is a veritable eight-lane racetrack.

Our SmartWave™ technology speeds your data along at 1,544,000 bits per second — nearly 30 times faster than copper wire. (Example: You could download the entire Encyclopaedia Britannica — about 12mb of information — in about eight seconds!)

With Teligent's increased bandwidth, you can enjoy applications that would otherwise be too slow over copper wire such as multiple Internet connections, videoconferencing, and transmitting large files over the Internet.

Maybe you don't need the maximum bandwidth our digital wireless technology can give you. Then you don't have to pay for it. We can "scale" your service to meet your bandwidth needs. And as you add more phones, more lines, and more data-intensive applications, like Internet and videoconferencing, we can increase your bandwidth to accommodate them.

### Dedicated Access

With Teligent one-stop shopping, high-speed Dedicated Access to the Internet has never been easier for business users, especially those who demand maximum availability and unlimited usage at speeds and quality unavailable from other providers. For business customers requiring high-speed access, Teligent offers high quality, highly reliable bandwidth options ranging from 64K to a full T-1. Our proven and cost-effective technology provides clear, digital transmission with maximum up-time. Plus, with Teligent's Dedicated Access service, you can take advantage of our competitively priced connectivity options, all of which are easily upgraded. And our continuous network management and monitoring (24 hours a day, 7 days a week, 365 days a year) ensures your network connection is always up and running.

### TeligentHost™

Teligent gives you several web hosting solutions, making use of the economies of scale offered in a

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Long Distance

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shared server environment. With several packages available, TeligentHost offers: high-speed redundant connectivity into and out of our server farm, direct access to Teligent's nationwide ATM backbone, a UNIX hosting platform, online administration of your hosting, e-mail, domain accounts, unlimited data storage capacity, traffic and usage reporting, full domain service, CGI scripts, FTP or Telnet accounts, secure socket layer (SSL) as well as password protection and access control.

#### **Managed Services**

For customers who desire a turnkey package that includes local loop (Dedicated Access), IP service, installation and equipment, Teligent offers our management service. For one low monthly fee, Teligent will provide Internet access, local loop, customer premises equipment (router, CSU/DSU) and installation to your location.

#### **Local Private Line Keeps Your Business Connected**

**Business Challenge:** Your business depends on reliable, high-speed transmission for data-intensive applications such as inventory control or credit verification. You need a powerful data network that delivers high-quality service at all times.

**The Teligent Solution:** Teligent's local private line service. A dedicated point-to-point digital data service designed for customers who have a large amount of sensitive data to send between two sites in one market area. And of course, our local private line service offers super-competitive pricing and customer service that can't be beat. We know that many small and mid-sized businesses can utilize the private line advantages that the big guys have had for years--and we're bringing it to you....today. Because you can't compete if you don't have the right connections.

#### **Features / Benefits**

- **Fast Internet Access** — Reduced network congestion and increased user productivity.
- **One-Stop Service for All of Your Internet Needs** — Ensure quality installation and setup with Teligent technical assistance.
- **Cost Savings** — Reduce out-of-pocket installation expenses by eliminating the need for additional modems or telephone lines.
- **Unlimited Online Time** — Access the Internet as often as you like for one low monthly fee.
- **Unlimited Users** — Experience increased employee productivity by expanding Internet access.
- **Customer Support** — Depend on Teligent 24 hours a day, 7 days a week, 365 days a year.

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What all the  
**popular**  
buildings will be  
wearing this year.



How do you make your building more attractive to tenants? Simple. Put our small antenna on the roof. Teligent's SmartWave™ technology provides many of the advantages of a fiber-optic connection. Local and long distance phone service. High-speed Internet access. Even the capacity for full-motion videoconferencing. All for some very predictable, rather incredible flat rates. Find out more about this powerful new service. Before you know it, your building will be the talk of the town.



Call 1-800-799-6469  
Or visit [www.teligent.com](http://www.teligent.com)

# Get bandwidth as big as your ideas.

Services included



High-speed Internet



Local/Long Distance

For smaller companies

Now it's easy to get the communications capacity you need to do business today. Teligent's SmartWave<sup>SM</sup> technology gives any size company many of the advantages of a fiber-optic connection, all from our small antenna on the roof of your office building. You get Internet access up to 100 times faster than a dial-up connection. Enough power for full-motion videoconferencing. Plus high-quality local and long distance phone service. And our pricing is equally amazing. For local calls and the Internet, it's a flat monthly charge that's up to 30% less than you currently pay. And for long distance, your interstate calls are as low as 5.5¢ a minute. Contact us. After all, we know how much you appreciate a good idea.

**Teligent**  
The Smart Way To Communicate.

Call 1-800-799-7746  
Or visit [www.teligent.com](http://www.teligent.com)

Presenting our latest communications  
breakthrough.

Ladies and gentlemen, the

# bill.

Now small and mid-sized companies can sort, track  
and analyze their expenses. Right on the Web.

First Teligent gave smaller companies better local, long distance and high-speed Internet. Now we're giving them a smarter way to pay for it, introducing e-magine™ our exclusive interactive online billing system. Now you can sort, track and analyze your expenses, right through your Internet browser. You can itemize calls by account code, length of call, originating number, terminating number, almost any way you want. You can download the data for your own use. Even pay your bill right online. And what you pay is just as exciting: a flat monthly charge for local service and the internet that's up to 30% less than you're currently spending. And long distance as low as 5.5¢ a minute for interstate calls. No, this isn't a dream. This is Teligent. And this is just the beginning.



Call 1-800-799-7746  
Or visit [www.teligent.com](http://www.teligent.com)

**Teligent.**  
The Smart Way To Communicate.

What makes Teligent different  
from other phone companies?

For starters,

# you won't hate us.



Local/Long Distance



High-speed Internet

For smaller companies

The big phone companies have not exactly made a lot of friends at small and mid-sized businesses. That's why we created Teligent. To give smaller companies the same great treatment, communications power, and substantial savings that the largest companies enjoy. From our small antenna on the roof of your office building, Teligent's SmartWave™ technology provides high-quality local and long distance phone service, Internet access up to 100 times faster than a dial-up connection. Even enough bandwidth for full-motion videoconferencing. All for a flat monthly payment of up to 30% off for local service and the Internet, and a flat long distance rate as low as 5.5¢ a minute for interstate calls. Contact us. We think it will be love at first sight.



Call 1-800-799-7746  
Or visit [www.teligent.com](http://www.teligent.com)



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### Products



## PRODUCTS & SERVICES

Overview

Voice

Internet

Web Hosting

Combined Services

Interactive

NEXTLINK One

Cities We Serve



### Fully Integrated Local, Long Distance, Internet and Hosting Services Now Available

For years, customers across the country have turned to NEXTLINK® for high-quality services provided at an excellent value and with exceptional support. Now, NEXTLINK expands its capabilities to bring customers an even greater array of solutions with the introduction of an extensive suite of Internet, data, Digital Subscriber Line (DSL), web hosting and value-added voice services.

For the first time, you can turn to NEXTLINK for fully integrated local, long distance, Internet and hosting services that provide a complete solution for all of your business communication needs. In addition to new services, like DSL, Dedicated Internet Access, Integrated Access, Web Hosting and Conference Calling, NEXTLINK is also pleased to be able to offer nationwide availability and greater discount opportunities for Long Distance. We've also added significant enhancements, like International origination and star features, to our Calling Card services.

Provided with our exceptional levels of service, dependability and accountability, NEXTLINK's new suite of product capabilities means you can purchase all your solutions from one vendor, with one point of contact, receive one invoice and enjoy consolidated discounts on your total communications spend. With a broad range of quality products and services, NEXTLINK has the right solution to meet all your business communications needs.

NEXTLINK offers a broad range of voice, Internet and hosting solutions for your small, medium or large business

Purchase all your services from one vendor to simplify coordination, billing, and enjoy consolidated savings

Enjoy the high levels of service, dependability and accountability for which NEXTLINK is known

## PRODUCTS AT A GLANCE

### VOICE



From local to long distance, to value-added applications like calling cards and conference calling, our Voice Services provide the robust, highly-dependable, solutions your business demands. Many new features and an enhanced discount plan mean greater service and value for your business.

Local Service  
Long Distance Service  
Calling Cards  
Conference Calling

## INTERNET



Our Internet Services provide a range of high-speed connectivity options that let you enjoy reliable and affordable "always on" Internet access. These full-service broadband capabilities range from DSL to Dedicated Internet Access, which means we can offer speeds from 56Kbps to DS3, along with the ease of install and level of performance that's right for your business.

Digital Subscriber Line  
Dedicated Internet Access

## WEB HOSTING



NEXTLINK Hosting Services can help your business establish a professional web site without the in-house investment in hardware, software or technical expertise. Designed with the highest levels of reliability and security, we offer dedicated and shared hosting, as well as e-commerce capabilities, at an affordable price and exceptional value.

NEXTLINKHost  
Dedicated  
NEXTLINKHost  
Shared

## COMBINED SERVICES



Our Integrated Access Service delivers world class voice, long distance and Internet over one facility to give your business maximum efficiency and control all in one easy to install and maintain package. This full service solution combines the quality and reliability of a Dedicated Internet Access solution with reliable, affordable voice services. This means additional savings on NEXTLINK's already competitive rates.

Integrated  
Access

ahoo - Sprint Launches First Broadband Wireless Market in Phoenix

http://biz.yahoo.com/prnews/000508/az\_sprint\_\_2.htm

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**"I WAS ALREADY INVESTING  
NOW I'M INVESTING FOR LESS."**



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Monday May 8, 10:48 am Eastern Time

## Company Press Release

SOURCE: Sprint

# Sprint Launches First Broadband Wireless Market in Phoenix

## The New Sprint Broadband Direct(SM) Service Delivers High-Speed, Broadband Service to 85% of the Greater Phoenix Area

PHOENIX, May 8 /PRNewswire/ -- Sprint (NYSE: [FON](#) - [news](#)) today announced the launch of its first broadband wireless market in Phoenix, Arizona. The new product, called Sprint Broadband Direct(SM), represents a truly revolutionary method of providing two-way, high-speed access to the Internet, using fixed wireless technology and featuring the EarthLink Sprint Internet service.

As of today, over 85% of the homes and offices in the Phoenix metroplex can subscribe to Sprint Broadband Direct's high-speed service for just \$39.95 per month. The service provides multi-megabit download speeds and does not require a second phone line to hook up a computer to the Internet. The connection is "always on" when the customer is ready to surf the World Wide Web -- no more dialing into a modem bank multiple times to get a good connection and no more getting bumped off-line during an important work session. And, since the technology is wireless, customers will not have to wait months or years for their local telephone or cable company to upgrade their neighborhood's wiring with two-way capabilities.

Now customers have an attractive third option for combined local broadband access and Internet Service Provider (ISP) service. Sprint Broadband Direct will provide downstream burst rates of up to 5 Megabits per second (Mbps), and commonly experience download speeds of up to 1-2 Mbps.

"For years, many people have been wanting a really high-speed connection to the Internet. While many cable and DSL providers have been promising broadband service for some time now, many consumers still don't have a broadband choice in their neighborhood," said Tim Sutton, president of Sprint's Broadband Wireless Group. "Since our service doesn't depend on wires, we can move quickly into a market and provide coverage to most of the households and businesses right away. We intend to end what we characterize as 'Broadband Envy'.

"The strategy behind BWG's deployment of MMDS technology is to develop, implement and manage the

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fastest, most reliable wireless network possible,” Sutton continued. “We want to rapidly roll out two-way, high-speed Internet access for the masses and, in the future, add Voice over Internet Protocol (VoIP) services and to set the stage for the rapid deployment of the Sprint IONsm, Integrated On Demand, product line.”

In addition to its widespread local availability and broadband speeds, Sprint Broadband Direct has several advantages over other broadband services. Sprint’s fixed wireless network is more secure than cable modems due to the routed and wireless nature of its network architecture. Wired cable modem networks are typically bridged, not routed, which allows users, and potential hackers, to access all packets that are broadcast on a given network segment.

Sprint Broadband Direct also delivers a service that is not distance sensitive like Digital Subscriber Line (DSL). With DSL service, the further away a customer is from the local telephone company’s central office that serves their neighborhood, the more downloading and uploading speeds decrease. As a result, customers across multiple neighborhoods may experience different levels of throughput. Sprint’s fixed wireless service delivers the same throughput to customers regardless of how close they are to the transmission site. In addition, since many DSL providers lease the majority of their network from the local telephone company, they do not have total control of their entire network, which can cause a number of network management and provisioning issues. Sprint owns its entire broadband network and manages its traffic for optimum performance 24 hours a day, 7 days a week.

How does it work?

Sprint Broadband Direct is based on an innovative technology called fixed wireless. Unlike mobile wireless, fixed wireless uses a stationary digital transceiver at the home or business receiving the service. The transceiver is pointed toward a radio transmission tower to send and receive a signal. The digital transceiver is a small, 13.5“x 13.5” diamond-shaped device, which is less than half the size of the common Direct Broadcast Satellite TV dish. The radio transmission tower can send and receive high-speed Internet data to customers that are up to 35 miles away, making it the perfect service for nearly all customers in a metropolitan area, including suburban and rural areas that are too far away from the city to receive other broadband services. Service also will be available to inner city neighborhoods that have been excluded by other wired broadband providers.

- Sprint Broadband Direct Features:
- Available to 85% of homes in the metropolitan Phoenix area
- Downstream burst rates up to 5 Mbps
- Typical downstream rates up to 1-2 Mbps
- “Always-on” connection
- Connectivity for one computer (more can be supported for an additional

charge)

- Customer service and network management 24 hours a day, 7 days a week
- Internet services provided by EarthLink Sprint \* Six e-mail accounts \* Six personal start pages \* Six megabytes of Web storage for building personal Web pages \* Five hours per month of remote dialup Internet access for use when

away from Sprint Broadband Direct coverage area

- Sprint Broadband Direct Benefits:
- More secure than other broadband networks

ahoo - Sprint Launches First Broadband Wireless Market in Phoenix

[http://biz.yahoo.com/prnews/000508/az\\_sprint\\_\\_2.htm](http://biz.yahoo.com/prnews/000508/az_sprint__2.htm)

- Service is not distance sensitive
- No more waiting for a wired broadband connection
- No more waiting for a dialup modem to connect
- No need for a second phone line to hook a computer to the Internet
- No more long wait times for large graphics and Web pages to download
- No more missed phone calls. Since this technology is wireless, your

phone is dedicated to being what you need it to be - a phone.

Where is Sprint Broadband Direct available today?

Sprint Broadband Direct is available to anyone in the greater Phoenix metroplex within 35 miles of South Mountain or Shaw Butte that has line of sight to the Sprint Broadband Direct transmission tower. This represents about 85% of the Phoenix area.

In addition, Sprint and WorldCom have announced a merger agreement, which the companies expect to close in the second half of 2000. By late 2001, a merged Sprint and WorldCom would offer broadband fixed wireless service to customers in more than 100 cities and would have the potential to reach approximately 60% of the households in the United States. The combination of Sprint and WorldCom wireless assets and technical resources would allow accelerated deployment of these broadband services to rural areas and markets traditionally under-served by the local phone and cable monopolies.

#### Pricing/Demos

Sprint Broadband Direct is available for both business and residential customers.

The service will be sold through Sprint's toll-free telephone number at 888-996-0001, through BestBuy and other national computer/consumer electronics retail outlets and online via Sprint's Web site at [www.sprintbroadband.com](http://www.sprintbroadband.com). Demos of the Sprint Broadband Direct product are available at selected BestBuy and other retailers throughout the Phoenix metroplex. Check Sprint's Web site for a list of locations.

- Residential Product Burst Rate Downstream Upstream Price
- Sprint Broadband Up to 5 Mbps Up to 1-2 Mbps Up to 256 Kbps \$39.95
- Direct

Business Product*	Burst Rate	Downstream	Upstream	Price
Sprint Broadband	Up to 5 Mbps	Up to 1-2 Mbps	Up to 256 Kbps	\$89.95
Direct Office				

The standard business product supports 5 IP addresses; more can be added at an additional charge.

There will be a one-time equipment charge that varies by the type of service agreement the customer signs. Customers who sign a two-year agreement will receive equipment for \$99; a one-year agreement will be \$199 and month- to-month customers will pay \$299. In addition to equipment, there is a \$299 professional installation charge. For a limited time, however, Sprint is waiving the installation fee for customers in the Phoenix metropolitan area.

In addition to broadband wireless connections, Sprint Broadband Direct also provides a full suite of ISP services including software, email, a personal start page, personal Web space and 24x7 customer support.

ahoo - Sprint Launches First Broadband Wireless Market in Phoenix

[http://biz.yahoo.com/prnews/000508/az\\_sprint\\_\\_2.htm](http://biz.yahoo.com/prnews/000508/az_sprint__2.htm)

Soon, a full suite of enhanced Web hosting services will be introduced. More information on the Sprint BWG's products is available at [www.sprintbroadband.com](http://www.sprintbroadband.com).

#### About Sprint

Sprint is a global communications company -- at the forefront of integrating long-distance, local and wireless communications services, and a large carrier of Internet traffic. Sprint built and operates the United States' first nationwide all-digital, fiber-optic network and is a leader in advanced data communications services. Sprint has \$20 billion in annual revenues and serves more than 20 million business and residential customers.

*SOURCE: Sprint*

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**More Quotes and News:** [Sprint Corp \(NYSE:FON - news\)](#)

**Related News Categories:** [internet](#), [ISDEX](#), [telecom](#)

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<http://www.teligent.policy.net>

**PRESS RELEASE**

## Teligent enters the record books with communication industry's fastest launch of local markets

Integrated data and voice company marks new millennium with unprecedented roll out: 40 markets in 14 months

VIENNA, VA., December 20, 1999 - Forty markets. Seven thousand buildings. Ten thousand customers. In 14 months.

With today's debut of advanced data and voice offerings in four new markets - St. Louis, Cincinnati, Kansas City and Minneapolis-St. Paul - Teligent has established itself as the industry leader in rapidly rolling out high-speed, lower-cost communications services for local business customers. According to publicly available information published by the top competitive local exchange carriers, Teligent has launched more markets faster than any other new, facilities-based local communications company.

Since it initiated local, long distance, high-speed data and broadband Internet services on October 27, 1998, Teligent has brought "Big Bandwidth, Big Service and Big Savings" to small and mid-sized businesses in 40 markets throughout the United States. Unlike many companies, Teligent is building its own local communications networks, using advanced SmartWave™ technology that integrates data and voice signals on a single, digital platform.

To date, Teligent has turned up service for 10,000 customers and signed lease or option agreements for more than 7,000 buildings with hundreds of individual landlords and more than 35 major real estate concerns. With that portfolio, Teligent has secured access rights to more than 700 million square feet of office space throughout the United States.

In addition, a Teligent subsidiary has been granted spectrum licenses in Germany, and the company is actively pursuing significant opportunities in Europe, Asia and Latin

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<http://www.teligent.policy.net/>

America.

"No other local communications company has launched as many markets in as short a time," said Teligent Chairman and Chief Executive Officer Alex J. Mandl. "In a little more than a year, we have established a national service area that covers about 40 percent of the business customers in the United States," Mandl said. "By any measure, that is an extraordinary achievement."

Teligent's current service territory encompasses more than 580 cities and towns with a combined population of more than 100 million. More than 80 of those cities have populations of 100,000 or more.

The company last month announced that a group led by Microsoft Corporation, the world's leading software company, and private equity firm Hicks, Muse, Tate & Furst Incorporated is investing \$500 million in Teligent. The company intends to use the new investment to further expand its network buildout in the United States and around the world. Other investors in the group include Chase Capital Partners, DB Capital Partners and Olympus Partners.

Expanding the technology frontier  
In addition to launching new markets, expanding its customer base, extending its rooftop reach and raising new capital, Teligent and its technology partners – Nippon Telegraph and Telephone, Nortel Networks, Hughes Network Systems and other companies – in the past year made significant advances in the development of leading-edge technologies involving:

- Broadband, fixed wireless data and voice networks
- Lower cost, in-building Digital Subscriber Line (DSL) grids
- Direct local network access to high-speed Internet services
- Internet-based, customer-facing management, information and billing systems

"As Teligent expands the frontier of digital technology, we're working closely with our technology partners to create equipment and systems that will drive the rapid delivery of affordable bandwidth to a new generation of customers," said Teligent President and Chief Operating Officer Kirby G. "Buddy" Pickle.

<http://www.teligent.policy.n>

Citing new studies recently released by Forrester, The Strategis Group and International Data Corp. (IDC), Pickle said: "It's clear that the demand for broadband services is exploding at a rate that no one anticipated, even six months ago. More than half of the businesses recently surveyed said their needs for bandwidth will more than double in the next two years.

"The latest data suggest that most of this new demand cannot and will not be met by traditional communications technologies," Pickle added. "That's why we're moving so quickly to deploy our integrated networks – fixed wireless, in-building DSL and fiber – to accommodate this tremendous need for communications capacity."

To meet the growing demand for bandwidth, Teligent is deploying the latest fixed wireless radio equipment throughout its local broadband networks.

As the company that has installed commercial, point-to-multipoint fixed wireless equipment in more markets throughout the country than any other carrier, Teligent is leading the way with this lower-cost technology. Teligent currently is testing point-to-multipoint radios with throughput speeds of up to 45 megabits per second (DS-3). Point-to-point radios deployed in Teligent's integrated local networks are achieving throughput speeds of up to 155 megabits per second (OC-3).

In 1999, Teligent pioneered the development of SmartWave DSL™, a new, lower-cost data service for small and mid-sized business customers. Using advanced DSL electronics to enhance the copper circuits inside customer buildings, this new offering enables smaller businesses to "step up from dial-up" to a robust, "industrial strength" Internet connection for as little as \$149 a month.

#### SmartWave DSL™

To offer this lower-cost technology, Teligent worked closely with its vendors to develop new hardware enabling "in-building" use of DSL service. This new equipment offers Teligent SmartWave DSL™ customers greater flexibility, speed and quality.

In the second half of 1999, Teligent continued

<http://www.teligent.policy.net>

to expand its position in the data market by ramping up its capabilities as an Internet access provider. Anticipating the need to directly connect its local customers to the Internet, Teligent in 1998 and 1999 deployed ATM (Asynchronous Transfer Mode) switches and advanced data routers in each of the broadband switching centers that serve its markets. These centers also include Nortel DMS voice switches, enabling Teligent to seamlessly handle both voice and data traffic.

Teligent has completed the installation of a significant portion of its "in-house" Internet infrastructure, including the first of three Internet data centers. These data centers will house the hardware and software that will enable the company to deliver Internet access directly to customers over its own facilities.

The first data center, located in Washington DC, currently provides Internet access, web hosting, e-mail, DNS services, and authentication to a limited number of beta customers. The ATM backbone connecting Teligent's central offices, the data center and the Internet is being expanded to meet the demand for broadband services. Teligent anticipates that it will launch widespread commercial service over its own, direct-access Internet facilities early next year.

