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Qwest Communications Corporation

T-02811B-04-0313

Volume II
08-29-2005

Exhibits Filed on 09-19-2005

A-1 through A-12

S-1 through S-5

Staff

Exhibits

EXHIBIT S-1

MEMORANDUM

LEGAL

TO: Docket Control
FROM: Ernest G. Johnson
Director
Utilities Division

EA for EGT

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DATE: February 23, 2005

RE: IN THE MATTER OF THE APPLICATION OF QWEST COMMUNICATIONS CORPORATION D/B/A QWEST LONG DISTANCE FOR EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY TO INCLUDE AUTHORITY TO PROVIDE RESOLD AND FACILITIES-BASED LOCAL EXCHANGE AND RESOLD LONG DISTANCE SERVICES IN ADDITION TO ITS CURRENT AUTHORITY TO PROVIDE FACILITIES-BASED LONG DISTANCE SERVICES, AND PETITION FOR COMPETITIVE CLASSIFICATION OF PROPOSED SERVICES WITHIN THE STATE OF ARIZONA (DOCKET NO. T-02811B-04-0313)

Attached is the Staff Report for the above referenced Application. The Applicant is applying for approval to provide the following services in addition to the Facilities-Based Long Distance Service which it is already authorized to provide:

- Resold Local Exchange Services
- Facilities-Based Local Exchange Services
- Resold Long Distance Services

Staff is recommending approval of Qwest Communications Corporation d/b/a Qwest Long Distance's Application to amend its existing Certificate of Convenience and Necessity to include authority to provide statewide Resold Long Distance, in addition to the Facilities-Based Long Distance services it is already authorized to provide, and resold and facilities-based local exchange service outside of Qwest Corporation's current service area in accordance with the recommendations specified in this report.

EGJ/JFB/red

Originators: John F. Bostwick
Armando Fimbres

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Attachment: Original and Thirteen Copies

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DOCKET NO. T-02811B-04-0313

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STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

QWEST COMMUNICATIONS CORPORATION
D/B/A QWEST LONG DISTANCE
DOCKET NO. T-02811B-04-0313

IN THE MATTER OF THE APPLICATION OF QWEST COMMUNICATIONS CORPORATION D/B/A QWEST LONG DISTANCE FOR EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY TO INCLUDE AUTHORITY TO PROVIDE RESOLD AND FACILITIES-BASED LOCAL EXCHANGE AND RESOLD LONG DISTANCE SERVICES IN ADDITION TO ITS CURRENT AUTHORITY TO PROVIDE FACILITIES-BASED LONG DISTANCE SERVICES, AND PETITION FOR COMPETITIVE CLASSIFICATION OF PROPOSED SERVICES WITHIN THE STATE OF ARIZONA

FEBRUARY 23, 2005

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EXHIBITS:

TELECOMMUNICATIONS SERVICES BY STATE.....EXHIBIT A

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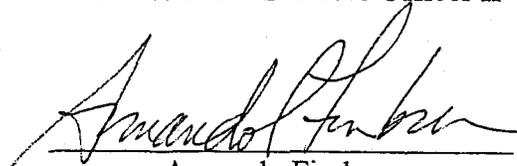
LOCAL EXCHANGE CALLING PLANS AND CHARGES.....EXHIBIT C

STAFF ACKNOWLEDGMENT

The Staff Report for Qwest Communications Corporation, Docket No. T-02811B-04-0313, was the responsibility of Staff members listed below. John Bostwick and Armando Fimbres were responsible for the review and analysis of the Application for a Certificate of Convenience and Necessity to provide resold long distance, resold local exchange, facilities-based long distance, and facilities-based local exchange telecommunications services and petition for a determination that its proposed services should be classified as competitive.



John F. Bostwick
Administrative Services Officer II



Armando Fimbres
Public Utility Analysis

1. INTRODUCTION

On April 23, 2004, Qwest Communications Corporation ("QCC" or "Applicant" or "Company") filed an Application to have its Certificate of Convenience and Necessity ("CC&N") modified to include resold long distance service, resold local exchange service, facilities-based long distance service, and facilities-based local exchange service.

On December 9, 2003, in Decision No. 66612, QCC d/b/a Qwest Long Distance ("QCC") was granted authority to provide facilities-based long distance telecommunications services throughout the State of Arizona. In the same decision, QCC's authority to provide resold long distance telecommunications services was revoked by the Commission.

On September 20, 2004, QCC filed a letter to amend its Application. In the September 20th Letter, QCC indicated its plans to provide telecommunications services in Arizona. QCC stated that it "... presently plans, and has therefore provided tariffs for, only one local exchange service. That product provides access from the local exchange to frame relay and asynchronous transfer mode ("ATM") services offered by several carriers." Only a tariff for Exchange Access Facilities was filed in the original Application.¹

On December 17, 2004, QCC filed a "Supplement to Application and Petition". QCC's filing supplements Section A-9 of its Application and Petition by adding a new proposed Local Exchange Services QCC Arizona Tariff No. 3. In addition providing a copy of the tariff as Attachment B, the filing revises QCC's responses concerning proposed rates and charges, for each service, tariff maximum rates and prices to be charged, terms and conditions applicable to the provision of service, and proposed a \$25.00 fee that will be charged for returned checks referenced as a tariff item in the Application.

In the supplement filing, QCC withdrew the Exchange Service Tariff QCC Arizona Tariff No. 3 that was included in its original Application. Also, the statements made in the September 20th Letter were withdrawn.

The Applicant petitioned the Arizona Corporation Commission ("Commission") on December 17, 2004, for a determination that its proposed services should be classified as competitive. In its supplement filing, QCC provided Staff with a new proposed Local Exchange Services QCC Arizona Tariff No. 3.

The tariff pages provided on December 17, 2004, in the Local Exchange Services QCC Arizona Tariff No. 3 were incomplete. QCC filed a Notice of Errata on January 12, 2005. QCC submitted tariff pages to correct the information omitted in the supplement.

Staff's review of this Application addresses the overall fitness of the Applicant to receive a CC&N. Staff's analysis also considers whether the Applicant's services should be classified as competitive and if the Applicant's initial rates are just and reasonable.

¹ Exchange Service Tariff QCC Arizona Tariff No. 3 submitted with the Application did not reflect the services that were being requested by QCC. QCC Arizona Tariff No. 3 was withdrawn on September 20, 2004.

2. QCC'S APPLICATION FOR EXTENSION OF ITS CERTIFICATE OF CONVENIENCE & NECESSITY

This section of the Staff Report contains descriptions of the geographic market to be served by the Applicant, the requested services, and the Applicant's technical and financial capability to provide the requested services.

2.1 DESCRIPTION OF THE GEOGRAPHIC MARKET TO BE SERVED

QCC is seeking additional authority to provide resold and facilities-based local exchange and resold long distance telecommunications services throughout the State of Arizona. The Company is already certificated to provide facilities-based long distance services throughout the State of Arizona.

2.2 THE ORGANIZATION

QCC is incorporated under the laws of the State of Delaware and has been authorized to do business in Arizona since June 6, 1989. QCC is a wholly owned subsidiary of Qwest Services Corporation ("QSC"), which in turn is a wholly owned subsidiary of Qwest Communications International, Inc. ("QCII").

Qwest Corporation ("QC"), which is a wholly owned subsidiary of QCII, is an incumbent local exchange carrier and Bell Operating Company as defined by the Telecommunications Act of 1996, providing both local and intraLATA long distance services throughout much of Arizona. QC was authorized by the FCC to provide interLATA long-distance service in Arizona on December 15, 2003. With approval of QC's Section 271 application under the 1996 Act, interLATA services may be provided only through a wholly separate Qwest Corporation affiliate ("Section 272 Affiliate").

QCC received a CC&N to provide facilities-based interexchange intraLATA and interLATA long-distance service in Arizona on December 9, 2003. QCII also established Qwest LD Corp. d/b/a Qwest Long Distance ("QLDC") as a wholly owned subsidiary of QSC. On December 9, 2003, in Decision No. 66613, QLDC was granted authority to provide competitive resold interexchange interLATA and intraLATA long-distance services in Arizona. QLDC was formed to provide resold in-region long distance service to residential consumers which also have QC as their local provider.

2.3 THE APPLICANT

QCC intends to be both a reseller and a facilities-based provider of long distance and local exchange telecommunications services in Arizona. In its Application, QCC indicated that it does business under the d/b/a Qwest Long Distance for its interexchange business.

QCII indicated that it intends to utilize QCC to serve residential customers (which have another carrier as their local service provider) and business customers (which have QC or another carrier as their local service provider) as a facilities-based provider (in all of its in-region states), at least until the point at which the businesses of QLDC and QCC can be combined.

Both QCC and QLDC operate as Section 272 Affiliates of Qwest Corporation. None of the officers or directors of QCC have any direct ownership interest in QCC. QCII, the ultimate parent company of QCC, is a publicly traded entity on the New York Stock Exchange. Both Companies must comply with the other requirements of Section 272 as well.

On September 21, 2004, QC submitted to the Commission for approval an interconnection agreement entered into with QCC. The agreement was approved by operation of law on December 20, 2004. QCC has not yet filed for approval with the Commission any interconnection agreements with other independent incumbent local exchange carriers in the state.

QCC has been named in formal and informal proceedings before state and federal commissions with responsibility for telecommunications regulation. QCC does not track each formal or informal complaint filed against it in any centralized system. QCC does track, however, actions or investigations initiated by state or federal utility commissions, attorneys general, or consumer advocate offices, and similar agencies or entities, which are described in Section 4.

2.4 TECHNICAL CAPABILITY TO PROVIDE THE REQUESTED SERVICES

QCC indicated that it has been approved as a Competitive Local Exchange Carrier ("CLEC") in Washington, Oregon, Utah, Montana, Idaho, Iowa, Minnesota, Colorado and Wyoming. Also, QCC states that it has been approved to provide competitive local exchange and/or resold long distance service in 45 states, excluding Arizona (See attached Exhibit A).

Currently, QCC is a certified facilities-based provider of interexchange services and other services in every state except Alaska. As a result of QCC's certification status and the telecommunications services it provides, Staff believes QCC possesses the technical capabilities to provide the services it is requesting the authority to provide.

2.5 FINANCIAL CAPABILITY TO PROVIDE THE REQUESTED SERVICES

QCC indicated in its Application that it will rely on the financial resources of its parent company QSC. QCC provided audited financial statements, with notes, for the year ended December 31, 2003 for its ultimate parent company, QCII. These financial statements list assets in excess of \$26.2 billion; negative equity of \$1.0 billion; and a net loss of \$1.5 billion. Exhibit B compares QCII's financial ratios to the average financial ratios of the telecom industry.

As part of its supplement to the Application, QCC filed a revised tariff and indicated in

Section 2 on page 13 of its QCC Arizona Tariff No. 3 that it collects advances and deposits from its customers. Staff believes that advances, deposits, and/or prepayments received from the Applicant's customers should be protected by the procurement of a performance bond. Since the Applicant is requesting a CC&N for more than one kind of service, the amount of a performance bond for multiple services is an aggregate of the minimum bond amount for each type of telecommunications service requested by the Applicant. The amount of bond coverage needed for each service is as follows: resold long distance \$10,000 for advances, deposits and/or prepayments collected; resold local exchange \$25,000; facilities-based long distance \$100,000; and facilities-based local exchange \$100,000. The bond coverage needs to increase in increments equal to 50 percent of the total minimum bond amount when the total amount of the advances, deposits, and prepayments is within 10 percent of the total minimum bond amount. Further, measures (as discussed below) should be taken to ensure that the Applicant will not discontinue service to its customers without first complying with Arizona Administrative Code ("A.A.C.") R14-2-1107.

QCC stated in its Application that it has already posted a \$100,000 performance bond as a facilities-based long distance provider as required for its CC&N in Decision No. 66612. To that end, Staff recommends that the Applicant procure another performance bond equal to \$135,000. The minimum bond amount of \$135,000 should be increased if at any time it would be insufficient to cover advances, deposits, and/or prepayments collected from the Applicant's customers, in the manner discussed above. The bond amount, therefore, should be increased in increments of \$67,500. This increase should occur when the total amount of the advances, deposits, and prepayments is within \$13,500 of the bond amount.

If the Applicant desires to discontinue service, it must file an application with the Commission pursuant to A.A.C. R14-2-1107. Additionally, the Applicant must notify each of its customers and the Commission 60 days prior to filing an application to discontinue service. Failure to meet this requirement should result in forfeiture of the Applicant's performance bond. Staff further recommends that proof of the above mentioned performance bond be docketed within 365 days of the effective date of an Order in this matter or 30 days prior to the provision of service, whichever comes first, and must remain in effect until further order of the Commission.

If at some time in the future, the Applicant does not collect from its customers advances, deposits, and/or prepayments, Staff recommends that the Applicant be allowed to file a request for cancellation of its established performance bond regarding its resold long distance services. Such request must reference the decision in this docket and must explain the Applicant's plans for canceling those portions of the bond.

If QCC experiences financial difficulty, there should be minimal impact to its customers because there are many other companies that provide resold telecommunications services or the customers may choose a facilities-based provider. If the customer wants service from a different provider immediately, that customer is able to dial 1+101XXXX access code. In the longer term, the customer may permanently switch to another company.

2.6 QCC'S COMPLIANCE WITH DECISION NO. 66612

Staff was instructed through a Procedural Order dated February 1, 2005, to address QCC's compliance requirements of Decision No. 66612, including but not limited to Finding of Facts No. 59, in its Staff Report in this docket. The Procedural Order also required Staff to address the scope and the status of the joint Federal/State independent audit required of QCC's affiliate QC regarding its competitive affiliates under §272 of the Telecommunications Act of 1996. In addition, the Procedural Order directed Staff to address the issue of whether the reaffirmation of the limited waiver of the Commission's Affiliated Interests Rules granted in Decision No. 64654 should be revisited, in light of the fact that QCC is requesting authority to provide services in competition with services provided by its affiliate QC.

Section 2.6 of this Staff Report addresses the compliance requirements of Decision No. 66612 regarding the Finding of Facts No. 59. The scope and the status of the joint Federal/State independent audit required of QCC's affiliate QC is addressed in Section 2.7 of this report. The issue of whether the reaffirmation of the limited waiver of the Commission's Affiliated Interests Rules granted in Decision No. 64654 is addressed in this report under Section 2.8.

In Decision No. 66612, the Commission ordered Staff to monitor QCC's filings of copies of any and all contracts and/or agreements, written or verbal, between QCC and its affiliates to ensure that QCC and its affiliates are not engaging in anticompetitive behavior (refer to Finding of Facts No. 59). Also, QCC is required to submit copies to Staff of its contracts and agreements with its affiliates within thirty days of execution.

QC is required under 47 U.S.C. Section 272 to list each contract and agreement it has with its affiliate, QCC, on its website. A competing carrier can access QC's website and identify the contracts and/or agreements QC has with QCC and review contracts and/or agreements in detail. If the carrier believes that the reviewed contract and/or agreement suggests or encourages anticompetitive behavior, the carrier can file a complaint against QC and/or QCC with the Commission.

Under 47 U.S.C. Section 272, QC is not required to list on its website contracts/or agreements between QCC and its other affiliates. Contracts and/or agreements between QCC and its other affiliates are sent to Staff.

Staff has reviewed QC's website and determined that contracts and/or agreements with its affiliate, QCC, are listed on QC's website. In addition, Staff has reviewed the execution date and the date submitted of a sample of the contracts and/or agreements to ensure QCC's filings are submitted within thirty days. Staff has informed QCC, in writing, that four of the sample contracts and/or agreements were filed late. At this time, Staff is not aware of any complaint filed by another carrier against QCC and/or QC alleging anticompetitive conduct.

2.7 FEDERAL/STATE INDEPENDENT AUDIT

Section 272(a) of the Communications Act of 1934, as amended ("the Federal Act"), requires that a Bell Operating Company ("BOC") set up one or more separate affiliates to provide, inter alia, in-region interLATA services. Section 272(d) requires a BOC to obtain and pay for a joint Federal/State audit every two years.

The FCC adopted rules to implement the Section 272(d) biennial audit requirement. See Accounting Safeguards Order; see also 47 C.F.R. Section 53.209 et seq. The purpose of the Section 272(d) biennial audit is to determine whether the BOC and its Section 272 affiliates have operated in accordance with the accounting and non-accounting safeguards required by section 272 of the Federal Act and the FCC's rules. The FCC's rules also provide for the establishment of a Federal/State joint audit team that is authorized to oversee the conduct of the audit from the planning stage to its completion and to direct the independent auditor to take any actions necessary to ensure compliance with the audit requirements. Although the section 272(d) biennial audit is to be conducted by an independent auditor, the Federal/State joint audit team is also responsible for ensuring that the audit meets the objectives stated in the FCC's rules and orders.

The first biennial audit examined Qwest Communications International, Inc.'s ("QCII") compliance with the requirements of Section 272 during the period January 2, 2003 to January 1, 2004. The Joint Oversight Team was composed of staff members from 12 state regulatory agencies within Qwest's region, including Arizona, and the FCC. On June 8, 2004, Ernest & Young LLP filed its "Report of Independent Accountants on Applying Agreed-Upon Procedures".

Staff docketed the Ernest & Young Report on June 18, 2004, and gave interested parties an opportunity to comment on the Report. To the best of Staff's knowledge and belief, no comments have been filed on the Report.

2.8 WAIVER TO AFFILIATED INTERESTS RULES

In Decision No. 64654, QCC, QC, their affiliates, and their parent QCII were granted a limited waiver of A.A.C. R14-2-803 subject to the following conditions:

- a. QCC, QC, their affiliates, and their parent QCII are required to file a notice of intent to organize or reorganize a public utility holding company for those organizations or reorganizations that are likely to: 1) result in increased capital cost to Qwest Corporation; 2) result in additional costs allocated to the Arizona jurisdiction or 3) result in a reduction of Qwest Corporation's net operating income.
- b. QC shall file annually, at the time it provides the information required by A.A.C. R14-2-805, an affidavit from its Chief Executive Officer that lists the transactions for which QCC, QC, and their parent QCII, or any of their affiliates, has not filed

a notice of intent pursuant to the limited waiver granted herein, and which certifies that such transactions will not result in either increased capital costs to QC, additional costs being allocated to the Arizona jurisdiction, or reduction of QC's net operating income.

Since Staff is recommending that QCC provide competitive resold and facilities-based local exchange service throughout the State of Arizona except areas inside QC's service territory, Staff believes that the limited waiver of the Commission's Affiliated interests Rules granted in Decision No. 64654 (March 25, 2002) does not need to be revisited.

3. FACILITIES-BASED AND/OR RESOLD LOCAL EXCHANGE SERVICES AND RESOLD LONG DISTANCE SERVICE

This section of the Staff Report contains a description of the actual services to be provided by the Applicant. It also contains a discussion of the Company's tariffs and price lists. This section also contains Staff's analysis of any issues that were considered by Staff in arriving at its recommendation in this case. In addition, this section indicates Staff's evaluation of the Applicant's proposed rates and charges and Staff's recommendation thereon.

