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BEFORE THE ARIZONA CORPORATION COMMISSION

2001 FEB 21 A 8:05

WILLIAM A. MUNDELL  
Chairman  
JIM IRVIN  
Commissioner  
MARC SPITZER  
Commissioner

Arizona Corporation Commission  
**DOCKETED**  
FEB 21 2001

AZ CORP COMMISSION  
DOCUMENT CONTROL

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  
NOTICE OF ERRATA

RECEIVED  
2001 FEB 21 A 8:06  
AZ CORP COMMISSION  
DOCUMENT CONTROL

Qwest Corporation ("Qwest") hereby provides notice of errata to its Exceptions of Qwest Corporation, which was filed in these proceedings on February 12, 2001. Finding of Fact No. 20 in the Proposed Order and Qwest's requested modifications thereto inadvertently referred to the Arizona Payphone Association as the American Payphone Association. Attached hereto is a corrected version of pages 13, 14 and 16 intended to replace the ones filed on February 12, 2001.

RESPECTFULLY SUBMITTED this 20<sup>th</sup> day of February, 2001.

FENNEMORE CRAIG, P.C.

By   
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ORIGINAL AND TEN of the foregoing  
filed this 20<sup>th</sup> day of  
February, 2001, with:

Docket Control  
ARIZONA CORPORATION COMMISSION  
1200 West Washington  
Phoenix, Arizona 85007

COPY of the foregoing hand-delivered  
this 20<sup>th</sup> day of February, 2001, to:

William A. Mundell, Chairman  
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Phoenix, Arizona 85007

Jim Irvin, Commissioner  
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COPY of the foregoing e-mailed and  
sent regular mail this 20<sup>th</sup> day  
of February, 2001, to:

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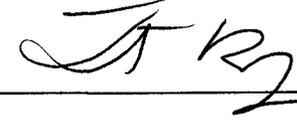
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1 non-competitive services. Although the Proposed Order correctly states that the  
2 \$17.6 million increase will come primarily from directory assistance rates and  
3 rates for private line services, the order should be revised to reflect that these  
4 services have been classified as competitive. See e.g., In the Matter of U S WEST  
5 Communications, Inc.—Petition to Have Certain IntraLATA Toll Services  
6 Competitive and to Change Certain Message Telecommunications Rates, Docket  
7 No. E-1051-96-160, Decision No. 59637 (April 24, 1996); In the Matter of the  
8 Application of U S WEST Communications, Inc. for Competitive Classification of  
9 Directory Assistance Service, Docket No. T-01051B-99-0362, Decision No.  
10 62129 (December 14, 1999). Therefore, Page 5, Lines 4 and 5 should be revised  
11 to read: “1) a combination of increases in rates for services in Basket 3 and  
12 decreases in rates for services in Basket 1 amounting to a net increase of \$17.6  
13 million.” Additionally, Page 9, Lines 12 and 13, should be revised as follows:  
14 “\$17.6 million will be derived from an increase in some basic competitive  
15 services, primarily from directory assistance rates and rates for private line  
16 services.”

17 B. Public Access Line Rates

18 The Proposed Order neglects to include a finding approving the public  
19 access line rates agreed to by Qwest and the Arizona Payphone Association  
20 (“APA”). Qwest and the APA reached an agreement, contingent upon the  
21 Commission approving the Settlement Agreement, as to the public access line  
22 rates that Qwest charges customers in Arizona. [Testimony of Gary Joseph at 2;  
23 TR III at 519] There have been no objections to the agreement reached by Qwest  
24 and the APA, therefore, a finding should be included approving the rates as agreed  
25 upon. The Proposed Order should be modified accordingly: (1) Finding of Fact  
26 No. 20 revised to read “On November 28, 2000, the Arizona Payphone

1 Association filed testimony in support of the Settlement Agreement and setting  
2 forth the public access lines rates for the time of the initial term of the Rate  
3 Proceeding Moratorium Period agreed to by Qwest and the APA, contingent upon  
4 the approval of the Settlement Agreement. A copy of testimony is attached  
5 hereto.” (2) add a Conclusion of Law that finds that “The public access lines rates  
6 set forth in the Arizona Payphone Association’s November 28, 2000 testimony are  
7 just and reasonable and should be approved.” and (3) the Commission should  
8 order “IT IS THEREFORE ORDERED that the public access lines rates set forth  
9 in the Arizona Payphone Association’s November 28, 2000 testimony are hereby  
10 approved.”

11 C. Price Floors for Basket 3 Services

12 Section 4) e) of the Price Cap Plan requires that the price of a new package  
13 or service exceed the TSLRIC of the package or service and comply with the  
14 imputation requirements of A.A.C. R14-2-1310(C). The Proposed Order  
15 concludes that Rule 1310 is ambiguous and, therefore, orders that Staff open a  
16 docket to investigate and rectify possible ambiguities involving the pricing of  
17 telecommunication services and imputation in particular. Further, the Proposed  
18 Order states that until the Commission clarifies Rule 1310, the Settlement  
19 Agreement shall be interpreted as requiring that originating access be considered  
20 an essential component of retail toll service.

21 Qwest believes the interpretation of Rule 1310 set forth in the Proposed  
22 Order is erroneous and Qwest’s existing toll packages are not priced below the  
23 imputation floor set in the rule. However, the correct imputation standard to be  
24 included in Rule 1103 must be determined as a result of the docket arising from  
25 Staff’s investigation into and clarification of that rule.

26 Implementation of the interim interpretation of Rule 1310 set forth in the

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- Revise Page 5 (Lines 4 and 5) as follows: “1) a combination of increases in rates for services in Basket 3 and decreases in rates for services in Basket 1 amounting to a net increase of \$17.6 million;” and
- Revise Page 9 (Lines 12 and 13) as follows: “\$17.6 million will be derived from an increase in some basic competitive services, primarily from directory assistance rates and rates for private line services.”
- Revise Finding of Fact No. 20 to read “On November 28, 2000, the Arizona Payphone Association filed testimony in support of the Settlement Agreement and setting forth the public access lines rates for the time of the initial term of the Rate Proceeding Moratorium Period agreed to by Qwest and the APA, contingent upon the approval of the Settlement Agreement. A copy of testimony is attached hereto.”
- Add a Conclusion of Law finding that “The public access lines rates set forth in the Arizona Payphone Association’s November 28, 2000 testimony are just and reasonable and should be approved.”
- Add a Commission order “IT IS THEREFORE ORDERED that the public access lines rates set forth in the Arizona Payphone Association’s November 28, 2000 testimony are hereby approved.”
- Revise Page 17 (Lines 14 and 15) as follows: “In the meantime, until the Commission has made a final determination regarding Rule 1310, for purposes of this Settlement Agreement, Qwest may continue to provide the Business Super Savings Plan to those customers currently subscribing to the plan.”