In 1999, Teligent also expanded the capabilities of e•magine<sup>SM</sup>, its unique, interactive, Web-based business management tool. Using their Internet browser, customers can access their billing and account information anytime they choose. e•magine<sup>SM</sup> allows them to sort and analyze calls by account code, originating number or other criteria – virtually any way they like.

With this new capability, customers can construct a complete picture of all telephone traffic, including names and addresses, to analyze trends and track frequent callers. And they can download data for their own use – every day. That means they won't have to wait for a paper bill to arrive in the mail every month to keep abreast of their communications activity. Today, more than 40 percent of Teligent's customers use e•magine<sup>SM</sup> as their exclusive source of billing information.

Teligent service is now offered in: New York,

<http://www.teligent.policy.n>

Los Angeles, Chicago, Houston, Philadelphia, San Diego, Phoenix, San Antonio, Dallas-Fort Worth, Detroit, San Jose, Indianapolis, San Francisco-Oakland, Jacksonville, Baltimore, Milwaukee, Boston, Washington DC, Austin, Seattle, Nashville, Cleveland, Denver, Portland, OR, New Orleans, Charlotte, Kansas City, Atlanta, Sacramento, Miami-Fort Lauderdale, Minneapolis-St. Paul, St. Louis, Cincinnati, Tampa, Raleigh, Richmond, Orlando, Hartford, West Palm Beach and Wilmington, DE.

Integrating advanced point-to-multipoint and point-to-point microwave radio equipment with traditional broadband wireline technology, Teligent's SmartWave™ networks offer customers the advantages of lower costs and greater flexibility.

#### ATM network

Teligent delivers its fixed wireless service by installing small antennas on the roofs of customer buildings. When a customer picks up a telephone, accesses the Internet or activates a videoconference, the signal travels over inside wiring to the rooftop antenna. The customer building antenna then relays the voice, data or video signals to a Teligent base station antenna.

The base station antenna gathers signals from a cluster of surrounding customer buildings, aggregates the signals and then routes them to a Teligent broadband switching center. At the switching center, Teligent uses ATM switches and data routers along with Nortel DMS switches to hand off the traffic to other networks – the public circuit-switched voice network, the packet-switched Internet, and private data networks.

Teligent's service offering is supported by a skilled communications workforce that has grown to 3,000 employees nationwide.

Teligent's new offices are located at:

Minneapolis-St. Paul  
3030 Lexington Ave  
Suite 500  
Eagan, MN 55121  
(651) 686-5400

Cincinnati  
5181 Natorpe Blvd.  
Cincinnati, OH

<http://www.teligent.policy.n>

(513) 229-2200

Kansas City  
6900 College Blvd.  
Suite 500  
Overland Park, KS  
(913) 327-4400

St. Louis  
515 N. 6th St  
Suite 1200  
St. Louis, MO  
(314) 206-6200

Based in Vienna, Va., Teligent, Inc. (NASDAQ: TGNT) is a full-service, integrated communications company that is offering small and medium-sized business customers local, long distance, high-speed data and dedicated Internet services over its digital SmartWave™ local networks in 40 major markets throughout the United States. Teligent's offerings of regulated services are subject to all applicable regulatory and tariff approvals.

For more information, visit the Teligent website at: <http://www.teligent.com>

*Teligent and The Smart Way to Communicate are registered trademarks of Teligent, Inc.*

*Except for any historical information contained herein, the matters discussed in this press release contain forward-looking statements that involve risks and uncertainties, including but not limited to economic, key employee, competitive, governmental and technological factors affecting the company's growth, operations, markets, products, services, licenses and other factors discussed in the company's filings with the Securities and Exchange Commission. Actual results may vary materially due to these and other risks and uncertainties.*

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As Filed with the Securities and Exchange Commission on

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the fiscal year ended December 31, 1998  
Commission File No. 000-22939

NEXTLINK COMMUNICATIONS, INC.  
NEXTLINK CAPITAL, INC.

A Delaware Corporation I.R.S. Employer No. 91-1738221  
A Washington Corporation I.R.S. Employer No. 91-1716062

500 108th Avenue, N.E., 22nd Floor, Bellevue, Washington 98004  
Telephone Number (425) 519-8900

Securities registered pursuant to Section 12(b) of the Act:

NONE

Securities registered pursuant to Section 12(g) of the Act:

Class A Common Stock, Par Value \$0.02

Indicate by check mark whether the Registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Registration S-K is not contained herein, and will not be contained, to the best of Registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of the Class A and Class B Common Stock held by non-affiliates of the Registrants, based upon the closing sale price of the Common Stock on March 8, 1999 as reported on the NASDAQ National Market System, was approximately \$1,255,976,196. Shares of Class A and Class B Common Stock held by each executive officer and director and by each person who owns 5% or more of the outstanding Class A and Class B Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of March 8, 1999, the number of outstanding shares of NEXTLINK Communications, Inc.'s Class A Common Stock was 25,588,729 and Class B Common Stock was 29,184,372. NEXTLINK Capital, Inc. had outstanding 1,000 shares of Common Stock, par value \$0.01 per share.

NEXTLINK Capital, Inc. ("NEXTLINK Capital" and together with NEXTLINK Communications, Inc., the "Registrants") meets the conditions set forth in General Instruction I (1)(a) and (b) of Form 10-K and is therefore filing this form with the reduced disclosure format.

deploy data switches and transmission equipment in 2000 to become more com these services.

### **Business Strategy**

We have built a customer-focused, locally oriented organization that currently focuses on providing switched local and long distance telephone service at competitive prices to small and medium-sized businesses. Our goal is to become a leading provider of complete, end-to-end voice and data telecommunications services and to maximize penetration of our targeted customer base. We believe the key components to achieving our goal are as follows:

*Develop High Capacity Fiber Optic Networks with Broad Market Coverage.* We build high capacity local networks in the central business districts of our target markets using large fiber optic cable bundles. These cables are capable of carrying high volumes of voice, data, video and Internet traffic as well as other high-bandwidth services. We employ a uniform technology platform within these networks based on Nortel DMS 500 switches and other common transmission technologies. This architecture enables us to provide direct connections to a high percentage of commercial buildings and ILEC central switching offices situated near our network. We also expect this architecture to result in a higher proportion of traffic that is both originated and terminated on our network, thereby providing higher long-term operating margins. In some markets, we lease unused fiber, generally called "dark fiber," and fiber capacity from third parties to launch facilities-based services.

*Continue Market Expansion.* We plan to build our own local facilities-based networks throughout a majority of the nation's top 30 markets and to provide services in markets with a total of 27 million addressable business lines by the end of 2000. We anticipate continuing our expansion into new geographic areas, including additional large markets, as opportunities arise, either through building new networks, acquiring existing networks or other telecommunications companies, or acquiring or leasing dark fiber and fiber capacity.

*Use Fixed Wireless Spectrum to Leverage the Local Networks.* We currently use both direct connections from our fiber network to buildings in the central business district as well as leased unbundled loop lines from the ILEC to connect off-network customers to our network (commonly referred to as the "last mile" to the customer). For off-network buildings, we are also developing alternative means for establishing transport that links our end users to our network through the use of a radio service, generally called local multipoint distribution service, or LMDS. LMDS is a newly authorized fixed broadband point-to-multipoint radio service, which the license holder may deploy for wireless local loop telephony, mobile wireless backhaul services, high-speed data transfer, video broadcasting and videoconferencing, in any combination. We control or have rights to acquire LMDS wireless spectrum covering 95% of the persons located within the licensed areas, or POPs, in the 30 largest markets in the United States which, if the acquisition is consummated, will make us the largest holder of LMDS wireless spectrum in North America.

*Develop National City-to-City Long Haul Connectivity.* We are developing a national network strategy that will link our local networks to each other. We anticipate executing this strategy by using our interest in a 16,000-route mile national fiber optic network that is expected to link 50 cities in the United States and Canada. This national network is now under construction, and we expect substantially all of its segments to be completed in 2000 and 2001. Through this network, we will be able to provide our customers with complete, end-to-end communications services over our own facilities over time. The network is designed to support switched traditional voice circuits as well as packet-switched data services, such as IP, ATM and frame relay.

*Implement Data Strategy.* We are developing plans for the deployment of data switching and transmission equipment throughout our networks in 2000. To date, our local networks have been

## WINSTAR LAUNCHES PHASE TWO OF PROJECT MILLENNIUM

Free Long Distance and Free Web Hosting Offered High-Margin Program is Expected to Drive Significant Additional On-Net Traffic

NEW YORK – JUNE 3, 1999, WINSTAR COMMUNICATIONS, INC. (NASDAQ: WCIT) today launched Phase Two of its highly successful Project Millennium marketing program by offering free domestic and international long distance service for one year to new WinStar customers signing three-year contracts for local and long distance service. This unprecedented offer is available to business customers in commercial buildings connected to WinStar's telecommunications network.

WinStar is also expanding Project Millennium to cover its comprehensive set of Internet services for the first time. The company is offering 18 months of free Web hosting service from WinStar's new state-of-the-art data center to customers who sign up for three years of dedicated Internet access and hosting.

Nathan Kantor, WinStar's president and chief operating officer, said, "Project Millennium was so successful that we are doing it again with expanded offerings in even more networked buildings. We have added data to broaden the program's appeal and help attract substantial numbers of new WinStar customers. These new offers, which are now available in all WinStar buildings in each of its 30-plus U.S. markets, will enable us to drive substantial market penetration into new buildings and will help attract additional customers in the original Project Millennium buildings. Moreover, by adding free Web hosting for Internet customers, we expect to entice current WinStar voice customers to sign new long-term data contracts with us."

WinStar's latest offer in its Project Millennium program is available to new customers signing contracts for WinStar services beginning today until August 31, 1999. In addition to the free Web hosting offer, participating customers will receive a credit for up to one year of free long distance calling (including toll-free service) based on the type of service and the number of lines or trunks they order. When customers reach the end of the free long distance trial or exceed their long distance credit, they will continue to enjoy a guaranteed low flat rate of 8.9 cents a minute for domestic long distance – one of the lowest rates in the industry. Rates for some customers will be even lower, depending on calling patterns.

William J. Rouhana, Jr., WinStar's chairman and chief executive officer, said, "By increasing the number of on-net customer lines through these offers, we will continue to dramatically increase gross margins, which will contribute immediately to WinStar's bottom line. This new phase of Project Millennium also lays the groundwork for future offers of this type, as we continue to integrate our voice and data services through new applications like Office.comSM.

Since its launch last October, the very successful Project Millennium has fueled WinStar's growing on-net customer base. The innovative marketing program has established long-term relationships with customers, increased traffic on the company's end-to-end broadband network, and created opportunities to sell incremental, high-margin, bandwidth intensive services. On-net lines generate the greatest return for the company, and their growth has contributed to the company's year-to-date momentum in both revenue and gross margin expansion. Phase Two of Project Millennium is designed to accelerate each of these positive results.

WinStar Communications, Inc. is a pioneer in providing business customers with broadband communications services, including local and long distance phone service, as well as high-speed Internet access, data and information services. WinStar provides these Wireless FiberSM services in more than 30 U.S. markets over its own local broadband networks, using its licenses in the 28 and 38 GHz spectrum, which are connected to the company's nationwide fiber-optic network. In addition, the company offers Wireless Fiber services in one market outside of the U.S. In the past year, WinStar has become one of the largest Internet companies in the U.S. Recently, the company announced a destination Web site for businesses, Office.comSM, a service from WinStar.

Except for any historical information contained herein, the matters discussed in this forward-looking statements that involve risks and uncertainties, which are described reports, including the 10-K for the period ended December 31, 1998, and the 10-Q for the period ended March 31, 1999.

WinStar is a registered trademark and Wireless Fiber and Office.com are service marks of WinStar Communications, Inc.

###

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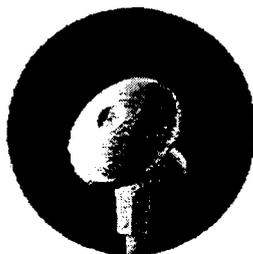
Marianne Steiner

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(212) 584-4021

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Now any size company can have the  
**communications  
power**  
of a mega-sized company.



Teligent is a communications company like no other. Why? Because no other communications company has dedicated itself to serving small- and mid-sized businesses with its own national facilities-based network.

Based in Vienna, Virginia, we give companies across the country the power, service and savings that the largest businesses have enjoyed for years. High-quality local and long distance. Internet access up to 100 times faster than a dial-up connection. Even enough bandwidth to support full-motion videoconferencing. All from one company, all on one bill. And at savings of up to 30% off local phone and internet services, plus affordable, predictable rates on long distance calls.

Until now, you needed access to a costly fiber-optic connection to get these features and services. No longer. All that's required is a small antenna on the roof of your building. The antenna sends voice, data and video signals to a nearby Teligent base station, and then on to the rest of the world in the blink of an eye.

### **Record-setting Launch of Local Markets**

Since we initiated service on October 27, 1998, we have brought "Big Bandwidth, Big Service and Big Savings" to small- and mid-sized businesses in 40 markets throughout the United States. In addition, we have been granted spectrum licenses in Germany, and we are actively pursuing significant opportunities in Europe, Asia and Latin America.

We anticipate continued growth as small- and mid-sized businesses everywhere realize that Teligent truly is the "smart way to communicate®."

**[About Us](#) | [Our Service Areas](#) | [Our Commitment](#) | [Our Technology](#) | [Our Executive Team](#) | [Our Y2K Plans](#)**

### **About Us**

**Our Service Areas**

**Our Commitment**

**Our Technology**

**Our Executive Team**

**Our Y2K Plans**

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Tuesday October 5, 8:15 am Eastern Time

## Company Press Release

SOURCE: *Teligent, Inc.*

# Teligent and First Industrial Sign Major Building Access Agreement

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VIENNA, Va., Oct. 5 /PRNewswire/ -- Teligent, an integrated communications company, today announced an agreement with First Industrial Realty Trust, Inc., one of the nation's largest, fully-integrated providers of industrial real estate, giving Teligent access to First Industrial's portfolio of more than 1,000 major office and industrial buildings in 32 markets nationwide.

The agreement gives Teligent the ability to provide First Industrial's tenants access to high-quality, lower cost local, long distance, Internet and data services over Teligent's advanced, digital SmartWave(TM) networks. Teligent will immediately target First Industrial's portfolio of office and industrial buildings in Chicago, Denver, Phoenix, Philadelphia and Tampa.

"This agreement enables Teligent to bring the world of e-commerce to small and medium-sized businesses in many of the major business centers in the US," said Teligent's Senior Vice President of Site Acquisition Bruce Wagner. "For customers, this means gaining access to Teligent's revolutionary services -- to the world of cyberspace with the speed and savings small and mid-sized customers will need to compete."

The properties that Teligent will initially target represent more than 15 million square feet of office and industrial space of First Industrial's portfolio of more than 70 million square feet of office and industrial space nationwide. Together, these buildings house more than 3,500 First Industrial customers.

Randall L. Axelson, Director of First Industrial's First Services division, said, "The addition of this program gives our tenants choice and breadth of services in helping support their telecommunication service needs. Key goals in our telecom program were to provide our customers choice of quality service providers, a wide array of state-of-the-art services and ease to access, regardless of the size of the company. We feel we have achieved this with Teligent, First Services new telecommunication partner."

With its advanced SmartWave(TM) technology, Teligent offers customers in 31 markets nationwide savings of up to 30 percent on local and Internet services. Teligent offers long distance service at a single, low "per minute" price. When customers install local service, Teligent deducts up to an additional 30 percent from the per-minute long distance price. Prices for long distance calls within a state may vary in some states.

Teligent also offers a high-speed data service for cost-conscious customers -- SmartWave DSL(TM). Using advanced "digital subscriber line" (DSL) electronics to enhance the copper circuits inside customer buildings, Teligent's new DSL service will enable smaller businesses to take advantage of high-speed Internet access at prices starting at \$149 a month. Initially, the service will be available in

selected buildings in approximately 28 of Teligent's 31 markets, with additional markets following later this fall.

Teligent also gives customers e\*magine(SM), an interactive, Web-based business management tool that transforms a customer's communications bill into a simple, predictable package. Using their Internet browser, customers can access their billing and account information anytime they choose. e\*magine(SM) allows them to sort and analyze calls by account code, originating number or other criteria -- virtually any way they like.

Teligent recently added several new features to e\*magine(SM), including a call summary that allows customers who have Teligent local service to view, sort, and download incoming local and long distance calls. With this new capability, customers can construct a complete picture of all incoming telephone traffic to analyze trends and track frequent callers.

And they can download data for their own use -- every day. That means they won't have to wait for a paper bill to arrive in the mail every month to keep abreast of their communications activity.

Integrating advanced point-to-multipoint and point-to-point microwave radio equipment with traditional broadband wireline technology, Teligent's SmartWave(TM) networks offer customers the advantages of lower costs and greater flexibility. Teligent gives smaller businesses the higher network speed and capacity up to 45 megabits per second they need to compete.

Teligent serves its fixed wireless customers by placing small antennas, more compact than a computer monitor, on top of their buildings. The customer building antennas send voice, data and video signals over an ATM data platform to a nearby Teligent base station. The base station aggregates the signals and routes them to a Teligent switch, where they are directed to local or long distance voice networks or the Internet.

Based in Chicago, Ill., First Industrial Realty Trust, Inc. (NYSE: FR - news) is one of the nation's largest, fully integrated providers of industrial real estate, owns and operates 70 million square feet of industrial facilities and manages an additional nine million square feet. The Company's strategy is to create shareholder value through the efficient operation of its national franchise, which is diversified across facility type, geographic location and customer base. First Industrial focuses on superior localized customer service and value-added investments including development and redevelopment.

Based in Vienna, Va., Teligent, Inc. (Nasdaq: TGNT - news) is a full-service, integrated communications company that is offering small and medium-sized business customers local, long distance, high-speed data and dedicated Internet services over its digital SmartWave(TM) local networks in 31 major markets. Eventually, Teligent will expand service to major metropolitan areas throughout the United States. Teligent's offerings of regulated services are subject to tariff approval.

For more information, visit the Teligent website at: [www.teligent.com](http://www.teligent.com)

Teligent and SmartWave are trademarks of Teligent, Inc.

Except for any historical information, the matters discussed in this press release contain forward-looking statements that reflect the company's current views regarding future events. These forward-looking statements involve risks and uncertainties that could affect the company's growth, operations, markets, products and services. The company cannot be sure that any of its expectations will be realized. Factors that may cause actual results, performance or achievement to differ materially from those contemplated by its forward looking statements include, without limitation: 1) The company's pace of entry into new markets; 2) The time and expense required to build the company's planned network and ISP infrastructure; 3) The impact of changes in telecommunications laws and regulations; 4) General economic and competitive conditions; 5) Technological developments; 6) Other factors discussed in the company's filings with the Securities and Exchange Commission.

*SOURCE: Teligent, Inc.*

Yahoo - Teligent and First Industr...gn Major Building Access Agreement

[http://biz.yahoo.com/prnews/991005/va\\_teligen\\_1.html](http://biz.yahoo.com/prnews/991005/va_teligen_1.html)

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Business



Navigation



## -Metro Phoenix cell phone rates lowest in nation

By Max Jarman  
The Arizona Republic  
Feb. 16, 2000

Metropolitan Phoenix, which has seen the cost of wireless telephone service plunge 19.4 percent since July, boasts the lowest cellular rates in the country, according to the monthly Econ One Wireless Survey.

Econ One researcher Charles Mahla attributed the six-month drop, the largest in any of the nation's top 25 markets, to fierce competition. The next largest decline was 15.8 percent in Boston.

"It's a particularly heated market," he said.

In January, Econ One pegged the average monthly cost of wireless service in the Valley at \$36.98. That compares with a national average of \$41.74 and a high of \$46.11 in Los Angeles.

To come up with the figures, Econ One looks at the price of 30-, 150-, 300- and 600-minute calling plans and computes an average.

Buoyed by a \$39.99 plan for 600 minutes, VoiceStream had the Valley's lowest average rate in January of \$34.98. AirTouch was the second lowest at \$34.99 followed by Cellular One, \$35.19; AT&T, \$37.07, US West, \$37.91; and Sprint, \$41.74.

The lowest rate for 30 minutes was \$14.53 at Cellular One. AT&T has the Valley's cheapest 150-minute plan at \$27.07. Voice- Stream and AirTouch tied for the lowest 300-minute plan at \$39.99.

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[Back to Top](#) | [Business Main](#) | [Stock Quotes](#)  
[Arizona Business Gazette](#) | [Investing](#) | [AP Business](#)  
[Cars](#) | [Computing](#)

[News](#) | [Sports](#) | [Entertainment](#)  
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ular phone information from Point.com

<http://www.point.com/plans/SideBySidePla...m=13399&Item=10707&Item=10746&Item=107>

## Side by Side

Click on a plan to see full details or click on a map for a closer look.

### Sprint PCS

Free and Clear 180



### AT&T Wireless Services

AT&T Long-distance

Advantage \$29.99



### Cellular One

\$29.99 Complete Digital Package

Promo



### Verizon Wireless (formerly AirTouch)

Digital 250

### VoiceStream Wireless

Get More 2000



Your selected location is TUCSON, AZ. [Click here to change it.](#)



### Features

	Sprint PCS	AT&T Wireless Services	Cellular One	Verizon Wireless	VoiceStream Wireless
<b>Monthly access charge</b>	\$29.99	\$29.99	\$29.99	\$29.99	\$39.99
Minutes included					
<u>Anytime minutes</u>	180	90	200	250	500
<u>Off-peak minute package</u>	\$10/200 off-peak mins.	None	\$10/1,000 weekend mins.	\$4.99/500 weekend mins.	\$10/500 weekend mins.
<u>Peak period</u>	7 am-8 pm M-F	None	6 am-7 pm M-F	None	None
<u>Off-peak period</u>	8 pm-7 am M-Th; 8 pm F-7 am M	None	7 pm-6 am M-F; Sa-Su; some holidays	None	None
<u>Contract</u>	Monthly or 1 yr.	1 yr.	2 yrs.	1-2 yrs.	1 yr.
<u>Activation fee</u>	\$29.99	\$25	\$25	\$20/1-yr.; none/2-yr. contract	\$10
<u>Cancellation fee</u>	None/monthly; \$150/1-yr. contract	\$10/mo. remaining on contract	\$200	\$25/mo. remaining on contract	\$200
<u>Rate per min. of add'l. airtime</u>	\$.35 anytime	\$.30 anytime	\$.39 peak, \$.29 off peak	\$.30 anytime	\$.25 anytime
<u>Roaming charges per min.</u>	\$.00-.69	\$.69 anytime	\$.35-1.00	\$.60 anytime	\$.49-.60
<u>Long-distance charges per min.</u>	\$.15 anytime; or \$.25 peak, \$.10 off peak	None	\$.22 peak, \$.10 off peak	\$.12 anytime	\$.20 anytime
<u>Incremental billing</u>	1 min.	1 min.	1 min.	1 min.	1 min.
<u>Free 1st minute on incoming calls</u>	No	No	Included	Included	Included
<u>Directory assistance</u>	\$.99/call	\$.99/call	\$.75/call	\$.75/call	\$.75/call
<u>Air interface technology</u>	Digital PCS (CDMA 1900MHz)	Digital PCS (TDMA 1900MHz)	Digital cellular (CDMA 800MHz)	Digital cellular (CDMA 800MHz)	Digital PCS (GSM 1900MHz)

Click on individual plans for specific details on roaming charges, long-distance charges and other features.

