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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

25

COMMISSIONERS

2005 FEB -7 P 4:40

DOCKETED

JEFF HATCH-MILLER, Chairman  
WILLIAM A. MUNDELL  
MARC SPITZER  
MIKE GLEASON  
KRISTIN K. MAYES

AZ CORP COMMISSION  
DOCUMENT CONTROL

FEB 07 2005

DOCKETED BY [Signature]

IN THE MATTER OF QWEST CORPORATION'S  
FILING OF RENEWED PRICE REGULATION  
PLAN.

DOCKET NO. T-01051B-03-0454

IN THE MATTER OF THE INVESTIGATION OF  
THE COST OF TELECOMMUNICATIONS  
ACCESS.

DOCKET NO. T-00000D-00-0672

PROCEDURAL ORDER

**BY THE COMMISSION:**

On November 22, 2004, the Residential Utility Consumer Office ("RUCO") filed a Motion to substitute a page of its witness MaryLee Diaz Cortez's testimony that it filed in this matter on November 18, 2004. The page originally filed on November 18, 2004, inadvertently contained confidential information. The page to be substituted, is page 2 of Schedule MDC-8, and is attached hereto as Exhibit A. RUCO requests that Docket Control and all parties make the substitution and either destroy the page originally provided or treat it as confidential under the terms of the August 25, 2004 Protective Order.

On January 31, 2005, Qwest Corporation ("Qwest") filed a Motion for Order to Substitute Pages in Exhibits attached to the Rejoinder testimony of Philip E. Grate. Mr. Grate's rejoinder testimony originally filed on January 27, 2005 inadvertently contained competitively sensitive information. The affected pages include pages 3, 4, 5 and 6 of Exhibit PEG-RJ04 and pages 1 and 2 of Exhibit PEG-RJ03. Qwest provides redacted pages that should replace the aforementioned pages. The replacement pages are attached hereto as Exhibit B. Qwest requests that Docket Control and all parties substitute the redacted pages for the un-redacted pages and return the un-redacted pages to counsel for Qwest.

IT IS THEREFORE ORDERED that Docket Control and all parties who received the

1 testimony of RUCO witness MaryLee Diaz-Cortez, filed on November 18, 2004, and the rejoinder  
2 testimony of Qwest's witness Philip E. Grate, filed on January 27, 2005, shall replace the un-reacted  
3 schedules described herein with the redacted schedules attached hereto as Exhibits A and B,  
4 respectively.

5 IT IS FURTHER ORDERED that all parties who have not executed the Protective Agreement  
6 in the docket shall return the replaced un-redacted exhibits to the filing party.

7 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive  
8 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

9 DATED this 4<sup>th</sup> day of February, 2005.

10  
11   
12 JANE L. RODDA  
13 ADMINISTRATIVE LAW JUDGE

14 Copy of the foregoing mailed/delivered  
15 this 4<sup>th</sup> day of February 2005, to:

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Minneapolis, MN 55402

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2238 W. Lone Cactus Dr., Ste. 100  
Phoenix, Arizona 85027

Alliance Group Services, Inc.  
1221 Post Road East  
Westport, CT 06880

Archtel, Inc.  
1800 West Park Drive, Ste. 250  
Westborough, MA 01581

Brooks Fiber Communications of Tucson, Inc.  
201 Spear Street, 9<sup>th</sup> Floor  
San Francisco, CA 94105

Centurytel  
PO Box 4065  
Monroe, LA 71211-4065

Citizens Utilities Rural Co., Inc.  
Citizens Communications Co. of Arizona  
4 Trial Center, Suite 200  
Salt Lake City, UT 84180

Comm South Companies, Inc.  
2909 N. Buckner Blvd., Ste. 200  
Dallas, TX 75228

Copper Valley Telephone, Inc.  
PO Box 970  
Willcox, AZ 85644

Electric Lightwave, Inc.  
4 Tirad Center, Ste. 200  
Salt Lake City, UT 84180

Ernest Communications, Inc.  
5275 Triangle Pkwy, Ste 150  
Norcross, GA 30092-6511

Intermedia Communications, Inc.  
3608 Queen Palm Drive  
Tampa, FL 33619-1311

Level 3 Communications, LLC  
1025 Eldorado Blvd.  
Broomfield, CO 80021

Max-Tel Communications, Inc.  
105 N. Wickham  
PO Box 280  
Alvord, TX 76225

Metropolitan Fiber Systems of Arizona, inc.  
201 Spear Street, 9<sup>th</sup> Floor  
San Francisco, CA 94105