3.1 ACTUAL SERVICES TO BE PROVIDED AND PROPOSED SERVICE AREA

QCC indicated in response to Staff data requests, that with specific reference to telemarketing efforts, generally, QCC will target medium and large business and government customers with needs for both local and interexchange voice and data services. QCC indicated in its December 2004 supplement to its Application that its proposed local exchange service would consist of offerings to business customers at this time. The business services it intends to immediately offer include: but are not limited to the following: Basic Local Voice; Direct-Inward-Dialing Services; Custom Calling Services; Hunting Services; Directory Listing Services; Local Operator Services; Local Directory Assistance Service; Screening and Restriction Services; Caller Identification Blocking Options; intraLATA, intraexchange private line services; Customer Premises Wire and Maintenance Plans; and ISDN PRI services. The tariff for these services was included in the Supplement to Application and Petition filing dated December 17, 2004.

QCC indicated in response to Staff data requests that grant of its request to act as a CLEC in QC's service territory would allow it to provide a single contract and an integrated bill to business customers for local and long distance services. QCC further stated that many requests for proposals require that a responding entity be able to provide services through a single contract and a unified bill and customer relationship, and not deliver the requested services through different entities, billing mechanisms, or affiliates. According to QCC, many customers, whether or not a formal RFP is involved, desire this "one stop shopping" because it provides a simple, straightforward means to address various issues or concerns that may arise about its service, i.e., a single contact for purposes of repair and inquiries as well as a unified bill.

Staff recommends that QCC's request to provide statewide interLATA and intraLATA long distance service on a resold basis be granted by the Commission, subject to the conditions below. Staff also recommends that QCC's request to provide competitive resold and facilities-based local service be approved but that it is confined initially to areas outside of QC's service territory, subject to the conditions below.²

QCC's request to provide local exchange services as a CLEC within the service territory of its affiliate and incumbent QC's local service area raises difficult issues that have not been satisfactorily addressed by the Company's application. These unresolved concerns encompass, inter alia,

1. The ability of QCC to leverage QC's ILEC position and engage in anti-competitive conduct including but not limited to cross-subsidization and, price-squeezing;
2. The potential for significant confusion on the part of customers given the similarity in names;
3. Use of QCC (the CLEC) to evade QC's (the ILEC) obligations within QC's service territory.
4. The potential for discrimination by QC
5. Whether it is in the public interest for an RBOC to have an affiliated CLEC operating within its territory, when the local market is not sufficiently competitive.

The initial exclusion of areas served by QC will help to ensure that QCC does not have an unfair advantage over other CLECs by leveraging QC's ILEC position. Even though as discussed below, Section 272 should operate to address many anticompetitive concerns, it does not address all of Staff's concerns in this regard. In addition to this, there is far too great a potential given the similarity of names to create confusion in the minds of the public. The opportunity for evasion by QC of its regulatory obligations is also a very real concern at this time as discussed below. Finally, the local market in QC's service territory is not sufficiently competitive so that if abuses did occur, they would be more likely at this point in time to have a devastating effect on the development of competition in Arizona. Allowing QCC to initially provide CLEC services only to customers who are not already served by its incumbent affiliate QC, will allow QCC to compete against other CLECs and ILECs as requested in its Application, outside of QC's ILEC territories. QC will continue to serve areas in which it is the designated ILEC and will retain its regulatory obligation to provide telephone service as a Carrier of Last Resort ("COLR").

Staff recognizes that some states within Qwest's in-region footprint, as well as some states nationwide have approved applications by an RBOC CLEC affiliate to provide service in the BOC's in-region service territories.³ Indiana has approved such an application with

² This should in no way be construed as a finding under Section 251 (f) of the Telecommunications Act of 1996.

³ See, In the Matter of the Application of Qwest Communications Corporation to Amend its Certificate of Authority to Provide Facilities-Based and Resold Local Service, Minnesota Public Utilities Commission Docket No. P-5096/M-03-1401, Order Granting Application Subject to Conditions and Setting Operational Requirements, (December 11, 2003), In Re: Qwest Communications Corporation, Iowa Utilities Board Docket Nos. TCU-03-13,

extensive conditions, including imposition of unbundling and resale obligations and with a further condition that the affiliate could not offer voice services.⁴ Nebraska will only allow affiliate companies to compete in their ILEC territory under very limited conditions which include instances where there are multi-location business customers both in and out of the ILEC region. In order to have the restrictions removed, the ILEC must show that the market is sufficiently competitive.⁵ Other states have only approved such applications for the provision of advanced services.⁶ Some states apparently will not allow such BOC CLEC affiliates to provide voice service within the BOC ILEC territory.⁷ At least one other state has certificated the BOC CLEC affiliate to operate outside of its BOC ILEC's service territory.⁸

WRU-03-48-419, Order Approving Amendment to Approved Application (November 29, 2004), In the Matter of Qwest Communications Corporation Application for a Certificate of Authority to Provide Telecommunications Service and Classification as a Competitive Provider, Oregon Public Utility Commission CP 1041 et seq., Order, (June 14, 2002), In the Matter of the Application of qwest Communications Corporation for Approval to Operate as a Facilities-Based Carrier in the State of Utah, Docket No. 94-2204-01, Report and Order, (Issued August 21, 1995), In Re Application of BellSouth BSE, Inc. for a Certificate of Public Convenience and Necessity to Provide Local Exchange Telecommunications Service in the State of South Carolina, Order Approving Certificate to Provide Service, Docket No. 97-361-C, Order No. 97-1063 (December 23, 1997); Joint Application of BellSouth BSE, Inc., and BellSouth Long Distance, Inc. for Approval of Merger, Order Granting Motion and Joint Application, Public Service Commission of South Carolina Docket No. 2004-45-C, Order No. 2004-299 (June 18, 2004); In the Matter of the Petition for An Order Authorizing VIC-RMTS-DC, LLC d/b/a One Point Communications n/k/a Verizon Avenue to Provide Local Exchange and Interexchange Telecommunications Services Throughout New Jersey, Docket No. TE00060345, Order of Approval (February 20, 2002); Application of Southwestern Bell Communication Services, Inc., for Intrastate Authority to Resell Telecommunications Services and for Certification as a Telecommunications Utility-Reseller, Public Service Commission of Wisconsin Docket No. 7182-TI-101 (July 11, 2003); In the Matter of BellSouth BSE, Inc., Application for Certificate of Public Convenience and Necessity to Provide Local Exchange and Exchange Access Telecommunications Services in North Carolina, Order Granting a Certificate of Public Convenience and Necessity, Docket No. p-691 (July 22, 1998); See also Application for Approval to Merge BellSouth BSE, Inc. into BellSouth Long Distance, Inc., and for Authority to Operate Bellsouth Long Distance, Inc. as a Competing Local Provider Docket Nos. P-654, 'Sub 5, P-691, Sub 1., Order Approving Merger and Granting Certificate (September 24, 2004).

⁴ In the Matter of the Petition of Ameritech Advanced Data Services of Indiana, Inc. for a Certificate of Territorial Authority to Provide Facilities-Based and Resold Telecommunications Services Throughout the State of Indiana and Requesting the Commission to Decline to Exercise Jurisdiction Pursuant to I.C. 8-1-2.6, Indiana Utility Regulatory Commission Cause No. 41660, Approved March 19, 2001.

⁵ In the Matter of the Application of Qwest Communications Corporation seeking authority to operate as a competitive local exchange carrier of telecommunications services within the state of Nebraska, Application No. C3201, (December 14, 2004); including limitations ordered in the Investigation into the effects of incumbent local exchange carriers using affiliates to compete within their own territory, Application No. C-1839/PI-22 (December 15, 1998).

⁶ In the Matter of Application of SBC Advanced Solutions, Inc. for a Certificate of Convenience and Authority to Transact the Business of a Telecommunications Carrier for the Purpose of Providing Advanced Data Services and Other Telecommunications Services Within the State of Kansas and for Approval of its Initial Tariff, Docket No. 00-SBAT-247-COC (January 13, 2000); Public Utility Regulatory Act, TEX. UTIL. CODE ANN. Section 54.102.

⁷ In the Matter of Application of SBC Advanced Solutions, Inc. for a Certificate of Convenience and Authority to Transact the Business of a Telecommunications Carrier for the Purpose of Providing Advanced Data Services and Other Telecommunications Services Within the State of Kansas and for Approval of its Initial Tariff, Docket No. 00-SBAT-247-COC (January 13, 2000); Public Utility Regulatory Act, TEX. UTIL. CODE ANN. Section 54.102. In Texas, the Public Utility Regulatory Act section 54.102 allows a BOC's affiliate CLEC to provide advanced services in the BOC's serving area. However, such an affiliate may not provide flat rate local exchange services to residential and business customers in the BOC's serving area.

⁸ In re Application of BellSouth Telecommunications, Inc., for a Certificate for Convenience and Necessity to Provide Exchange and Exchange Access Service as a Competitive Local Exchange Carrier in Alabama, Docket No. 27663, Report and Order, (September 13, 2000).

Section 272 does alleviate some of Staff's concerns. Indeed the FCC has found that nothing in the Federal Act precludes a Section 272 BOC affiliate from providing local exchange and exchange access:

Based on our analysis of the record and the applicable statutory provisions, we conclude that section 272 does not prohibit a section 272 affiliate from providing local exchange service in addition to interLATA services, nor can such a prohibition be read into this section. Specifically, section 272(a) (1) states that— A Bell operating company (including any affiliate) which is a local exchange carrier that is subject to the requirement of section 251(c) may not provide any service described in [section 272(a) (2) unless it provides that service through one or more affiliates that ... are separate from any operating company entity that is subject to the requirements from section 251(c)...

We find that the statutory language is clear on its face – a BOC section 272 affiliate is not precluded under section 272 from providing local exchange service, provided that the affiliate does not qualify as an incumbent LEC subject to the requirements of section 251(c).⁹

However, Section 272 does not resolve all of Staff's concerns. Second, Staff is concerned given QCC's responses to Staff data requests, if and how QC intends to share its Customer Proprietary Network Information ("CPNI") with QCC and any competitive advantage that this may bestow upon QCC. QCC will have access to QC's CPNI and no other CLEC will have such access. In addition, the Section 272 requirements do not resolve Staff's concerns regarding confusion to the public given use of the "Qwest" brand name and QC's use of QCC to evade its regulatory responsibilities under the Act. In response to Staff's data requests, QCC indicated that it will use the informal brand name "Qwest" to market its CLEC services.

The FCC has itself many times stated that a BOC can not use an affiliate to evade its regulatory obligations under Sections 251, 252 and 271 of the Act.¹⁰ If QCC is allowed to operate as a CLEC in QC's LLEC service area in Arizona, we believe this would permit QC to avoid its regulatory obligations under Sections 251, 252 and 271 of the 1996 Act.

Staff is also mindful of the provisions of Section 47 U.S.C. 253(a) which provide in relevant part that: "No State or local statute or regulation, or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications service." However, Section 253(b) provides that "Nothing in this section shall affect the ability of a State to impose, on a competitively neutral basis and consistent with section 254, requirements necessary to preserve and advance universal service, protect the public safety and welfare, ensure the continued quality of

⁹ In the Matter of Implementation of the Non-Accounting Safeguards of Sections 271 and 272 of the Communications Act of 1934, as amended, CC Docket No. 96-149, First Report and Order at para. 312 (rel. December 24, 1996).

¹⁰ See, inter alia, In the Matter of the Application of SBC Communications Inc., Southwestern Bell Telephone Company, and Southwestern Bell Communications Services, Inc. D/B/A Southwestern Bell Long Distance Pursuant to Section 271 of the Telecommunications Act of 1996 to Provide In-Region, InterLATA Services in Texas, CC Docket No. 00-65, Memorandum Opinion and Order, para. 409 (June 30, 2000).

3.2 PROPOSED RESOLD AND/OR FACILITIES-BASED LOCAL EXCHANGE TARIFF AND PRICE LISTS

Both an initial rate (the actual rate to be charged) and a maximum rate must be listed for each competitive service offered, provided that the rate for the service is not less than the Company's total service long-run incremental cost of providing the service pursuant to A.A.C. R14-2-1109.

Staff has reviewed the tariff and the proposed price list rates of QCC. Exhibit C (attached) shows selected local exchange calling plans and charges of QCC and other competitive carriers of the telecommunications services industry. Given the information available to Staff and its findings under Sub-section 3.3 below, Staff believes that QCC's rates are reasonable and should be approved.

QCC's tariff, however, does need to be modified to reflect the limitation Staff proposes on the service area for QCC's provision of resold and facilities-based local exchange service. In addition, QCC needs to modify its Arizona Tariff No. 3 Section 2.2.5 item E to ensure that local exchange telecommunications services will not be provided to business customers participating in the Competitive Response Program.

3.3 FAIR VALUE RATE BASE CONSIDERATION

Staff obtained information from QCC regarding its fair value rate base. As reported in the Applicant's Application, QCC's fair value rate base is \$5.8 million. However, the rate to be ultimately charged by QCC for the resold and facilities-based local exchange service(s) and resold long distance service outside of QC's service territory will be influenced by the market.

While Staff has considered the Applicant's fair value rate base, it has not afforded it substantial weight in this analysis since the rates proposed by this filing are for competitive services which are not required to be set according to traditional rate of return regulation. Staff has reviewed the rates to be charged by the Applicant and believes that they are just and reasonable as they are comparable to other competitive local carriers, local incumbent carriers and major long distance carriers currently operating in Arizona. See Sub-section 3.2 above.

3.4 DIRECTORY LISTINGS AND DIRECTORY ASSISTANCE

Callers should be able to determine the telephone numbers belonging to customers of alternative local exchange companies, such as the Applicant. Staff recommends that the Applicant file a plan that describes how it plans to have its customers' telephone numbers included in the incumbent's Directories and Directory Assistance databases before it begins providing local exchange service. This plan must be filed within 365 days of the effective date of the Order in this matter or 30 days prior to the provision of service, whichever comes first, and must remain in effect until further order of the Commission.

3.5 NUMBER PORTABILITY

Another issue associated with the Applicant's proposal to become a competitive local exchange company relates to how telephone numbers should be administered. Local exchange competition may not be vigorous if customers, especially business customers, must change their telephone numbers to take advantage of a competitive local exchange carrier's service offerings. Staff recommends that the Applicant pursue permanent number portability arrangements with other LECs that are consistent with federal laws, federal rules and state rules.

3.6 PROVISION OF BASIC TELEPHONE SERVICE AND UNIVERSAL SERVICE

The Commission has adopted rules to address the level of funding for universal telephone service during and after the transition to a competitive telecommunications services market. The rules contain the terms and conditions for contributions to and support received from telephone service subscribers in order to maintain the Arizona Universal Service Fund ("AUSF"). Under the rules, the Applicant will be required to contribute to the AUSF and it may be eligible for AUSF support. Therefore, Staff recommends that approval of the application for a CC&N be conditioned upon the Applicant's agreement to abide by and participate in the AUSF mechanism established by Decision No. 59623, dated April 24, 1996 (Docket No. RT-00000E-95-0498).

3.7 QUALITY OF SERVICE

Staff believes that the Applicant should be ordered to abide by the quality of service standards that were approved by the Commission for Qwest (f/k/a USWC) in Docket No. T-01051B-93-0183 (Decision No. 59421). Because the penalties that were developed in this docket were initiated only because Qwest's level of service was not satisfactory, Staff does not recommend that those penalties apply to the Applicant. In the competitive market that the Applicant wishes to enter, the Applicant generally will have no market power and will be forced to provide a satisfactory level of service or risk losing its customers. Therefore, Staff believes that it is unnecessary to subject the Applicant to those penalties at this time.

3.8 ACCESS TO ALTERNATIVE LOCAL EXCHANGE SERVICE PROVIDERS

Staff expects that there will be new entrant providers of local exchange service who will install the plant necessary to provide telephone service to, for example, a residential subdivision or an industrial park much like existing local exchange companies do today. There may be areas where the Applicant installs the only local exchange service facilities. In the interest of providing competitive alternatives to the Applicant's local exchange service customers, Staff recommends that the Applicant be prohibited from barring access to alternative local exchange service providers who wish to serve such areas. This way, an alternative local exchange service provider may serve a customer if the customer so desires. Access to other providers should be provided pursuant to the provisions of the 1996 Telecommunications Act, the rules promulgated there under and Commission rules on interconnection and unbundling.

3.9 911 SERVICE

The Applicant has indicated in its application that it will provide all customers with 911 and E911 service, where available, or will coordinate with ILECs and emergency service providers to provide the service. Staff believes that the Applicant should be required to work cooperatively with local governments, public safety agencies, telephone companies, the National Emergency Number Association and all other concerned parties to establish a systematic process in the development of a universal emergency telephone number system. Staff recommends that the Applicant be required to certify, through the 911 service provider in the area in which it intends to provide service, that all issues associated with the provision of 911 service have been resolved with the emergency service providers before it begins to provide local exchange service, within 365 days of the effective date of the order in this matter or 30 days prior to the provision of service, whichever comes first, and must remain in effect until further order of the Commission.

3.10 CUSTOM LOCAL AREA SIGNALING SERVICES

In its decisions related to QC's proposal to offer Caller ID and other CLASS features in the State, the Commission addressed a number of issues regarding the appropriateness of offering these services and under what circumstances it would approve the proposals to offer them. The Commission concluded that Caller ID could be offered provided that per call and line blocking, with the capability to toggle between blocking and unblocking the transmission of the telephone number, should be provided as options to which customers could subscribe with no charge. The Commission also approved a Last Call Return service that will not return calls to telephone numbers that have the privacy indicator activated, which indicates that the number has been blocked. The Commission further required that QC engage in education programs when introducing or providing the service(s).

Staff recommends that the Applicant be required to abide by all the Commission decisions and policies regarding Caller ID and other CLASS services. However, Staff does not believe that it is necessary for the Applicant to engage in the educational program that was ordered for QC as long as customers in the areas where the Applicant intends to serve have already been provided with educational material and are aware that they can have their numbers blocked on each call or at all times with line blocking.

3.11 EQUAL ACCESS FOR INTEREXCHANGE CARRIERS

The Applicant indicated that its switch will be "fully equal access capable" (i.e. would provide equal access to interexchange companies). The Commission requires local exchange companies to provide 2-Primary Interexchange Carriers ("2-PIC") equal access. 2-PIC equal access allows customers to choose different carriers for interLATA and intraLATA toll service and would allow customers to originate intraLATA calls using the preferred carrier on a 1+ basis. Staff recommends that the Applicant be required to provide 2-PIC equal access.

4. REVIEW OF COMPLAINT INFORMATION

This section of the Report addresses the complaint history of QCC.