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cellular phone information from Point.com

<http://www.point.com/plans/SideBySidePla...Item=13380&Item=9265&Item=9354&Item=92>

## Side by Side

Click on a plan to see full details or click on a map for a closer look.

### AT&T Wireless Services

AT&T Long-distance

Advantage \$29.99



### Sprint PCS

Free and Clear 180



### Cellular One

\$29.99 Complete

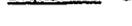
Digital Package

Promo



### Verizon Wireless (formerly AirTouch)

Digital 250



### VoiceStream Wireless

Get More 2000



Your selected location is PHOENIX, AZ. [Click here to change it.](#)

### Features

	AT&T Wireless Services	Sprint PCS	Cellular One	Verizon Wireless (formerly AirTouch)	VoiceStream Wireless
<u>Monthly access charge</u>	\$29.99	\$29.99	\$29.99	\$29.99	\$39.99
Minutes included					
<u>Anytime minutes</u>	90	180	200	250	500
<u>Off-peak minute package</u>	None	\$10/200 off-peak mins.	\$10/1,000 weekend mins.	\$4.99/500 weekend mins.	\$10/500 weekend mins.
<u>Peak period</u>	None	7 am-8 pm M-F	6 am-7 pm M-F	None	None
<u>Off-peak period</u>	None	8 pm-7 am M-Th; 8 pm F-7 am M	7 pm-6 am M-F; Sa-Su; some holidays	None	None
<u>Contract</u>	1 yr.	Monthly or 1 yr.	2 yrs.	1-2 yrs.	1 yr.
<u>Activation fee</u>	\$25	\$29.99	\$25	\$20/1-yr.; none/2-yr. contract	\$10
<u>Cancellation fee</u>	\$10/mo. remaining on contract	None/monthly; \$150/1-yr. contract	\$200	\$25/mo. remaining on contract	\$200
<u>Rate per min. of add'l. airtime</u>	\$ .30 anytime	\$ .35 anytime	\$ .39 peak, \$.29 off peak	\$ .30 anytime	\$ .25 anytime
<u>Roaming charges per min.</u>	\$ .69 anytime	\$ .00-.69	\$ .35-1.00	\$ .60 anytime	\$ .49-.60
<u>Long-distance charges per min.</u>	None	\$ .15 anytime; or \$.25 peak, \$.10 off peak	\$ .22 peak, \$.10 off peak	\$ .12 anytime	\$ .20 anytime
<u>Incremental billing</u>	1 min.	1 min.	1 min.	1 min.	1 min.
<u>Free 1st minute on incoming calls</u>	No	No	Included	Included	Included
<u>Directory assistance</u>	\$.99/call	\$.99/call	\$.75/call	\$.75/call	\$.75/call
<u>Air interface technology</u>	Digital PCS (TDMA 1900MHz)	Digital PCS (CDMA 1900MHz)	Digital cellular (CDMA 800MHz)	Digital cellular (CDMA 800MHz)	Digital PCS (GSM 1900MHz)

Click on individual plans for specific details on roaming charges, long-distance charges and other features.

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Products & Services: Calling Plan Options

[http://www.app.airtouch.com/apps/plsql/...le?p\\_option\\_id=389&p\\_pic=&p\\_mkt=ARIZONA](http://www.app.airtouch.com/apps/plsql/...le?p_option_id=389&p_pic=&p_mkt=ARIZONA)

CALLING  
 PLAN  
**Options**

JUMP TO:

Make a Selection



AirTouch has a calling plan  
**THAT'S RIGHT FOR YOU.**

Digital Calling Plans

	Digital 75	Digital 250	Digital 500	Digital 700	Digital 800
✓ = included features • = available features					
Monthly Service Fee	\$19.99	\$29.99	\$39.99	\$49.99	\$79.99
Anytime Minutes Included in Monthly Service	75	250	500	700	800
Additional Minutes	30¢	30¢	25¢	25¢	20¢
Reference Code	LDV2	LDV3	LDV4	LDV5	LDV

**AirTouch Gives You A Choice** When it comes to wireless, AirTouch offers you more choices. For any need. Our Analog system offers proven performance and value, while our state-of-the-art battery life, superior call privacy, and lower airtime rates.

**The Freedom To Change** With our calling plan flexibility program, you can switch to another plan or another plan can save you money, one call to customer service will take care of it.

**Charges Fall into Two Categories** Your calling plan has a fixed monthly fee that covers access. Additional airtime minutes are automatically counted after you've used all the minutes included in listed for your particular calling plan.

✓ Plans Include:

- Caller ID
- First Incoming Minute Free<sup>3</sup>
- 25% Outgoing Cellular-to-Cellular Discount<sup>4</sup>
- ONE-BILL<sup>®</sup> Long Distance at 12¢ per minute anytime, including all in-state calls.
- Expanded Home Rate Area<sup>5</sup>
- 60¢ National Roaming Rate
- Message Delivery Service<sup>6</sup>
- Call Waiting
- Call Forwarding<sup>7</sup>
- 3-Way Conference Calling<sup>8</sup>
- 411 Connect<sup>® 9</sup>
- Detailed Billing

**Messaging Services:** Voice Mail with Paging available for no additional monthly charge<sup>1</sup>. Add Te

Products & Services: Calling Plan Options

[http://www.app.airtouch.com/apps/pisqj/...le?p\\_option\\_id=389&p\\_pic=&p\\_mkt=ARIZONA](http://www.app.airtouch.com/apps/pisqj/...le?p_option_id=389&p_pic=&p_mkt=ARIZONA)

**Additional Offers:** Add 500 weekend minutes for \$4.99/month, and/or add AirTouch Roadside A MONTHS FREE<sup>2</sup>.

<sup>1</sup>Voice Mail with Paging available upon request. Mailboxes not initialized within 90 days will be removed.

<sup>2</sup>If selected, Weekend Option and/or AirTouch Roadside Assistance will be applied as a credit for three months. Customers who wish to cancel Weekend Options or AirTouch Roadside Assistance will need to call Customer Support to forfeit the offer.

Weekend Option applies to Home Calling Plan airtime only, long distance and roaming charges, if any, will apply. Weekend hours: 12:01 am Saturday – midnight Sunday.

<sup>3</sup>Applies to calls received within your AirTouch Home Rate Area.

<sup>4</sup>Applies to airtime, in excess of monthly allowance, on outgoing calls made within your AirTouch Home Rate Area.

<sup>5</sup>Not available in all markets.

<sup>6</sup>The pay-as-you-go alternative to regular Voice Mail. We call you with messages. If you choose to listen to the messages waiting. Not available in all markets.

<sup>7</sup>Airtime charges and some restrictions may apply.

<sup>8</sup>Airtime and toll charges apply towards both calls.

<sup>9</sup>75¢ per call, plus airtime and toll charges where applicable.

- ONE-BILL® Long Distance service required on digital plans and is 12¢ per minute anytime. ONE-BILL service areas within AZ, CO, ID, IA, MN, NE, NM, ND, OR, UT, WA, and WY to areas within the U.S. 30¢ per minute. Rates will vary international calls.
- One- or two-year agreement is required for each line of service, on approved credit. For one-year agreement, the one-time charge of \$20 does not apply. For two-year agreement, the one-time charge of \$20 does not apply. For each month remaining in the agreement. There is a \$15 service charge plus \$4.95 per month to go in advance, and will not be refunded for termination of service prior to the end of your billing cycle. Airtime Prices subject to change without notice. Unused minutes do not carry over to the next month.
- Maximum 200 lines of service per company or individual.
- See contract Terms and Conditions for additional details. All plans effective 11/1/99.
- Calls are timed from when you press SEND to a few seconds after you press END while the network is on. Calls to the next full minute, so the number of minutes you are billed may vary from actual minutes of use. Y for unanswered calls or busy signals in your AirTouch Home Service Area (i.e., when your ROAM indicator apply).
- Digital plans are available to subscribers in AirTouch Digital Service Areas with an AirTouch Digital phone.
- A 911 emergency call made with a wireless telephone is not always answered by a local public safety agency. The caller must provide specific information regarding the caller's location.

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<http://www.point.com/plans/PlanDetails.a...uteid=2&cityid=78&zipcode=85701&id=107>

SELECTED PLAN

Verizon Wireless (formerly AirTouch)  
Digital 250

Tucson, AZ region

PLAN DETAILS PHONES COVERAGE MAP DEALERS

Plan Details

<u>Monthly access charge</u>	\$29.99
<u>Minutes included</u>	
Anytime minutes	250
<u>Off-peak minute package</u>	\$4.99/500 weekend mins.
<u>Peak period</u>	None
<u>Off-peak period</u>	None
<u>Contract</u>	1-2 yrs.
<u>Activation fee</u>	\$20/1-yr.; none/2-yr. contract
<u>Cancellation fee</u>	\$25/mo. remaining on contract
<u>Rate per min. of add'l. airtime</u>	\$.30 anytime
<u>Roaming charges per min.</u>	\$.60 anytime
<u>Long-distance charges per min. (Verizon)</u>	\$.12 anytime
<u>Incremental billing</u>	1 min.
<u>Free 1st minute on incoming calls</u>	Included
<u>Directory assistance (Verizon)</u>	\$.75/call
<u>Air interface technology</u>	Digital cellular (CDMA 800MHz)

Additional Information

Plan includes 25% Mobile-to-Mobile discount on calls placed or received from other Verizon Wireless subscribers.

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Navigation Menu

wysiwyg://navbot.main.113/http://www.poi...?route=2&cityId=78&aspId=6&zipcode=8571

### 39 Plans

Listed by Price & Carrier

#### U S WEST Wireless

- [Standard 60](#) ⓪
- [200 Promo Plan](#) ⓪
- [Standard 150](#) ⓪
- [400 Promo Plan](#) ⓪
- [Standard 250](#) ⓪

#### AT&T Wireless Services

- [AT&T Wireless \\$19.99](#) ⓪
- [AT&T Advantage \\$24.99 Digital PCS](#) ⓪
- [AT&T Advantage \\$39.99 Digital PCS](#) ⓪
- [National PrePaid Wireless](#) ⓪
- [AT&T Family Plan \\$24.99](#) ⓪
- [AT&T Long-distance Advantage \\$29.99](#) ⓪
- [AT&T Long-distance Advantage \\$39.99](#) ⓪

#### Sprint PCS

- [Free and Clear 20](#) ⓪
- [Free and Clear 180](#) ⓪

#### Cellular One

- [Conversation Card Prepaid \(analog\)](#) ⓪
- [PCS Now \(analog\)](#) ⓪
- [Digital PCSUltra 75](#) ⓪
- [\\$29.99 Complete Digital Package Promo](#) ⓪
- [Analog 75](#) ⓪
- [Digital PCSUltra 250](#) ⓪
- [Shared Minutes 250](#) ⓪
- [Southwest Cities 200 Promo](#) ⓪
- [Analog 180](#) ⓪
- [Digital PCSUltra 600](#) ⓪
- [Total Freedom 200](#) ⓪

#### Verizon Wireless (formerly AirTouch)

- [Prepaid Cellular](#) ⓪
- [Analog 35](#) ⓪
- [Digital 75](#) ⓪
- [Analog 80](#) ⓪
- [Digital 250](#) ⓪
- [SingleRate 150](#) ⓪
- [Family Connection 200 Promo \(analog\)](#) ⓪
- [Family Connection 200 Promo \(digital\)](#) ⓪
- [Family Connection 300 Promo](#) ⓪

Navigation Menu

wysiwyg://navbot.main.113/http://www.poi...?route=2&cityId=78&aspId=6&zipCode=8571

- [Digital 400](#) 0
- [S.T.A.R. 400](#) 0
- VoiceStream Wireless**
- [EasySpeak Prepaid](#)
- [Basic 2000](#) 0
- [Get More 2000](#) 0

Fiber optic space filling fast in Valley

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- STOCK QUOTES
- INVESTING
- ARIZONA BUSINESS GAZETTE
- AP BUSINESS
- AUTOS
- COMPUTING
- CLASSIFIEDS
- REAL ESTATE
- TECH BIT
- JOB ADS
- WORK AVENUE
- VIRTUAL JOB FAIR
- FORUMS

## Fiber optic space filling fast in Valley

### Companies sharing loops of cable laid beneath streets

By Max Jarman  
The Arizona Republic  
Nov. 16, 1999

"The intersection at Camelback Road and 24th Street is getting so crowded, you can barely get through it," observed Leslie H. Thomas, interim director of Phoenix's engineering and architectural services department.

That's not exactly news to anyone who's driven out Camelback Road around lunch time.

But Thomas isn't talking about cars. He's referring to utility cables, primarily fiber optic telecommunication lines that have been buried in the street over the past two years.

Since US West's telephone monopoly was ostensibly opened to competition by the Telecommunications Act of 1996, more than a dozen companies have laid fiber in the streets surrounding the key Valley business districts.

The cables allow them to provide local telephone, data and Internet service to high-margin business customers without having to use segments of US West's network.

But a Phoenix ordinance requires the utility easements to be two feet apart, and many streets are running out of room.

A six-mile trench currently being dug around downtown Phoenix by Nextlink and Williams Communications will likely hold the last fiber to go in key right-of-ways such as Third Avenue and Third Street.

As a result, latecomers will have to utilize side streets that are farther away from their potential customers.

To take advantage of the scarce right-of-ways, competitors are teaming to dig trenches and then charging still other competitors to piggy-back on their conduit. In some cases, the city is requiring them to do so.

Williams and Nextlink planned to construct separate fiber loops around downtown Phoenix, but the city forced them to work together in areas where their routes overlapped.

"It's necessary that these companies do these projects together," the city's Thomas said. "We're running out of space in the public right-of-ways, and we can't keep tearing up the streets."

Williams and Nextlink aren't the only companies putting fiber in the trench. Telecommunications companies are scrambling to take advantage of the open trench

## Fiber optic space filling fast in Valley

and jumping in.

Six other companies - Cox Communications, CapRock Communications, Level 3 Communications, GST Telecommunications, Metromedia Fiber Networks and El Paso Energy Communications - will cohabit much of the downtown loop. And in some segments, such as the stretch that crosses Interstate 10, as many as 14 different companies will have fiber.

"It's one of the biggest fiber installation's we've seen," Thomas said.

The project will bring a number of new players to the downtown area. Cox, for example, plans to use its cable to provide telephone and Internet service to businesses. Cox has primarily served the residential market.

Also new to the market are companies such as Nextlink, CapRock and Level 3.

"We're absolutely delighted with this project and the new telecommunications companies coming to town," said Paul Katsenes, Phoenix's deputy director of economic development.

"Some of the first questions companies ask us are: Where's the fiber, what's the bandwidth and how fast can I get connected?"

In the past, businesses located along freeways, Katsenes said. But now it's more important to be located along a fiber loop.

The downtown Phoenix loop is part of a 46-mile fiber ring that Nextlink plans to build around Phoenix and Tempe. A Mesa loop is planned but is not as far along as the Phoenix and Tempe segments.

Nextlink plans to initially offer telecommunications services to businesses. Eventually it intends to serve residents within its fiber loop, according to George O. Stewart, Nextlink's vice president and general manager.

Many of the same companies that are putting fiber into Nextlink's downtown Phoenix loop are going into segments of Nextlink's larger loop. Particularly attractive is the Camelback Road segment between 22nd and 44th streets.

Like Third Street and Third Avenue, Camelback is getting full.

Nextlink's trench could be the last. After the trench is closed, there will be a three-year moratorium on trenching along that segment of Camelback, Thomas said.

As the streets fill up with fiber, telecommunications companies such as Sprint and AT&T are rushing to install wireless technology that will enable them to send large amounts of data without having to rely on the subterranean fiber super highways.

\$\$\$

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[Back to Top](#) | [Business Main](#) | [Stock Quotes](#)  
[Arizona Business Gazette](#) | [Investing](#) | [AP Business](#)  
[Cars](#) | [Computing](#)

[News](#) | [Sports](#) | [Entertainment](#)  
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your child's college education?



Business

Navigation



## Phoenix getting telco hotels

### Old buildings are hubs for communications

By Catherine Reagor  
The Arizona Republic  
March 5, 2000

An old vacant warehouse on the fringes of downtown Phoenix may not look like a hot piece of real estate.

But its location at Third Avenue and Jackson Street, right next to one of the city's main fiber optic lines, coupled with its high ceilings and heavy concrete floors, are making it a hub for telecommunications firms.

It's not alone. A few blocks away, the old Arizona Republic building is being gutted to make way for millions of dollars of switches that connect callers and transmission equipment to provide high-speed Internet access from firms tying into Phoenix's main fiber networks.

These buildings that look like big boring boxes are Phoenix's first carrier, or telco, hotels - a new type of real estate that's filling up as fast as it's developed in cities such as New York, San Francisco, Chicago and Los Angeles.

These buildings are for the technology age what railroad crossings and highways were for the industrial age. Phone companies and Internet firms use these carrier hotels as the main connecting points to customers for their business just as manufacturing firms use transportation lines.

"When telecom firms realized they could save lots of money by locating close to competitors and tying into their networks to reach more customers, the market for telco hotels took off," said Jerry Marmelstein, president of New York-based Riser Management Systems, a carrier hotel consultant that's done projects across the world.

He estimates long-distance and Internet firms save 40 percent on each transmission that they can directly connect in a city, instead of paying a former Baby Bell such as US West or AT&T to do it.

The deregulation of the telephone industry and the rise of e-commerce as well as other Internet activity has spurred many new telecom firms to go after a piece of an industry with annual revenue in the hundreds of billions of dollars.

Fueled by a boom in the number of telecommunications companies, the industry's space needs and the price of that space are both skyrocketing.

Building owners like telecom tenants because after spending millions to put their equipment in, they rarely check out of telco hotels, signing long-term and lucrative leases.

They pay as much as office tenants do, upward of \$20 a foot in Phoenix.

"There's a huge appetite for this space," said Don Rodie of Cushman & Wakefield Arizona, who has negotiated deals across the country for big firms like MCI WorldCom and Nextlink Communications. "Demand is pent up in some areas of Phoenix where telecom firms have had to go into traditional office buildings or build their own facilities before now."

There are telecom switching centers in the former Park Central Mall on Phoenix's Central Avenue because companies couldn't find space anywhere else. Some high-rises, like 3300 N. Central Ave., also have switching centers for the same reason.

The Downtown Phoenix Telecom Exchange that's opening up at Van Buren and Second streets and the Southwest Telecom Center on Jackson and Third will be the first carrier hotels where telecom tenants move in together in Phoenix.

The two projects have almost 400,000 square feet of space, low compared with other big cities, telecom analysts say.

New York has several million square feet of space, and San Francisco isn't far behind it.

Industry analysts estimate the demand for carrier hotel space in Phoenix is as much as 1.2 million square feet.

### **Cheaper connections**

It costs more than \$140,000 a mile to lay fiber optic lines, but it's a lot cheaper for telecom firms to connect to each other, said Frank Croan of Phoenix-based C.O. Group, a switching center consultant.

If Nextlink Communications wants to route calls through MCI WorldCom's network, it need only run line between floors of a telco hotel building rather than digging up streets to lay down new fiber.

Also, improving technology means equipment has gotten smaller so telecom firms can share space, said Mike McHale, president of national services at Bellevue, Wash.-based Nextlink Communications, which could be a tenant in one of Phoenix's new carrier hotels.

Many telecom firms don't want to build their own facilities because it takes too long.

Since US West's telephone monopoly was opened to competition by the Telecommunications Act of 1996, more than a dozen companies have laid fiber in the streets surrounding the key Valley business districts. At least a hundred more want to tap into the fiber lines, and even more Internet start-ups are expected to join the market next year.

### **Rows of machines**

These new telco hotels don't look like much from the outside, but behind the well-fortified and highly secure doors of telco hotels are pricey contents. Not people but rows of machines and cables.

Also, few workers use the carrier hotels so the buildings don't need lots of restrooms, snazzy lobby space or parking.

"We are basically taking this old building back to a shell so tenants can put in what they need," said Jeff Perelman of Chicago-based Sterling Capital, which owns the Downtown Phoenix Telecom Exchange.

Industry analysts estimate that a telecom firm paying \$20 a square foot to lease space will spend \$200 a square foot to equip it.

The Phoenix Telecom Exchange is already almost half leased and it doesn't open until mid-May.

ICG Communications, ICG Net and Inflow have all inked deals to move into the revamped building, said Mark Bauer of Cushman & Wakefield, which is marketing it.

The Southwest Telecom Center's first tenant moves in about the same time. Initial demand has been so high that the developer, Phoenix businessman Jim Ameduri, has an 80,000-square-foot addition planned for the vacant lot behind the building, which it doesn't need for parking.

### **Commercial switches**

US West and AT&T have their main commercial switches downtown, within walking distance from these new carrier hotels, another bonus for the projects.

Also, in the basement of the Southwest Telecom facility, a switching

vault is being built with connections to those big providers, Level 3, Sprint, Williams, MCI and Nextlink. It will let a tenant connect to all those firms in one spot.

Not every building works for one of these carrier hotels. They need strong floors that can support at least 150 pounds per square foot, compared with only 60 pounds per foot in the typical office building. The ceilings have to be about 12 feet high to stack wires and ventilation overhead, and windows have to be sealed.

Carrier hotels also need a lot of power, as much as 50 watts per square foot. The typical office building only uses 4 or 5 watts a foot.

To make sure they never lose that power, telecom providers needs backup generators, and batteries to supply power while the generators are starting.

### Office districts popular

These buildings that look almost like huge stereos on the inside are basically equipment storage space, not office space.

Central office districts are the most popular spots for telco hotels because they have more older buildings, fiber optics and business customers.

But telecom firms are expanding outside of central Phoenix to tap other high-traffic business areas. MCI is building a 40,000-square-foot switching site at 34th Street and Camelback Road to go after lucrative business from Camelback Corridor.

Reach the reporter at [Catherine.Reagor@ArizonaRepublic.com](mailto:Catherine.Reagor@ArizonaRepublic.com) or (602) 444-8040.