Midvale Telephone Exchange  
PO box 7  
Midvale, ID 83645

Navajo Communications Co., Inc.  
4 Tirad Center, Suite 200  
Salt Lake City, UT 84180

Nextlink Long Distance Svcs.  
3930 E. Watkins, Ste. 200  
Phoenix, AZ 85034

North County Communications Corporation  
3802 Rosencrans, Ste. 485  
San Diego, CA 92110

- 1 One Point Communications  
Two Conway Park  
150 Field Drive, Ste. 300
- 2 Lake Forest, IL 60045
- 3 Opex Communications, Inc.  
500 E. Higgins Rd., Ste 200
- 4 Elk Grove Village, IL 60007
- 5 Pac-West Telecomm, Inc.  
1776 W. March Lane, #250
- 6 Stockton, CA 95207
- 7 The Phone Company/Network Services of New hope  
6805 Route 202
- 8 New Hope, PA 18938
- 9 Rio Virgin Telephone Co.  
Rio Virgin Telephone and Cablevision  
PO Box 189
- 10 Estacada, OR 97023
- 11 South Central Utah Telephone Associations, Inc.  
PO Box 226
- 12 Escalante, UT 84726
- 13 Southwestern Telephone Co., Inc.  
PO Box 5158
- 14 Madison, WI 53705-0158
- 15 Special Accounts billing Group  
1523 Withorn Lane
- 16 Inverness, IL 60067
- 17 Touch American  
130 N. Main Street
- 18 Butte, MT 59701
- 19 Table Top Telephone Co. Inc.  
600 N. Second Aveanue
- 20 Ajo, Arizona 85321
- 21 Valley Telephone Cooperative, inc.  
752 E. Malley Street
- 22 PO Box 970
- 23 Willcox 85644
- 24
- 25
- 26
- 27
- 28

Verizon Select Services, Inc.  
6665 MacArthur, Blvd., HQK02D84  
Irving, TX 75039

VYVX, LLC  
One Williams Center, MD 2901  
Tulsa, OK 74172

Western CLEC Corporation  
3650 131<sup>st</sup> Avenue SE, Ste. 400  
Bellevue, WAS 98006

Williams Local Network, Inc.  
One Williams Center, MD 29-1  
Tulsa, OK 74172

XO Arizona Inc.  
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Phoenix, AZ 85034

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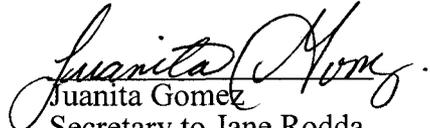
By:   
Juanita Gomez  
Secretary to Jane Rodda

Exhibit A

QWEST CORPORATION  
 TEST YEAR ENDED DECEMBER 31, 2003  
 SUMMARY OF OPERATING ADJUSTMENTS (000'S)

DOCKET NO. T-01051B-03-0454  
 DOCKET NO. T-00000D-00-0672  
 SCHEDULE MDC-8  
 PAGE 2 OF 2

LINE NO.	DESCRIPTION	(I) ADJ. #8	(J) ADJ. #9	(K) ADJ. #10	(L) RUCO TEST YEAR AS ADJUSTED
	OPERATING REVENUES:				
1	LOCAL SERVICE REVENUES	\$ -	\$ -	\$ -	\$ 822,296
2	NETWORK ACCESS SERVICE REVENUES	-	-	-	65,881
3	LONG DISTANCE NETWORK SERVICE REVENUES	-	-	-	11,163
4	MISCELLANEOUS REVENUES	-	-	-	265,713
5	TOTAL OPERATING REVENUES	\$ -	\$ -	\$ -	\$ 1,165,053
	EXPENSES:				
6	MAINTENANCE	\$ -	\$ -	\$ -	\$ 243,401
7	ENGINEERING EXPENSE	-	CONFIDENTIAL	-	7,511
8	NETWORK OPERATIONS	-	CONFIDENTIAL	-	62,581
9	NETWORK ADMINISTRATION	-	-	-	1,652
10	ACCESS EXPENSE	-	-	-	9,041
11	OTHER EXPENSE	-	-	-	537
12	CUSTOMER OPERATIONS	-	-	-	170,389
13	CORPORATE OPERATIONS	-	-	-	202,786
14	PROPERTY & OTHER TAXES	(9,505)	-	-	57,919
15	UNCOLLECTIBLES	-	-	-	19,634
16	OTHER OPERATING INCOME & EXPENSE	-	-	-	(44)
17	DEPRECIATION EXPENSE	-	-	-	388,018
18	UNIVERSAL SERVICE FUND	-	-	-	-
19	LINK UP AMERICA	-	-	-	(2)
20	TOTAL OPERATING EXPENSES	\$ (9,505)	CONFIDENTIAL	\$ -	\$ 1,163,423
	TAXES:				
21	FEDERAL INCOME TAX	\$ -	\$ -	\$ 24,064	\$ (27,964)
22	STATE & LOCAL INCOME TAX	-	-	6,186	(5,984)
23	TOTAL OPERATING INCOME	\$ 9,505	CONFIDENTIAL	\$ (30,249)	\$ 35,579