4.1 COMPLAINT INFORMATION

QCC has settled formal complaint actions or investigations regarding alleged slamming or cramming activities with the following entities: the Federal Communications Commission ("FCC"), the state utility commissions of Oklahoma, South Dakota, Kentucky, Tennessee, Texas, and New Jersey; the attorneys general for the states of Arizona, Connecticut, Florida, Idaho, Illinois, Kansas, Minnesota, Missouri, Nevada, New York, Ohio, Oregon, Pennsylvania, and Wisconsin. QCC has also settled "do not call" violation investigations by the New York State Consumer Protection Board and the Florida Department of Agriculture and Services. Additionally, in October 2002, the California Public Utilities Commission fined QCC for alleged incidents of slamming and cramming. QCC filed an appeal in California state court, but the appeal was unsuccessful. Copies of the orders or agreements resolving these matters are included in QCC's CC&N Application as Attachment D and Attachment E.

QCC is also involved in two other proceedings in Oklahoma and Delaware. The Oklahoma proceeding is a formal complaint by the Commission Staff involving allegations of one incident of slamming against QCC. QCC states it is in the process of negotiating a settlement of this complaint with the Oklahoma Staff. The Delaware proceeding addressed allegations involving the improper termination of service for 16 customers. QCC states it is in the process of finalizing a settlement agreement with the Delaware Commission to resolve this matter. Final orders on these two proceedings have not yet been issued.

QCC represents that it is also currently cooperating with the attorney general for the State of Missouri regarding certain sales practices, which investigation is ongoing, and is involved in a civil investigation relating to property tax surcharges in North Carolina. QCC is also involved in two pending formal complaints at the FCC; one filed by Touch America, Inc. alleging that QCC and its affiliates violated terms of the U S West, Inc./Qwest Communications Inc. divestiture order and illegally were providing interLATA services in the former U S West local exchange region.

On or about October 25, 2001, a judgment was entered against QCC in Travis County, Texas (matter number 97-13778) in the amount of \$1,746,446. In the lawsuit giving rise to the judgment, AT&T alleged that during construction of QCC's fiber optic network in the vicinity of Austin, Texas, QCC was responsible and liable for three cuts of AT&T fiber. Subcontractors were held to be liable for approximately \$532,000 of the actual damages, and have paid these amounts. The punitive damages portion of the judgment, \$467,808.91, is currently being appealed to the Texas Supreme Court.

Aside from these matters, QCC indicates that, based on its records, it has not been the subject of any other formal complaints or investigation by state or federal utility commissions,

attorneys general, or consumer advocate offices, and similar agencies or entities, regarding its provisions of telecommunications services during the last five years.

As to officers, directors, and managers of QCC: Mark Evans, Vice President and Assistant Treasurer, was named individually in a lawsuit (Civil Case No. 02-RB-464 (PAC)), In re Qwest Savings and Retirement Plan ERISA Litigation, In the United States District Court for the District of Colorado), pursuant to which the plaintiffs (participants of the Qwest Retirement Plan (the "Plan")), allege that the members of the Plan's investment committee (the "Investment Committee") (including Mr. Evans, who was on the Investment Committee) of U S West/Qwest breached their fiduciaries duties by failing "to provide sufficient independent information to participants of the Plan to allow such participants to achieve the stated purpose of the Plan to provide such employees with a voice in the major decisions affecting U S West/Qwest" and "[f]ailing to disclose to participants material information concerning Qwest Fund Shares which they knew of should have known."

5. COMPETITIVE SERVICES ANALYSIS

The Applicant has petitioned the Commission for a determination that the services it is seeking to provide should be classified as competitive. This section of the report addresses Staff's findings regarding the Applicant's request that its services be classified as competitive.

5.1 NOTICE REQUIREMENTS

At this time, the Applicant has not yet published legal notice of the Application in all counties in which it requests authorization to provide service. The Applicant stated in its Application that the legal notice publication will be completed subsequent to the filing date of the Application and upon assignment of a docket number for inclusion in legal notice. QCC will supplement this response once it has received the affidavit of publication.

5.2 COMPETITIVE SERVICES ANALYSIS FOR LOCAL EXCHANGE SERVICES

5.2.1 **A description of the general economic conditions that exist, which makes the relevant market for the service one that, is competitive.**

Some of the local exchange market that the Applicant seeks to enter may have one or more new CLECs that already have been authorized to provide local exchange service. Nevertheless, in locations outside of its service territory which consists of largely rural areas, ILECs hold a virtual monopoly in the local exchange service market. At locations where ILECs provide local exchange service, excluding locations where Qwest is the ILEC that provides local exchange service, the Applicant will be entering the market as an alternative provider of local exchange service and, as such, the Applicant will have to compete with the incumbent provider in order to obtain customers.

5.2.2 The number of alternative providers of the service.

Qwest and various independent LECs are the primary providers of local exchange service in the State. In some of the rural areas that the Applicant seeks to serve and excluding QC's service territory, several CLECs and local exchange resellers are also providing local exchange service.

5.2.3 The estimated market share held by each alternative provider of the service.

Since Qwest and the independent LECs are the primary providers of local exchange service in the State, they have a large share of the market. Since the CLECs and local exchange resellers have only recently been authorized to offer service, they have limited market share.

5.2.4 The names and addresses of any alternative providers of the service that are also affiliates of the telecommunications Applicant, as defined in A.A.C. R14-2-801.

The following are QCC's Arizona Affiliates:

Qwest Corporation (Provides local and intraLATA services.)
1801 California Street, Suite 5100
Denver, CO 80202

Qwest LD Corp. (Provides resold interchange services.)
1801 California Street, Suite 5100
Denver, CO 80202

Qwest Wireless, LLC (Provides CMRS services.)
1801 California Street, Suite 5100
Denver, CO 80202

U S Long Distance, Inc. (Certified provider of alternative operator services.)
1801 California Street, Suite 5100
Denver, CO 80202

5.2.5 The ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms and conditions.

ILECs have the ability to offer the same services that the Applicant has requested in their respective service territories. Similarly many of the CLECs and local exchange resellers also offer substantially similar services.

5.2.6 Other indicators of market power, which may include growth and shifts in market share, ease of entry and exit, and any affiliation between and among alternative providers of the service(s).

The local exchange service markets outside of QC's service territory are:

- a. Ones in which ILECs own networks that reach nearly every residence and business in their service territories and which provide them with a virtual monopoly over local exchange service. New entrants are also beginning to enter this market.
- b. Ones in which new entrants will be dependent upon ILECs:
 1. To terminate traffic to customers.
 2. To provide essential local exchange service elements until the entrant's own network has been built.
 3. For interconnection.
- c. Ones in which ILECs have had an existing relationship with their customers that the new entrants will have to overcome if they want to compete in the market and one in which new entrants do not have a long history with any customers.
- d. Ones in which most customers have few choices since there is generally only one provider of local exchange service in each service territory.
- e. Ones in which the Applicant will not have the capability to adversely affect prices or restrict output to the detriment of telephone service subscribers.

5.3 COMPETITIVE SERVICES ANALYSIS FOR INTEREXCHANGE SERVICES

5.3.1 A description of the general economic conditions that exist, which makes the relevant market for the service one that, is competitive.

The interexchange market that the Applicant seeks to enter is one in which numerous facilities-based and resold interexchange carriers have been authorized to provide service throughout the State. The Applicant will be a new entrant in this market and, as such, will have to compete with those companies in order to obtain customers.

5.3.2 The number of alternative providers of the service.

There are a large number of facilities-based and resold interexchange carriers providing both interLATA and intraLATA interexchange service throughout the State. In addition, various ILECs provide intraLATA interexchange service in many areas of the State.

5.3.3 The estimated market share held by each alternative provider of the service.

The large facilities-based interexchange carriers (AT&T, Sprint, MCI WorldCom, etc.) hold a majority of the interLATA interexchange market, and the ILECs provide a large portion of the intraLATA interexchange market. Numerous other interexchange carriers have a smaller part of the market and one in which new entrants do not have a long history with any customers.

5.3.4 The names and addresses of any alternative providers of the service that are also affiliates of the telecommunications Applicant, as defined in A.A.C. R14-2-801.

The following are QCC's Arizona Affiliates:

Qwest Corporation (Provides local and intraLATA services.)
1801 California Street, Suite 5100
Denver, CO 80202

Qwest LD Corp. (Provides resold interchange services.)
1801 California Street, Suite 5100
Denver, CO 80202

Qwest Wireless, LLC (Provides CMRS services.)
1801 California Street, Suite 5100
Denver, CO 80202

U S Long Distance, Inc. (Certified provider of alternative operator services.)
1801 California Street, Suite 5100
Denver, CO 80202

5.3.5 The ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms and conditions.

Both facilities-based and resold interexchange carriers have the ability to offer the same services that the Applicant has requested in their respective service territories. Similarly many of the ILECs offer similar intraLATA toll services.

5.3.6 Other indicators of market power, which may include growth and shifts in market share, ease of entry and exit, and any affiliation between and among alternative providers of the service(s).

The interexchange service market is:

- a. One with numerous competitors and limited barriers to entry.
- b. One in which established interexchange carriers have had an existing relationship with their customers that the new entrants will have to overcome if they want to compete in the market.

- c. One in which the Applicant will not have the capability to adversely affect prices or restrict output to the detriment of telephone service subscribers.

6. RECOMMEDATIONS

This section of the report addresses Staff's overall recommendations with respect to any conditions that it believes should be made a part of any CC&N that is granted by the Commission.

6.1 RECOMMENDATIONS ON THE APPLICATION FOR A CC&N

Staff recommends that the application for a CC&N to provide intrastate telecommunications services, as listed in Section 2.2 of this report, be granted. In addition, Staff further recommends:

1. That, unless it provides services solely through the use of its own facilities, the Applicant procure an Interconnection Agreement before being allowed to offer local exchange service. The interconnection agreement should be procured within 365 days of the effective date of the order in this matter or 30 days prior to the provision of service, whichever comes first, and must remain in effect until further order of the Commission. If the Applicant provides services solely through the use of its own facilities, no other information shall be required once the Applicant informs the Commission of that fact by a letter with the Commission's Docket Control Center under the same timeframe and provision of service criteria as above¹²;
2. That the Applicant files with the Commission's Docket Control Center its plan to have its customers' telephone numbers included in the incumbent's Directories and Directory Assistance Databases. This information should be filed within 365 days of the effective date of the order in this matter or 30 days prior to the provision of service, whichever comes first, and must remain in effect until further order of the Commission;
3. That the Applicant pursue permanent number portability arrangements with other LECs pursuant to Commission rules, federal laws and federal rules;
4. That the Applicant agree to abide by and participate in the AUSF mechanism instituted in Decision No. 59623, dated April 24, 1996 (Docket No. RT-00000E-95-0498);
5. That the Applicant abides by the quality of service standards that were approved by the Commission for Qwest in Docket No. T-01051B-93-0183;

¹² This should in no way be constructed as a finding by the Commission under Section 251 (f) of the Telecommunications Act of 1996.

6. That the Applicant be prohibited from barring access to alternative local exchange service providers who wish to serve areas where the Applicant is the only provider of local exchange service facilities;
7. That the Applicant be required to abide by all the Commission decisions and policies regarding CLASS services;
8. That the Applicant be required to provide 2-PIC equal access;
9. That the Applicant be required to notify the Commission immediately upon changes to the Applicant's name, address or telephone number;
10. That the Applicant comply with all Commission rules, orders, and other requirements relevant to the provision of intrastate telecommunications service;
11. That the Applicant maintain its accounts and records as required by the Commission;
12. That the Applicant file with the Commission all financial and other reports that the Commission may require, and in a form and at such times as the Commission may designate;
13. That the Applicant maintain on file with the Commission all current tariffs and rates, and any service standards that the Commission may require;
14. That the Applicant cooperate with Commission investigations including, but not limited to, customer complaints;
15. That the Applicant participate in and contribute to a universal service fund, as required by the Commission;
16. That the Applicant be subject to the Commission's rules and the 1996 Telecommunications Act to the extent that they apply to CLECs;
17. The maximum rates for these services should be the maximum rates proposed by the Applicant in its proposed tariffs. The minimum rates for the Applicant's competitive services should be the Applicant's total service long run incremental costs of providing those services as set forth in AAC R14-2-1109;
18. That the Commission authorize the Applicant to discount its rates and service charges to the marginal cost of providing the services;
19. That QCC should initially be approved to provide service only in areas outside of QC's service territory;
20. Staff obtained information from QCC regarding its fair value rate base. As reported in the Applicant's Application, QCC's fair value rate base is captured in the consolidated

financial statement, together with QCII's other subsidiaries. However, the rate to be ultimately charged by QCC for the local exchange service(s) will be influenced by the market. QCC would initially be providing service in areas where various local exchange carriers are providing telephone service. Therefore, the Applicant would have to compete with those providers in order to obtain subscribers to its service. The Applicant will face competition from other competitive providers in offering service to its potential customers. Therefore, the competitive process should result in rates that are just and reasonable. Because of the nature of the competitive market and other factors, a fair value analysis is not necessarily representative of the Company's operations;

21. The Applicant should be ordered to file an application with the Commission pursuant to AAC R14-2-1107, if the Applicant desires to discontinue service. The Applicant should be required to notify each of its customers and the Commission 60 days prior to filing an application to discontinue service; and any failure to do so should result in forfeiture of the Applicant's performance bond; and
22. The Applicant should be required to notify the Commission before providing service to any unserved areas in the state.

Staff further recommends that the Applicant be ordered to comply with the following. If it does not do so, the Applicant's CC&N shall be null and void without further order of the Commission and no time extensions shall be granted.

1. The Applicant shall file conforming tariffs for its CC&Ns to provide resold long distance, facilities-based long distance, resold local and facilities-based local exchange service within 365 days from the date of an Order in this matter or 30 days prior to providing service, whichever comes first, and in accordance with the Decision;
2. QCC's tariff, however, does need to be modified to reflect the limitation Staff proposes on the service area for QCC's provision of resold and facilities-based local exchange service. In addition, QCC needs to modify its Arizona Tariff No. 3 Section 2.2.5 item E to ensure that local exchange telecommunications services will not be provided to business customers participating in the Competitive Response Program.
3. In the Applicant's tariffs, both an initial rate (the actual rate to be charged) and a maximum rate must be listed for each competitive service offered, provided that the rate for the service is not less than the Company's total service long-run incremental cost of providing the service pursuant to A.A.C. R14-2-1109.
4. The Applicant shall:
 - a. Procure an additional performance bond equal to \$135,000. The minimum bond amount of \$135,000 should be increased if at any time it would be insufficient to cover advances, deposits, and/or prepayments collected from the Applicant's customers. The bond amount should be increased in increments of \$67,500. This

increase should occur when the total amount of the advances, deposits, and prepayments is within \$13,500 of the bond amount.

- b. Docket proof of the performance bond within 365 days of the effective date of an Order in this matter or 30 days prior to the provision of service, whichever comes first. The performance bond must remain in effect until further order of the Commission.
- c. If at some time in the future, the Applicant does not collect from its customer advances, deposits, and/or prepayments, Staff recommends that the Applicant be allowed to file a request for cancellation of its established performance bond regarding its resold long distance services. Such request must reference the decision in this docket and must explain the applicant's plans for canceling those portions of the bond.

6.2 RECOMMENDATION ON THE APPLICANT'S PETITION TO HAVE ITS PROPOSED SERVICES CLASSIFIED AS COMPETITIVE

Staff believes that the Applicant's proposed services should be classified as competitive. There are alternatives to the Applicant's services. The Applicant will have to convince customers to purchase its services, and the Applicant has no ability to adversely affect the local exchange or interexchange service markets outside of its affiliate QC's service territory. Therefore, the Applicant will have no market power in the local exchange or interexchange service markets where alternative providers of telecommunications services exist. Staff therefore recommends that the Applicant's proposed services be classified as competitive.

EXHIBIT A
QCC'S CERTIFICATES: TYPE OF TELECOMMUNICATION SERVICES BY STATES
Type of Telecommunications Services *

No.	States	Facilities-Based LD Services	Resold LD Services	Facilities-Based CLEC Services	Resold CLEC Services
1	Alabama	X	X		
2	Arkansas		X		
3	California	X	X		
4	Colorado			X	
5	Connecticut		X	X	X
6	Delaware		X	X	X
7	District of Columbia			X	X
8	Florida	X	X	X	X
9	Georgia	X	X	X	X
10	Hawaii		X		
11	Idaho			X	
12	Illinois	X	X	X	X
13	Indiana	X	X	X	
14	Iowa			X	
15	Kansas	X	X	X	
16	Kentucky	X	X	X	
17	Louisiana	X	X		
18	Maine	X	X		
19	Maryland	X	X	X	
20	Massachusetts	X	X	X	X
21	Michigan	X	X	X	X
22	Minnesota			X	
23	Mississippi	X	X	X	X
24	Missouri	X	X	X	X
25	Montana			X	
26	Nevada	X	X	X	X
27	New Hampshire	X	X	X	
28	New Jersey	X	X	X	X
29	New York	X	X	X	X
30	North Carolina	X	X	X	X
31	Ohio	X	X	X	
32	Oklahoma	X	X	X	
33	Oregon			X	
34	Pennsylvania	X	X	X	
35	Rhode Island		X	X	
36	South Carolina	X	X	X	
37	Tennessee		X	X	
38	Texas	X	X	X	
39	Utah			X	
40	Vermont		X	X	
41	Virginia	X	X	X	X
42	Washington			X	
43	West Virginia	X	X	X	
44	Wisconsin		X	X	
45	Wyoming			X	

- (X) Indicates the type of telecommunications services that QCC is certified to provide in each of the states listed.
 (*) QCC's response to Section (A-19) in their Application.

EXHIBIT B
FINANCIAL RATIOS

Qwest Communications Corporation
Docket No. T-02811B-04-0313

	Qwest*	Telecom	
	Financial	Industry	
	Ratios	Average	
LIQUIDITY RATIOS:			
Current Ratio: $\frac{\text{Current assets}}{\text{Current Liabilities}}$	0.8	0.9	(a)
Qwest current ratio is less than the industry average.			
ASSET MANAGEMENT RATIOS			
Total Assets Turnover Ratio: $\frac{\text{Sales}}{\text{Total Assets}}$	0.5	0.4	(a)
Ratio measures the utilization of Qwest's total assets, which is above the industry average.			
DEBT MANAGEMENT RATIOS			
Total Debt to Total Assets: $\frac{\text{Total debt}}{\text{Total assets}}$	0.7	NA	(a)
Ratio measures the percentage of total funds provided by creditors			
CAPITALIZATION STRUCTURE:			
Common Equity Ratio	-6%	55%	(b)
Long-Term Debt Ratio	106%	45%	(b)

Compared to the telecom industry average, Qwest's capitalization structure shows that it has negative equity and relies entirely on long-term debt.

(*)Data represents Qwest Communications International Inc.
NA = Not Available

Sources: Industry Average

(a) Inter<http://partners.thomsoninvest.net/brokerage/cgi-bin/info>

(b) The Value Line Investment Survey, Issue 5, October 1, 2004, Page 719.