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January 20, 2000, Thursday

**DISTRIBUTION:** Business Editors/High-Tech Writers

**LENGTH:** 675 words

**HEADLINE:** Covad Announces DSL Services in Tucson and Green Valley; Covad Communications Expands Arizona DSL Coverage to Tucson Area for Residential and Business Customers

**DATELINE:** TUCSON, Ariz., Jan. 20, 2000

**BODY:**

Covad Communications (Nasdaq:COVD), the leading national broadband services provider utilizing digital subscriber line (DSL) technology, today announced the availability of its DSL services in Tucson and Green Valley, Arizona.

The high-speed service will be available to both residential and business customers.

Covad's DSL service allows high-speed access to the Internet and corporate networks through ordinary copper phone wires found in businesses and homes today. Since this high-speed connection is always on, the need to dial in each time a user wants to browse the Internet or download email is eliminated as well as the delays, busy signals and non-connects typical in dial-up service.

With data connections up to 50 times faster than 28.8K modems, Covad's TeleSpeed(R) service is an affordable solution for home offices as well as small and medium size businesses. For home users, Covad's TeleSurfer (SM) service provides connections up to 25 times the speed of most dial-up solutions with the highest quality and widely available residential option for high-speed Internet access.

Covad's network will service approximately 80 percent of the homes and 85 percent of the businesses in the Tucson area. Currently, Covad's DSL services are provided by the following Internet Service Providers: FirstWorld Communications, Inc. (Nasdaq:ONXS) ([www.firstworld.com](http://www.firstworld.com)), Onvoy, Inc. ([www.onvoy.com](http://www.onvoy.com)), RMI.NET (Nasdaq:RMII) ([www.rmi.net](http://www.rmi.net)) and Speakeasy ([www.speakeasy.com](http://www.speakeasy.com)).

"With Covad's DSL services, the small to medium sized businesses and home offices will now be able to experience big company corporate Internet access services at small company prices," said Bob Grant, president and general manager of Covad's Western region. "In addition, our residential services offer the broadband experience to consumers who want to go beyond dial-up to use the Internet for multi-media."

About Covad

Covad is the leading national broadband services provider of high-speed Internet and network access utilizing Digital Subscriber Line (DSL) technology. It offers DSL services through Internet Service Providers, telecommunications carriers, enterprises, PC OEMs and ASPs to small and medium-sized businesses and home users.

Covad services are currently available across the United States in 58 of the top Metropolitan Statistical Areas (MSAs) and are expected to be available in 100 MSAs by the end of 2000. At that time, Covad's network will reach more than 40 percent of all US homes and 45 percent of all US businesses.

Covad Communications and its affiliates, doing business as Covad Communications Company, are wholly owned subsidiaries of Covad Communications Group, Inc. (Nasdaq:COVD). Corporate headquarters is located at 2330 Central Expressway, Santa Clara, CA 95050. Telephone: 888/GO-COVAD. Web Site: [www.covad.com](http://www.covad.com).

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

The statements contained in this release which are not historical facts may be deemed to contain forward-looking statements, including but not limited to statements regarding the intention to deploy our network in new and existing MSAs and the timing and breadth of coverage in each MSA, and our ability to provide multimedia content. Actual results may differ materially from those anticipated in any forward-looking statements as a result of certain risks and uncertainties, including, without limitation, the company's dependence on incumbent local exchange carriers for collocation, unbundled network elements, transport and other facilities, development of necessary technologies and operations, ability to manage growth of our operations, and the need to raise additional capital. For other risks and uncertainties applicable to our business refer to the Company's Securities and Exchange Commission filings.

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[nerfan@alexanderogilvy.com](mailto:nerfan@alexanderogilvy.com)

URL: <http://www.businesswire.com>

LANGUAGE: ENGLISH

LOAD-DATE: January 21, 2000

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April 5, 2000, Wednesday

**SECTION:** FINANCIAL NEWS

**DISTRIBUTION:** TO BUSINESS AND TECHNOLOGY EDITORS

**LENGTH:** 855 words

**HEADLINE:** Concentric Network Adds 15 New Markets to its DSL Footprint, Expanding the Company's Service Reach to More Than Half the U.S. Population Nationwide; Expanded Coverage Solidifies Concentric's Position as the Provider of Choice for Business Class DSL, Now Reaching a Total of 34 U.S. Markets

**DATELINE:** SAN JOSE, Calif., April 5

**BODY:**

Concentric Network Corp. (Nasdaq: CNCX) a leading provider of e-business solutions for small- to medium-sized companies, today announced the availability of digital subscriber line (DSL) services to businesses, telecommuters and individuals in 15 new markets, including Albany, NY; Albuquerque, NM; Austin, TX; Buffalo, NY; Colorado Springs, CO; Milwaukee, WI; Minneapolis, MN; Norfolk, VA; Phoenix, AZ; Pittsburgh, PA; Providence, RI; Richmond, VA; Salt Lake City, UT; San Antonio, TX and Tucson, AZ Since the launch of ConcentricDSL(TM) in late 1997, Concentric has aggressively expanded its deployment portfolio -- now totaling 32 metropolitan markets -- enabling the company to serve more than half the US population nationwide.

"Growing businesses are seeing the inherent value that ConcentricDSL delivers to their business," said Henry R. Nothhaft, chairman, president and CEO of Concentric Network. "More than just speed, ConcentricDSL is a cost-effective networking tool that enhances productivity and efficiency. Moreover, the integration of a complimentary domain e-mail and Web hosting account with our DSL service is also proving to level the playing field, providing small-and medium-sized businesses the tools they need to compete in today's digital marketplace."

Concentric has become the provider of choice in the business community, surpassing the 10,000 installed DSL line benchmark at the end of 1999. ConcentricDSL service enables users to access the Internet or a company LAN using a standard phone line at speeds up to 50 times faster than a 28.8 Kbps modem, allowing for simultaneous voice, video and data transmissions. ConcentricDSL service packages are available in speeds ranging from 144Kbps to 1.5Mbps at prices starting as low as \$69 a month, including all circuit and Internet charges.

A one-stop bundle of Internet services for small- and medium-sized businesses, ConcentricDSL includes domain e-mail with five e-mail boxes, a free Web hosting account on the award-winning ConcentricHost(TM) platform and around-the-clock customer support. Concentric is also differentiating the customer experience, providing a 30-day money back guarantee program and online installation status so that customers have a clear view into the provisioning state of their DSL line. Additionally, DSL customers benefit from the more than 40 partners featured on the Concentric Gateway, a free online business solution center designed to enable growing companies to improve their efficiency, increase their productivity and grow their business through task-specific online applications.

"We are also conducting an ADSL trial phase with British Telecom," add Nothhaft. "The interest and demand for DSL service in the UK is burgeoning, and we are looking forward to carrying our expertise into this marketplace."

For more information on ConcentricDSL services please call 888-493-6236 or e-mail [bizsales@concentric.net](mailto:bizsales@concentric.net). To check availability in your area, please visit [www.concentric.net](http://www.concentric.net).

#### About Concentric Network Corporation

Concentric Network Corporation provides complete Internet business solutions for small- and medium-sized enterprises, including DSL access, Web hosting and e-commerce. The company also offers data center services, virtual private networks, dedicated access, and application infrastructure services for delivering applications over the Internet or a VPN. Concentric's services are offered through a nationwide network of data centers and a private, nationwide ATM network, in addition to, an extensive European network and trans-Atlantic capacity. All Concentric services are backed by 24/7 customer care and most include service level agreements. Publicly traded, Concentric Network is headquartered in San Jose, Calif., with operations offices in Irvine, Ca., Chicago, Il., St. Louis, Mo., Saginaw, Mich., Secaucus, NJ., London, United Kingdom, Manchester, United Kingdom, Birmingham, United Kingdom and Almere, Netherlands, along with sales and channel support worldwide. For more information, visit <http://www.concentric.net> or contact Public Relations at [publicrelations@concentric.com](mailto:publicrelations@concentric.com).

On January 10, 2000, NEXTLINK and Concentric Network announced a \$2.9 billion transaction to combine the companies. The transaction is expected to close in the second quarter of this year. NEXTLINK provides high quality, broadband communications services to businesses over fiber optic and broadband wireless facilities across the United States. NEXTLINK currently is providing service in 49 markets.

NOTE: Concentric Network Corporation, the Concentric logo and ConcentricDSL are trademarks of Concentric Network. Other product names mentioned herein may be trademarks and/or registered trademarks of their respective companies.

SOURCE Concentric Network Corp.

CONTACT: Jenna Dee of Concentric Network Corp., 408-817-2297, or [jdee@concentric.com](mailto:jdee@concentric.com); or Leslie Johnson of Wilson McHenry Company, 510-723-6212, or [ljohnson@wmc.com](mailto:ljohnson@wmc.com), for Concentric Network Corp.

URL: <http://www.pnewswire.com>

LANGUAGE: ENGLISH

LOAD-DATE: April 6, 2000

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## Flashcom Adds Phoenix To Nation's Largest Deployment Of High Speed DSL Service

*Digital Subscriber Lines offer Internet access over 100 times faster from \$49.95 a month*

For immediate release, contact:

Anita Messier  
Flashcom, Inc  
714/891-7891 ext. 2348  
[anitam@flashcom.com](mailto:anitam@flashcom.com)

**August 9th, 1999 @ Huntington Beach, CA.**

Huntington Beach, CA -Flashcom, the leader in providing DSL service nationwide, today announced the expansion of their low cost, high speed service into Phoenix. Flashcom is the nation's largest DSL exclusive supplier and the only company currently providing service to over 20,000 businesses and power users in 29 major metropolitan areas encompassing 20 states.

At its top speed, Flashcom's DSL service is up to 100 times faster than dial-up modem connections and over 25 times faster than ISDN. And, unlike dial-up services, there is no wait to connect and no busy signals. Once installed, the high-speed connection is always on and your favorite Internet destination is simply "one click" away.

Superior to cable modems which operate in a shared network, Flashcom's DSL offers a private, secure connection that is perfect for banking, stock trading or e-commerce services. DSL is also well suited for high bandwidth applications such as Video on demand, Wide Area Networks, Voice over IP (VoIP), or Web Site Hosting.

Flashcom provides its DSL service nationwide with a unique Digital Network that was designed exclusively for DSL and has the ability to provide private, secure connections between sites without using the Internet.

"By focusing exclusively on DSL technology, our customers are assured of the finest high speed experience, knowledge and support available- including a variety of DSL solutions." states Brad Sachs, President and CEO of Flashcom. "Power users and small businesses now have a cost effective solution for high speed connectivity. With our free setup, free installation, free first month specials, and prices starting at only \$49.95 a month, current users of multiple dialup accounts, ISDN, Frame Relay or T1 circuits, can save hundreds to thousands of dollars per month."

Flashcom's new high-speed data service is available now. Customers interested in ordering the service or viewing our specials can do so on the web at <http://www.flashcom.com> or call toll free (877) Flashcom.

About Flashcom, Inc.

Flashcom is the leader in providing high-speed, dedicated, direct connect xDSL technology nationally, currently providing service in 29 major metro markets with plans for 21 more by the end of this year. We offer secure interstate/intrastate multi-office and Internet connectivity solutions that are far less expensive than current methods. Being a full service Digital Solutions Provider, we also offer Virtual Private Network (VPN) solutions, Firewall services, ISP/VAR reseller and wholesale programs.

Flashcom is a closely held company with corporate headquarters in Huntington Beach, California. Current investors include Communications Ventures, Intel Corporation and Mayfield Fund.

For more information about Flashcom's DSL services, visit its Internet site at <http://www.flashcom.com>, or contact the company at 714-891-7891.

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Wednesday September 22, 11:00 am Eastern Time

## Company Press Release

SOURCE: RMI.NET

# RMI.NET Teams with Covad Communications To Offer Warp Wire DSL Service to Phoenix

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## Agreements Give Denver-based Commerce Solutions Provider Access to 22 Cities and One of the Largest DSL Footprints in United States

PHOENIX, Sept. 22 /PRNewswire/ -- RMI.NET, Inc. (Nasdaq: RMI - news), a national e-business and convergent communications company, announced today it will provide Digital Subscriber Line (DSL) service -- high-speed access to the Internet for data and video -- to the greater Phoenix area through a relationship with Covad Communications (Nasdaq: COVD - news). The new DSL service is called Warp Wire(TM).

(Photo: <http://www.newscom.com/cgi-bin/prnh> )

In naming Santa Clara, Calif.-based Covad Communications as its preferred provider for DSL in Phoenix, RMI.NET gains access to one of the largest DSL footprints in the U.S. RMI.NET launched its national DSL campaign in Denver earlier this month.

"Covad Communications clearly is the leading provider of DSL access nationwide, and our relationship expands RMI.NET's role as a leader in providing total communications and e-commerce solutions for the Phoenix market," said Douglas H. Hanson, chairman and chief executive officer for RMI.NET.

"RMI.NET's entry into the Phoenix market with DSL service further enhances our leading role as a premier Internet service and commerce solutions provider for this area," said Dennis Sullivan, regional vice president for RMI.NET's southwestern division. "We will offer a premier DSL product through Covad Communications, and will greatly enhance the experience of the World Wide Web for our valued customers."

Through its Covad relationship, RMI.NET will be able to provide Warp Wire(TM) DSL service to 22 metropolitan areas, including Atlanta; Austin, Texas; Baltimore; Boston; Chicago; Dallas/Fort Worth; Denver; Detroit; Houston; the greater Los Angeles area; Miami; Minneapolis/St. Paul; New York; Philadelphia; Phoenix; Portland, Ore.; Raleigh/Durham, N.C.; Sacramento, Calif.; San Diego; the San Francisco Bay area; Seattle; and Washington, D.C.

As Covad Communications expands its nationwide DSL offering, RMI.NET will be able to expand its Warp Wire(TM) service offering through the agreement to other U.S. cities.

Yahoo - RMI.NET Teams with Covad Corp. Warp Wire DSL Service to Phoenix

[http://biz.yahoo.com/prnews/990922/az\\_rmi\\_net\\_1.html](http://biz.yahoo.com/prnews/990922/az_rmi_net_1.html)

This includes high-speed access to DSL over Asynchronous Transfer Mode (ATM) voice service when it becomes available.

DSL offers consumers high-speed local broadband connections that are significantly faster than other remote connections, such as telephone lines or Integrated Service Digital Networks (ISDN). DSL offers connections that are up to 10 times faster than an ISDN circuit and up to 50 times faster than telephone lines. DSL allows customers faster download of files and information from the Internet or remote networks.

Customers utilizing RMI.NET's DSL offering will enjoy nationwide coverage that gives "always-on" bandwidth network connectivity 24 hours a day, seven days a week, and a variety of service options, including transmission speeds.

Covad is a leading broadband access and services provider offering DSL services to large enterprise customers and, through ISPs, to small and medium-sized businesses and home users. It provides services in 22 regions nationwide, encompassing 51 metropolitan statistical areas.

Denver-based RMI.NET, Inc., formerly Rocky Mountain Internet, is a national commerce solutions provider focusing on turnkey e-business applications and convergent communications. RMI.NET has developed and provides small and medium-sized companies with scalable e-business capabilities; customized web page development and hosting; nationwide Internet dialup and dedicated access; Digital subscriber line (DSL) service; and traditional communication services, including Internet telephony. The company wholly owns a proprietary portal site and search engine, Infohiway, at [www.infohiway.com](http://www.infohiway.com). For more information on RMI.NET, call (800) 864-4327, or visit the company's web site at [www.rmi.net](http://www.rmi.net).

This press release might contain forward-looking statements. These forward-looking statements are subject to risks and uncertainties. Actual results may differ materially from such forward-looking statements as a result of risks and uncertainties, which are described in the cautionary statements section of the company's 10K dated December 31, 1998, and may include other risks described in all Securities and Exchange Commission filings submitted as of this date.

*SOURCE: RMI.NET*

**More Quotes and News:**

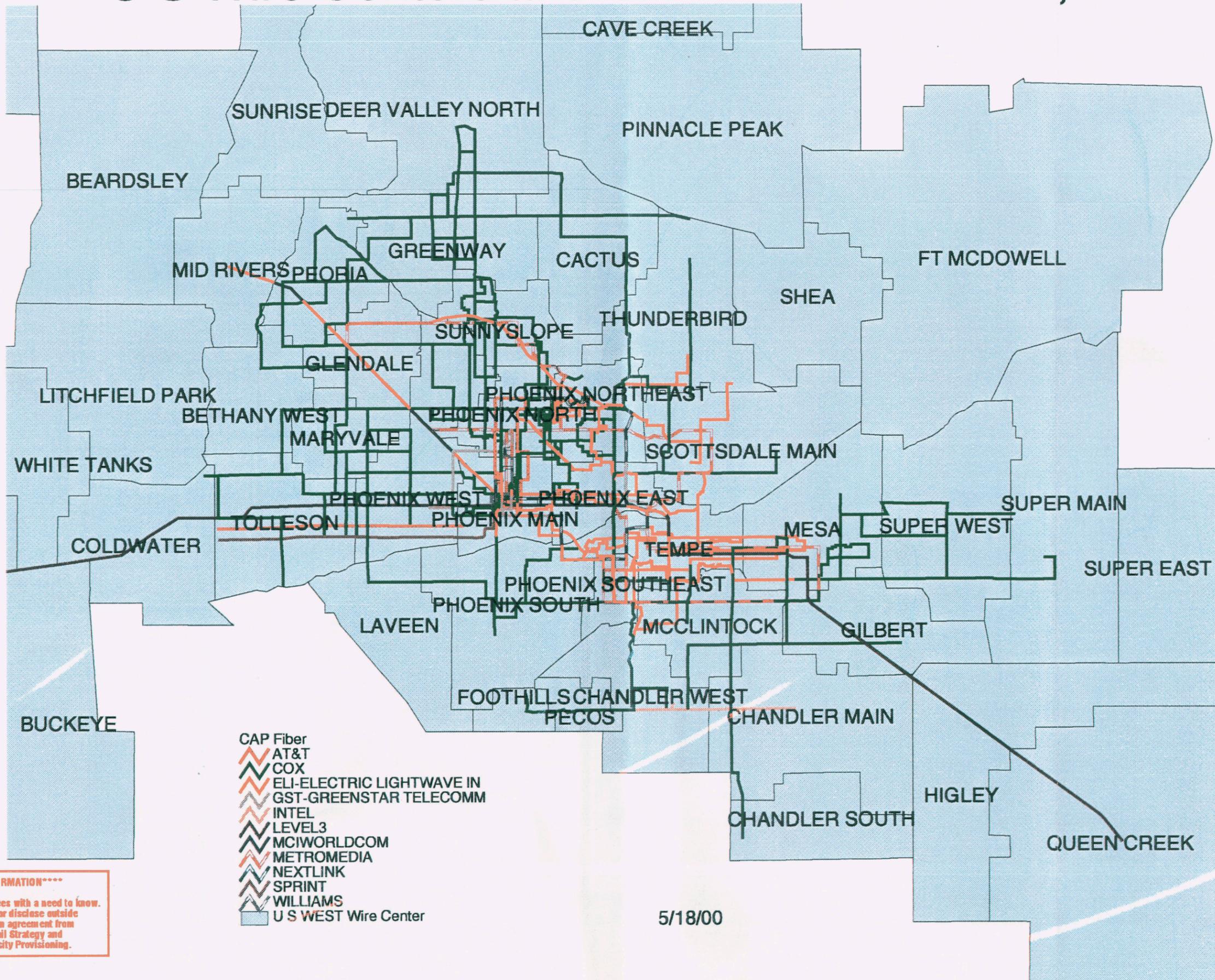
- Covad Communication Group Inc (Nasdaq:COVD - [news](#))
- Rocky Mountain Internet Inc (Nasdaq:RMII - [news](#))

**Related News Categories:** [computers](#), [internet](#), [telecom](#)

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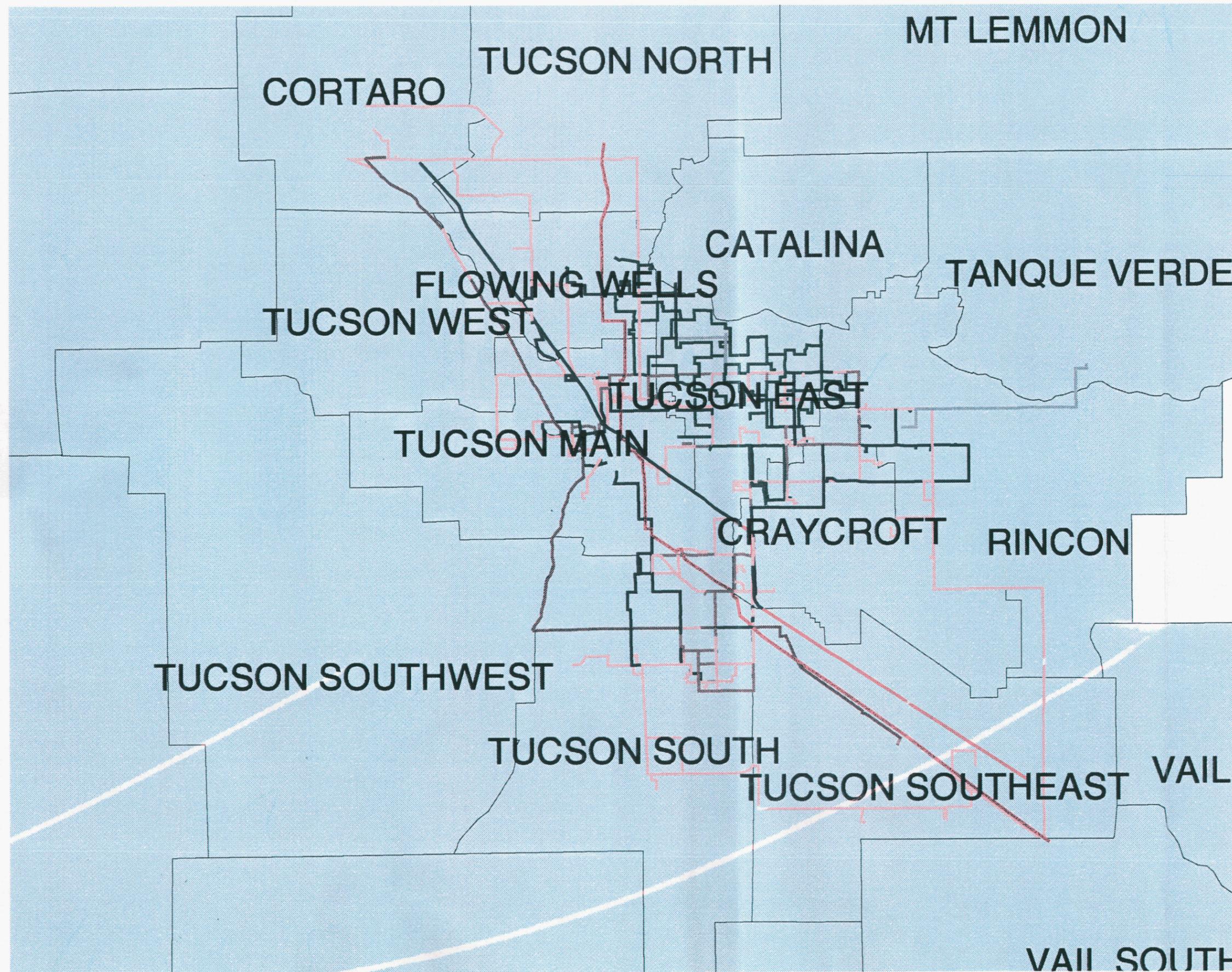
# U S Wire Centers and CAP Fiber - Phoenix, AZ