ADJUSTMENT #.	REFERENCE
8. PROPERTY TAXES	SCHEDULE MDC-12
9. INCENTIVE COMPENSATION	SCHEDULE MDC-13
10. INCOME TAX EXPENSE	SCHEDULE MDC-14

EXHIBIT B

# BSI PHYSICAL REMOTE COLLOCATION

CONFIDENTIAL

SAI ADDRESS	Total Shelves	12/13/04 Billable Shelves	Initial Cabinet Turn Up Date	Non-Recurring Space per mounting unit @ \$868.13	Non-Recurring FDI Terminations per binder group @ \$558.99	Total Non-Recurring Charges	Intrastate Revenues @ 8095
X 5133 N 78 ST							
X 262 N LAKEVIEW BLVD							
X 2270 E PECOS RD							
X 7200 N 43 AV							
X 7639 N 42 LN							
X 8755 N 43 AV							
X 18955 N 67 AV							
X 4801 E ROADRUNNER RD							
X 5841 W DEL LAGO CIR							
X 6749 N 43 AV							
X 1201 E GLENN DR							
X 4104 N 78 ST							
X 6747 W ARROWHEAD LOOP RD							
X 707 E MYRTLE AV							
X 18301 N 9 ST							
I 8401 W MONROE ST							
X 17824 N 20 ST							
X 35603 N 33 LN							
X 5020 E VILLAGE PKWY							
X 1906 W WAYNE LN							
X 2754 N HIGH NOON WY							
X 43296 N NAVIGATION WY							
X 10352 E WINDGATE PASS DR							
X 2066 W WOLF RUN DR							
X 2894 W HASTINGS WY							
X 5304 E VILLAGE PKWY							
X 1369 S GARDEN CIR E							
X 1372 S GARDEN CIR E							
X 3655 W ANTHEM WY							
X 9619 E DESERT CAMP DR							
X 10902 E WINDGATE PASS DR							
X 3480 S CALISTOGA DR							
X 3430 E MENLO PARK DR							
X 42022 N GAVILAN PEAK PKWY							
X 2294 W HASTINGS WY							
X 2438 W PECOS RD							
X 10875 N 78 ST							
X 1351 E BUFFALO ST							

REDACTED

1 shelf = SMU 4 FDI 4

CONFIDENTIAL

# BSI PHYSICAL REMOTE COLLOCATION

SAI ADDRESS	Total Shelves	12/13/04 Billable Shelves	Initial Cabinet Turn Up Date	Non-Recurring Space per mounting unit @ \$868.13	Non-Recurring FDI Terminations per binder group @ \$558.99	Total Non-Recurring Charges	Intrastate Revenues @ \$095
X 3395 E PALMER ST							
X 42184 N MANTLE WY							
I 4041 N CENTRAL AV							
X I 1121 N 44 ST							
X 1850 W WOLF RUN DR							
X 5261 W IRONWOOD DR							
X 112 E CHANDLER BLVD							
X 15433 S 13 DR							
X 590 W CHANDLER BLVD							
X 1502 E LIBERTY LN							
X 2374 W GERMANN RD							
X 2647 W COYOTE CREEK CT							
X 4262 W ORANGEWOOD AV							
X 5350 E DOUBLE TREE RANCH RD							
X 593 E CANYON CREEK RD							
X 130 N COLORADO ST							
X 18200 N 9 ST							
X 4231 W EVA ST							
X 5205 N 78 ST							
X 5801 N 78 ST							
X 875 N MCQUEEN RD							
X 5550 N 78 ST							
X 700 E BELMONT AV							
X 7708 N 12 ST							
X 17030 N 15 ST							
X 1860 E MICHIGAN AV							
X 27527 N NORTERRA PKWY							
X 7829 E VISTA DR							
X 986 E SPECTRUM WY							
X 3130 E RYAN RD							
X 2604 S HARTFORD ST							
X 1498 E FRYE RD							
X 3493 W PARKSIDE LN							
X 34203 N 24 AV							
X 607 E DERRINGER WAY							
X 3230 W DYNAMITE BLVD							
X 7613 S 20 ST							
I 6683 S CLUBHOUSE DR							
X 42337 N 46 DR							