EXHIBIT C
LOCAL EXCHANGE CALLING PLANS AND CHARGES

Qwest Communications Corporation
Docket T-02811B-04-0313

Rates and Charges
By Competing Local Exchange Carriers

LOCAL EXCHANGE CALLING PLANS	QCC	Cox	AT&T	Sprint	Qwest
BUSINESS PLANS:					
Basic Main Line Service	\$45.00	\$30.00	\$29.50	\$59.95	\$30.40
Additional Line Service	\$45.00	\$30.00	\$29.50	\$59.95	\$30.40

Notes:

QCC

* Tariff does not include a specific additional line monthly rate; assumed to equal main line rate

Cox

* Arizona C.C. Tariff No. Sixth Revised
Page No. 61

AT&T

* Local Exchange Services Tariff, Price List, Original Page 1

Sprint

* Arizona C.C. Local Exchange, tariff No. 4, Original Page 63.5

Qwest

*Exchange & Network Services Price Cap
Tariff, Section 5, Page 22, Release 4

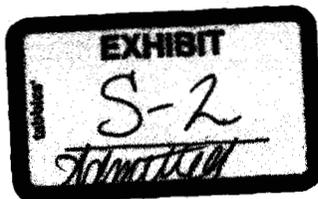
EXHIBIT S-2

MEMORANDUM

RECEIVED

2005 MAY 13 P 4:38

AZ CORP COMMISSION
DOCUMENT CONTROL



TO: Docket Control
FROM: Ernest G. Johnson
Director
Utilities Division

DATE: May 13, 2005

RE: IN THE MATTER OF THE APPLICATION OF QWEST COMMUNICATIONS CORPORATION TO HAVE ITS CERTIFICATE OF CONVENIENCE AND NECESSITY MODIFIED TO INCLUDE RESOLD LONG DISTANCE SERVICE AND FACILITIES-BASED LOCAL EXCHANGE SERVICE, IN ADDITION TO THE FACILITIES-BASED LONG DISTANCE AUTHORITY PREVIOUSLY GRANTED (DOCKET NO. T-02811BA-04-0313)

I. Introduction

On April 23, 2004, Qwest Communications Corporation ("QCC") filed an application for an Expanded CC&N to provide the following additional services:

- Resold Long Distance Services
- Resold Local Exchange Services
- Facilities-Based Local Exchange Services

Staff recommended that QCC's CC&N be expanded to modify the Applicant's Certificate of Convenience and Necessity to provide resold long distance services statewide, and resold local exchange services and facilities-based local exchange services outside of Qwest Corporation's ("QC's") service territory only.

In response to Staff data requests, the Applicant stated that they would be unwilling to limit the scope of their Application to certain segments of QC's market. Staff's original report thus did not address this alternative. Since that time, the Company and Staff have engaged in considerable discussion regarding the various segments of QC's market and how Staff's concerns might be addressed. While Staff and Qwest could not come to agreement, Staff is filing this supplement to its February 23, 2005, Staff Report in order to present an alternative recommendation which would allow QCC to provide resold and facilities-based local service to Large Business customers within QC's service territory. Staff believes that this approach would respond to the Company's concern about the ability to market services to Large Business customers through one entity yet would also address Staff's primary concerns which relate to the small business and residential markets.

II. Discussion

On February 23, 2005, Staff submitted its Report and Recommendation in this case. Staff's Report and Recommendation was in response to QCC's Application to provide competitive local exchange service unlimited in scope throughout Arizona, including within its affiliated ILEC's (Qwest Corporation or "QC") service territory.

Staff's February 23, 2005 Report presented five concerns¹ that remained unresolved.

1. The ability of QCC to leverage QC's ILEC position and engage in anti-competitive conduct including but not limited to cross-subsidization and, price-squeezing;
2. The potential for significant confusion on the part of customers given the similarity in names;
3. Use of QCC (the CLEC) to evade QC's (the ILEC) obligations within QC's service territory.
4. The potential for discrimination by QC
5. Whether it is in the public interest for an RBOC to have an affiliated CLEC operating within its territory, when the local market is not sufficiently competitive.

The paramount concern identified by Staff is the ability of QCC to leverage QC's ILEC position. This factor is fundamental to all of Staff's five discrete concerns. While Staff recognizes that QCC may have the right to operate affiliates with the same name within the same jurisdictions, Staff believes that Section 253(b) of the 96 Telecommunications Act is clear in its reasoning and intentions – "Nothing in this section shall affect the ability of a State to impose, on a competitively neutral basis and consistent with section 253, requirements necessary to preserve and advance universal service, protect the public safety and welfare, ensure the continued quality of telecommunications services, and safeguard the rights of consumers." In Staff's opinion, the Commission has the discretion to determine the nature and timing of the local exchange entry by a CLEC affiliate within the ILEC's service territory so this can be accomplished in a competitively neutral manner and without having competition harmed within the local market in QC's service area.

Since Staff filed its February 23, 2005 Report and Recommendation, QCC and Staff have engaged in discussions to determine whether the parties could resolve their differences. While the parties were ultimately unable to resolve all of their differences, Staff believes that the following supplementation of its Report is appropriate if the Commission is inclined to consider granting Qwest's application in part for certain segments of QC's local service market. Staff believes that such an approach as set forth herein would address Qwest's primary concern that customers have the ability for one-stop shopping while at the same time it addresses Staff's primary concern which is with the Small Business and Residential markets.

¹ Staff's February 23, 2005 Report, page 8

Under Staff's alternative proposal, QCC would be allowed to provide competitive resold and facilities-based local service within QC's service territory to business customers and/or business accounts with four or more switched access lines only. Limiting QCC's operations at this time to the Large Business market would alleviate the preponderance of Staff's concerns which had to do with the Small Business² and Residence markets. QCC's proposal to provide local exchange services to the Small Business and Residence markets remains an issue of high concern for Staff.

Limiting QCC's ability to only serve Enterprise customers within QC's service territory alleviates Staff's concerns for the following reasons:

Staff Concern 1 - The ability of QCC to leverage QC's ILEC position and engage in anti-competitive conduct including but not limited to cross-subsidization and, price-squeezing;

Discussion: The Enterprise Market is highly competitive. The level of competition by large participants, such as MCI and AT&T, should help temper the behavior of QC & QCC and limit the effectiveness of any attempts to leverage QC's ILEC position. While claims of cross-subsidization and price-squeezing could still occur, Enterprise customers and competitors are capable of bringing such issues before the Commission. Inappropriate behavior by QCC should therefore be infrequent and subject to direct regulation by the very market in which QCC will be participating.

Staff Concern 2 - The potential for significant confusion on the part of customers given the similarity in names;

Discussion: Enterprise customers have sufficient resources and are sufficiently self-reliant to minimize the confusion that QCC may add to the local exchange market by using the Qwest brand traditionally associated with ILEC services. Many of the Enterprise market competitors have well-established brands, if not even stronger brands in many niches. Enterprise customers used to managing the complexities of business-to-business and business-to-residence marketing will not be easily confused by more than one Qwest competitor.

Staff Concern 3 - Use of QCC (the CLEC) to evade QC's (the ILEC) obligations within QC's service territory.

Discussion: Enterprise customers have sufficient resources and impetus to bring before the Commission matters in which QC may have evaded its ILEC obligations. Any efforts by QC to evade its ILEC obligations stand the risk of being well-documented and supported by the very formalities of business-to-business sales, marketing and operations. QC retains the Carrier of Last Resort (COLR) within its service territories. Attempts by QC to evade its ILEC obligations will be further scrutinized by reports, available to Staff, that should highlight intended or unintended attempts by QC to migrate customers to QCC.

² Small business customers are defined as those with less than 4 lines.

Staff Concern 4 - The potential for discrimination by QC.

Discussion: Enterprise customers have sufficient resources and impetus to bring before the Commission matters in which they believe QC may have acted in a discriminatory manner. Any claims of discrimination by QC stand the risk of being well-documented and supported by the very formalities of business-to-business sales, marketing and operations. QC's chances of discriminating within a market segment in which it has diminished presence seem unlikely and of little consequence.

Staff Concern 5 - Whether it is in the public interest for an RBOC to have an affiliated CLEC operating within its territory, when the local market is not sufficiently competitive.

Discussion: While Staff does not take the position that the market is sufficiently competitive to warrant competitive relief for QC in the context of its current Price Cap application, the presence of an affiliated CLEC should not be injurious to the overall competitive situation given the known presence of strong business brands, such as MCI and AT&T. The Enterprise Market may, in fact, welcome another competitor since QC's presence in the Enterprise Market has substantially diminished. Staff also notes that no CLEC has filed objections to QCC's application. QCC has explained that it seeks to serve customers desirous of interlata solutions that cannot be offered by QC. Additional competitive alternatives for the Enterprise market appear to have more upside than downside.

Staff believes that Small Business and Residence Markets are sufficiently similar in characteristics to be treated as one in this proceeding. While their value propositions and profit margins may differ, the Small Business and Residence Markets are similar in line size, services and competitive attention. The Commission should not allow QCC to serve the Small Business and Residence Markets within QC's service areas for the following reasons:

Staff Concern 1 - The ability of QCC to leverage QC's ILEC position and engage in anti-competitive conduct including but not limited to cross-subsidization and, price-squeezing;

Discussion: While meaningful levels of competition can be seen in the Small Business and Residence Markets, the levels are not sufficient to relieve concerns that would be raised by ILEC and CLEC affiliates sharing the same brand, sharing advertising agencies, sharing corporate advertising programs, sharing resources and generally occupying the same mass market space.

Staff Concern 2 - The potential for significant confusion on the part of customers given the similarity in names;

Discussion: Small Business and Residence customers do not have the resources and impetus of Enterprise customers to minimize the confusion that QCC may add to the local exchange market by using the Qwest brand traditionally associated with ILEC services. The fragmented and distributed nature of Small

Business and Residence Markets would complicate bringing complaints before the Commission. QCC believes it is entitled to operate by the same affiliate rules as other CLECs, such as AT&T, however, QCC omits from consideration that no other CLECs are able to use the well-established name of the dominant ILEC in Arizona.

Staff Concern 3 - Use of QCC (the CLEC) to evade QC's (the ILEC) obligations within QC's service territory.

Discussion: Small Business and Residence customers do not have the resources and impetus available to Enterprise customers to bring before the Commission matters in which they feel QC has evaded its ILEC obligations. QC retains the Carrier of Last Resort ("COLR") responsibility; an obligation which Staff believes could be diluted by the presence of more than one Qwest entity. Discrimination on the part of QC will be substantially more injurious to the Small Business and Residence Markets than to the Enterprise Market. Within its ILEC service areas, QC has a responsibility to extend its services to all interested customers in compliance with established tariffs.

Staff Concern 4 - The potential for discrimination by QC.

Discussion: Small Business and Residence customers do not have the resources available to Enterprise customers to bring before the Commission matters in which they feel QC may have engaged in discriminatory conduct.

Staff Concern 5 - Whether it is in the public interest for an RBOC to have an affiliated CLEC operating within its territory, when the local market is not sufficiently competitive.

Discussion: Staff believes the presence of a Qwest CLEC would be injurious to the overall competitive situation given the reduced presence of such brands as exist in the Enterprise Market. Staff believes that the presence of a second Qwest entity, a CLEC affiliate, will result in further chilling competition at a time when major brands, such as MCI, AT&T, and Sprint, have announced efforts to reduce mass market efforts in local exchange competition.

The following table illustrates the degree of Staff concern by market segment:

	Residence	Small Business	Enterprise Business
1 - The ability of QCC to leverage QC's ILEC position and engage in anti-competitive conduct including but not limited to cross-subsidization and, price-squeezing	High Concern	High Concern	Low Concern
2 - The potential for significant confusion on the part of customers given the similarity in names	High Concern	High Concern	Low Concern
3 - Use of QCC (the CLEC) to evade QC's (the ILEC) obligations within QC's service territory.	High Concern	High Concern	Low Concern
4 - The potential for discrimination by QC	High Concern	High Concern	Low Concern
5 - Whether it is in the public interest for an RBOC to have an affiliated CLEC operating within its territory, when the local market is not sufficiently competitive.	High Concern	High Concern	Low Concern

In submitting its Supplemental Report, Staff has considered similar applications in other states including but limited to the jurisdictions listed below. Key points from those states are provided below, along with the conditions that were imposed:

Minnesota:

- On 10/13/99, disallowed QCC's application for statewide CLEC service. QCC's amended request for CLEC services in QC and GTE areas only was approved.
- QCC was required to fulfill 12 service standards, none of which limited the end-user services that can be offered.
- On 12/11/03, QCC CLEC authority was expanded to an additional 12 ILEC areas.
- Use of Feature Group C technology by QCC for interconnection was disallowed.
- Nine of 12 impacted ILECs intervened.

Nebraska:

- On 10/7/98, the Commission limited QCC's operations to the provision of basic local exchange service only to multi-location customers with locations inside and outside of QC's service areas.
- QCC and QC were required to provide the Commission access to documents, data and records pertaining to the inter-company transactions relating to in-region transactions.
- Several parties, including MCI and AT&T, intervened or filed comments. Cox did not intervene.
- On 4/19/05, the Commission lifted the limitations from its 10/7/98 order.
- The Commission opened a rulemaking docket as Rule and Regulation No. 164 to address rules regarding ILECs that have one or more affiliated CLEC(s) competing within the ILEC's incumbent service territory in Nebraska.
- Several parties, including Cox, intervened or filed comments.

Colorado:

- On 3/31/04, QCC was granted statewide authority without restrictions.
- Intervenors did not file comments.

Idaho:

- On 4/24/02, QCC filed an application for statewide CLEC authority.
- On 8/27/02, the Commission approved an amended application for QCC CLEC operation in Verizon areas only.
- QC and QCC were ordered to maintain separate records and accounts, and have separate officers, directors and employees and to keep transactions between the two companies on an arm's length basis and to reduce transactions (between QC and QCC) to writing.
- Intervenors did not file comments.
- On 6/7/04, QCC CLEC statewide authority is approved, except for rural ILEC areas.
- The Idaho Telephone Association intervened.

South Dakota:

- On 9/7/04, QCC CLEC statewide authority is approved, except for rural ILEC areas.
- The South Dakota Telecommunications Association intervened.

Texas:

- On 9/1/03, Public Utility Regulatory Act governing rules for CLECs in affiliated ILEC areas becomes effective.
- Rules apply to CLECs with ILEC affiliates having more than 5 millions access lines within the state.
- Sections 54.102, 58.051, 58.151 and 58.003 assert rules that limit CLECs in affiliated ILEC's service areas only on the basis of customer-specific contracts in which ILECs are not allowed.

Staff believes that while decisions made in other jurisdictions are worthy of consideration, they do not form the sole basis for a decision in Arizona. As such, Staff recommends the following.

III. Additional Staff Recommendations If the Scope of QCC's Authority in QC's Service Territory is Limited To the Large Business Market

Should the Commission find Staff's alternative recommendation to be appropriate, Staff would recommend the following additions to its recommendations contained in section 6.1 of its February 23, 2005 Report:

1. QCC should be approved to provide services in the areas as follows:
 - a. Resold long distance service on a statewide basis.

- b. Resold and facilities based local exchange service within QC's service territory for business customers and/or accounts with four or more switched access lines or their equivalent. For purposes of determining an eligible business account, all individual locations of a multi-location customer shall be added together to determine whether the four or more switched access lines or their equivalent threshold has been met for a given customer/account.
 - c. Resold and facilities based local exchange service for residence and business customers who are located outside of QC's service territory.
 2. QC should acknowledge that the Commission's actions approving QCC's CLEC application for local exchange service in no way changes its ILEC obligations.
 3. Notwithstanding the services and areas which Staff recommends for approval, QCC should not file an application to amend its certification to provide local exchange services to Residence and/or Small Business customers in the QC service area in Arizona for a period of 24 months from the date of the Commission's Order approving its request for an expanded CC&N. QCC may file an application for either the Small Business market or Residential market before the expiration of the 24 month period only if it can meet all of the following: 1) QC and QCC can demonstrate that there will be no adverse impact upon QC's operations, 2) QCC can demonstrate that the Staff's five concerns identified in its February 23, 2005 Staff Report can be successfully resolved, and 3) competitive conditions in the markets in which QCC seeks entry are sufficiently competitive so that sufficient alternatives are available. Any application by QCC shall be accompanied by at least 18 months of the data identified in paras. 8 and 9 below which period shall commence from the date the Commission issues its order in this case.
 4. Should QCC file an application to amend its certification to provide local exchange services to Residence and/or Small Business customers in the QC service area upon expiration of the 24 month period, Staff will analyze all factors relevant to the application including but not limited to the competitive situation pertaining to Residence and Small Business markets. Staff's position in this Staff Report with respect to the Enterprise Market should not be construed as support for any subsequent application by Qwest. Similarly, Staff recommends that the order ultimately issued by the Commission in this case specifically state that the Commission's findings and rulings in this case with respect to the Enterprise Market should not be used or construed as precedent for any subsequent Staff recommendation or Commission order on any subsequent Qwest application.
 5. QC will adhere to 47 U.S.C. Section 251 nondiscrimination standards in its dealings with QCC and CLECs.
 6. QC and QCC should be required to comply with all Section 272 requirements for the provision of competitive local exchange service by QCC.
 7. QC and QCC shall provide the Commission, on request, with access to documents, data and records pertaining to inter-company transactions relating to in-region transactions with respect to Arizona.

8. QC and QCC shall provide the following reports to Staff every six months for three years following approval of QCC's CLEC operations:
 - a. QCC Reports
 1. Qwest Communications Corporation Total Accounts In Service categorized by NPA are to be provided. The information shall be provided in excel file format using electronic media.
 2. Qwest Communications Corporation Total Lines In Service categorized by NPA are to be provided. The information shall be provided in excel file format using electronic media.
 - b. QC Reports
 1. The total number of business accounts that have moved from QC to QCC by QC wire center are to be provided in excel file format using electronic media.
 2. The total number of business lines that have moved from QC to QCC by QC wire center are to be provided in excel file format using electronic media.
 3. The total annualized revenues associated with total business accounts that have moved from QC to QCC by QC wire center are to be provided in excel file format using electronic media.
 4. State-wide summarized Listings Data should be provided. The information should contain all main listings and additional line listings by QC, QCC, CLECs, ILECs, Wireless Providers or Other for each NPA-NXX. This information should be separated by residence and business and include a count of all listings in QC's comprehensive database(s), not just those published in the white pages directories or available via directory assistance. All information should be rolled-up to the NPA-NXX level; no end-user specific information should be provided. The information shall be provided in excel file format using electronic media.
 5. State-wide summarized LERG Information should be provided. The report should contain the following column headings and be provided in excel file format using electronic media:
 - a. All Switch CLLIs
 - b. All Switch Locations (addresses)
 - c. All Switch Owner Names
 - d. All Switch Owner ID
 - e. All NPA NXXs, or thousands blocks where NPA NXXs are shared, assigned to each switch
 - f. All owner names corresponding to each NPA NXXs, or thousands block where NPA NXXs are shared.
9. Any of the above listed information can be used by Staff in future AFOR/Price Cap proceedings to assist in the evaluation of QC's revenue requirements.
10. QC and QCC should be considered to be one entity for the purposes of evaluating the local exchange services competitive situation in future AFOR/Price Cap proceedings.