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- AT&T
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- ESPIRE
- GST-GREENSTAR TELECOMM
- MCIWORLD.COM
- QWEST
- SPRINT
- TUCSON ELECTRIC
- USW Wire Center

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COMPETITIVE SWITCHES

LOCALITY NAME	OPERATING COMPANY NAME	OCN CAT.	Total
AGUA FRIA	FRONTIER LOCAL SERVICES - AZ	CLEC	1
CASAGRANDE	GST NET - AZ - INC.	CLEC	1
	MOUNTAIN TELECOMMUNICATIONS - INC. - CLEC	CLEC	2
	SPRINT COMMUNICATIONS COMPANY - L.P. - AZ	CLEC	1
CHANDLER	FRONTIER LOCAL SERVICES - AZ	CLEC	1
	GREAT WEST SERVICES - LTD. - ARIZONA	CLEC	1
	MCIMETRO - ATS - INC.	CLEC	1
	TELEPORT COMMUNICATIONS GROUP - PHOENIX	CAP	1
CIRCLECITY	MCIMETRO - ATS - INC.	CLEC	1
COOLIDGE	SPRINT COMMUNICATIONS COMPANY - L.P. - AZ	CLEC	1
COTTONWOOD	MOUNTAIN TELECOMMUNICATIONS - INC. - CLEC	CLEC	2
DEERVALLEY	MCIMETRO - ATS - INC.	CLEC	3
	NEXTLINK ARIZONA - INC.	CLEC	2
	OPTEL ARIZONA TELECOM - INC.	CLEC	1
	TELEPORT COMMUNICATIONS GROUP - PHOENIX	CAP	2
DOUGLAS	MOUNTAIN TELECOMMUNICATIONS - INC. - CLEC	CLEC	2
FLAGSTAFF	AT&T LOCAL	CLEC	1
	ELECTRIC LIGHTWAVE - INC. - ARIZONA	CLEC	12
	LEVEL 3 COMMUNICATIONS - LLC - AZ	CLEC	1
	MOUNTAIN TELECOMMUNICATIONS - INC. - CLEC	CLEC	2
FLORENCE	SPRINT COMMUNICATIONS COMPANY - L.P. - AZ	CLEC	1
FTMCDOWELL	MCIMETRO - ATS - INC.	CLEC	1
	TELEPORT COMMUNICATIONS GROUP - PHOENIX	CAP	1
GILA BEND	GST NET - AZ - INC.	CLEC	1
GLENDALE	COX ARIZONA TELECOM - INC.	CLEC	1
	GST NET - AZ - INC.	CLEC	2
	INTERMEDIA COMMUNICATIONS INC. - AZ	CLEC	1
	MCIMETRO - ATS - INC.	CLEC	1
	ONEPOINT COMM. - IL LLC DBA ONEPOINT COMM	L RESELLE	1
	OPTEL ARIZONA TELECOM - INC.	CLEC	1
	SPRINT COMMUNICATIONS COMPANY - L.P. - AZ	CLEC	1
	TELEPORT COMMUNICATIONS GROUP - PHOENIX	CAP	3
	WINSTAR WIRELESS - INC. - AZ	CLEC	1
GLOBE	MOUNTAIN TELECOMMUNICATIONS - INC. - CLEC	CLEC	2
HIGLEY	MCIMETRO - ATS - INC.	CLEC	1
LITCHFLDPK	MCIMETRO - ATS - INC.	CLEC	3
	OPTEL ARIZONA TELECOM - INC.	CLEC	1
	TELEPORT COMMUNICATIONS GROUP - PHOENIX	CAP	3
MARANA	GST NET - AZ - INC.	CLEC	1
MESA	AT&T LOCAL	CLEC	1
	MCIMETRO - ATS - INC.	CLEC	2
	OPTEL ARIZONA TELECOM - INC.	CLEC	1
	TELEPORT COMMUNICATIONS GROUP - PHOENIX	CAP	7
NO PHOENIX	MCIMETRO - ATS - INC.	CLEC	1
	NEXTLINK ARIZONA - INC.	CLEC	1
	OPTEL ARIZONA TELECOM - INC.	CLEC	1
	TELEPORT COMMUNICATIONS GROUP - PHOENIX	CAP	1
PARADISVLY	TELEPORT COMMUNICATIONS GROUP - PHOENIX	CAP	1
PAYSON	MOUNTAIN TELECOMMUNICATIONS - INC. - CLEC	CLEC	2
PEORIA	ELECTRIC LIGHTWAVE - INC. - ARIZONA	CLEC	2
	TELEPORT COMMUNICATIONS GROUP - PHOENIX	CAP	1

	TELIGENT - INC. - AZ	CLEC	1
PHOENIX	AT&T LOCAL	CLEC	3
	COX ARIZONA TELECOM - INC.	CLEC	3
	ELECTRIC LIGHTWAVE - INC. - ARIZONA	CLEC	3
	FRONTIER LOCAL SERVICES - AZ	CLEC	1
	GST NET - AZ - INC.	CLEC	3
	INTERMEDIA COMMUNICATIONS INC. - AZ	CLEC	1
	LEVEL 3 COMMUNICATIONS - LLC - AZ	CLEC	1
	MCIMETRO - ATS - INC.	CLEC	12
	MOUNTAIN TELECOMMUNICATIONS - INC. - CLEC	CLEC	10
	NEXTLINK ARIZONA - INC.	CLEC	1
	NORTH COUNTY COMMUNICATIONS CORP.	CLEC	1
	ONEPOINT COMM. - IL LLC DBA ONEPOINT COMM	L RESELLE	1
	OPTEL ARIZONA TELECOM - INC.	CLEC	2
	SPRINT COMMUNICATIONS COMPANY - L.P. - AZ	CLEC	1
	TELEPORT COMMUNICATIONS GROUP - PHOENIX	CAP	21
	TELIGENT - INC. - AZ	CLEC	1
	WINSTAR WIRELESS - INC. - AZ	CLEC	1
PRESCOTT	AT&T LOCAL	CLEC	1
	ELECTRIC LIGHTWAVE - INC. - ARIZONA	CLEC	1
	LEVEL 3 COMMUNICATIONS - LLC - AZ	CLEC	1
	MOUNTAIN TELECOMMUNICATIONS - INC. - CLEC	CLEC	2
	TELEPORT COMMUNICATIONS GROUP - PHOENIX	CAP	1
SCOTTSDALE	ELECTRIC LIGHTWAVE - INC. - ARIZONA	CLEC	2
	MCIMETRO - ATS - INC.	CLEC	1
	ONEPOINT COMM. - IL LLC DBA ONEPOINT COMM	L RESELLE	1
	OPTEL ARIZONA TELECOM - INC.	CLEC	1
	TELEPORT COMMUNICATIONS GROUP - PHOENIX	CAP	3
	WINSTAR WIRELESS - INC. - AZ	CLEC	1
SIERRAVIST	GST NET - AZ - INC.	CLEC	1
TEMPE	GEOTEK COMMUNICATIONS - INC.	CAP	1
	GST NET - AZ - INC.	CLEC	2
	INTERMEDIA COMMUNICATIONS INC. - AZ	CLEC	1
	MCIMETRO - ATS - INC.	CLEC	6
	NEXTLINK ARIZONA - INC.	CLEC	2
	OPTEL ARIZONA TELECOM - INC.	CLEC	1
	SPRINT COMMUNICATIONS COMPANY - L.P. - AZ	CLEC	1
	TELEPORT COMMUNICATIONS GROUP - PHOENIX	CAP	8
	TELIGENT - INC. - AZ	CLEC	2
TOLLESON	MCIMETRO - ATS - INC.	CLEC	1
TUCSON	AT&T - LOCAL - AZ	CLEC	1
	AT&T LOCAL	CLEC	1
	BROOKS FIBER COMMUNICATIONS - TUSCON - INC.	CLEC	2
	E.SPIRE COMMUNICATIONS - INC. - ARIZONA	CLEC	3
	ELECTRIC LIGHTWAVE - INC. - ARIZONA	CLEC	1
	GST NET - AZ - INC.	CLEC	3
	MOUNTAIN TELECOMMUNICATIONS - INC. - CLEC	CLEC	2
	NORTH COUNTY COMMUNICATIONS CORP.	CLEC	1
WINSLOW	MOUNTAIN TELECOMMUNICATIONS - INC. - CLEC	CLEC	2
YUMA	ELECTRIC LIGHTWAVE - INC. - ARIZONA	CLEC	1
	LEVEL 3 COMMUNICATIONS - LLC - AZ	CLEC	1
	MOUNTAIN TELECOMMUNICATIONS - INC. - CLEC	CLEC	2

Confidential Exhibit DLT-38 provided under separate cover

Confidential Exhibit DLT-39 provided under separate cover

Confidential Exhibit DLT-40 provided under separate cover

Confidential Exhibit DLT-41 provided under separate cover

Confidential Exhibit DLT-42 provided under separate cover

Confidential Exhibit DLT-43 provided under separate cover

Confidential Exhibit DLT-44 provided under separate cover

**INTRALATA LONG DISTANCE SERVICE**

**MTS**

	<u>Current Per Minute Rate</u>		<u>Original Proposed Per Minute Rate</u>		<u>Revised Proposed Per Minute Rate</u>	
	<u>Day</u>	<u>E/N/W</u>	<u>Day</u>	<u>E/N/W</u>	<u>Day</u>	<u>E/N/W</u>
	Business	\$0.2994	\$0.2200	\$0.2800	\$0.2800	\$0.2800
Residence	\$0.3260	\$0.1500	\$0.2500	\$0.1200	<u>\$0.2200</u>	<u>\$0.1000</u>
Miscellaneous	\$0.3000	\$0.1620	\$0.2800	\$0.1200	\$0.2800	<u>\$0.1000</u>

Annual Revenue Impact: (\$4,210,071)

**Speech/Hearing Impaired Discount**

Current: 35%

Proposed: 50%

Annual Revenue Impact: (\$428)

**Simple Value Calling Plan**

	<u>Current Per Minute Rate</u>		<u>Original Proposed Per Minute Rate</u>		<u>Revised Proposed Per Minute Rate</u>	
	<u>Peak</u>	<u>Off-Peak</u>	<u>Peak</u>	<u>Off-Peak</u>	<u>Peak</u>	<u>Off-Peak</u>
	Business	\$0.11	\$0.08	\$0.11	\$0.08	<u>\$0.11*</u>
Residence	\$0.25	\$0.15	\$0.22	\$0.09	<u>n/a*</u>	<u>n/a*</u>

\*(Plan eliminated for Residence, and customers converted to MTS. Also, Business rates were reduced to current levels in stand-alone filing)

Annual Revenue Impact: (\$67,142)

**Arizona Value Calling Plan I**

<u>Current Per Minute Rate</u>	<u>Original Proposed Per Minute Rate</u>	<u>Revised Proposed Per Minute Rate</u>
\$0.12	\$0.09	<u>n/a*</u>

\*(Plan eliminated for Residence and Business, customers converted to Super Savings)

Annual Revenue Impact: (\$720,808)

**INTRALATA LONG DISTANCE SERVICE (CONTINUED)**

**Arizona Value Calling Plan II**

Monthly Rate: \$19.20 (Includes 120 minutes)

Current Per Minute Rate Beyond 120 Minutes:

Day \$0.25  
Evening/Night/weekend \$0.12

Proposal:

Eliminate Plan, Convert to Super Savings

Annual Revenue Impact: (\$25,116)

**Business Daytime Connection Plus**

<u>Current Monthly Rate</u>	<u>Proposed Monthly Rate</u>
\$8.40	\$8.40
Monthly Rate Includes 60 Minutes	
<u>Current Rate Beyond 60 Minutes</u>	<u>Proposed Rate Beyond 60 Minutes</u>
\$0.14/Minute	\$.14/Minute

Annual Revenue Impact: n/a. Rate changes achieved in stand-alone filing.

**Volume Discount Plans**

<u>Plan</u>	<u>Minimum MTS Usage</u>	<u>Discount</u>
1	\$ 25.00	10%
2	\$ 50.00	15%
3	\$ 100.00	20%
4	\$ 200.00	25%
	\$ 500.00	30%
	\$1,000.00	35%

Proposal: Eliminate Plans, Convert Business customers to Simple Value Plan, Residence customers to MTS

Annual Revenue Impact: (\$83,171)

**INTRALATA LONG DISTANCE SERVICE (CONTINUED)**

**MetroPac Calling Plan**

Monthly Rate

\$ 9.00 (Includes 180 Minute Call Allowance)  
\$16.20 (Includes 360 Minute Call Allowance)  
\$21.50 (Includes 540 Minute Call Allowance)  
Each Additional Minute: \$.124

Proposal: Grandfather Plan

Annual Revenue Impact: (\$93)

**Operator Service Charges**

	<u>Current</u>	<u>Proposed</u>
Calling Card (Mechanized)	\$ .50	\$ .80
Calling Card (Operator Assist)	\$ .85	\$2.25
Station (Partial Assist)	\$1.30	\$2.25
Station (Full Assist)	\$1.30	\$3.40
Person (Partial Assist)	\$3.50	\$4.90
Person (Full Assist)	\$3.50	\$6.05
Connect to DA	\$1.50	\$2.25
Busy Line Verify	\$1.50	\$3.00
Busy Line Interrupt	\$3.00	\$6.00

Note: Under Arizona pricing flexibility rules, maximum rates will be established at a level double the new prices ordered into effect by the Commission in this Docket

Annual Revenue Impact: \$3,413,126

**TOTAL ANNUAL REVENUE IMPACT: (\$1,693,703)**

**NOTE: Modifications to the original rate case pricing proposal are highlighted (xxxxx)**

**CUSTOM CALLING SERVICES**

**Residence Custom Calling Services**

<u>Service</u>	<u>Current Monthly Rate</u>	<u>Proposed Monthly Rate</u>	<u>Annual Revenue Impact</u>
Caller ID-Name & Number	\$5.95	\$6.95	\$4,850,807
Caller ID-Number	\$5.50	\$6.95	\$ 6,722
U S WEST Receptionist			
With Caller ID-Name & Number	\$10.95	\$11.95	\$ 90,541
U S WEST Receptionist			
With Caller ID-Number	\$10.50	\$11.95	\$ 546
Last Call Return			
Residence	\$2.95	<b>\$3.95</b>	\$ 142,335
Business	\$3.00	<b>\$4.00</b>	\$ 21,786
Pay Per Use	\$0.75	<b>\$0.95</b>	\$2,342,427

**Business Custom Calling Services**

Grandfather Business Custom Calling Packages found in Section 105.4.3, Pages 3-5 of the Exchange and Network Services Tariff filed with this rate case.

Annual Revenue Impact: \$0 (there was no inward movement for Business Custom Calling Packages during 1999)

**TOTAL ANNUAL REVENUE IMPACT: \$7,455,163**

**NOTE: Modifications to the original rate case pricing proposal are highlighted (xxxx)**

**TOLL RESTRICTION SERVICES**

<u>Service</u>	<u>Current Mo. Rate</u>	<u>Original Prop. Mo. Rate</u>	<u>Revised Prop. Mo. Rate</u>	<u>Current NRC</u>	<u>Original Prop. NRC</u>	<u>Revised Prop. NRC</u>
<b>CustomNet</b>						
MultiLine/Trunk	\$0.25	\$0.25	\$0.25	\$371.00	\$371.00	\$371.00
Indiv. Line						
Residence	\$5.00	\$0.25	<b>\$5.00</b>	\$27.50	\$12.50	<b>\$27.50</b>
Business	\$5.00	\$5.00	\$5.00	\$27.50	\$15.00	<b>\$27.50</b>
<b>Toll Restriction</b>						
Residence	\$0.00	\$0.25	<b>\$0.00</b>	\$6.00	\$12.50	\$12.50
Business	\$5.00	\$5.00	\$5.00	\$27.50	\$15.00	<b>\$27.50</b>
<b>Billed Number Screening</b>						
Residence	\$0.00	\$0.25	<b>\$0.00</b>	\$0.00	\$12.50	\$12.50
Business	\$0.00	\$0.00	\$0.00	\$0.00	\$15.00	<b>\$12.50</b>
<b>ScoopLine Access Restriction</b>						
<u>Withdraw Service</u>						
<b>900 Service Access Restriction</b>						
Residence	\$0.00	\$0.25	<b>\$0.00</b>	\$0.00	\$12.50	\$12.50
Business	\$0.00	\$0.00	\$0.00	\$0.00	\$15.00	<b>\$12.50</b>
<b>10XXX1+/10XXX011+ Blocking</b>						
Residence	\$.10	\$0.25	<b>\$0.10</b>	\$3.00	\$12.50	\$12.50
Business	\$.10	\$0.10	\$0.10	\$3.00	\$15.00	<b>\$12.50</b>

**TOTAL ANNUAL REVENUE IMPACT: \$7,955,484**

**NOTE: Modifications to the original rate case pricing proposal are highlighted (xxxx)**

**SUMMARY OF ANNUAL REVENUE IMPACTS: REVISED**

<b><u>SERVICE</u></b>	<b><u>ORIGINAL REVENUE IMPACT</u></b>	<b><u>REVISED REVENUE IMPACT</u></b>
Residence Basic Exchange	\$32,729,248	\$43,686,364
Business Basic Exchange	\$ (385,034)	\$ 1,788,036
Market Expansion Line	\$ 541,314	\$ (559,705)
Long Distance Services	\$ (459,110)	\$ (1,693,703)
Directory Assistance	\$18,261,316	\$19,743,296
Listings	\$ 7,744,085	\$ 9,476,737
Custom Calling	\$ 3,254,828	\$ 7,455,163
Start Up Package Elimination	\$ 0	\$ 60,000
Toll Restriction Services	\$ 6,291,917	\$ 7,955,484
<b>Total</b>	<b>\$67,978,564</b>	<b>\$87,911,672</b>

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF  
U S WEST COMMUNICATIONS, INC., A  
COLORADO CORPORATION, FOR A  
HEARING TO DETERMINE THE EARNINGS  
OF THE COMPANY, THE FAIR VALUE OF THE  
COMPANY FOR RATEMAKING PURPOSES,  
TO FIX A JUST AND REASONABLE RATE OF  
RETURN THEREON, AND TO APPROVE RATE  
SCHEDULES DESIGNED TO DEVELOP SUCH  
RETURN.

DOCKET NO. T-1051B-99-105

AFFIDAVIT OF  
DAVID L. TEITZEL

ss

STATE OF WASHINGTON

COUNTY OF KING

David L. Teitzel, of lawful age being first duly sworn, depose and states:

1. My name is David L. Teitzel. I am Director – Product and Market Issues for U S WEST Communications in Seattle, Washington. I have caused to be filed written supplemental direct testimony and exhibits in support of USWC in Docket No. T-01051B-99-0105
2. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.

Further affiant sayeth not.

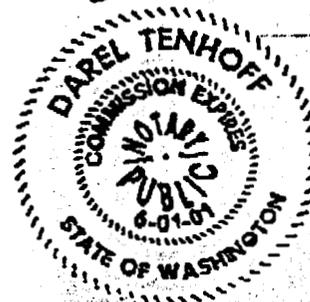
*David L. Teitzel*  
\_\_\_\_\_  
David L. Teitzel

SUBSCRIBED AND SWORN to before me this 19<sup>th</sup> day of May 2000.

*Darel Tenhoff*  
\_\_\_\_\_  
Notary Public residing at  
Seattle, Washington.

My Commission Expires:

6/1/01



Issued: 5-19-2000

Effective: }

1. APPLICATION AND REFERENCE

1.3 SUBJECT INDEX

	SECTION	
60 Day Product Guarantee .....	2	
500 Access Service.....	20	
800 PAGESLINE Service .....	20	
900 Service Access Restriction .....	10	
Acoustic or Inductive Connections .....	8	
Adjustment of Charges .....	2	
Advance Payments and Deposits .....	2	
Airport Intercommunicating Service.....	109	
Answer Supervision - Line Side .....	5	
Application for Service .....	2	
Arrangements for Night, Sunday, and Holiday Service .....	110	
Assigning and Changing of Telephone Numbers .....	2	
Associated Items of Equipment .....	5	
Basic Exchange Enhancement .....	5	
Basic Rate Service Offering .....	14	
Basic Service Elements .....	12	
Basic Serving Arrangements .....	12	
Billed Number Screening .....	10	(N)
Blocking for 10XXX1+/10XXX011+.....	10	
Budget Measured Service.....	5	(N)
Building Space and Electric Power Supply .....	2	
 		(D)
Business Continuation Routing.....	10	
Cable, Wire and Service Termination Policy.....	2	
Call Management Systems .....	9	
Caller Identification - Bulk .....	5	
Caller Identification Blocking - Per Call .....	10	
Caller Identification Blocking - Per Line .....	10	
Caller Identification Blocking Options .....	10	
Cancellation.....	2	
Cellular Interconnection Charges .....	10	
Central Office Make Busy/Stop Hunt .....	10	
Central Office Services .....	9	
Obsolete.....	109	
Centrex Service .....	109	

Issued: 5-19-2000

Effective: }

**1. APPLICATION AND REFERENCE**

**1.7 TRADEMARKS, SERVICE MARKS AND TRADE NAMES (Cont'd)**

**MARK**

**OWNER**

VALUECHOICE<sup>SM</sup>

U S WEST, Inc.

(D)

[1] This page previously canceled the following page: Page 31.1, Release 1.