REDACTED

# BSI PHYSICAL REMOTE COLLOCATION

SAI ADDRESS	Total Shelves	12/13/04 Billable Shelves	Initial Cabinet Turn Up Date	Non-Recurring Space per mounting unit @ \$868.13	Non-Recurring FDI Terminations per binder group @ \$553.99	Total Non-Recurring Charges	Intrastate Revenues @ 8095
X 10265 E ROB'S CAMP RD							
X 25600 N STETSON HILLS LP							
X 7602 S 21 DR							
I 9400-7 W MARYLAND AVE							
X 5025 N 36 ST							
X 6258 S BRADSHAWWAY							
X 4088 S POSSE TR							
X 4104 S HIGLEY RD							
I 4369 E VILLAGE PKWY							
X 6201 S TURQUOISE DR							
X 12603 E HEMLOCK WAY							
X 13731 E SHANNON ST							
X 24201 N 61 AV							
X 3129 W PINNACLE VISTA DR							
X 3595 S TATUM LN							
I 875 W PECOS RD							
X 2082 E WILLIS RD							
X 2897 W SHAUGHNESSEY RD							
X 3619 S CUPERTINO DR							
X 28203 N 31 AV							
X 8559 W BRILES RD							
X 1625 S SANDERS DR							
X 1708 S SANDERS DR							
X 27240 N PLEASANT VALLEY DR							
X 330 W GERMANN RD							
X 3600 E YALE ST							
X 15725 E Ocotillo RD							
X 1856 S BLUEJAY DR							
X 19638 N 31 AV							
X 2135 E TAURUS PL							
X 2841 E AGRITOPIA LP							
X 2951 S HIGLEY RD							
X 3145 E WATERVIEW DR							
X 3720 E RAY RD							
X 3777 S NAPA LN							
X 5300 S RIGGS MEADOWS DR							
X 5791 S GILBERT RD							
X 1717 E Ocotillo RD							
X 1730 E BROOKS FARM RD							

REDACTED

# BSI PHYSICAL REMOTE COLLOCATION

SAI ADDRESS	Total Shelves	12/13/04 Billable Shelves	Initial Cabinet Turn Up Date	Non-Recurring Space per mounting unit @ \$865.13	Non-Recurring FDI Terminations per binder group @ \$558.99	Total Non-Recurring Charges	Intrastate Revenues @ 80%
X 2099 E BLUE RIDGE WAY							
X 2100 W SAINT CHARLES AV							
X 1320 N LAKE PARK DR							
X 6506 S MCQUEEN RD							
X 2802 S LINDSAY RD							
X 6753 S MAREN DR							
X 950 W GERMANN RD							
X 3782 E MANZANITA RD							
X 3321 W VINEYARD RD							
X 3574 S HIGLEY RD							
X 7210 S 31 AV							
X 3869 S LANTANA RANCH BLVD							
X 6029 S SUN GROVES BLVD							
X 2070 S ASHLAND RANCH RD							
X 1310 S ASHLAND RANCH RD							
X 29788 N SCOTTSDALE RD							
X 3680 S GILBERT RD							
X 8621 W VARNEY RD							
X 1352 N PLEASANT DR							
X 6586 W DEER VALLEY RD							
X 2289 E OCOTILLO RD							

REDACTED

# **EXHIBIT**

**2**

Qwest Corrections to  
 Staff Schedule C-19

QWEST CORPORATION  
 DOCKET NO. T-010918-03-0454  
 FCC DEREGULATED SERVICES - REVENUE IMPUTATION  
 TEST YEAR ENDING 12/31/2003