11. Qwest's provision of local exchange service in the service territories of rural telephone companies is subject to any future proceedings under Section 251(f)(1) or (2) of the Telecommunications Act of 1996 (47 U.S.C. Section 251(f)(1) or (2)). Granting QCC's request to provide competitive local exchange service outside its service territory is not a ruling that affects the rights of specific rural telephone companies under 47 U.S.C. Section 251(f).
12. Staff's findings in this Docket should not be construed as a finding with respect to what Baskets any services(s) belong under Qwest's AFOR or as a finding with respect to what constitutes a competitive or sufficiently competitive marketplace for purposes of either QC's AFOR or future applications of QCC to expand its business to other markets.

COMMISSIONERS
JEFF HATCH-MILLER - Chairman
WILLIAM MUNDEL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

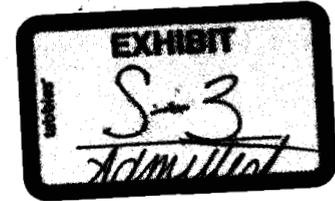
EXHIBIT S 3



BRIAN C. MCNEIL
Executive Secretary

ARIZONA CORPORATION COMMISSION

March 7, 2005



Sent via email and First Class Mail

Norman G. Curtright
Corporate Counsel
QWEST CORPORATION
4041 N. Central Avenue, Ste. 1100
Phoenix, Arizona 85012

Re: Qwest Corporation's Application and Petition for a Certificate of Convenience and Necessity to Provide Intrastate Telecommunications
Docket Nos.: T-02811B-04-0313

Dear Mr. Curtright:

Enclosed please find Staff's responses to Qwest's First Set of Data Requests.

Should you have any questions, you may contact me at (602) 542-6022.

Very truly yours,


Maureen A. Scott
Attorney, Legal Division

MAS:daa
Enclosures

**ARIZONA CORPORATION COMMISSION
STAFF'S RESPONSE TO QWEST CORPORATION'S
FIRST SET OF DATA REQUESTS**

Docket No.: T-02811B-04-0313

March 7, 2005

REQUEST NO.: Qwest 1-1

On page 3 of the Staff Report dated February 23, 2005, Staff states as follows:

On September 21, 2004, QC submitted to the Commission for approval an interconnection agreement entered with QCC. The agreement was approved by operation of law on December 20, 2004.

With respect to the interconnection agreement between QC and QCC, please provide the following information:

- a. State whether the Staff conducted any study, review, or analysis of the interconnection agreement.
- b. Please state what standards or criteria Staff applies in reviewing, analyzing, or studying interconnection agreements that are filed by QC under Section 252(e). Please include citations (at the section and subsection level) to any state or federal statutes or regulations Staff considers relevant.
- c. If any such study, review, or analysis was undertaken, please state the findings and conclusions...
- d. Please produce any notes, workpapers, analysis, reports memorandum, and/or other documents that were produced or created in connection with Staff's study, review or analysis of the QC / QCC interconnection agreement.
- e. If no such study, review or analysis was undertaken, please state why not.

STAFF'S RESPONSE 1-1(a)

Staff reviewed the Interconnection Agreement between QC and QCC.

STAFF'S RESPONSE 1-1(b)

Staff reviews Interconnection Agreements for compliance with the requirements of 47 U.S.C. 252(e) and A.A.C. rules (specifically, R 14-2-1506 thru 1508).

STAFF'S RESPONSE 1-1(c)

Staff concluded that the Interconnection Agreement met the requirements of Section 252(e) and A.A.C. rules.

**ARIZONA CORPORATION COMM. ON
STAFF'S RESPONSE TO QWEST CORPORATION'S
FIRST SET OF DATA REQUESTS**

Docket No.: T-02811B-04-0313

March 7, 2005

STAFF'S RESPONSE 1-1(d)

See attached Interconnection Agreement Briefing Form.

STAFF'S RESPONSE 1-1(e)

Not Applicable.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

REQUEST NO.: Qwest 1-2

On page 3 of the Staff Report, in Section 2.4. Staff states, "QCC indicated that its[sic] has been approved as a Competitive Local Exchange Carrier ("CLEC") in Washington, Oregon, Utah, Montana, Idaho, Iowa, Minnesota, Colorado and Wyoming." On page 8 Staff states, "Staff recognizes that some states within Qwest's in-region footprint, as well as some states nationwide have approved applications by an RBOC CLEC affiliate to provide service in the BOC's in-region service territories." (Emphasis added.) In footnote 3 on pages 80-9, Staff listed orders from four state regulatory bodies approving QCC's application for authority to provide telecommunications services as a competitive provider- Minnesota, Iowa, Oregon and Utah. Please respond to the following:

- a. Please state whether Staff agrees that QCC has been approved to operate as a CLEC in all of the 14 QC states other than Arizona; and further please qualify your response to indicate, by state, which if any, states have imposed a limitation, condition, or restriction on authorized serving area similar to that recommended by Staff in this proceeding.
- b. Please provide the state regulatory agencies' rulings, decisions, or orders that you rely upon to answer a. above.
- c. Please provide by page and line number the specific cites that support your response to subpart b., preceding.

STAFF'S RESPONSE 1-2(a)

Staff agrees that in Section (A-18) of its Application QCC reported that it has been approved as a CLEC in the following states: Washington, Oregon, Utah, Montana, Idaho, Iowa, Minnesota, Colorado and Wyoming. The orders are as readily available to Qwest as they are to Staff. Qwest can determine as easily as Staff what limitations, conditions or restrictions have been imposed by the various state commissions.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

**ARIZONA CORPORATION COMMISSION
STAFF'S RESPONSE TO QWEST CORPORATION'S
FIRST SET OF DATA REQUESTS**

Docket No.: T-02811B-04-0313

March 7, 2005

STAFF'S RESPONSE 1-2(b)

State regulatory agency rulings, decisions, or orders are a matter of public record. The decisions are as readily available to Qwest as they are to Staff. In addition, Staff did not use a state regulatory agency rulings, decisions, or orders to answer a. above.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

STAFF'S RESPONSE 1-2(c)

See Staff Response to 1-2b., above.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

REQUEST NO.: Qwest 1-3

On page 5 of the Staff Report, in Section 2.6, Staff states, "Staff has informed QCC, in writing, that four of the sample contracts and/or agreements were filed late." Please provide a copy of that writing and clearly identify the contracts and/or agreements the Staff deems "filed late".

STAFF'S RESPONSE 1-3(a)

See Staff's Memorandum attached.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- b. Please explain how any of these agreements relate to QCC operations in the state of Arizona?

STAFF'S RESPONSE 1-3(b)

Staff was instructed through a Procedural Order dated February 1, 2005 to address QCC's compliance requirements of Decision No. 66612, including but not limited to Finding of Facts No. 59, in its Staff Report in this docket.

In Decision No. 66612, the Commission ordered Staff to monitor QCC's filings of copies of any and all contracts and/or agreements, written or verbal, between QCC and its affiliates to ensure that QCC and its affiliates are not engaging in anticompetitive behavior (refer to Finding of Facts No. 59). Also, QCC is required to submit copies to Staff of its contracts and agreements with its affiliates within thirty days of execution.

**AZONA CORPORATION COMMISSION
STAFF'S RESPONSE TO QWEST CORPORATION'S
FIRST SET OF DATA REQUESTS**

Docket No.: T-02811B-04-0313

March 7, 2005

QCC filed copies of two contracts as instructed by Decision No. 66612 on February 18, 2004. QCC filed copies of eight contracts as instructed by Decision No. 66612 on February 25, 2004. The filed copies of contracts represent agreements between QCC and its affiliates.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

REQUEST NO.: Qwest 1-4

On page 8 of the Staff report, Staff lists 5 "unresolved concerns." The first such "unsolved concern" is numbered 1, and is stated to be: "The ability of QCC to leverage QC's ILEC position and engage in anticompetitive conduct including but not limited to cross-subsidization and, price-squeezing." Please to the following:

- a. Please state in detail what Staff means by "leverage QC's ILEC position." Please state any examples of such conduct that you believe justify or are related to the limitations Staff recommends, and separate your response to indicate which examples are (i) conduct which is known to have occurred; and (ii) conduct which is merely reasonably expectable in your view. For the latter category, please state in detail why you believe the conduct is reasonably expectable.
- b. With respect to your responses to a. above, please state why Section 272 "does not address all of Staff's concerns in this regard." Please describe in detail which of Staff's concerns are not addressed

STAFF'S RESPONSE 1-4(a)

Staff's statement "The ability of QCC to leverage QC's ILEC position..." addresses the potential advantages that a QCC CLEC operation could gain over other CLECs by using QC's ILEC customer recognition, knowledge of customers and established assets. Staff believes that such advantages once exposed would be difficult to correct and, therefore, warrant prudent and advance actions on behalf of the Commission.

Staff's recommendation is supported by QCC's response to STF 1.21, in which QCC states that "Qwest" will be used by ILEC and CLEC entities. This is an example of leveraging QC's ILEC customer recognition position. QCC further indicated by its response to STF 1.28, that the same advertising agencies will be used by ILEC and CLEC entities. This creates a situation in which information gained through QC's ILEC operations could intentionally or unintentionally be leveraged by QCC's CLEC.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

**ARIZONA CORPORATION COMMISSION
STAFF'S RESPONSE TO QWEST CORPORATION'S
FIRST SET OF DATA REQUESTS
Docket No.: T-02811B-04-0313
March 7, 2005**

STAFF'S RESPONSE 1-4(b)

Section 272 applies to QCC's provision of interLATA services. The various restrictions do not apply to QCC's provision of competitive local services.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- c. Please state in detail what Staff means by the "ability of QCC to . . . engage in anticompetitive conduct. Please state any examples of such conduct that you believe justify or are related to the limitations Staff recommends, and separate your response to indicate which examples are (i) conduct which is known to have occurred; and (ii) conduct which is merely reasonably expectable in your view. For the latter category, please state in detail why you believe the conduct is reasonably expectable.

STAFF RESPONSE 1-4 (c)

"The ability to engage in anticompetitive conduct" means being able to partake in activities and business practices that are harmful to competition generally. In the current AFOR proceeding before the Commission (T-01051B-03-0454) Staff submitted testimony indicating that QC was charging its cable TV affiliate BSI below market rates for certain services. Staff believes that this is anticompetitive conduct because BSI's competitors did not have access to the low rates in question. Similar treatment by QC of QCC would similarly be anticompetitive because QCC's competitors would not have access to the same deals available to QCC from QC. See also Staff' response to 1-4a., above.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- d. With respect to your responses to c. above, please state why Section 272 "does not address all of Staff's concerns in this regard." Please describe in detail which of Staff's concerns are not addressed.

STAFF RESPONSE

See Response to 1-4.b., above.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- e. With respect to your responses to c. above, please state whether Section 251 of the Act addresses Staff's concerns in this regard. Please describe in detail which of Staff's concerns are not addressed.

**ARIZONA CORPORATION COMMISSION
STAFF'S RESPONSE TO QWEST CORPORATION'S
FIRST SET OF DATA REQUESTS**

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March 7, 2005

STAFF RESPONSE:

Many of the concerns listed by Staff are not addressed by Section 251 which pertains to interconnection and unbundling requirements.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- f. Please state in detail what Staff means by the reference to "cross-subsidization." Please state any examples of such conduct that you believe justify or are related to the limitations Staff recommends, and separate your response to indicate which examples are (i) conduct which is known to have occurred; and (ii) conduct which is merely reasonably expectable in your view.

For the latter category, please state in detail why you believe the conduct is reasonably expectable.

STAFF RESPONSE:

By "Cross Subsidization" Staff means the ability of QCC to receive services from QC at below market rates. Please see Staff's response to 1-4.c. for example.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- g. With respect to your responses to f. above, please state why Section 272 "does not address all of Staff's concerns in this regard." Please describe in detail which of Staff's concerns are not addressed.

STAFF RESPONSE:

See Response to 1-4.b., above.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- h. With respect to your response to f. above, please state why FCC Part 32 "does not address all of Staff's concerns in this regard." Please describe in detail which of Staff's concerns are not addressed.

STAFF RESPONSE:

See Response to 1-4.c., above.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

**ARIZONA CORPORATION COMMISSION
STAFF'S RESPONSE TO QWEST CORPORATION'S
FIRST SET OF DATA REQUESTS**

Docket No.: T-02811B-04-0313

March 7, 2005

- i. Please state in detail what Staff means by the reference to "price squeezing." Please state any examples of such conduct that you believe justify or are related to the limitations Staff recommends, and separate your response to indicate which examples are (i) conduct which is known to have occurred; and (ii) conduct which is merely reasonably expectable in your view. For the latter category, please state in detail why you believe the conduct is reasonably expectable.

STAFF RESPONSE:

Price floors and imputation requirements are being addressed in QC's AFOR proceeding which is still pending. This is more of a concern with respect to CLECs in general.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- j. With respect to your responses to h. above, please state why Section 272 "does not address all of Staff's concerns in this regard." Please describe in detail which of Staff's concerns are not addressed.

STAFF RESPONSE:

See Response to 1-4.b., above.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- k. With respect to your responses to h. above, please state whether Section 251 of the Act addresses Staff's concerns in this regard. Please describe in detail which of Staff's concerns are not addressed.

STAFF RESPONSE:

See Response to 1-4.e., above.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

REQUEST No. Qwest 1-5

On page 8 of the Staff report, Staff lists 5 "unresolved concerns." The third such "unresolved concern" is numbered 3, and is stated to be: "Use of QCC (the CLEC) to evade QC's (the ILEC) obligations within QC's service territory." Please respond to the following:

- a. Please state in detail what Staff means by "Use of QCC (the CLEC) to evade QC's (the ILEC) obligations within QC's service territory." Please state any examples of such conduct

**A. ZONA CORPORATION COMMISSION
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that you believe justify or are related to the limitations Staff recommends, and separate your response to indicate which examples are (i) conduct which is known to have occurred; and (ii) conduct which is merely reasonably expectable in your view. For the latter category, please state in detail why you believe the conduct is reasonably expectable.

STAFF RESPONSE:

QC could use QCC to evade its obligations under Sections 251, 252 and 271 of the Telecommunications Act of 1996. For example, If QCC were to provide service in a development and QC did not also provide service in that development, QCC would not be required to meet the Section 251 unbundling requirement that would apply for QC.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- b. With respect to your responses to a. above, please state why Section 272 "does not address all of Staff's concerns in this regard." Please describe in detail which of Staff's concerns are not addressed.

STAFF RESPONSE:

See Response to 1-4.b., above.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- c. With respect to your responses to a. above, please state whether Section 251 of the Act addresses Staff's concerns in this regard. Please describe in detail which of Staff's concerns are not addressed.

STAFF RESPONSE:

See Response to 1-4.e., above.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- d. existing Arizona public utility regulation statutes and Arizona Corporation Commission Rules address Staff's concerns in this regard. Please identify the statutes and rules by section and subsection. Please describe in detail which of Staff's concerns are not addressed.

STAFF RESPONSE:

See Response to 1-5.a, above.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

**ZONA CORPORATION COMMITTEE ON
STAFF'S RESPONSE TO QWEST CORPORATION'S
FIRST SET OF DATA REQUESTS**

Docket No.: T-02811B-04-0313

March 7, 2005

REQUEST No. Qwest 1-6

With respect to your responses to a. above, please state whether applicable On page 8 of the Staff report, Staff lists 5 "unresolved concerns." The fourth such "unresolved concern" is numbered 4, and is stated to be: "The potential for discrimination by QC." Please respond to the following:

- a. Please state in detail what Staff means by "the potential for discrimination by QC." Please state any examples of such conduct that you believe justify or are related to the limitations Staff recommends, and separate your response to indicate which examples are (i) conduct which is known to have occurred; and (ii) conduct which is merely reasonably expectable in your view. For the latter category, please state in detail why you believe the conduct is reasonably expectable.

STAFF RESPONSE:

By "Discrimination by QC" Staff means that QC could provide more favorable terms of service to QCC that it does not provide to other CLECs. Please see Staff's response to 1-4.c., for example.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- b. With respect to your responses to a. above, please state why Section 272 "does not address all of Staff's concerns in this regard. Please describe in detail which of Staff's concerns are not addressed.

STAFF RESPONSE:

See Response to 1-4.b., above.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- c. With respect to your responses to a. above, please state whether Section 251 of the Act addresses Staff's concerns in this regard. Please describe in detail which of Staff's concerns are not addressed.

STAFF RESPONSE:

See Response to 1-4.e., above.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

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- d. With respect to your responses to a. above, please state whether applicable existing Arizona public utility regulation statutes and Arizona Corporation Commission Rules address Staff's concerns in this regard. Please identify such statutes and rules by section and subsection number. Please describe in detail which of Staff's concerns are not addressed.

STAFF RESPONSE:

See Response to 1-6.a., above.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

REQUEST NO. Qwest 1-7

On page 8 of the Staff report, Staff lists 5 "unresolved concerns." The second such "unresolved concern" is numbered 2, and is stated to be: "The potential for significant confusion on the part of customers given the similarity in names, Please respond to the following:

- a. Please state in detail what Staff means by "the potential for significant confusion on the part of customers."

STAFF RESPONSE:

In response to Staff Data Request 4-001, QCC stated that it would use the informal brand name "Qwest" to market its CLEC services. The "potential for significant confusion on the part of customers" refers to customer confusion over which "Qwest" they have signed up with. That is, because of the similarity of names a customer may sign up with QCC while thinking that they actually signed up for service with QC.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- b. What harm could result? Please use examples of matters about which the customers may be confused due to the similarity of names, and associate with each such example an explanation of how the customer may be harmed.

STAFF RESPONSE:

A customer signing up with QC reasonably expects a degree of price stability that a customer signing up for service with a CLEC does not reasonably expect. Thus, if a customer takes service from QCC, thinking that she has taken service from QC, that customer may be harmed if QCC changes its rates in a manner unavailable to QC.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

**ARIZONA CORPORATION COMMISSION
STAFF'S RESPONSE TO QWEST CORPORATION'S
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Docket No.: T-02811B-04-0313

March 7, 2005

REQUEST NO. Qwest 1-8

On page 8 of the Staff report, Staff lists 5 "unresolved concerns." The fifth such "unresolved concern" is numbered 5, and is stated to be: "Whether it is in the public interest for an RBOC to have an affiliated CLEC operating within its territory, when the local market is not sufficiently competitive." Please respond to the following:

- a. Please identify in detail which public interests Staff is concerned about.

STAFF RESPONSE:

Staff is concerned about the interests of members of the public who rely on telecommunications service.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- b. Please state in detail whether this statement relates to the same or different concerns as Staff identified in its list of "unresolved concerns" numbered 1 through 4.