Issued: 5-19-2000

Effective: }

5. EXCHANGE SERVICES

SUBJECT	PAGE	
Answer Supervision - Line Side .....	91	
Basic Exchange Enhancement .....	83	
Budget Measured Service.....	20	(N)
		(D)
Caller Identification - Bulk .....	85	
Classes of Service Offered in an Exchange Area.....	7	
Competitive Response.....	39.6	
<i>CUSTOMCHOICE</i> .....	167.9	
Custom Calling Services .....	60	
Custom Solutions .....	92	
		(D)
Direct-Inward-Dialing ( <i>DID</i> ) Service .....	48	
		(D)
Directory Services .....	141	
Exchange Areas .....	1	
Flat Rate Service .....	22	
Flat Rate Trunks .....	41	
<i>HOME BUSINESS LINE</i> (HBL) Service .....	39.1	
Intercept Services .....	163	
Joint User Service .....	139	
List of Exchange Areas and Local Calling Areas .....	1	
Listing Services .....	141	
Local Exchange Service .....	12	
Local Service Increments .....	11	
Local Service Options .....	24	
		(D)
Maps .....	11	
<i>MARKET EXPANSION LINE</i> (MEL) Service .....	79	
Measured Usage Charges .....	16	

Issued: 5-19-2000

Effective: }

**5. EXCHANGE SERVICES**

**5.1 EXCHANGE AREAS (Cont'd)**

**5.1.6 LOCAL SERVICE INCREMENTS**

A. Exchange Zone Increment

1. The increment shown below is applicable to exchange service furnished within exchange zones and is in addition to the local exchange service rates specified in 5.2.
2. Two-Party and Four-Party services are obsolete offerings. Existing services on the same premises for the same customer are grandfathered. (T)
3. Eight-Party service is an obsolete offering. Existing customers will be regraded as facilities become available.
4. Monthly Increment Per Access Line

**RESIDENCE**

EXCHANGE ZONE NUMBER	EXCHANGE ZONE INCREMENT	USOC RATE VARIATION
1	\$5.00 (I)	U1
2	7.00 (I)	U2

**BUSINESS**

EXCHANGE ZONE NUMBER	EXCHANGE ZONE INCREMENT	USOC RATE VARIATION
1	\$10.00 (I)	U1
2	15.00 (I)	U2

**5.1.7 MAPS**

Maps, indicating each exchange area within the Company's operating territory, are in separate binders.

Issued: 5-19-2000

Effective: }

## 5. EXCHANGE SERVICES

### 5.4 PREMIUM EXCHANGE SERVICES

#### 5.4.3 CUSTOM CALLING SERVICES

##### B. Terms and Conditions (Cont'd)

15. Operator Verification and Interrupt will not function on lines equipped with any of the Call Forwarding features.
16. Due to technical limitations, the calling number and the called number must be in the same central office switch for the following features: Directed Call Pick Up, Directed Call Pick Up with Barge-In, Distinctive Alert and Dial Call Waiting.
17. A telephone number must be assigned to lines equipped with Directed Call Pick Up, Directed Call Pick Up with Barge-In, Distinctive Alert and Dial Call Waiting.
18. A tone signaling telephone is required to use Do Not Disturb and its options.
19. Last Call Return, Continuous Redial and Three-Way Calling are available on a subscription or usage basis. The usage basis pricing options will be available where facilities permit. For any one month, the total usage billing for Last Call Return will not exceed \$7.60, per line. For Continuous Redial and Three-Way Calling, the total usage billing will not exceed \$6.00 for each service, per line. Customers may request the removal of these services at any time, at no charge.
20. Some of the features may be subscribed to separately or in a combination of several on the same line in a package rate.

(C)  
|  
(C)

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5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES

5.4.3 CUSTOM CALLING SERVICES

C.2.a. (Cont'd)

BUSINESS	USOC	MONTHLY RATE
• Hot Line	HLA	\$ 2.00
• Last Call Return	NSQ	4.00 (I)
• <i>NO SOLICITATION</i>	SB5	6.95
• Priority Call	NSK	3.50
• Remote Access Forwarding	AFD	7.75
- Discounted[1]	-	6.75
• Scheduled Forwarding	ATF	8.75
- Discounted[1]	-	7.75
• Selective Call Forwarding	NCE	3.50
• Speed Calling, 8-number capacity	E8C	3.00
• Speed Calling, 30-number capacity	E3D	4.50
• Three-Way Calling	ESC	4.00
• <i>U S WEST</i> Receptionist		
- with Name & Number	EWY2X	15.45
- with Number only	EWY2O	15.00
- with <i>CALLER ID WITH PRIVACY</i> +	EWY29	18.45
• Warm Line	WLS	2.50
• Wireless Extension	HME	4.95
- Discounted[1]	-	3.95

[1] Discounted rate applies when this feature is added as part of Business *CUSTOMCHOICE*.

Issued: 5-19-2000

Effective: }

## 5. EXCHANGE SERVICES

### 5.4 PREMIUM EXCHANGE SERVICES

#### 5.4.3 CUSTOM CALLING SERVICES

C.2.a. (Cont'd)

RESIDENCE	USOC	MONTHLY RATE
• Caller Identification - Name and Number	NNK	\$6.95 (I)
• Caller Identification - Number	NSD	6.95 (I)
• Continuous Redial - Discounted[1]	NSS NLRXL	2.50 1.75
• Dial Call Waiting	WDD	2.15
• Dial Lock - Discounted[1]	OC4 NLUAC	3.95 2.00
• Directed Call Pick Up	PUN	1.00
• Directed Call Pick Up with Barge-In	PUQ	1.00
• Distinctive Alert	DHA	1.00
• Do Not Disturb	D7T	3.95
• Hot Line	HLA	2.00
• Last Call Return	NSQ	3.95 (I)
• <i>NO SOLICITATION</i>	SB5	6.95
• Priority Call - Discounted[1]	NSK NLRX8	2.50 1.75

[1] See Custom Solutions in 5.4.14.

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Effective: }

5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES

5.4.3 CUSTOM CALLING SERVICES

C.2. (Cont'd)

b. Custom Calling Services, per occurrence

	CHARGE
• Call Trace, per activation	
- Business	\$2.00
- Residence	2.00
• Usage Basis Continuous Redial, per activation[1]	
- Business	0.75
- Residence	0.75
• Usage Basis Last Call Return, per activation[1]	
- Business	0.95 (I)
- Residence	0.95 (I)
• Usage Basis Three-Way Calling, per activation[1]	
- Business	0.75
- Residence	0.75

[1] Monthly rate does not apply to customers using the service on a per activation basis.

Issued: 5-19-2000

Effective: }

5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES

5.4.4 MARKET EXPANSION LINE (MEL) SERVICE (Cont'd)

C. Rates and Charges

1. The appropriate nonrecurring charge specified in this section will apply for the installation of MEL Service. Subsequent to the initial establishment of MEL Service, the appropriate nonrecurring charge will also apply to add or change one or more of the MEL numbers, to change a call forwarding telephone number and to restore service for Company initiated termination of service.
2. The following rates and charges are added to all rates and charges for associated services:

	USOC	NONRECURRING CHARGE	MONTHLY RATE
• Measured MEL			
- Each line arranged	RCF	\$30.00	\$16.00 (R)
- Each additional line arranged	RCA	30.00	16.00 (R)

CHARGE FOR  
EACH CALL

- Per Call Charge \$0.107

	USOC	NONRECURRING CHARGE	MONTHLY RATE
• Flat MEL (for residence customers only)[1]			
- Each line arranged	RDEXS	-	\$16.00 (R)
- Each additional line arranged	RFA	-	16.00 (R)
• MEL with No Charge (for business customers only)[1]			
- Each line arranged	RFFXS	-	-
- Each additional line arranged	RFA	-	-

[1] Available only to customers located in Area Code 520 who are experiencing problems with incoming call completion due to the Area Code 602/520 split. See B.7.c., preceding.

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**5. EXCHANGE SERVICES**

**5.9 PACKAGED SERVICES**

**5.9.1 PACKAGES ASSOCIATED WITH BASIC EXCHANGE SERVICE**

(D)

[1] This page cancels the following pages: Page 167.2, Release 3  
Page 167.3, Release 4  
Page 167.4, Release 3.

(N)

(N)

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Effective: }

9. CENTRAL OFFICE SERVICES

9.2 EMERGENCY REPORTING SERVICE

9.2.1 UNIVERSAL EMERGENCY NUMBER SERVICE-911

F.8.c. (Cont'd)

(3) E911 Transport

	USOC	NONRECURRING CHARGE	MONTHLY RATE
• Automatic Number Identification, per 1,000 exchange access lines served	C9B	\$137.42	\$ 12.80 (I)
• Selective Routing Transport, per 1,000 exchange access lines served	C9G	137.42	12.80
• Automatic Number Identification and Automatic Location Identification Transport, per 1,000 exchange access lines served	C9Q	160.33	17.50
• Automatic Number Identification, Automatic Location Identification and Selective Routing Transport, per 1,000 exchange access lines served	C9T	145.62	17.50
• Additional (optional) E911 business exchange access line terminating at PSAP, each	E8K	670.75	119.30 (I)

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10. MISCELLANEOUS SERVICE OFFERINGS

10.4 TOLL RESTRICTION SERVICE

10.4.1 CUSTOMNET SERVICE (Cont'd)

C. Rates and Charges

1. Multilines and trunks, Business

- a. This service is offered to business customers with a system of multiple lines or trunks.
- b. The nonrecurring charge will apply:
  - To the initial premises location of the customer ordering *CUSTOMNET* Service, regardless of the number of exchange access lines equipped.
  - To a transfer of the customer's entire service to a different central office.
  - When *CUSTOMNET* Service is disconnected at the customer's request and then subsequently ordered by the same customer.

2. Individual line, flat or measured, Business/Residence[1]

The nonrecurring charge will apply to install, move or change, per line.

3. The rates and charges are as follows:

	USOC	NONRECURRING CHARGE	MONTHLY RATE
• Multilines and trunks, Business			
- Initial installation	SRG	\$371.00	-
- Per exchange access line arranged	SRG	-	\$0.25
• Individual line, flat or measured[1]			
- Business	SEA	27.50	5.00
- Residence	SEA	27.50	5.00

[1] Includes Public Access Lines.

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**10. MISCELLANEOUS SERVICE OFFERINGS**

**10.4 TOLL RESTRICTION SERVICE (Cont'd)**

**10.4.3 BILLED NUMBER SCREENING (BNS)**

(N)

A. Description

BNS prohibits collect and/or third number billed calls from being charged to BNS equipped numbers. Callers attempting to place a collect or third number billed call using a BNS number for billing will be advised by an operator that such billing is unauthorized and the call will not be completed until other payment or billing arrangements are made.

B. Terms and Conditions

1. Collect and/or third number billed calls placed through a provider that does not validate billing using the Line Information Data Base (LIDB), may not be intercepted and denied, and will be billed.
2. Provision of BNS does not alleviate customer responsibility for billed calls.

C. Rates and Charges

	USOC	NONRECURRING CHARGE	MONTHLY RATE
• Per line			
- Residence	RTVXQ	\$12.50	-
- Business	RTVXQ	12.50	-

Issued: 5-19-2000

Effective: }

## 10. MISCELLANEOUS SERVICE OFFERINGS

### 10.4 TOLL RESTRICTION SERVICE (Cont'd)

#### 10.4.4 TOLL RESTRICTION

##### A. Description

1. Toll Restriction provides for exchange access lines or trunks to be restricted from dialing billable toll calls. Local directory assistance calls are allowed. Attempted violation of the restrictions are routed to an announcement.
2. This service is offered, subject to the availability of existing CO facilities, to individual line residence, individual line businesses and dial switching type customers.
3. Provision of toll restriction does not alleviate customer responsibility for completed toll calls.

##### B. Rates and Charges

	USOC	NONRECURRING CHARGE	MONTHLY RATE
• Business, per line or trunk arranged	RTY	\$27.50	\$5.00
• Residence, per line[1]	RTY	12.50 (D)	-

(D)

[1] Nonrecurring charge does not apply to Telephone Assistance Program customers.

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Effective: }

**10. MISCELLANEOUS SERVICE OFFERINGS**

**10.4 TOLL RESTRICTION SERVICE (Cont'd)**

**10.4.6 900 SERVICE ACCESS RESTRICTION**

A. Description

900 Service Access Restriction enables residence or business exchange access line customers to prohibit dialing of calls with the 900 prefix. (C)

B. Terms and Conditions

1. 900 Service Access Restriction is offered only where central office facilities permit.
2. 900 Service Access Restriction is only available on directly dialed calls.
3. 900 Service Access Restriction is available to:
  - Single party service;
  - PBX trunks;
  - *CENTRON* Service
4. No charge applies to remove 900 Service Access Restriction.

C. Rates and Charges

	USOC	NONRECURRING CHARGE	MONTHLY RATE
• Residence, per line	RTVXN	\$12.50 (I)	-
• Business, per line	RTVXN	12.50 (I)	-

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Effective: }

**10. MISCELLANEOUS SERVICE OFFERINGS**

**10.4 TOLL RESTRICTION SERVICE (Cont'd)**

**10.4.7 BLOCKING FOR 10XXX1+/10XXX011+**

**A. Description**

This service prevents 10XXX1+ and 10XXX011+ calls from being completed. Blocked calls will be routed to an announcement.

**B. Terms and Conditions**

1. This service is offered subject to the availability of existing central office facilities.
2. Provision of 10XXX1+/10XXX011+ Blocking does not alleviate customer responsibility for completed toll calls.
3. Other Toll Restriction type services are available to customers subscribing to 10XXX1+/10XXX011+ Blocking.

**C. Rates and Charges**

	USOC	NONRECURRING CHARGE	MONTHLY RATE	
• Per line, trunk or NAR arranged				
- Residence	RTVXY	\$12.50 (I)	\$0.10	(C)
- Business	RTVXY	12.50 (I)	.10	(C)

# U S WEST COMMUNICATIONS

Price List  
Arizona

SECTION 2  
Page 1  
Release 1

EXCHANGE AND NETWORK  
SERVICES TARIFF

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## 2. GENERAL REGULATIONS - CONDITIONS OF OFFERING

(N)

### 2.16 COMPETITIVE ZONES

The following serving wire centers are identified as competitive zones:

#### A. Phoenix

- Business Competitive Zones

Bethany-West	Laveen	Phoenix-Southeast
Cactus	Maryvale	Phoenix-West
Chandler-South	Mesa	Queen Creek
Coldwater	Pecos	Scottsdale-Main
Deer Valley-North	Peoria	Shea
Foothills	Phoenix-East	Sunnyslope
Ft. McDowell	Phoenix-Main	Super Main
Gilbert	Phoenix-North	Super West
Glendale	Phoenix-Northeast	Tempe
Greenway	Phoenix-Northwest	Thunderbird
Higley	Phoenix-South	Tolleson

- Residence/Business Competitive Zones

Cactus	Mesa	Pinnacle Peak
Chandler-Main	Pecos	Scottsdale-Main
Chandler-South	Peoria	Shea
Chandler-West	Phoenix-Main	Sunnyslope
Deer Valley-North	Phoenix-Mid Rivers	Super West
Gilbert	Phoenix-North	Tempe
Greenway	Phoenix-Southeast	Thunderbird
McClintock	Phoenix-West	

#### B. Tucson

- Business Competitive Zones

Cortaro	Tucson-East	Vail-South
Craycroft	Tucson-Main	
Flowing Wells	Tucson-North	
Marana-Main	Tucson-South	
Rincon	Tucson-Southeast	

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**6. MESSAGE TELECOMMUNICATION SERVICE**

**6.2 STANDARD SERVICE OFFERINGS**

**6.2.1 TWO-POINT MESSAGE TELECOMMUNICATION SERVICE**

- A. The Company may not discount below it's Total Service Long Run Incremental Cost, including the imputed price of essential services, facilities, and functions.
- B. Class of Calls

Charges apply according to the class of call the calling person selects. This charge is in addition to the MTS charges in C., following. The charge applies as follows:

	<b>MAXIMUM CHARGE</b>	
• Customer-Dialed Calling Card (Mechanized)	\$1.60 (I)	
• Customer-Dialed Calling Card (Operator-Assisted)	4.50 (I)	
• Operator-Partially Assisted Station-to-Station	4.50 (I)	
• Operator-Fully Assisted Station-to-Station	6.80	
• Operator-Partially Assisted Person-to-Person	9.80 (I)	
• Operator-Fully Assisted Person-to-Person	12.10	
• Operator-Completed Call to National Directory Assistance[1]	4.50	

(C)  
(N)  
(N)  
(N)

The intraLATA operator-assisted charge will apply when a customer requests a time and charges quote for an intraLATA toll call.

**C. MTS Charges**

MTS charges apply as follows:

- **RESIDENCE** - Applies to customer-dialed station-to-station calls

<b>MAXIMUM DAY RATE PER MINUTE</b>	<b>MAXIMUM EVENING/NIGHT/WEEKEND RATE PER MINUTE</b>
\$0.44 (I)	\$0.20 (I)

- **BUSINESS** - Applies to customer-dialed station-to-station calls

<b>MAXIMUM DAY RATE PER MINUTE</b>	<b>MAXIMUM EVENING/NIGHT/WEEKEND RATE PER MINUTE</b>
\$0.56 (I)	\$0.56 (I)

[1] National Directory Assistance Charges in 6.2.4 also apply.

(N)

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**6. MESSAGE TELECOMMUNICATION SERVICE**

**6.2 STANDARD SERVICE OFFERINGS**

**6.2.1 TWO-POINT MESSAGE TELECOMMUNICATION SERVICE**

**C. MTS Charges (Cont'd)**

- **MISCELLANEOUS** - Applies to operator-assisted calls (including mechanized calling card) and all alternately billed calls including calls placed from Public Access Lines. This charge also applies where billing capabilities do not exist to separately identify residence and business customer-dialed station-to-station calls.

**MAXIMUM  
DAY  
RATE PER MINUTE**

\$0.56 (I)

**MAXIMUM  
EVENING/NIGHT/WEEKEND  
RATE PER MINUTE**

\$0.20 (I)

**D. Payphone - Dial Station-to-Station Rate Schedule**

**MAXIMUM RATE PER MINUTE  
RATE PERIOD**

**INITIAL  
(4 MINUTES)**

**ADDITIONAL  
(1 MINUTE)**

- Per call

\$2.00 (I)

\$0.50 (I)

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6. MESSAGE TELECOMMUNICATION SERVICE

6.2 STANDARD SERVICE OFFERINGS (Cont'd)

6.2.4 NATIONAL DIRECTORY ASSISTANCE SERVICE

MAXIMUM CHARGE

• Call to National Directory Assistance, each[2]	\$1.70 (I)	(T) (D) (C)
• Call to National Directory Assistance from Public Access Line, each[2]		
- Direct Dial	1.20 (I)	
- Alternately Billed	1.70 (I)	(C)

[1] This Page cancels Page 6, Release 1.

[2] See 6.2.1.B. for additional charge application.

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6. MESSAGE TELECOMMUNICATION SERVICE

6.3 OPTIONAL SERVICE OFFERINGS (Cont'd)

6.3.18 CALLING CONNECTION PLANS

A. Rates

Business Daytime Connection Plus

Customers subscribing to this Plan will receive a minimum 30% discount on customer-dialed calling card charges.

	USOC	MAXIMUM RATE
	OBK6X	[1]

(C)  
—  
(C)  
(D)

[1] See 6.2.1.C.

(N)

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**6. MESSAGE TELECOMMUNICATION SERVICE**

**6.2 STANDARD SERVICE OFFERINGS**

**6.2.1 TWO-POINT MESSAGE TELECOMMUNICATION SERVICE (Cont'd)**

**E. Hearing or Speech Impaired Persons Discount**

A 50% rate reduction will apply to all direct dialed long distance calls, within the same LATA in the state of Arizona, that originate from a teletypewriter or similar device from a residential line of a certified hearing or speech impaired customer or his or her immediate family. (C)

**F. Charge Determination**

1. The charge for residence, business or miscellaneous MTS is determined by the:

- Time of day and day of week
- Duration of call
- Class of call

2. The schedule is as follows: (C)

- **RESIDENCE** - Applies to customer-dialed station-to-station calls

DAY RATE PER MINUTE	EVENING/NIGHT/WEEKEND RATE PER MINUTE
\$0.22 (R)	\$0.10 (R)

- **BUSINESS** - Applies to customer-dialed station-to-station calls

DAY RATE PER MINUTE	EVENING/NIGHT/WEEKEND RATE PER MINUTE
\$0.28 (R)	\$0.28 (I)

**U S WEST COMMUNICATIONS**

**COMPETITIVE  
EXCHANGE AND  
NETWORK SERVICES**

**Administrative Guidelines  
Arizona**

**SECTION 6  
Page 10  
Release 3[1]**

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**6. MESSAGE TELECOMMUNICATION SERVICE**

**6.2 STANDARD SERVICE OFFERINGS**

**6.2.1 TWO-POINT MESSAGE TELECOMMUNICATION SERVICE**

F.2. (Cont'd)

- **MISCELLANEOUS** - Applies to operator-assisted calls (including mechanized calling card) and all alternately billed calls including calls placed from Public Access Lines. This charge also applies where billing capabilities do not exist to separately identify residence and business customer-dialed station-to-station calls.

DAY RATE PER MINUTE	EVENING/NIGHT/WEEKEND RATE PER MINUTE
\$0.28 (R)	\$0.10 (R)

The Company may reduce the rates on the following four routes by discounting the rates shown preceding for the appropriate time of day and class of call, upon concurrent notice to the Arizona Corporation Commission.

**ROUTE BETWEEN**

- Phoenix Metro Area and Flagstaff
- Phoenix Metro Area and Prescott
- Phoenix Metro Area and Yuma
- Tucson Metro Area and Sierra Vista

**3. Payphone - Dial Station-to-Station Rate Schedule**

	RATE PERIOD	
	INITIAL (4 MINUTES)	ADDITIONAL (1 MINUTE)
• Per call	\$1.00	\$0.25

[1] This Page previously cancelled Page 10.1, Release 1

(C)

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6. MESSAGE TELECOMMUNICATION SERVICE

6.2 STANDARD SERVICE OFFERINGS

6.2.4 NATIONAL DIRECTORY ASSISTANCE SERVICE (Cont'd)

C. Charges

	CHARGE	
• Call to National Directory Assistance, each[2]	\$0.85	(C-M)
• Call to National Directory Assistance from Public Access Line, each[2]		
- Direct Dial	0.60 (I)	
- Alternately Billed	0.85 (I)	(C-M)

[1] This Page cancels Pages 20 through 24, Release 1. (N)

[2] See 6.2.1.A.7. for additional charge application. (N)

(M) Material moved from Page 22.

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## 6. MESSAGE TELECOMMUNICATION SERVICE

### 6.3 OPTIONAL SERVICE OFFERINGS (Cont'd)

#### 6.3.18 CALLING CONNECTION PLANS

##### A. Description

MTS Calling Connection Plans (hereafter referred to as the Plans) are optional toll calling discount plans.

The Plans are defined below.

##### Business Daytime Connection Plus

Customers subscribing to this Plan will be charged a monthly rate for which they receive a designated number of minutes of intraLATA toll. For all additional Plan calls, the customer will be charged a special rate specified in C., following. The monthly rate will always apply. In addition, customers will receive a discount on the customer-dialed calling card charge as specified in C., following.