(000's)  
**CONFIDENTIAL**

Line No.	Description (A)	Qwest ATL FCC Dereg (excl. B&C) (B)	Qwest ATL Remove Payphone (C)	Remove Planning/ Payphone "Corrected" (D)	Remove FCC Dereg in AZ Price Cap Baskets (E)	Remove "Corrected" Voice Messaging (State Dereg Rec.) (F)	Corrected Qwest Pro Forma Adjustments (G)	Corrected Qwest Pro Forma Adjustment Omitted by Staff in Error (G1)	Corrected Remove Qwest Proforma Relating to "FCC Dereg In AZ Price Cap Baskets" & VMIS (G2)	Corrected Total "Corrected" FCC Dereg Remaining ATL (H) = Sum B-G2 (J)	Corrected FCC Dereg Staff Revenue 50% Imputation (I)	Corrected Adjusted FCC Dereg Remaining ATL (J)
18	Federal Income Tax	32,561%					Source Qwest PFN-01 & PFN-03	Source Qwest PFN-09				
19	State & Local Income Tax	6,968%										
20	Net Operating Income											
21	Rate Base											
22	Telephone Plant In Service											
23	Materials and Supplies											
24	Accumulated Depr & Amort Reserve											
25	Accumulated Deferred Income Tax											
26	Customer Deposits											
27	End-Of-Period Rate Base											
28	Return On Investment											

REDACTED

**Revenue Requirements**

Staff Proposed Rate Base	\$ 6,884
Operating Income Required	9,504%
Net Operating Income Available	654
Operating Income Deficiency	5,864
Revenue Conversion Factor	(5,210)
Revenue Deficiency (Excess)	1,690
ACC Allowance D. 58927	(8,311)
Staff Proposed Imputation	50%
	(4,405)
<b>Change in ACC Staff Revenue Requirement</b>	<b>10,982</b>
<b>Change in ACC Staff Revenue Requirement (8,376)</b>	<b>4,405</b>
<b>With Qwest Corrections to C-19 (using Staff ROR &amp; RevMut)</b>	<b>10,982</b>

FOOTNOTES:  
 (a) Source: Qwest spreadsheet "az1203\_Rev10-27-04.xls" & sheet "Interface-1900Financials".  
 (b) Source: Qwest spreadsheet "az1203\_Rev10-27-04.xls" & Adjustment PFN-12, Planning for Enhanced Services.  
 (c) Source: Staff Adjustment C-1 & Qwest Adjustments PFN-03, Revised Operating Income Annualization (trending), & PFN-01, Revised Out of Period Revenues.  
 (d) Revenue Imputation Adjustment

(e) Source: Staff Worksheet C-19 & Qwest confidential response to Staff Data Request UTI-9, Attachment B -- corrected for Planning for Enhanced Services.

Qwest Corrections to  
 Staff Schedule C-24

QWEST CORPORATION  
 DOCKET NO. T-01051B-03-0454  
 VOICE MESSAGING - STATE DEREGULATED SERVICE  
 TEST YEAR ENDING 12/31/2003  
 (000's)

**CONFIDENTIAL**

Line No.	Description	(A)	(B)	(C)	D	E = -D	F = C + E
			*Corrected* Voice Messaging (State Derag)	Staff Adjustment Removing Voice Messaging	Corrected Qwest Profomas Relating to VMS (From Corrected C-19)	Corrected Remove Qwest Profomas Relating to VMS	Corrected Staff Adjustment Removing Voice Messaging

1	Revenues						
2	Miscellaneous						
3	Total Operating Revenues						
4	Expenses						
5	Maintenance						
6	Engineering Expense						
7	Network Operations						
8	Network Administration						
9	Other						
10	Total Cost of Services & Products						
11	Customer Operations						
12	Corporate Operations						
13	Property & Other Taxes						
14	Uncollectibles						
15	Total Selling, General and Administrative						
16	Other Operating Income & Expense						
17	Depreciation Expense						
18	Total Operating Expense						
19	Income From Operations						
20	Federal Income Tax						
21	State & Local Income Tax						
	Net Operating Income						

ACC Staff Adjustment to Remove Test Year Revenues and Expenses Consistent with Staff Recommendation to Deregulated Voice Messaging Services

Revenue Requirement

**FOOTNOTES:**

(a) Source: Staff Workpaper C-19 & Qwest confidential Attachment B - corrected for Planning for Enhanced

Tax Rates Used in Cols D & E:	
Federal Income Tax	32
State & Local Income Tax	6

ACC Staff RevMilt Used in Revenue Requirement:  
 Revenue Conversion Factor

REDACTED