STAFF RESPONSE:

The same.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- c. If different concerns are identified in response to b. above, please describe those concerns in detail. Please state any examples of such concerns that you believe justify or are related to the limitations Staff recommends.

STAFF RESPONSE:

N/A.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- d. With respect to your responses to c. above, please state why Section 272 "does not address all of Staff's concerns in this regard. Please describe in detail which of Staff's concerns are not addressed.

STAFF RESPONSE:

See Response to 1-4.b., above.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

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- e. With respect to your responses to c. above, please state whether Section 251 of the Act addresses Staff's concerns in this regard. Please describe in detail which of Staff's concerns are not addressed.

STAFF RESPONSE:

See Response to 1-4.e., above.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

REQUEST NO. Qwest 1-9

On page 11 of the Staff report, Staff states as follows: "There is not sufficient competition in QC's in-region local exchange territory in Arizona to guard against any abuses that may occur." Please respond to the following:

- a. Please state in detail what abuses Staff has reference to in that statement.

STAFF RESPONSE:

See Staff's response to 1-4a., 1-4c., 1-4f., 1-6a., 1-7a., and 1-7b.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- b. Please state how competition in QC's local exchange territory, however robust, guards against the abuses you define in a. above.

STAFF RESPONSE:

Competition will not necessarily guard against discriminatory treatment towards QCC but it could mitigate its effect on consumers.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

REQUEST NO. Qwest 1-10

With respect to the "unresolved concerns" enumerated as 1, 3, and 4 on page 8 of the Staff Report, and discussed on pages 8-11, please state in detail whether the risk of potential harmful conduct for QCC to provide competitive local exchange services is greater, or of a different nature, than where only QC is operating. Please answer in detail, and answer with respect to each element of concern stated in numbers 1, 3, and 4.

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STAFF RESPONSE:

Where only QC is operating there is no risk that QCC will engage in any conduct, harmful or otherwise.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

REQUEST NO. Qwest 1-11

On page 8 of the Staff Report Staff states as an "unresolved concern, "Whether it is in the public interest for an RBOC to have an affiliated CLEC operating within its territory, when the local market is not sufficiently competitive." As noted above, on page 11 of the Staff report, Staff states as follows: "There is not sufficient competition in QC's in-region local exchange territory in Arizona to guard against any abuses that may occur." Please respond to the following:

- a. State whether the Staff conducted any study, review, or analysis of the competition in the local exchange telecommunications in the QC local service areas in Arizona.

STAFF RESPONSE:

Yes. Staff did conduct a study of local exchange competition in the QC service territory in conjunction with Qwest's filing of a renewed price regulation plan (T-01051B-03-0454) ("AFOR case.") The Staff members assigned to the QCC CC&N application are all also assigned to the AFOR case.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- b. Please produce any notes, workpapers, analysis, studies, reports, memoranda, and / or other documents that were produced or created in connection with Staff's study, review, or analysis of competition in the local exchange telecommunications in the QC local service areas in Arizona.

STAFF RESPONSE:

All workpapers were submitted in response to Qwest data requests in the AFOR case.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- c. Please state whether Staff's conclusions regarding the state of competition in the local exchange telecommunications in the State of Arizona are different between (i) residential and business; and (ii) between small business on the one hand, and medium and large businesses on the other. If there are such differences in your conclusions,

**IZONA CORPORATION COMMISION
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please produce any notes, workpapers, analysis, studies, reports, memoranda, and / or other documents that were produced or created in connection with Staff's study.

STAFF RESPONSE:

- i. Yes.
- ii. Yes.

See Response to 1-11,b., above.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- d. If no such study, review or analysis was undertaken, please state why not.

STAFF RESPONSE:

N/A.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

REQUEST NO. Qwest 1-12

On page 10 of the Staff Study, Staff states as follows: "Second, Staff is concerned given QCC's responses to Staff data requests, if and how QC intends to share its Customer Proprietary Network Information ("CPNI") with QCC and any competitive advantage that this may bestow upon QCC. QCC will have access to QC's CPNI and no other CLEC will have such access." Please respond to the following:

- a. Please identify the QCC responses that Staff refers to.

STAFF RESPONSE:

In response to Staff Data Request 2-004, QCC responded that neither QC and QCC will divulge any information to advertising agencies that should not be shared between QC and QCC. QCC offered no elucidation on what information would be shared, leaving Staff to question both QC and QCC's intent with respect to sharing of information between the two entities and with third party advertising agencies.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- b. Please explain in detail specifically what concern Staff has with respect to CPNI sharing, and how Staff relates those concerns to statements made by QCC in its responses.

**A ZONA CORPORATION COMMISSION
STAFF'S RESPONSE TO QWEST CORPORATION'S
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STAFF RESPONSE:

Since QCC is an affiliate of QC that provides telecom services, QC would be free to share its CPNI with QCC without customer approval if QCC were to provide the same services as QC within QC's service territory. For example, if QCC were to provide local service in QC's service territory, QC would be able to share the CPNI of every one of its customers with QCC without customer approval. In addition, QC would be able, using an opt-out approval notice, to provide its customers' CPNI to QCC. Such approval makes use of an implied consent. QC would only be able to provide CPNI to a QCC competitor using an opt-in approval methodology that requires affirmative customer approval. Since other CLECs will not have access to that CPNI under the total services approach or opt-out approval method, QCC would have an unfair competitive advantage over other CLECs based solely on its affiliation with QC.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- c. Please state whether Staff believes that the QCC responses regarding CPNI indicate, that QCC or QC would be in violation of the FCC regulations regarding CPNI, should QCC's application in this matter be granted as requested, and without Staff's proposed limitations. Explain your answer.

STAFF RESPONSE:

No.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- d. Please answer the same question as stated in c. above, in connection with the currently proposed Arizona state CPNI rule.

STAFF RESPONSE:

No.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

- e. Please state how and why the Staff's concern about permissible use of CPNI is different for the relationship between QC and QCC as compared to AT&T's use of its customers' CPNI related to local and long distance services and sales.

STAFF RESPONSE:

AT&T is not the dominant provider of either local or long distance service to customers in Arizona.

Respondents: Matthew Rowell, Wil Shand, Armando Fimbres and John Bostwick

INTERCONNECTION AGREEMENT BRIEFING FORM

Docket No: T-01051B-04-0685 **Today's Date:** December 6, 2004
T-02811B-04-0685

Applicant: Qwest Corporation ("Qwest")
Intervenors: No objections or interventions were filed in this Docket as of 12/6/04
Relief Requested: Approval of Interconnection Agreement
Purpose of this Briefing Form: To recommend approval and close administratively

Background/History: On September 22, 2004, Qwest (an ILEC) filed with this Commission an Interconnection Agreement it had entered into with its affiliate, Qwest Communications Corporation ("QCC"), on August 20, 2004. In reviewing the Agreement, Staff noted that the language of the Agreement is similar to but slightly different to Qwest's Arizona SGAT - Fourteenth Revision of August 29, 2003. Qwest is authorized by the ACC to provide local exchange services in the State of Arizona. QCC's Application for CLEC certification was filed on April 23, 2004, and is still pending at this time.

Consistent with Section 252(e) of the Federal Telecommunications Act of 1996 ("FTA"), the State Commission may only reject an agreement, or any portion thereof, if it finds that the agreement, adopted by negotiations under subsection (a) of Section 252(e) either: (A) discriminates against a telecommunications service provider that is not a party to the agreement; or (B) is not consistent with the public interest, convenience, and necessity.

The Agreement is bilateral and voluntary, and entered into as a result of good faith negotiations and compromise between competitors. All issues have been decided between the parties and no arbitration is needed. Staff finds the Interconnection Agreement to be consistent with the FTA and the Arizona Administrative Code and recommends approval of the Interconnection Agreement and close administratively.

Rate Change (+ or -)	yes _____	no <u>x</u> _____
Addresses Substantive Policy Issues in this Cause	yes _____	no <u>x</u> _____
Other Related or Pending Causes	yes _____	no <u>x</u> _____
Technical Review	yes _____	no <u>x</u> _____
Financial/Accounting Review	yes _____	no <u>x</u> _____
	_____	_____

ICA Reviewed By: Blessing Chukwu 2-0840

MEMORANDUM

TO: Reed Peterson
Qwest Corporation

FROM: John Bostwick
Arizona Corporation Commission

DATE: March 12, 2004

RE: Qwest Communications Corporation
Docket No. T-02811B-01-0895 Decision No. 66612

On February 27, 2004, I received file copies of contracts and agreements between Qwest Communications Corporation d/b/a Qwest Long Distance ("QCC") and its affiliates. I was requested to evaluate the filings to determine QCC's compliance to Decision No. 66612.

I reviewed the file copies of contracts and agreements submitted and Decision No. 66612. According to Decision No. 66612, QCC is required to provide the Commission within thirty (30) days of execution copies of any and all contracts and/or agreements, written or oral between QCC and its affiliates until such time that QCC any successor in interest to QCC is not subject to the requirements of §272 of the Telecommunications Act of 1996.

Four out of the ten file copies of contracts and agreements submitted by QCC were filed late. The following table lists by QCC Affiliate, Type of Contract, Execution Date, Filed Date, and Number of Days Different the contracts that were not filed in a timely manner.

<u>QCC Affiliate</u>	<u>Type of Contract</u>	<u>Execution Date</u>	<u>Filed Date</u>	<u>Number of Days Different</u>
Qwest Broadband Stonegate	ATM/Frame - DIA Service	12/19/03	2/18/04	61
Qwest Broadband Willows	ATM/Frame - DIA Service	12/19/03	2/18/04	61
Qwest Legal Department	Dedicated Internet Access and Managed Firewall Service	12/16/03	2/25/04	71
Qwest Corporation 925 High St., Des Moines, IA.	Interstate DSL Host Service	01/20/04	2/25/04	36

Except for the contracts and agreements noted in the above table, all other filings provided were filed in a timely manner.

Please make sure every effort is being made to file copies of QCC's contracts and agreements with its affiliates within thirty (30) days of the execution date. This will help ensure that QCC complies with the Commission's order in Decision No. 66612. Thank you.

EXHIBIT S 4

RECEIVED Qwest 
Spirit of Service

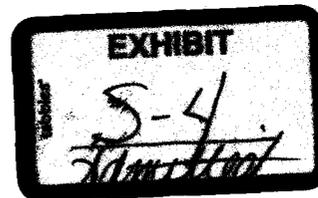
Qwest Corporation
Law Department
1801 California Street
49th Floor
Denver, CO 80202

MAY 17 2004

LEGAL DIV.
ARIZ. CORPORATION COMMISSION

Kathy Rowley
Interrogatory Manager

May 14, 2004



VIA OVERNIGHT DELIVERY

Maureen A. Scott
Attorney, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

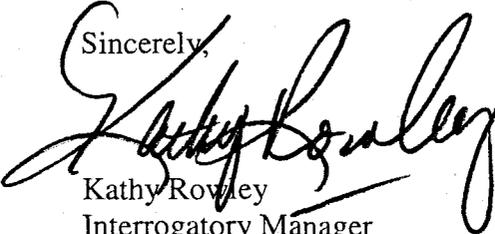
Dear Ms. Scott:

Re: Qwest Corporation
Docket No. T-02811B-04-0313

Enclosed please find Qwest Corporation's responses to Staff's First Set of Data Requests, Nos. 1-33, in the above-referenced docket.

Should you have any questions, please contact me at 303-672-2729.

Sincerely,

A handwritten signature in cursive script that reads "Kathy Rowley".

Kathy Rowley
Interrogatory Manager

Enclosures

cc: John Bostwick, Utilities Division
Armando Fimbres, Utilities Division

Arizona
T-02811B-04-0313
STF 01-001

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 001

Application Specific

General: Please be advised that the ACC CC&N form used was revised as of April 14, 2004. Please complete question (A-1).

RESPONSE:

Question A-1 appears to have been modified in the April 14, 2004 version of the application to include a box for "Other". QCC is not asking to provide any "other" services.

Respondent: Reed Peterson

Arizona
T-02811B-04-0313
STF 01-002

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 002

Application Specific

Pertaining to (A-1): Is Qwest by its application acknowledging that all CLEC services it seeks to provide under this CC&N will be regulated as LEC services per ACC rules and regulations?

RESPONSE:

Yes, and QCC reiterates that it is not an ILEC.

Respondent: Reed Peterson

Arizona
T-02811B-04-0313
STF 01-003

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 003

Application Specific

Pertaining to (A-1): QCC has indicated that it wants certification to provide facilities based long distance service. In (D-1) 1, applicant states that it has an existing CC&N for facilities based long distance per Decision 66612. Please verify that QCC is already certified to provide facilities based long distance and is not seeking such certification now.

RESPONSE:

QCC is already certified to provide facilities based long distance and is not seeking to change that certification. QCC included facilities based long distance service in its response to A-1 so as not to imply that it no longer desired such certification.

Respondent: Reed Peterson

Arizona
T-02811B-04-0313
STF 01-004

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 004

Application Specific

Pertaining to (A-3): Does QCC believe it will be doing business as ("d/b/a") under a different name than Qwest long Distance since it intends to provide local exchange services as well?

RESPONSE:

QCC is currently doing business under Qwest Long Distance (QLD) and will continue to do so in the future. For its local exchange operations, QCC will not use the "Qwest Long Distance" name.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 01-005

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 005

Application Specific

Pertaining to (A-8)3: QCC does not indicate a % ownership for each person listed in Attachment A-2, only indicates no "direct ownership in QCC". do the persons listed in Attachment A-2 have any percentage of indirect ownership in QCC through any ownership in QCII?

RESPONSE:

Mr. Cliff Holtz is the only listed Officer that must report individual ownership and control of shares of QCII. Other officers of QCC are not required to register their ownership interests in QCII under existing SEC rules.

As of March 31, 2004, Mr. Holtz held 105,000 shares of QCII common stock, representing less than 1/100th of 1% of outstanding QCII common shares (total shares outstanding as of March 31, 2004 was 1,784,940,240). QCII represents to the best of its knowledge and belief that the other officers listed collectively hold less than 1/10th of 1% of outstanding QCII common shares. These individuals could be viewed as holding comparable indirect interests in QCC based on QCII's 100% ownership of QCC, through its subsidiaries, however, they have no direct ownership rights in QCC.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 01-006

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 006

Application Specific

Pertaining to (A-9)1: Why are no rates and charges listed in Section 5.1, page 1 of Arizona Tariff No. 3?

RESPONSE:

Qwest Communications Corporation (QCC) has filed terms and conditions for local exchange access service it anticipates offering to Arizona customers as part of and to facilitate meeting service requests for integrated local and long distance services. In addition QCC anticipates offering a variety of local exchange services in Arizona as specific customers and customer demands are more clearly defined and understood. QCC's business plans for local exchange operations remain under development. The telecommunications market in Arizona and nationally remains very dynamic. Customer demand requires, especially in the large business, government and data services market segments, flexibility for any telecommunications provider to be able to respond. QCC currently expects it will offer customers a variety of local access services to be used in conjunction with other telecommunication and data services. These types of service configurations frequently require specific equipment; network capacity; and quality monitoring and assurance capabilities which vary by application and which have significant impacts on costs. Therefore QCC expects that prices for many of its local exchange and exchange access services will be developed on an individual case basis to reflect relevant costs and competitive demands.

Respondent: Vanessa Reese

Arizona
T-02811B-04-0313
STF 01-007

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 007

Application Specific

Pertaining to (A-9)2: Why does QCC not indicate any tariff maximum rates and prices?

RESPONSE:

See QCC's response to Staff 01-006 in this docket.

Respondent: Vanessa Reese

Arizona
T-02811B-04-0313
STF 01-008

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 008

Application Specific

Pertaining to (A-10): QCC indicates its intentions to provide service statewide. Does this apply to local exchange and long distance or just long distance?

RESPONSE:

QCC seeks authority to provide statewide local exchange service. QCC already provides statewide long distance services.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 01-009

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 009

Application Specific

Pertaining to (A-11, A-12): Does QCC stipulate by its answer that none of QCC officers, directors, partners or managers are party to the legal proceedings currently before the DOJ?

RESPONSE:

Yes. As previously indicated, these individuals are not a party to any legal proceedings instituted by any government authority, including the DOJ.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 01-010

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 010

Application Specific

Pertaining to (A-16): When applicant provides legal notice, how will local exchange service be listed by applicant - QCC d/b/a Qwest Long Distance? Will a different legal notice be taken out to handle QCC's local exchange?

RESPONSE:

QCC intends to pay for the publication of a single legal notice in all counties in which it is seeking authorization to provide services for which authority is requested in this application. The legal notices will identify the applicant as Qwest Communications Corporation ("QCC"). QCC is unaware of any legal requirement to provide multiple notices.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 01-011

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 011

Application Specific

Pertaining to (A-17): List the names of the providers from whom QCC intends to resell.

RESPONSE:

QCC has requested to opt-in to Qwest Corporation's ("QC's") Statement of Generally Available Terms ("SGAT") in Arizona. QCC is evaluating other opportunities and sources for obtaining network services or elements.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 01-012

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 012

Application Specific

Pertaining to (A-19): Is applicant already a facilities based long distance provider in Arizona? If yes, why is applicant not listed in (A-18)?

RESPONSE:

Yes. QCC is already a facilities-based long distance provider in Arizona, as was indicated in (A-1). With respect to (A-18), QCC assumed that the question pertained to its authorizations in other states.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 01-013

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 013

Application Specific

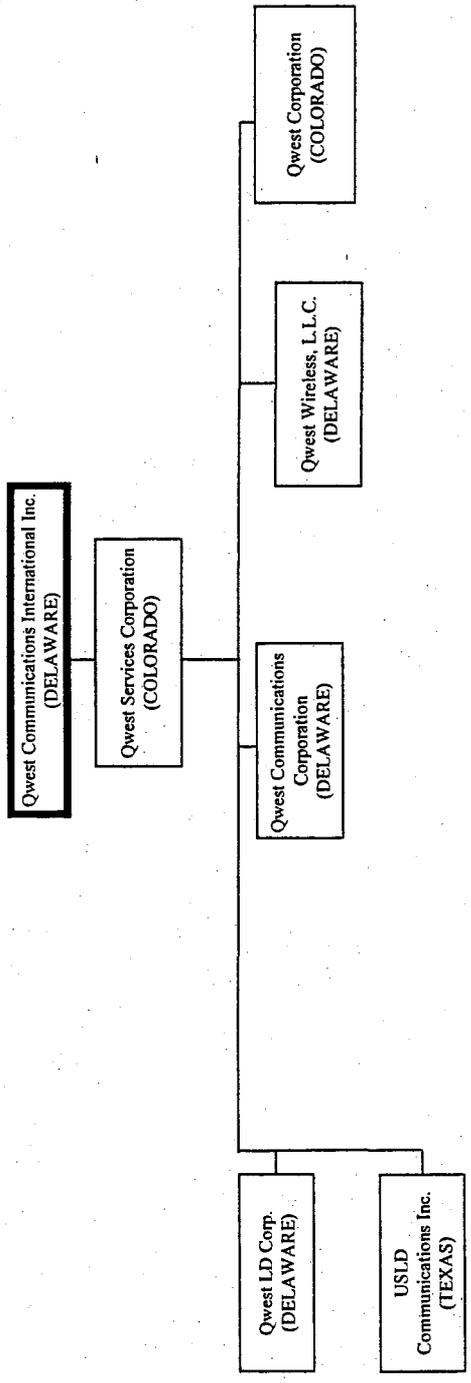
Pertaining to (A-20): Please provide an organization chart that shows all listed affiliates.