(D)

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## 6. MESSAGE TELECOMMUNICATION SERVICE

### 6.3 OPTIONAL SERVICE OFFERINGS

#### 6.3.18 CALLING CONNECTION PLANS

##### A. Description (Cont'd)

##### Association Calling Connection

Association Calling Connection Plan is available to business associations and their members (e.g. Chamber of Commerce) located within the state. These customers are charged a special non-distance sensitive rate as specified in C., following. Customers also receive a discount based on the volume of monthly MTS usage billed to their account. The discount applies to the customer's total amount of intraLATA toll billed each month, per account. In addition, customers receive a discount on the calling card service charge as specified in C., following. The association receives an additional discount as indicated in C., following, on their account and on each member's account.

This Plan is only available to associations with:

- A list of active members, paying dues;
- An existing newsletter or other method of regularly scheduled communication with its members;
- A signed Service Agreement which commits the association to promote this Plan to their members.

##### SUPER SAVINGS Calling Plan

Plan customers will be charged a special rate, specified in C., following, for their intrastate/intraLATA dial station-to-station long distance calls, as described in 6.2.1. The Plan is available to residence and business service customers. Customers must have single, or multiple, residential or business lines at single customer premises, billed on one retail bill to one billing telephone number.

##### SIMPLE VALUE Calling Plan

This Plan is available to business customers. Customers subscribing to this Plan will be charged special rates based on the time-of-day and day-of-week as specified in C., following. This Plan applies only to intraLATA, dial station-to-station long distance calls.

(C)

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6. MESSAGE TELECOMMUNICATION SERVICE

6.3 OPTIONAL SERVICE OFFERINGS

6.3.18 CALLING CONNECTION PLANS (Cont'd)

C. Rates

Business Daytime Connection Plus

Customers subscribing to this Plan will receive a 30% discount on customer-dialed calling card charges.

USOC	MONTHLY RATE	MINUTES	RATE PERIOD	
			INITIAL (30 SECONDS)	ADDITIONAL (6 SECONDS)
OBK6X	\$8.40	0 - 60 61 and over	- \$0.070	- \$0.014

(D)

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6. MESSAGE TELECOMMUNICATION SERVICE

6.3 OPTIONAL SERVICE OFFERINGS

6.3.18 CALLING CONNECTION PLANS

C. Rates (Cont'd)

SIMPLE VALUE Calling Plan

	USOC	RATE PERIOD	
		INITIAL (30 SEC.)	ADD'L. (6 SEC.)
• Business	OLGJX		
- Peak[1]		\$0.055	\$0.011
- Off-Peak[2]		0.040	0.008

(D)

[1] The peak rate period is from 7 A.M.-7 P.M., Monday through Friday.

[2] The off-peak rate period is from 7 P.M.-7 A.M., Monday through Friday, and 24 hours on Saturdays and Sundays.

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## 2. GENERAL REGULATIONS

### 2.16 COMPETITIVE ZONES

(N)

#### B. Terms and Conditions (Cont'd)

2. Competitive zones may apply to residence services, business services, or a combination of residence and business services, depending on the type of competition that is present. The following serving wire centers are identified as competitive zones:

• Business Competitive Zones - Phoenix

Bethany-West	Laveen	Phoenix-Southeast
Cactus	Maryvale	Phoenix-West
Chandler-South	Mesa	Queen Creek
Coldwater	Pecos	Scottsdale-Main
Deer Valley-North	Peoria	Shea
Foothills	Phoenix-East	Sunnyslope
Ft. McDowell	Phoenix-Main	Super Main
Gilbert	Phoenix-North	Super West
Glendale	Phoenix-Northeast	Tempe
Greenway	Phoenix-Northwest	Thunderbird
Higley	Phoenix-South	Tolleson

• Residence/Business Competitive Zones - Phoenix

Cactus	Mesa	Pinnacle Peak
Chandler-Main	Pecos	Scottsdale-Main
Chandler-South	Peoria	Shea
Chandler-West	Phoenix-Main	Sunnyslope
Deer Valley-North	Phoenix-Mid Rivers	Super West
Gilbert	Phoenix-North	Tempe
Greenway	Phoenix-Southeast	Thunderbird
McClintock	Phoenix-West	

• Business Competitive Zones - Tucson

Cortaro	Tucson-East	Vail-South
Craycroft	Tucson-Main	
Flowing Wells	Tucson-North	
Marana-Main	Tucson-South	
Rincon	Tucson-Southeast	

Future competitive zones may be established upon notification to the Commission that the criteria in B.1., preceding, have been met. The Commission will respond to the notification within 15 days. If the Commission does not object to the proposal, formal approval is not required. The area will automatically become a competitive zone after the 15-day clock expires. If objections are raised, or additional information is required, the Commission will issue a formal notice of such. The entire process should be considered within 60 days of notification.

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**U S WEST COMMUNICATIONS**

**COMPETITIVE  
PRIVATE LINE  
TRANSPORT SERVICES**

**Administrative Guidelines  
Arizona**

**SECTION 5  
Page 16  
Release 3**

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**5. SERVICES**

**5.1 GENERAL**

**5.1.4 RATE STABILIZED AND DISCOUNT PRICING**

**B.14. (Cont'd)**

e. Analog NAC Discount Schedule, per two-wire NAC[1]

NAC QUANTITY	MONTHLY RATE			
	12-35 MONTH TERM	36-59 MONTH TERM	60-84 MONTH TERM	
• 1 to 50	\$ 22.00 (I)	\$ 22.00 (I)	\$ 22.00 (I)	(T)

• Over 50 NACs

All two-wire equivalent NACs over 50, between the same two points (i.e., the same customer location and serving wire center) are rated on the airline distance, per quarter-mile, measured from the customer location to the serving wire center. Rates are available for quote for customers who fit this criteria.

The quoted rate for over 50 NACs must be added to the rate for the first 50 NACs to calculate the entire rate.

(T)  
(C)  
(C)  
(N)  
(N)  
(D)

[1] The four-wire rate is double the two-wire rate.

(D)

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105. OBSOLETE SERVICES

105.2 SERVICE DESCRIPTIONS

105.2.3 DATAPHONE SELECT-A-STATION (DSAS) (Cont'd)

F. Rates and Charges

	USOC	NONRECURRING CHARGE	MONTHLY RATE
1. Service Provisioning Charge			
• Initial	SCH	\$261.00	-
2. Network Access Channel (NAC), per termination			
• 2-wire	1DC2X	-	\$22.00 (I)
• 4-wire	1DC4X	-	44.00 (I)
3. Channel Performance (CP)			
• End-Link or Mid-Link, per termination	PJW7X	77.00	15.00 (I)
• End-to-End, per termination	PJW7X	77.00	15.00 (I)

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105. OBSOLETE SERVICES

105.2 SERVICE DESCRIPTIONS

105.2.3 DATAPHONE SELECT-A-STATION (DSAS)

F. Rates and Charges (Cont'd)

	USOC	NONRECURRING CHARGE	MONTHLY RATE
4. Transport Mileage (TM)			
Mileage Bands			
• Over 0 to 8			
- Fixed	FQYX1	\$ 51.00	\$21.00 (I)
- Per mile	3LBXA	-	1.25 (I)
• Over 8 to 25			
- Fixed	FQYX2	51.00	21.00 (I)
- Per mile	3LBXB	-	1.35 (I)
• Over 25 to 50			
- Fixed	FQYX3	51.00	21.00 (I)
- Per mile	3LBXC	-	1.45
• Over 50			
- Fixed	FQYX4	51.00	21.00 (I)
- Per mile	3LBXD	-	1.55 (I)
5. Optional Features and Functions			
a. Bridging			
• Data Station Selector			
- Common Equipment	N/A	-	-
- Termination Charge[1]	N/A	1,394.00	-
• Port Channel Termination, per port			
- 2-wire	DSK	4.00	7.00 (I)
- 4-wire	DSP	4.00	15.00 (R)

[1] The 3-Year termination charge is reduced 1/36th for each month the monthly rate is paid.

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105. OBSOLETE SERVICES

105.2 SERVICE DESCRIPTIONS

105.2.4 LOCAL AREA DATA SERVICE (LADS) (Cont'd)

E. Rates and Charges

	USOC	NONRECURRING CHARGE	MONTHLY RATE	(T)(M)
1. Service Provisioning Charge				
• Initial	SCH	\$260.00 (R)	-	
• Subsequent	SCHAX	100.00 (R)	-	
2. Network Access Channel (NAC), per termination				
• 2-wire	1DC2X	-	\$22.00 (I)	
• 4-wire	1DC4X	-	44.00 (I)	
3. Channel Performance (CP), per termination	PCWXX	30.00 (R)	10.00 (I)	
4. Transport Mileage (TM)	N/A	[1]	[1]	(M)

[1] Not applicable.

(M)

(M) Material moved from Section 6, Page 13.

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6. RATES AND CHARGES

6.2 SERVICE OFFERINGS

6.2.1 LOW-SPEED DATA SERVICE

	USOC	NONRECURRING CHARGE	MONTHLY RATE
A. Service Provisioning Charge			
• Initial	SCH	\$260.00 (R)	-
• Subsequent	SCHAX	100.00 (R)	-
B. Network Access Channel (NAC), per termination			
• 2-wire[1]	1DC2X	-	\$22.00 (I)
• 4-wire[2]	1DC4X	-	44.00 (I)
C. Channel Performance (CP)			
1. End-to-End, per termination			
• LS31 Control Status Channel	PCWSX	30.00 (R)	13.35
• LS31 McCulloh Alarm-Type	PCWTX	30.00	7.50 (I)
• LS31 DC Channel	PCWWX	30.00	1.00 (R)
• LS31 Telegraph			
- 0 to 75 baud	PCWUX	30.00	18.00 (R)
- 0 to 150 baud	PCWVX	30.00 (R)	19.00 (R)
• Custom	PJP++	ICB	ICB

(D)  
(T)

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6. RATES AND CHARGES

6.2 SERVICE OFFERINGS

6.2.1 LOW SPEED DATA SERVICE (Cont'd)

	USOC	NONRECURRING CHARGE	MONTHLY RATE
D. Transport Mileage (TM)			
Mileage Bands			
• Over 0 to 8			
- Fixed	FQYX1	\$30.00 (R)	\$21.00 (I)
- Per mile	3LBXA	-	1.25 (I)
• Over 8 to 25			
- Fixed	FQYX2	30.00 (R)	21.00 (I)
- Per mile	3LBXB		1.35 (I)
• Over 25 to 50			
- Fixed	FQYX3	30.00 (R)	21.00 (I)
- Per mile	3LBXC	-	1.45
• Over 50			
- Fixed	FQYX4	30.00 (R)	21.00 (I)
- Per mile	3LBXD	-	1.55 (I)
E. Optional Features and Functions			
1. Bridging			
• McCulloh Bridging, per port	B5NHF	8.00 (I)	3.00 (R)
• Telegraph Bridging, per port			
- 0 to 75 baud	B5NJF	8.00 (I)	23.00 (I)
- 0 to 150 baud	B5NKF	8.00 (I)	68.00 (I)
• Direct Bridging, per port	BMW	8.00 (I)	3.25 (I)

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6. RATES AND CHARGES

6.2 SERVICE OFFERINGS (Cont'd)

6.2.2 VOICE GRADE SERVICE

	USOC	NONRECURRING CHARGE	MONTHLY RATE
A. Service Provisioning Charge			
• Initial	SCH	\$260.00 (R)	-
• Subsequent	SCHAX	100.00 (R)	-
B. Network Access Channel (NAC), per termination			
• 2-wire[1]	1DC2X	-	\$22.00 (I)
• 4-wire[2]	1DC4X	-	44.00 (I)
C. Channel Performance (CP)			
1. End-Link or Mid-Link, per termination			
• Voice Grade 2			(D)
- No Signaling	PCWEX	30.00 (R)	14.00 (I)
- Loop-Start Signaling			
- Type - LA	PCWAX	30.00 (R)	16.50 (R)
- Type - LB	PCWBX	30.00	15.50
- Type - LC	PCWCX	30.00	13.00
- Type - LO	PJWCX	30.00	9.00 (R)
- Type - LS	PJWHX	30.00	16.00 (I)
- SF Signaling	PCWZX	30.00	14.00 (R)
- Manual ringdown	PCWFX	30.00	27.00 (I)
- Auto ringdown	PCWGX	30.00	18.00
- Code-select ringdown	PCWHX	30.00 (R)	24.00 (I)

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6. RATES AND CHARGES

6.2 SERVICE OFFERINGS  
6.2.2 VOICE GRADE SERVICE  
C.1. (Cont'd)

	USOC	NONRECURRING CHARGE	MONTHLY RATE
• Voice Grade 3			
- No Signaling	PCWEX	\$30.00 (R)	\$ 7.45 (R)
- Loop-Start Signaling	PCWYX	30.00	20.00
- Ground-Start Signaling	PCWJX	30.00	19.00 (R)
- E & M Signaling	PCWKX	30.00	23.50 (I)
- SF Signaling	PCWZX	30.00	22.00 (R)
- Reverse Battery Signaling	PCW1X	30.00	11.00
- Duplex Signaling			
- Type - DX	PJWOX	30.00	18.00 (I)
- Type - DY	PJWPX	30.00 (R)	18.00 (I)
• Voice Grade 5			
- No Signaling	PCWEX	30.00 (R)	13.75 (I)
- Data Stream	PCWLX	30.00 (R)	14.50 (R)
• Voice Grade 6			
- No Signaling	PCWEX	30.00 (R)	12.75 (R)
- Data Stream	PCWLX	30.00 (R)	12.50 (R)
• Voice Grade 7			
- No Signaling	PCWEX	30.00 (R)	13.25 (I)
- Loop-Start Signaling			
- Type - LA	PCWAX	30.00 (R)	19.50 (R)
- Type - LB	PCWBX	30.00	18.00
- Type - LC	PCWCX	30.00	13.00 (R)
- Type - LO	PJWCX	30.00	13.00 (I)
- Type - LS	PJWHX	30.00	13.00 (R)
- Ground-Start Signaling	PCWJX	30.00	11.00 (R)
- E & M Signaling	PCWKX	30.00	25.50 (I)
- SF Signaling	PCWZX	30.00	16.00 (R)
- Duplex Signaling			
- Type - DX	PJWOX	30.00	18.00 (I)
- Type - DY	PJWPX	30.00 (R)	18.00 (I)

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6. RATES AND CHARGES

6.2 SERVICE OFFERINGS  
6.2.2 VOICE GRADE SERVICE  
C.1. (Cont'd)

	USOC	NONRECURRING CHARGE	MONTHLY RATE
• Voice Grade 10			
- No Signaling	PCWEX	\$30.00 (R)	\$11.50 (D)
- Data Stream	PCWLX	30.00 (R)	18.25 (R)
• Voice Grade 12			
- Data Stream	PCWLX	30.00 (R)	17.50 (R)
• Custom	PJP++	ICB	ICB

(D)

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6. RATES AND CHARGES

6.2 SERVICE OFFERINGS  
6.2.2 VOICE GRADE SERVICE  
C.1. (Cont'd)

	USOC	NONRECURRING CHARGE	MONTHLY RATE	
2. End-to-End, per termination				
• Voice Grade 32				
- No Signaling	PCWEX	\$30.00 (R)	\$ 9.20 (I)	
- Loop-Start Signaling				
- Type - LA	PCWAX	30.00	11.35 (R)	
- Type - LB	PCWBX	30.00	10.00	
- Type - LC	PCWCX	30.00	9.30	
- Type - LG	PCW8X	30.00	17.65 (R)	
- Type - LO	PJWCX	30.00	10.20 (I)	
- Type - LS	PJWHX	30.00	10.20 (R)	
- Manual ringdown	PCWFX	30.00	8.00	
- Auto ringdown	PCWGX	30.00	8.00 (R)	
- Code-select ringdown	PCWHX	30.00 (R)	10.50	
• Voice Grade 33				
- No Signaling	PCWEX	30.00 (R)	12.00 (I)	
- Ground-Start Signaling	PCWJX	30.00	10.25	(N)
- E&M Signaling	PCWKX	30.00 (R)	19.70 (R)	
- Reverse Battery Signaling	PCW1X	30.00 (R)	7.25 (R)	
• Voice Grade 36				
- Data Stream	PCWLX	30.00 (R)	15.15 (R)	(D)
• Custom	PJP++	ICB	ICB	

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6. RATES AND CHARGES

6.2 SERVICE OFFERINGS

6.2.2 VOICE GRADE SERVICE (Cont'd)

	USOC	NONRECURRING CHARGE	MONTHLY RATE
D. Transport Mileage (TM)			
Mileage Bands			
• Over 0 to 8			
- Fixed	FQYX1	\$30.00 (R)	\$21.00 (I)
- Per mile	3LBXA	-	1.25 (I)
• Over 8 to 25			
- Fixed	FQYX2	30.00 (R)	21.00 (I)
- Per mile	3LBXB	-	1.35 (I)
• Over 25 to 50			
- Fixed	FQYX3	30.00 (R)	21.00 (I)
- Per mile	3LBXC	-	1.45
• Over 50			
- Fixed	FQYX4	30.00 (R)	21.00 (I)
- Per mile	3LBXD	-	1.55 (I)

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6. RATES AND CHARGES

6.2 SERVICE OFFERINGS

6.2.2 VOICE GRADE SERVICE (Cont'd)

E. Optional Features and Functions

	USOC	NONRECURRING CHARGE	MONTHLY RATE
1. Bridging			
• Resistive Bridging (Voice/Data), per port			
- Two-wire	B5NA2	\$8.00 (R)	\$ 7.00 (R)
- Four-wire	B5NA4	8.00 (I)	7.00 (R)
• Bridge Lifter, per port	BLBV2	8.00 (I)	2.00 (I)
• Split Frequency Bridging, per port			
- Two-wire	B5NVB	8.00 (I)	10.00 (I)
- Four-wire	B5NVC	8.00 (I)	10.00 (R)
• Passive Bridging, per port	B5NVP	8.00 (I)	7.00 (I)
• Summation Bridging, per port	B5NVS	8.00 (I)	10.00 (I)

(D)

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Effective: }

6. RATES AND CHARGES

6.2 SERVICE OFFERINGS

6.2.2 VOICE GRADE SERVICE

E. Optional Features and Functions (Cont'd)

	USOC	NONRECURRING CHARGE	MONTHLY RATE	
2. Conditioning, per NAC				(T)
• End-Link or Mid-Link Application				
- C Conditioning	X1CPT	\$15.00 (R)	\$ 5.00 (R)	
- Data Capability	XDCPT	15.00 (R)	1.00	
- Improved Attenuation Distortion	UHW	15.00 (R)	0.50 (I)	
- Improved Envelope Delay Distortion	UHY	15.00 (R)	5.00 (R)	
• End-to-End Application				
- C1 Conditioning	O1B	15.00 (R)	5.00 (R)	
- C2 Conditioning	O2B	15.00	5.00	
- C4 Conditioning	O4B	15.00	5.00	
- D1 Conditioning	O1D	15.00 (R)	5.00 (R)	
3. Data Enhancement (End-to-End Application), per NAC	3BE	15.00 (R)	2.00	(T)
4. Effective Four-Wire Transmission, per NAC (at the two-wire interface)	HBD	15.00 (I)	12.00 (R)	(T)
5. Equal Level Echo Path Loss, per NAC	ORP	15.00 (I)	5.00 (R)	(T)
6. Improved Return Loss, per NAC	1QA2W	15.00 (I)	6.00 (R)	(T)
7. Improved Termination, per NAC	CP6	15.00 (I)	4.00 (R)	(T)

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6. RATES AND CHARGES

6.2 SERVICE OFFERINGS

6.2.2 VOICE GRADE SERVICE

E. Optional Features and Functions (Cont'd)

	USOC	NONRECURRING CHARGE	MONTHLY RATE	
8. Data Channel Terminating Equipment, per NAC[1]				(T)
• Option 1				
Central Office Powered Data Equalization with 2713 Hz tone	LBA	\$ 8.00 (R)	\$ 1.00	
• Option 2				
Customer Powered DTMF, addressable loop back	LBD	8.00 (R)	2.00 (R)	
9. Customer Specified Levels, per NAC	RLS	15.00	10.00	(N)
10. Central Office Multiplexer to Multiplexer Connecting Arrangement, per connection				
• Without signaling	PYVV1	20.00	12.00	
• With tandem signaling	PYVV2	20.00	12.00	(N)

[1] The nonrecurring charge applies when adding this feature on subsequent order activity only.