RESPONSE:

See Attachment A.

Respondent: John McCormick

(as of May 1, 2004)



Arizona
T-02811B-04-0313
STF 01-014

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 014

Application Specific

Pertaining to (B-1): An explanation is required for NO; QCC answered YES, when will QCC's financial statement be made available to complete this application?

RESPONSE:

QCC believes it answered B-1 appropriately by submitting parent company financial statements, since QCC relies on the parent company for financial support. See, STF 01-002, In Re Qwest LD Corporation d/b/a Qwest Long Distance, Docket No. T-04109A-03-0464, in which Staff requested and relied upon the parent company financials to make its analysis of the Application. Applicant reiterates that QCC financial statements are not prepared, and therefore are not available.

Respondent: Legal

Arizona
T-02811B-04-0313
STF 01-015

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 015

Application Specific

Pertaining to (B-2): QCII does not prepare separate QCC financial reports for inclusion in its public filings but must prepare separate QCC financial reports for internal operations. Will QCC be submitting financial reports used for internal operations in lieu of financial reports used in public filings.

RESPONSE:

See QCC's response to Staff 01-014 in this docket.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 01-016

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 016

Application Specific

Pertaining to (B-4): In its tariff, QCC provides very little detail describing its exchange services. Does QCC base its entire forecast on only the services indicated in the tariff? On what base of services is QCC able to forecast its revenues, expenses and net book value without the availability of financial reports as indicated in (B-1) and (B-2)?

RESPONSE:

The information provided in QCC's response to B-4 includes all of QCC's services, the majority of which currently consists of facilities based long distance service. The portion of revenues and expenses associated with QCC's proposed exchange access services is as follows:

Projected total revenue:\$1,398,592.00

Projected total expense:\$1,177,152.00

The portion of revenues and expenses associated with QCC's facilities based long distance service was previously reported as follows in connection with QCC's application for facilities based long distance service filed on October 24, 2003.

Projected total revenue:\$75,098,600

Projected total expense:\$40,796,503

The net book value of all Arizona jurisdictional assets reported in QCC's October 24, 2003 application was \$34.6 million. Since that time, QCC's assets have been restated. After restatement, the net book value of QCC's Arizona assets as of 12-31-03 is \$5.9 M. This information comes from the company's accounting records.

The financial reports requested in B-1 and B-2 are historical records. Since QCC did not operate in Arizona as either a long distance carrier or a CLEC during the requested time period, financial reports of a historical nature, even if available, would not include information pertaining to future service offerings. The projections included in QCC's response to B-4 in both this application, as well as its October 24, 2003 application, are simply estimates of its expected revenues and expenses. The assets reported above

for QCC are based on the Company's accounting records.

Respondent: Reed Peterson

Arizona
T-02811B-04-0313
STF 01-017

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 017

Application Specific

Pertaining to (B-4): The applicant, QCC, states specific dollars for 1, 2, & 3. Are these dollars for QCC or are they for another entity, show for applicant as requested.

RESPONSE:

Yes, these dollar amounts are for QCC. Also see QCC's response to Staff 01-016 in this docket.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 01-018

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 018

Application Specific

Pertaining to (B-4): In (B-2) applicant indicates that QCII does not prepare financial statements for each affiliate. In (B-4), applicant indicates that QCC estimates the project fair value of the assets is \$5,856,615. Explain and show calculations for this derivation of QCC's assets without being able to furnish statements for QCC.

RESPONSE:

Asset information is recorded in QCC's general ledger, even though separate income statement and balance sheets for QCC are not prepared. Please see Confidential Attachment A, which was taken from QCC's general ledger.

Confidential Attachment A will be provided upon execution of a protective agreement in this proceeding.

Respondent: Reed Peterson

Arizona
T-02811B-04-0313
STF 01-019

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 019

General

How does Qwest propose to ensure that its ILEC assets, intellectual properties, and market position will not advantage its proposed CLEC relative to other CLECs?

RESPONSE:

All Qwest affiliates will continue to comply with Section 272 of the Act. QCC is a separate corporate entity from QC, with separate assets. Transactions between the two are governed by a variety of required regulations, including Section 272 of the Telecommunications Act and FCC Part 32 accounting requirements, as well as the Commission's own affiliated interest rules.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 01-020

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 020

General

Does Qwest propose to launch its CLEC with ILEC assets or intellectual properties or at any time in the future transfer ILEC assets or intellectual properties to its proposed CLEC?

RESPONSE:

No. Qwest does not propose to launch its CLEC operations with QC assets or intellectual properties, nor does it propose to transfer QC assets or intellectual properties to QCC. QC will make certain services or functions available to QCC through a standard interconnection agreement between the company, or other arms-length transactions, consistent with Section 272 of the Telecommunications Act. QC does not have any current plans to transfer its assets or properties to QCC.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 01-021

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 021

General

What are Qwest's beliefs about the use of the name Qwest in both its ILEC and CLEC operations within Arizona?

RESPONSE:

Currently, it is anticipated that both QCC and QC will continue to use the Qwest brand. The ordering and billing systems, which support QC and QCC's operations, and their associated methods and procedures, have been and will continue to be developed and maintained in such a manner as to insure accurate and forthright information is provided to their respective customers.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 01-022

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 022

General

Does use of the name Qwest provide its CLEC an advantage over other CLECs and ILECs, including its own ILEC?

RESPONSE:

No.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 01-023

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 023

General

Will Qwest ILEC and CLEC operations have any joint management oversight? If so, how will Qwest ensure such management oversight will not be used to favor its CLEC operations?

RESPONSE:

QCC and QC are managed separately and independently in compliance with applicable separation and independent operation requirements, including section 272 of the Telecommunications Act.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 01-024

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 024

General

Will Qwest hire entirely new personnel to operate its proposed CLEC or transfer personnel for its ILEC operations? If ILEC personnel are transferred to CLEC, how will Qwest ensure that ILEC intellectual properties are not transferred?

RESPONSE:

QCC plans to use its existing personnel for existing operations and to hire from the general employment marketplace as needs arise in the future. QCC has no plans to transfer personnel from QC operations.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 01-025

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 025

General

If Qwest proposes to transfer personnel from its ILEC operations to its proposed CLEC, what imputed value should Qwest be assigned for personnel trained using ILEC resources?

RESPONSE:

See QCC's response to Staff 01-024 in this docket.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 01-026

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 026

General

If Qwest proposes transferring personnel from its ILEC operations, does Qwest propose transferring the associated pension and 401K funds? If so, does Qwest propose managing its ILEC and CLEC pension and 401K funds separately or jointly?

RESPONSE:

See QCC's response to Staff 01-024 in this docket.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 01-027

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 027

General

What does Qwest assume regarding its use of ILEC information for its CLEC operations? For example, does Qwest believe its ILEC CPNI rules will apply to its CLEC operations?

RESPONSE:

Under Section 272 of the federal Telecommunications Act, Qwest Corporation is subject to a non-discrimination requirement regarding information it shares with its Section 272 affiliate, QCC. Separate from this general information sharing non-discrimination requirement applicable to each Bell Operating Company (QC), the FCC has established uniform CPNI rules for all carriers. Both QC and QCC currently comply and will continue to comply with these CPNI rules as they apply to their respective local and long distance operations and customers.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 01-028

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 028

General

Will Qwest engage separate advertising agencies for its ILEC and CLEC operations?

RESPONSE:

No.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 01-029

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 029

General

How will Qwest ensure that its ILEC operations will not be dampened or diminished to advantage its proposed CLEC operations?

RESPONSE:

QC intends to compete on an equal footing with carriers who combine their interexchange and local exchange capabilities. There are already a variety of state, federal, and regulatory requirements that require separate and independent operations, including Section 272 of the Telecommunications Act.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 01-030

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 030

General

Does Qwest propose that its CLEC will buy services from its ILEC at the same wholesale and retail rates as other CLECs?

RESPONSE:

Yes. See also QCC's response to Staff 01-011 in this docket.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 01-031

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 031

General

What revenue requirement adjustments does Qwest propose be considered should significant market share move from its ILEC to its CLEC operations?

RESPONSE:

QCC does not anticipate a significant market share movement from QC to QCC.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 01- 032

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 032

General

Please describe in detail the business plan of the QCC CLEC. Please indicate whether the QCC CLEC will have separate business plans inside and outside of Qwest's ILEC service territory.

RESPONSE:

No. Qwest objects to this request because no Arizona law, regulation, or Commission rule requires a detailed business plan to be provided in order to obtain certification as a CLEC. Historically, the Commission routinely has permitted CLECs to gain certification without providing detailed business plans or business cases. If such a requirement did exist, it would amount to an improper barrier to market entry in violation of section 253 of the 1996 Telecommunications Act. Moreover, such information is confidential, proprietary trade secret information.

No detailed business plan currently exists for QCC's anticipated local service business. QCC is not aware of any Arizona law, regulation, or Commission rule that requires a detailed business plan to be provided in order to obtain certification as a CLEC. If such a requirement did exist, it would have to be administered on a competitively neutral basis in order to comply with Section 253 of the Telecommunications Act.

Subject to and without waiving these objections, Qwest states:

QCC's business plans for local exchange operations remain under development. The telecommunications market in Arizona and nationally remains very dynamic. Customer demand, especially in the large business, government and data services market segments require flexibility for any telecommunications provider to be able to respond in this highly competitive market. The QCC local service business plan will be built around developing the ability to offer customers a variety of local access services to be used in conjunction with other telecommunication and data services. These types of service configurations frequently require specific equipment; network capacity; and quality monitoring and assurance capabilities which vary by application.

In part the QCC local services business plan will likely be aimed at positioning QCC to be able to respond to large business and government customers. These customers more and more frequently, through Requests for Proposals (RFPs) or negotiated service agreements, seek a "single or sole source provider" for their local and long distance (both national and

international) telecommunications and data services needs. QCC has a history of success in meeting these needs for nationwide services, but has not been a strong competitor for the local service component. Future opportunities to meet these customer demands clearly require both local and national operations. Other competitive providers respond to these service demands through their existing fully integrated local and long distance service operations. The business plan calls for QCC to be an effective competitor and a viable choice for these customers by making available both local and nationwide services. Execution of that plan requires both local and long distance authority in Arizona.

The initial business plan will likely be designed to focus on the needs of some large customers that have integrated voice and data services which deliver information to both local and national locations. These large business customer needs frequently require a carrier that can support and arrange for very reliable and very high speed telecommunications services which are both local and national in operation. The QCC nationwide network was built to meet these needs and expansion into the local service market with these capabilities is a natural progression.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 01-033

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 033

General

Please provide the business case analysis for the QCC CLEC.

RESPONSE:

QCC does not understand Staff's definition of "business case analysis" and "business plan". Qwest does not differentiate between these terms. Therefore, QCC refers Staff to its response to 01-032 in this docket.

Respondent: John McCormick



FILE COPY

Tina M. Colvin
Lead Paralegal
1801 California
Suite 4900
Denver, CO 80202
303-672-2795
303-298-8197 (fax)
Tina.Colvin@qwest.com

July 26, 2004

Maureen A. Scott
Attorney, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

RECEIVED

VIA OVERNIGHT UPS

JUL 27 2004

LEGAL DIV.
ARIZ CORPORATION COMMISSION

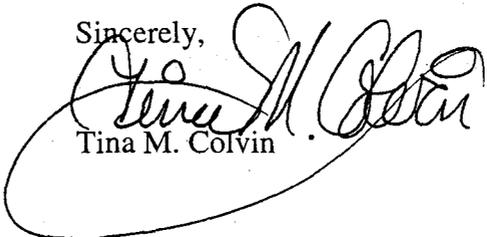
Re: In the Matter of Qwest Communications Corporation's Application and
Petition for Certificate of Convenience and Necessity to Provide Intrastate
Telecommunications Services
Docket No. T-02811B-04-0313

Dear Ms. Scott:

Enclosed please find Qwest Corporation's Responses to Staff's Second Set of Data Requests to
Qwest Corporation in the above-referenced matter.

Should you have any questions, please do not hesitate to contact me at (303) 672-2795.

Sincerely,


Tina M. Colvin

tmc

Enclosures

cc: Norm Curtright, Esq.
Tim Berg, Esq.
Monica Luckritz

CERTIFICATE OF SERVICE

I hereby certify that I have caused a true and correct copy of the foregoing Qwest Corporation's Responses to Staff's Second Set of Data Requests to Qwest Corporation, to be sent via overnight delivery on July 26, 2004, to the following:

John Bostwick
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 W. Washington St.
Phoenix, AZ 85007

Armando Fimbres
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 W. Washington St.
Phoenix, AZ 85007

Constance Fitzsimmons
Legal Division
ARIZONA CORPORATION COMMISSION
1200 W. Washington St.
Phoenix, AZ 85007

Marie Maya

Arizona
T-02811B-04-0313
STF 02-001

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 001

QCC indicates, by its response to STF 1.21, that the name "Qwest" will be used by ILEC and CLEC entities. Please explain, in detail, how customers will be able to differentiate the two separate operations for example:

Will the same call center personnel be used to answer calls directed to ILEC and CLEC operations?

RESPONSE:

No. A customer seeking QCC services, generally a medium or large business or governmental entity, whether for local exchange or interexchange services, will call a different number and speak with different personnel for sales, support, and service. There is no current plan for the QC local sales centers to handle QCC CLEC calls. However, service and other back office functions may be combined at some point in the future consistent with the FCC's March 17, 2004 order in docket 03-228 that permits ILECs to share operating, installation, and maintenance ("OI&M") functions.

Respondent: Qwest Legal

Arizona
T-02811B-04-0313
STF 02-002

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 002

Will customers trying to reach ILEC and CLEC business offices call the same number?

RESPONSE:

See Qwest's Response to Staff Set 2, Data Request No. 2.1.

Respondent: Qwest Legal

Arizona
T-02811B-04-0313
STF 02-003

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 003

Will customers trying to reach ILEC and CLEC service centers call the same number?

RESPONSE:

See Qwest's Response to Staff Set 2, Data Request No. 2.1.

Respondent: Qwest Legal

Arizona
T-02811B-04-0313
STF 02-004

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 004

QCC indicates, by its response to STF 1.28, that the same advertising agencies will be used by ILEC and CLEC entities. Please explain, in detail, how customers will be able to differentiate the two separate operations for example:

How will advertising agencies separate their operations to limit the sharing of ILEC and CLEC information?

RESPONSE:

QC and QCC will not divulge any information to advertising agencies that should not be shared between QC and QCC.

Respondent: Qwest Legal

Arizona
T-02811B-04-0313
STF 02-005

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 005

How will advertising collateral and media distinguish between the ILEC and CLEC operations?

RESPONSE:

47 U.S.C. Section 272 (g) provides for joint marketing between an RBOC and its affiliates. QCC is not aware of any requirement that advertising distinguish among affiliates.

Respondent: Qwest Legal

Arizona
T-02811B-04-0313
STF 02-006

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 006

How will Qwest Corporation ensure that advertising agencies do not direct niche marketing programs exclusively for one LEC operation? For example, might CLEC operations target customers in zip code 85258 while ILEC operations do not? Might ILEC operations target customers in zip code 85007 while CLEC operations do not?

RESPONSE:

Qwest is not aware of telecommunications marketing regulations that restrict "niche marketing".

Respondent: John McCormick, Qwest Manager

Arizona
T-02811B-04-0313
STF 02-007

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 007

Could customers, potentially, receive advertising media or telemarketing calls from CLEC and ILEC operations at virtually the same time?

RESPONSE:

In theory yes.

Respondent: John McCormick, Qwest Manager

Arizona
T-02811B-04-0313
STF 02-008

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 008

Will the same telemarketing centers be used by ILEC and CLEC operations?

RESPONSE:

Possibly. A customer seeking QCC services, generally a medium or large business or governmental entity, whether for local exchange or interexchange services, will call a different number and speak with different personnel for sales, support, and service. There is no plan for the QC local sales centers to handle QCC CLEC calls. However, service and other back office functions may be combined at some point in the future consistent with the FCC's March 17, 2004 order in docket 03-228 that permits ILECs to share operating, installation, and maintenance ("OI&M") functions.

With specific reference to telemarketing efforts, generally, QCC will target medium and large business and government customers with needs for both local and interexchange voice and data services. The sales organizations for such customers are separate from the sales organizations targeted towards residential and small business customers. Thus, the potential overlap for telemarketing centers would be for telemarketing efforts aimed at medium to large business and government customers for local services only (which would be directed by QC), which might overlap with sales efforts for both local and interLATA services to such customers (which would be led by QCC). Telemarketing is not commonly used to pursue these medium to large business and government customers, however.

Respondent: Qwest Legal

Arizona
T-02811B-04-0313
STF 02-009

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 009

The following questions relate responses given to questions contained in QCC Application:

Please indicate the services provided by QCC in addition to Competitive Local Exchange Service.

RESPONSE:

QCC as an Interexchange Carrier provides the following services: 1+ direct dialed long distance, 1-800 toll-free, 1-800 calling card, dial around, digital private line, ATM, Frame Relay, and operator services. See Qwest Communications Corporation's Tariff and Price List No.2 on file with the Arizona Corporation Commission. In addition to the tariffed services, QCC also provides unregulated services such as internet access.

Respondent: Sharon Alvarado, Regulatory Support Manager

Arizona
T-02811B-04-0313
STF 02-010

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 010

Has QCC entered into either an Interconnection Agreement or a commercially negotiated agreement with Qwest Corporation. If so, please provide a copy.

RESPONSE:

QCC has requested an Interconnection Agreement with QC. The parties have not executed this agreement. Following execution, QC will file with the ACC.

Respondent: John McCormick, Qwest Manager

Arizona
T-02811B-04-0313
STF 02-011

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 011

Please provide copies of the State commission orders approving QCC's application to provide Competitive Local Exchange Service in the States of Washington, Oregon, Montana, Idaho, Iowa, Minnesota, Colorado and Wyoming. Please provide copies of any other subsequent State commission orders (within the 14-state Qwest region) approving Qwest's application to operate as a CLEC.