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6. RATES AND CHARGES

6.2 SERVICE OFFERINGS (Cont'd)

6.2.5 AUDIO SERVICE

	USOC	NONRECURRING CHARGE	MONTHLY RATE
A. Service Provisioning Charge			
• Initial	SCH	\$260.00 (R)	-
• Subsequent	SCHAX	100.00 (R)	-
B. Network Access Channel (NAC), per termination			
• 2-wire	1DC2X	-	\$22.00 (I)
C. Channel Performance (CP)			
1. End-to-End, per termination			
• AP31 (3.0 kHz) non-equalized	PCWNX	30.00 (R)	12.00 (I)
• AP32 (5.0 kHz) equalized	PCWOX	30.00	16.00
• AP33 (8.0 kHz) equalized	PCWQX	30.00	18.00 (I)
• AP34 (15.0 kHz) equalized	PJW5X	30.00 (R)	26.00 (R)
• Custom	PJP++	ICB	ICB

(D)  
(T)

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6. RATES AND CHARGES

6.2 SERVICE OFFERINGS  
6.2.5 AUDIO SERVICE (Cont'd)

D. Transport Mileage (TM)

	USOC	NONRECURRING CHARGE	MONTHLY RATE	(C)
1. AP31				(C)
Mileage Bands				
• Over 0 to 8				
- Fixed	FQYX1	\$30.00 (R)	\$21.00 (I)	
- Per mile	3LBXA	-	1.25 (I)	
• Over 8 to 25				
- Fixed	FQYX2	30.00 (R)	21.00 (I)	
- Per mile	3LBXB	-	1.35 (I)	
• Over 25 to 50				
- Fixed	FQYX3	30.00 (R)	21.00 (I)	
- Per mile	3LBXC	-	1.45	
• Over 50				
- Fixed	FQYX4	30.00 (R)	21.00 (I)	
- Per mile	3LBXD	-	1.55 (I)	
2. AP32				(C)
Mileage Bands				
• Over 0 to 8				
- Fixed	FQYX1	30.00 (R)	44.00 (I)	
- Per mile	3LBXA	-	3.35 (I)	
• Over 8 to 25				
- Fixed	FQYX2	30.00 (R)	44.00 (I)	
- Per mile	3LBXB	-	3.55 (I)	
• Over 25 to 50				
- Fixed	FQYX3	30.00 (R)	44.00 (I)	
- Per mile	3LBXC	-	3.75 (I)	
• Over 50				
- Fixed	FQYX4	30.00 (R)	44.00 (I)	
- Per mile	3LBXD	-	3.95 (I)	

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6. RATES AND CHARGES

6.2 SERVICE OFFERINGS

6.2.5 AUDIO SERVICE

D. Transport Mileage (TM) (Cont'd)

	USOC	NONRECURRING CHARGE	MONTHLY RATE	
3. AP33				(C)
Mileage Bands				
• Over 0 to 8				
- Fixed	FQYX1	\$30.00 (R)	\$ 65.00 (I)	
- Per mile	3LBXA	-	3.75 (I)	
• Over 8 to 25				
- Fixed	FQYX2	30.00 (R)	65.00 (I)	
- Per mile	3LBXB	-	4.05 (I)	
• Over 25 to 50				
- Fixed	FQYX3	30.00 (R)	65.00 (I)	
- Per mile	3LBXC	-	4.35 (I)	
• Over 50				
- Fixed	FQYX4	30.00 (R)	65.00 (I)	
- Per mile	3LBXD	-	4.65 (I)	
4. AP34				(C)
Mileage Bands				
• Over 0 to 8				
- Fixed	FQYX1	30.00 (R)	125.00 (I)	
- Per mile	3LBXA	-	5.00 (I)	
• Over 8 to 25				
- Fixed	FQYX2	30.00 (R)	125.00 (I)	
- Per mile	3LBXB	-	5.40 (I)	
• Over 25 to 50				
- Fixed	FQYX3	30.00 (R)	125.00 (I)	
- Per mile	3LBXC	-	5.80 (I)	
• Over 50				
- Fixed	FQYX4	30.00 (R)	125.00 (I)	
- Per mile	3LBXD	-	6.20 (I)	

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# U S WEST COMMUNICATIONS

COMPETITIVE  
PRIVATE LINE  
TRANSPORT SERVICES

Administrative Guidelines  
Arizona

SECTION 6  
Page 17  
Release 3

Issued: 5-19-2000

Effective: }

## 6. RATES AND CHARGES

### 6.2 SERVICE OFFERINGS

#### 6.2.5 AUDIO SERVICE (Cont'd)

##### E. Optional Features and Functions

	USOC	NONRECURRING CHARGE	MONTHLY RATE	
1. Bridging, per port				
• AP31 - 3.5/3.0 kHz	BCNPT	\$8.00 (I)	\$ 8.00 (I)	(C)
• AP32 - 5.0 kHz	BCNPT	8.00	10.00 (I)	
• AP33 - 8.0 kHz	BCNPT	8.00	12.00 (R)	
• AP34 - 15.0 kHz	BCNPT	8.00 (I)	14.00 (R)	(C)

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# U S WEST COMMUNICATIONS

COMPETITIVE  
PRIVATE LINE  
TRANSPORT SERVICES

Administrative Guidelines  
Arizona

SECTION 6  
Page 18  
Release 5

Issued: 5-19-2000

Effective: }

## 6. RATES AND CHARGES

### 6.2 SERVICE OFFERINGS (Cont'd)

#### 6.2.6 FOREIGN EXCHANGE SERVICE

	USOC	NONRECURRING CHARGE	MONTHLY RATE
A. Service Provisioning			
• Initial	SCH	\$260.00 (R)	-
• Subsequent	SCHAX	100.00 (R)	-
B. Network Access Channel (NAC), per termination			
• 2-wire	1DC2X	-	\$22.00 (I)
C. Channel Performance (CP), per termination			
• Loop-Start Signaling	PJWEX	30.00 (R)	15.00 (R)
• Ground-Start Signaling	PJWKX	30.00	15.00
• Reverse Battery Signaling	PJWLX	30.00 (R)	15.00 (R)
D. Transport Mileage (TM)			
Mileage Bands			
• Over 0 to 8			
- Fixed	FQYX1	30.00 (R)	21.00 (I)
- Per mile	3LBXA	-	1.25 (I)
• Over 8 to 25			
- Fixed	FQYX2	30.00 (R)	21.00 (I)
- Per mile	3LBXB	-	1.35 (I)
• Over 25 to 50			
- Fixed	FQYX3	30.00 (R)	21.00 (I)
- Per mile	3LBXC	-	1.45
• Over 50			
- Fixed	FQYX4	30.00 (R)	21.00 (I)
- Per mile	3LBXD	-	1.55 (I)

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6. RATES AND CHARGES

6.2 SERVICE OFFERINGS (Cont'd)

6.2.7 FOREIGN CENTRAL OFFICE SERVICE

	USOC	NONRECURRING CHARGE	MONTHLY RATE
A. Service Provisioning			
• Initial	SCH	\$260.00 (R)	-
• Subsequent	SCHAX	100.00 (R)	-
B. Network Access Channel (NAC), per termination			
• 2-wire	1DC2X	-	\$22.00 (I)
C. Channel Performance (CP), per termination			
• Loop-Start Signaling	PJWFX	30.00 (R)	10.25 (I)
• Ground-Start Signaling	PJWMX	30.00 (R)	10.25 (I)
• Reverse Battery Signaling	PJWZX	30.00 (R)	10.25 (R)
D. Transport Mileage (TM)			
Mileage Bands			
• Over 0 to 8			
- Fixed	FQYX1	30.00 (R)	21.00 (I)
- Per mile	3LBXA	-	1.25 (I)
• Over 8 to 25			
- Fixed	FQYX2	30.00 (R)	21.00 (I)
- Per mile	3LBXB	-	1.35 (I)
• Over 25 to 50			
- Fixed	FQYX3	30.00 (R)	21.00 (I)
- Per mile	3LBXC	-	1.45
• Over 50			
- Fixed	FQYX4	30.00 (R)	21.00 (I)
- Per mile	3LBXD	-	1.55 (I)

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6. RATES AND CHARGES

6.2 SERVICE OFFERINGS (Cont'd)

6.2.8 EXCHANGE SERVICE EXTENSIONS

	USOC	NONRECURRING CHARGE	MONTHLY RATE
A. Service Provisioning			
• Initial	SCH	\$260.00 (R)	-
• Subsequent	SCHAX	100.00 (R)	-
B. Network Access Channel (NAC), per termination			
• 2-wire	1DC2X	-	\$22.00 (I)
C. Channel Performance (CP), per termination			
	PJWGX	30.00 (R)	10.25 (I)
D. Transport Mileage (TM)			
Mileage Bands			
• Over 0 to 8			
- Fixed	FQYX1	30.00 (R)	21.00 (I)
- Per mile	3LBXA	-	1.25 (I)
• Over 8 to 25			
- Fixed	FQYX2	30.00 (R)	21.00 (I)
- Per mile	3LBXB	-	1.35 (I)
• Over 25 to 50			
- Fixed	FQYX3	30.00 (R)	21.00 (I)
- Per mile	3LBXC	-	1.45
• Over 50			
- Fixed	FQYX4	30.00 (R)	21.00 (I)
- Per mile	3LBXD	-	1.55 (I)

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6. RATES AND CHARGES

6.2 SERVICE OFFERINGS (Cont'd)

6.2.9 TELEPHONE ANSWERING SERVICE

	USOC	NONRECURRING CHARGE	MONTHLY RATE
A. Service Provisioning			
• Initial	SCH	\$260.00 (R)	-
• Subsequent	SCHAX	100.00 (R)	-
B. Network Access Channel (NAC), per termination			
• 2-wire	1DC2X	-	\$22.00 (I)
C. Channel Performance (CP), per termination	PJWJX	30.00 (R)	10.25 (I)

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6. RATES AND CHARGES

6.2 SERVICE OFFERINGS

6.2.9 TELEPHONE ANSWERING SERVICE (Cont'd)

	USOC	NONRECURRING CHARGE	MONTHLY RATE
D. Transport Mileage (TM)			
Mileage Bands			
• Over 0 to 8			
- Fixed	FQYX1	\$30.00 (R)	\$21.00 (I)
- Per mile	3LBXA	-	1.25 (I)
• Over 8 to 25			
- Fixed	FQYX2	30.00 (R)	21.00 (I)
- Per mile	3LBXB	-	1.35 (I)
• Over 25 to 50			
- Fixed	FQYX3	30.00 (R)	21.00 (I)
- Per mile	3LBXC	-	1.45
• Over 50			
- Fixed	FQYX4	30.00 (R)	21.00 (I)
- Per mile	3LBXD	-	1.55 (I)
E. Optional Features and Functions			
• Telephone Answering Service with Privacy (Key Arrangements), CO relay, each	C97	-	10.25

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6. RATES AND CHARGES

6.2 SERVICE OFFERINGS (Cont'd)

6.2.10 U S WEST DIGITAL DATA SERVICE

	USOC	NONRECURRING CHARGE	MONTHLY RATE	
A. Service Provisioning Charge				(N)
• Initial	SCH	\$240.00	-	
• Subsequent	SCHAX	170.00	-	(N)
B. Network Access Channel (NAC), per termination				(T)
• 4-wire	1DC4X	-	\$44.00 (I)	(T)
C. Channel Performance (CP)				(T)
1. End-Link or Mid-Link, per termination				(M)
• 2.4 kbit/s	PJWQX	105.00 (R)	35.00 (R)	
• 4.8 kbit/s	PJWRX	105.00	35.00	
• 9.6 kbit/s	PJWSX	105.00	40.00	
• 19.2 kbit/s	PMW7X	105.00	40.00	
• 56 kbit/s	PJWTX	105.00	45.00	
• 64 kbit/s	PM2LX	105.00 (R)	45.00 (R)	
2. End-to-End, per termination				(M)
• 2.4 kbit/s	PJWUX	105.00 (R)	35.00 (R)	
• 4.8 kbit/s	PJWVX	105.00	35.00	
• 9.6 kbit/s	PJWWX	105.00	40.00	
• 19.2 kbit/s	PMW8X	105.00	40.00	
• 56 kbit/s	PJWYX	105.00 (R)	45.00 (R)	(T)
• 64 kbit/s	PM2KX	105.00	45.00	(N)

(M) Material moved from Page 27.

Issued: 5-19-2000

Effective: }

6. RATES AND CHARGES

6.2 SERVICE OFFERINGS

6.2.10 U S WEST DIGITAL DATA SERVICE (Cont'd) (T)

	USOC	NONRECURRING CHARGE	MONTHLY RATE	
D. Transport Mileage (TM)				(T)
Mileage Bands				(N)
• Over 0 to 8				(C)
- Fixed	FQYX1	-	\$50.00	
- Per mile	3LBXA	-	0.80	(M)
• Over 8 to 25				
- Fixed	FQYX2	-	50.00	
- Per mile	3LBXB	-	0.80	(M)
• Over 25 to 50				
- Fixed	FQYX3	-	50.00	
- Per mile	3LBXC	-	0.80	(M)
• Over 50				
- Fixed	FQYX4	-	50.00	
- Per mile	3LBXD	-	0.80	(M)(C)
E. Optional Features and Functions				(M1)
1. Bridging, per port	BCNDA	-	25.00	(T)
2. Secondary Channel per point of termination[1]	SCA	\$85.00	15.00	(M1)

[1] The nonrecurring charge applies when adding this feature on subsequent order activity only. (M1)  
(M1)

(M) Material moved from Page 25.

(M1) Material moved from Page 26.

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7. DS1 AND DS3 SWITCHED TRANSPORT

7.9 RATES AND CHARGES

7.9.1 SWITCHED TRANSPORT

A. Entrance Facility

1. Electrical Interface (N)

	USOC	MONTHLY RATE
• DS1, per DS1	EF2BX	\$ 125.00 (I)
• DS3, per DS3	EF2CX	1,500.00 (I)

2. Optical Interface[1] (N)

• DS3, per DS3	EF2DX	943.50	(N)
----------------	-------	--------	-----

B. Direct-Trunked Transport

	USOC	MONTHLY RATE	
		FIXED	PER MILE
1. DS1			
Mileage Bands			
• 0	1YTXA	-	-
• Over 0 to 8	1YTXB	\$ 86.50 (I)	\$13.55 (I)
• Over 8 to 25	1YTXC	109.85	14.19 (R)
• Over 25 to 50	1YTXD	116.35 (I)	14.63 (I)
• Over 50	1YTXE	127.99 (R)	15.11 (R)
2. DS3			
Mileage Bands			
• 0	1YTXA	-	-
• Over 0 to 8	1YTXB	714.84 (R)	78.90 (R)
• Over 8 to 25	1YTXC	714.84	78.90
• Over 25 to 50	1YTXD	714.84	80.73
• Over 50	1YTXE	805.44 (R)	91.74 (R)

[1] For Shared Use only as set forth in 7.2.2, preceding. (N)

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15. COMMON CHANNEL SIGNALING NETWORK (CCSN)

(N)

15.8 RATES AND CHARGES

A. Common Channel Signaling Access Capability

	USOC	MONTHLY RATE
1. Entrance Facility		
• Per DS1	EFY1X	\$ 125.00
• Per DS3[1]	EFY3X	1,500.00
2. Direct Link Transport		

MILEAGE BANDS	USOC	MONTHLY RATE	
		FIXED	PER MILE
a. DS0 Facility			
0	CCA2A	-	-
Over 0 to 8	CCA2B	\$ 25.96	\$ 0.17
Over 8 to 25	CCA2C	25.96	0.17
Over 25 to 50	CCA2D	25.96	0.17
Over 50	CCA2E	32.45	0.45
b. DS1 Facility			
0	CCA1A	-	-
Over 0 to 8	CCA1B	86.50	13.55
Over 8 to 25	CCA1C	109.85	14.19
Over 25 to 50	CCA1D	116.35	14.63
Over 50	CCA1E	127.99	15.11
c. DS3 Facility[1]			
0	CCA3A	-	-
Over 0 to 8	CCA3B	714.84	78.90
Over 8 to 25	CCA3C	714.84	78.90
Over 25 to 50	CCA3D	714.84	80.73
Over 50	CCA3E	805.44	91.74

[1] For Shared Use only as set forth in 7.2.2, preceding.

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## 21. EXPANDED INTERCONNECTION (EI) SERVICE

### 21.3 RATE TERMS AND CONDITIONS

#### 21.3.1 TYPES OF RATES AND CHARGES (Cont'd)

##### B. Nonrecurring Charges

Nonrecurring charges are one-time charges that apply for a specific work activity (i.e., installation or change to an existing service). The types of nonrecurring charges that apply for EI Service include: installation of EICT DS1 or DS3 Channel Terminations.

Nonrecurring charges applicable to each EICT DS1 or EICT DS3 channel termination installed are set forth in 21.4, following.

### 21.4 RATES AND CHARGES

#### 21.4.1 SWITCHED ACCESS SERVICE VIRTUAL EI

	USOC	NONRECURRING CHARGE	MONTHLY RATE
• Virtual EI Channel Termination, per termination			
- DS1 Switched Transport	TYLFA	\$375.50 (D)	\$ 13.66 (R)
- DS3 Switched Transport	TYLGA	401.64 (R)	41.30 (R)

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### 3. CARRIER COMMON LINE ACCESS SERVICE

#### 3.7 RATE TERMS AND CONDITIONS (Cont'd)

##### 3.7.4 PERCENT INTERSTATE USE (PIU)

When the customer reports interstate and intrastate use of in-service Switched Access Service, Carrier Common Line Access rates will be billed only to intrastate Switched Access Service access minutes based on the data reported by the customer as set forth in 2.3.10, preceding, (Jurisdictional Reports), except where the Company is billing according to actuals by jurisdiction. Intrastate Switched Access Service access minutes will, after adjustment as set forth in 3.6.4, preceding (Resale), when necessary, be used to determine Carrier Common Line Access rates as set forth in 3.7.5, following.

##### 3.7.5 DETERMINATION OF RATES

After the adjustments as set forth in 3.6.4 and 3.7.4, preceding, have been applied, when necessary, to Switched Access Service access minutes, rates for the involved customer account will be determined as follows:

- A. Carrier Common Line Access rates shall not be reduced as set forth in 3.6.1, preceding, unless Switched Access rates, as set forth in 6.8, following, are applied to the customer's Switched Access Services.
- B. The terminating access per minute rate applies to all terminating access minutes of use.
- C. The originating access per minute rate applies to all originating access minutes of use.

#### 3.8 RATES

- Originating
- Terminating

**RATE PER  
ACCESS MINUTE**

\$0.010000 (T)  
0.022669 (R)

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## 9. DIRECTORY ASSISTANCE SERVICE

### 9.4 PAYMENT ARRANGEMENTS

#### G. Credit Allowance for DA Service (Cont'd)

2. In addition to the credit as set forth in 1., preceding, when a DA operator or DA equipment provides an incorrect number for a call and the customer reports such occurrences to the Company, a credit allowance for such DA call will apply. The credit will be as set forth in 3., following. When the customer reports such a call and the number requested, the number provided and the reason the number provided is incorrect, the number of calls for which a credit will apply will be developed by the Company in cooperation with the customer.
3. When a DA call is not completed due to the failure of Directory Access Service to DA locations, DA access equipment or DA operator activities, a credit allowance for the Switched Access Service portion in the originating LATA of such DA call will apply. When the customer reports such a call and DA number dialed, time of the call and the date of the call, the number of calls for which a credit will apply will be developed by the Company in cooperation with the customer. The credit will be as set forth following:

**CREDIT  
PER CALL**

- Credit per call when Switched Access Service is billed

\$0.017676 (I)

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9. DIRECTORY ASSISTANCE SERVICE

9.6 RATES AND CHARGES

	RATE	
A. Directory Assistance Service Call, per call	\$0.35 (I)	(T)
B. Switched Transport for DA Service		
1. Entrance Facilities Monthly recurring rates	[1]	
2. Direct-Trunked Transport Monthly recurring rates	[1]	
3. Tandem-Switched Transport		
a. Tandem Transmission Rates, per call		
MILEAGE BANDS	FIXED	PER MILE
0	-	-
Over 0 to 8	\$0.000113 (R)	\$0.000011 (I)
Over 8 to 25	0.000145	0.000013
Over 25 to 50	0.000150	0.000013
Over 50	0.000151 (R)	0.000013 (I)
RATE		
b. Tandem Switching, per call	\$0.002843 (I)	(T)
c. Common Transport Multiplexing, per call	0.000078	(N)
d. Access Tandem Trunk Port	[1]	(N)
4. Installation Charge	[1]	
C. Interconnection Charge, per call	0.001393 (R)	(T)

[1] As set forth in 6.8, preceding.

(T)

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Effective: }

6. SWITCHED ACCESS SERVICE

6.8 RATES AND CHARGES

6.8.1 SWITCHED TRANSPORT

A. Entrance Facility Monthly Rates

1. Electrical Interface

(N)

- Voice Grade, per point of termination

USOC	MONTHLY RATE
EF2AX	\$64.67 (I)

B. Direct-Trunked Transport Monthly Rates

MILEAGE BANDS	USOC	MONTHLY RATE	
		FIXED	PER MILE
1. Voice Grade			
0	1YTXA	-	-
Over 0 to 8	1YTXB	\$25.96 (I)	\$0.17 (R)
Over 8 to 25	1YTXC	25.96	0.17
Over 25 to 50	1YTXD	25.96	0.17
Over 50	1YTXE	32.45 (I)	0.45 (R)

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6. SWITCHED ACCESS SERVICE

6.8 RATES AND CHARGES

6.8.1 SWITCHED TRANSPORT (Cont'd)

C. Tandem-Switched Transport Usage Rates

MILEAGE BANDS	RATE PER ACCESS MINUTE		
	FIXED	PER MILE	
1. Tandem Transmission			
0	-	-	
Over 0 to 8	\$0.000199 (R)	\$0.000020 (R)	
Over 8 to 25	0.000255	0.000023	
Over 25 to 50	0.000263	0.000023	
Over 50	0.000265 (R)	0.000023 (R)	
		<b>RATE PER ACCESS MINUTE</b>	
2. Tandem Switching Charge		\$0.005000 (R)	
3. Common Transport Multiplexing		0.000137	(N)
	<b>USOC</b>	<b>MONTHLY RATE</b>	
4. Access Tandem Trunk Port Charge, per port	P4TRX	\$6.59	(N)
D. Nonrecurring Charges		<b>NONRECURRING CHARGE</b>	
	<b>USOC</b>		
1. Line or Trunk Installation			
• Interface Groups 1 and 2			
- First line or trunk	NR61G	\$513.00	
- Each additional line or trunk	NR61K	72.00	
• Interface Group 6			
- First line or trunk	NR61H	493.00	
- Each additional line or trunk	NR61L	45.00	
• Interface Group 9			
- First line or trunk	NR61J	490.00	
- Each additional line or trunk	NR61M	42.00	

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**6. SWITCHED ACCESS SERVICE**

**6.8 RATES AND CHARGES**

**6.8.2 LOCAL SWITCHING**

B.1. (Cont'd)

b. Trunkside Terminations

**FID**

- Terminating Only  
Trunkside Connection  
for Forwarding of Dialed  
Number Identification  
to End User, per WATS  
access line

NC +++T

**6.8.3 MESSAGE UNIT CREDIT**

**RATE**

- Message Unit Credit,  
per originating FGA  
access minute[1]

\$(0.000146) (R)

**6.8.4 INTERCONNECTION CHARGE**

**RATE PER  
ACCESS MINUTE**

- Interconnection

\$0.002450 (R)

**6.8.5 EQUAL ACCESS AND NETWORK RECONFIGURATION RECOVERY CHARGE**

**RATE**

- Per minute

\$0.000102

[1] () equals a negative amount.

# U S WEST COMMUNICATIONS

Price List  
Arizona

SECTION 2  
Page 1  
Release 1

ACCESS SERVICE  
TARIFF

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## 2. GENERAL REGULATIONS

(N)

### 2.16 COMPETITIVE ZONES

The following serving wire centers are identified as competitive zones:

#### A. Phoenix

##### • Business Competitive Zones

Bethany-West	Laveen	Phoenix-Southeast
Cactus	Maryvale	Phoenix-West
Chandler-South	Mesa	Queen Creek
Coldwater	Pecos	Scottsdale-Main
Deer Valley-North	Peoria	Shea
Foothills	Phoenix-East	Sunnyslope
Ft. McDowell	Phoenix-Main	Super Main
Gilbert	Phoenix-North	Super West
Glendale	Phoenix-Northeast	Tempe
Greenway	Phoenix-Northwest	Thunderbird
Higley	Phoenix-South	Tolleson

##### • Residence/Business Competitive Zones

Cactus	Mesa	Pinnacle Peak
Chandler-Main	Pecos	Scottsdale-Main
Chandler-South	Peoria	Shea
Chandler-West	Phoenix-Main	Sunnyslope
Deer Valley-North	Phoenix-Mid Rivers	Super West
Gilbert	Phoenix-North	Tempe
Greenway	Phoenix-Southeast	Thunderbird
McClintock	Phoenix-West	

#### B. Tucson

##### • Business Competitive Zones

Cortaro	Tucson-East	Vail-South
Craycroft	Tucson-Main	
Flowing Wells	Tucson-North	
Marana-Main	Tucson-South	
Rincon	Tucson-Southeast	