RESPONSE:

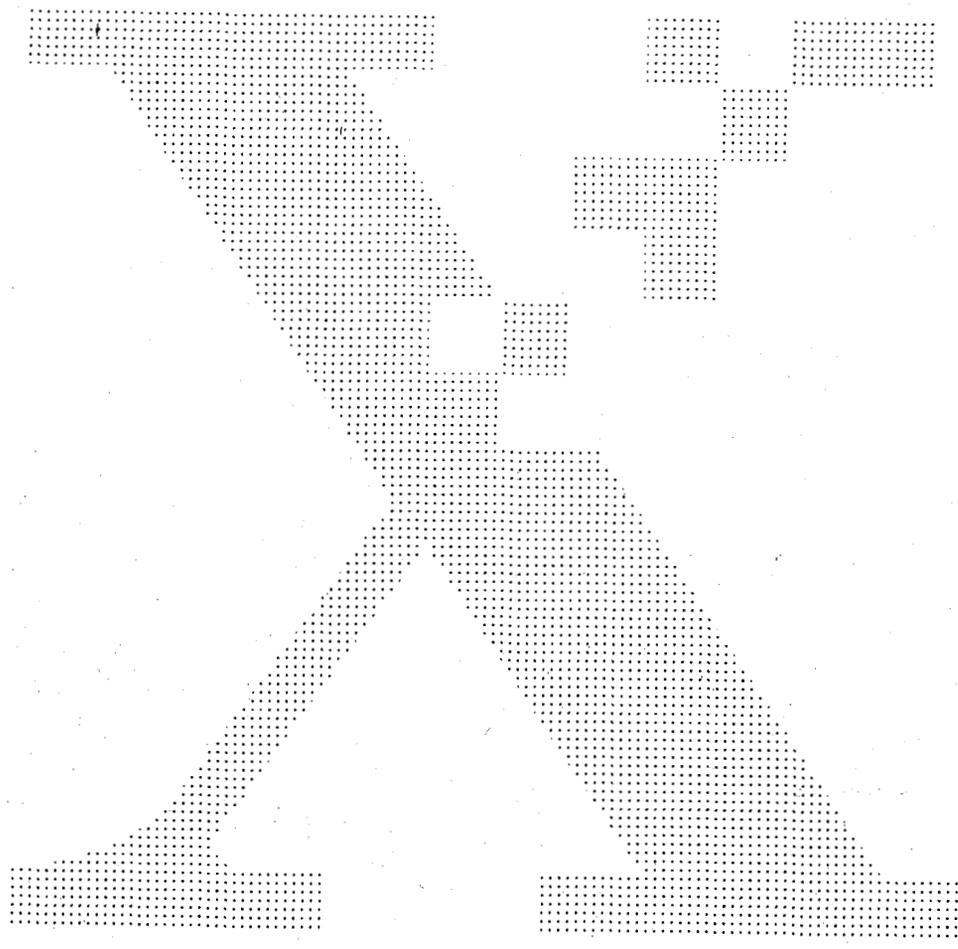
See Attachments "A" which provide the requested information. There is no Order for Montana; rather, Attachment A directs the Staff to the website that contains QCC's CLEC Registration Information and, provides a copy of that information.

Respondent: John McCormick, Qwest Manager

txcolvi

ATTACHMENT "A"
ARIZONA - DOCKET NO. T-02811B-04-
0313
STAFF SET 2, NO. 11

12-11-03 MPUC Order (03-1401).pdf
07/22/04 02:01 PM



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendraye
Marshall Johnson
Ken Nickolai
Phyllis A. Reha
Gregory Scott

Chair
Commissioner
Commissioner
Commissioner
Commissioner

DEC 12

In the Matter of the Application of Qwest
Communications Corporation to Amend its
Certificate of Authority to Provide Facilities-
Based and Resold Local Service

ISSUE DATE: December 11, 2003

DOCKET NO. P-5096/M-03-1401

ORDER GRANTING APPLICATION
SUBJECT TO CONDITIONS AND SETTING
OPERATIONAL REQUIREMENTS

PROCEDURAL HISTORY

On October 13, 1999, this Commission granted Qwest Communications Corporation (QCC) a conditional certificate of authority under Minn. Stat. § 237.16, subd. 1 to provide facilities-based and resold telecommunications service in all Minnesota telephone exchanges served by GTE Minnesota or by US WEST Communications, now Qwest Corporation.¹ QCC is an affiliate of Qwest Corporation, an incumbent local exchange carrier and a Regional Bell Operating Company serving over half the land lines in this state.

On September 2, 2003, QCC filed an application to amend its certificate of authority to include all exchanges served by Frontier Communications of Minnesota; Sprint Minnesota, Inc.; Sherburne County Rural Telephone Company; Integra Telecom of Minnesota, Inc.; Sleepy Eye Telephone Company; TDS-Arvig Telephone Company; Bridge Water Telephone Company; East Otter Tail Telephone Company; Hutchinson Telephone Company; Lakedale Telephone Company; Mankato Citizens Telephone Company d/b/a HickoryTech; and Mid-Communications.

On September 17, 2003, the Department of Commerce (the Department) filed initial comments on the application. The Department recommended granting the application on condition that QCC not provide service in any new exchange until it had submitted and the Commission had approved

¹ *In the Matter of an Application of Qwest Communications Corporation for a Certificate of Authority to Provide Long Distance, Local Niche and Facilities-Based and Resold Local Exchange Services, Docket No. P-5096/NA-99-939, summary order dated October 13, 1999.*

three documents: (1) a 911 plan for that exchange; (2) an interconnection agreement with the incumbent local exchange carrier serving that exchange; and (3) tariffs for the new service. The Department also recommended requiring Qwest to amend its 911 Agreement with the state and local public safety jurisdictions under Minn. Stat. § 403.01 to reflect the expansion of its service territory.

On September 22, 2003, nine of the incumbent local exchange carriers affected by the application filed an objection to it, preventing the application's automatic approval under Minn. Stat. § 237.16, subd. 4. The objecting carriers were Arvig Telephone Company, Bridge Water Telephone Company, East Otter Tail Telephone Company, Hutchinson Telephone Company, Lakedale Telephone Company, Mankato Citizens Telephone Company, Mid-Communications, Sherburne County Rural Telephone Company, and Sleepy Eye Telephone Company.

The objecting carriers opposed the application on grounds that if QCC used certain Qwest network facilities to terminate traffic in the new exchanges, it would exacerbate existing problems in identifying originating carriers for purposes of billing access charges and reciprocal compensation fees.

On October 29, 2003, the Department filed supplemental comments stating, among other things, that it had conducted discovery and determined that QCC would not be using Feature Group C technology, the technology causing the carrier identification problems cited by the objecting carriers, in the new exchanges. The Department continued to recommend approving the application with the conditions cited in its initial comments.

On November 18, 2003, the objecting carriers filed a response to the Department's supplemental comments, asking the Commission to condition approval of the application on two requirements: (1) that QCC not use Feature Group C technology in serving the new exchanges; and (2) that QCC pass along all originating call information that it handles, to facilitate proper billing of access charges and reciprocal compensation fees.

On December 4, 2003, the application came before the Commission.

FINDINGS AND CONCLUSIONS

I. The Legal Standard

Under Minn. Stat. § 237.16, subd. 1, the Commission is to grant certificates of authority to provide local telecommunications service to applicants who have demonstrated that they possess the technical, managerial, and financial resources to provide the proposed service under terms and conditions the Commission finds to be consistent with fair and reasonable competition, with universal service, with Commission rules, and with the provision of affordable telephone service at a quality consistent with Commission rules.

Once applicants have been granted authority under Minn. Stat. § 237.16, subd. 1, subsequent applications to expand their service areas are considered approved unless the Commission or an interested party raises an objection within 20 days. Minn. Stat. § 237.16, subd. 4. An objection must explain why the proposed service area expansion is inconsistent with the public interest.² An objection shifts to the applicant the burden of proving that it has the technical, managerial, and financial resources to provide local service in the new exchanges consistent with the requirements of Minnesota law.³

II. Commission Action

The Commission concurs with the applicant and the Department that QCC has the technical, managerial, and financial resources to provide local service meeting the requirements of Minnesota statutes and Commission rules in the new exchanges. QCC has previously demonstrated this capacity for its original service area, and there is nothing in the record to suggest that the proposed expansion would strain its resources to the point of jeopardizing service consistent with Minnesota law.

The Commission concurs with the Department that approval of the expansion should be conditioned upon QCC's compliance with 911, interconnection agreement, and tariff filing requirements. The Company has indicated its agreement and its intention to meet these requirements.

Further, the Commission concurs with the objecting carriers that approval of the expansion should be conditioned upon QCC not using Feature Group C technology to serve the new exchanges and upon QCC passing along originating call information to facilitate proper billing of access charges and reciprocal compensation fees. Fair competition requires clear, effective, and efficient procedures for identifying the originating carriers of traffic transported by competitors' facilities.

While its discovery responses indicate that QCC does not have plans to use Feature Group C technology in serving the new exchanges, placing clear conditions on the amended certificate is a reasonable precaution, given QCC's close operational relationship with Qwest, which does use the potentially problematic technology. Placing clear conditions on the amended certificate is also an effective means of promoting the regulatory certainty on which robust competition depends.

Finally, the Commission rejects QCC's claim that it is inappropriate to attach situation-specific conditions to this service territory expansion. The local certification statute anticipates that the Commission will conduct an individualized examination of each application for local authority and will "prescribe the terms and conditions upon which construction or service delivery may be

² Minn. Rules 7811.0300, subp. 5; Minn. Rules 7812.0300, subp. 5.

³ Minn. Rules 7811.0300, subp. 5; Minn. Rules 7812.0300, subp. 5.

carried on”⁴ and will issue a certificate of authority “under terms and conditions the Commission finds to be consistent with fair and reasonable competition, universal service, the provision of affordable telephone service at a quality consistent with Commission rules, and the Commission’s rules.”⁵

In this case, those terms and conditions include a prohibition against the use of Feature Group C technology and a requirement to pass along all originating call information that QCC handles, to facilitate proper billing of access charges and reciprocal compensation fees.

The Commission will so order.

ORDER

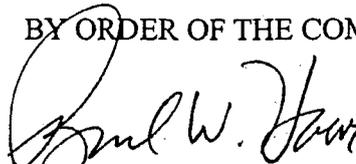
1. The Commission hereby grants QCC’s request to amend its certificate of authority, subject to the condition that QCC not provide service in any exchange until it has met the following conditions for that exchange:
 - (A) Commission approval of a QCC 911 plan for the exchange;
 - (B) Commission approval of an interconnection agreement with the incumbent carrier serving the exchange;
 - (C) Commission approval of tariffs for service rendered in the exchange;
 - (D) QCC’s amendment of its 911 Agreement with the state and the relevant local public safety jurisdictions under Minn. Stat. Chapter 403; and
 - (E) QCC’s execution of exchange of traffic agreements with incumbent local exchange carriers serving adjoining exchanges through Extended Area Service, to implement QCC’s extended calling plan.
2. QCC shall not use Feature Group C technology to serve the exchanges this Order authorizes it to serve.
3. QCC shall pass along all originating call information that it handles, to facilitate proper billing of access charges and reciprocal compensation fees.

⁴ Minn. Stat. § 237.16, subd. 1 (a) (1).

⁵ Minn. Stat. § 237.16, subd. 1 (b).

4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

A handwritten signature in dark ink, appearing to read "Earl W. Haar". The signature is written in a cursive style with a large initial "E".

Earl W. Haar
Executive Secretary

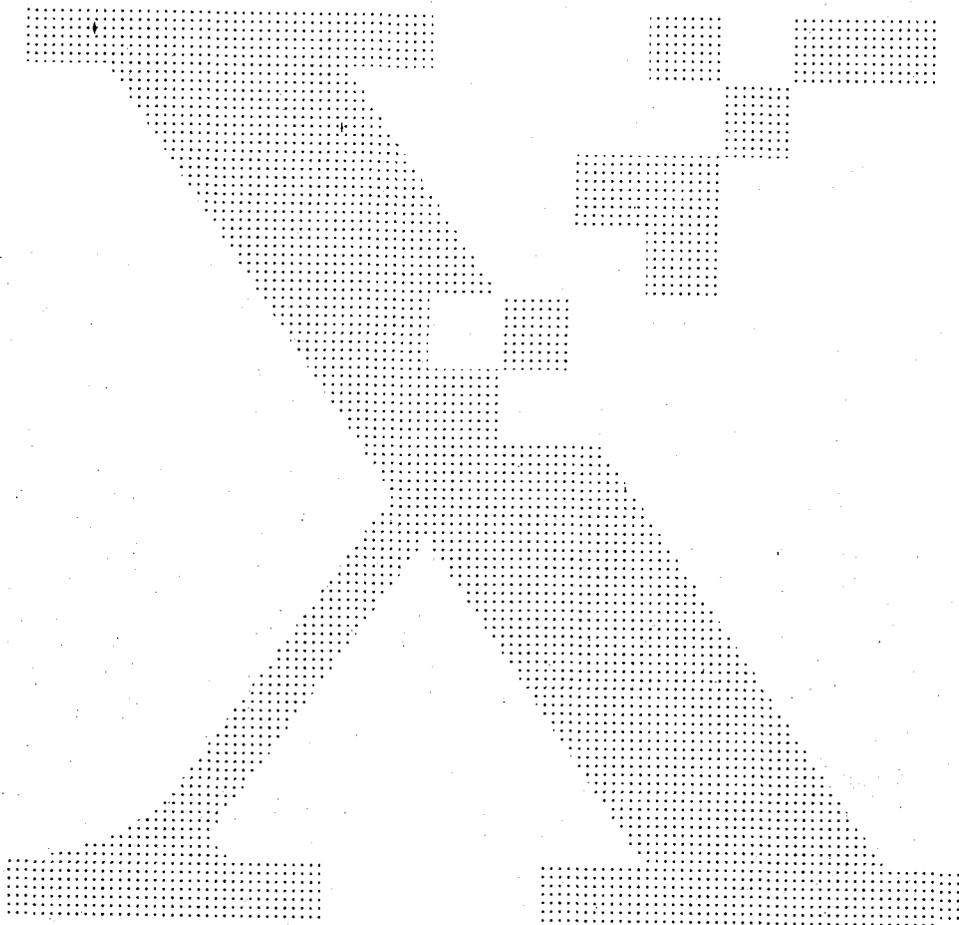
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This document can be made available in alternative formats (i.e., large print or audio tape) by calling (651) 297-4596 (voice) or 1-800-627-3529 (TTY relay service).

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STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: QWEST COMMUNICATIONS CORPORATION	DOCKET NOS. TCU-03-13 WRU-03-48-419
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ORDER GRANTING APPLICATION AND WAIVER

(Issued September 16, 2003)

On August 4, 2003, Qwest Communications Corporation (QCC) filed with the Utilities Board (Board) an application for a certificate of public convenience and necessity pursuant to Iowa Code § 476.29 (2003), stating its intention to provide local exchange telecommunications service in Iowa outside of the areas currently being served by its affiliate, Qwest Corporation (Qwest). The application has been identified as Docket No. TCU-03-13. QCC has provided financial statements and the qualifications of its company officers.

On September 2, 2003, Iowa Telecommunications Services, Inc., d/b/a Iowa Telecom (Iowa Telecom), filed comments in this docket. Iowa Telecom stated that while it does not intend to participate in this docket, it does request that QCC notify all affected local exchange carriers when it files its tariffs with the Board for the completion of the certification process. No other comments were received.

Iowa Code § 476.29(2) provides that a local exchange carrier shall not be denied a certificate if the Board finds that the applicant "possesses the technical,

financial, and managerial ability to provide the service it proposes to render and the board finds the service is consistent with the public interest.”

The Board has reviewed QCC's application and finds the necessary technical, financial, and managerial abilities to provide local exchange service have been demonstrated. The Board also finds it is in the public interest to approve QCC's application.

Iowa Code § 476.29(4) requires that each certificate define the service territory in which landline local telephone service will be provided and authorizes the Board to promulgate rules establishing the requirements for filing maps showing the service territory. Subrule 199 IAC 22.20(3) requires that all utilities have maps on file with the Board that show exchange boundaries.

QCC states that it intends to provide service throughout Iowa outside of Qwest's service territory. QCC also states that it may be providing services through combinations of resale, the use of unbundled network elements, or by the construction of its own facilities and, as such, QCC states that it will commence the appropriate interconnection agreement negotiations with incumbent local exchange utilities. QCC states that after interconnection and operational arrangements for providing service are complete, it will file appropriate tariffs and maps with the Board prior to offering services.

QCC has not filed proposed tariffs for Board approval setting out the prices, terms, and conditions of QCC's local exchange service in Iowa. In addition, QCC has

not stated it will support a 2-PIC methodology for dialing parity. The Board finds that a certificate should not be issued to QCC until it has approved tariffs on file with the Board and has stated its commitment to support a 2-PIC methodology.

QCC also requests the Board waive the requirements of 199 IAC 16.5, 18.2, and 22.3(1). The waiver request has been identified as Docket No. WRU-03-48-419.

QCC requests a waiver of 199 IAC 16.5(2), which requires the keeping of a records accounting system in accordance with the FCC uniform system of accounts. QCC states it will maintain its books in accordance with generally accepted accounting principles (GAAP). The Board finds this waiver should be granted since records kept in accordance with GAAP accounting have been acceptable for a competitive local exchange service provider.

QCC also requests the requirements of 199 IAC 18.2 be waived. The rule requires that a regulated public utility keep its records in Iowa. The Board will grant the waiver based on QCC's statement that it will make the records available to the Board upon request.

QCC also requests a waiver of 199 IAC 22.3(1), requiring it to independently publish a directory. The Board will grant the waiver based upon QCC's statement that it will arrange for its customers to be included in the directories published in the areas it provides local exchange service.

Rule 199 IAC 1.3 states that the Board may waive its rules if it finds, based upon clear and convincing evidence, that the application of the rule would pose an

undue hardship, the waiver would not prejudice the substantial legal rights of any person, the provisions waived are not specifically mandated by statute, and substantially equal protection of public health, safety, and welfare will be afforded after the waiver. The Board has considered the waiver requests as described above and finds that the waiver meets the four criteria of the rule and the evidence in support of the waiver is clear and convincing.

Adherence to these rules would be an undue hardship on QCC because each rule would involve additional expense without necessity or benefit. The Board finds there are no substantial legal rights of any person that are affected by these waivers and there is no statute that specifically mandates the actions waived. Additionally, the Board finds that there will be substantially equal protection for health, safety, and welfare provided since the actions waived will be completed under different circumstances.

IT IS THEREFORE ORDERED:

1. The application for a certificate of public convenience and necessity filed by Qwest Communications Corporation on August 4, 2003, is granted subject to the requirements that follow.
2. The Board will issue a certificate of public convenience and necessity allowing Qwest Communications Corporation to provide local exchange service upon a commitment to support a 2-PIC methodology for dialing parity and upon approval of

tariffs reflecting the prices, terms, and conditions of local exchange service in Iowa. At the time Qwest Communications Corporation files proposed tariffs with the Board, it must give notice to all affected carriers.

3. Before offering local exchange services, Qwest Communications Corporation shall file with the Board appropriate maps that designate its exchange boundaries pursuant to Iowa Code § 476.29(4) and 199 IAC 22.20(3).

4. The waiver of 199 IAC 16.5(2), 18.2, and 22.3(1), identified as Docket No. WRU-03-48-419, is granted as described in this order.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

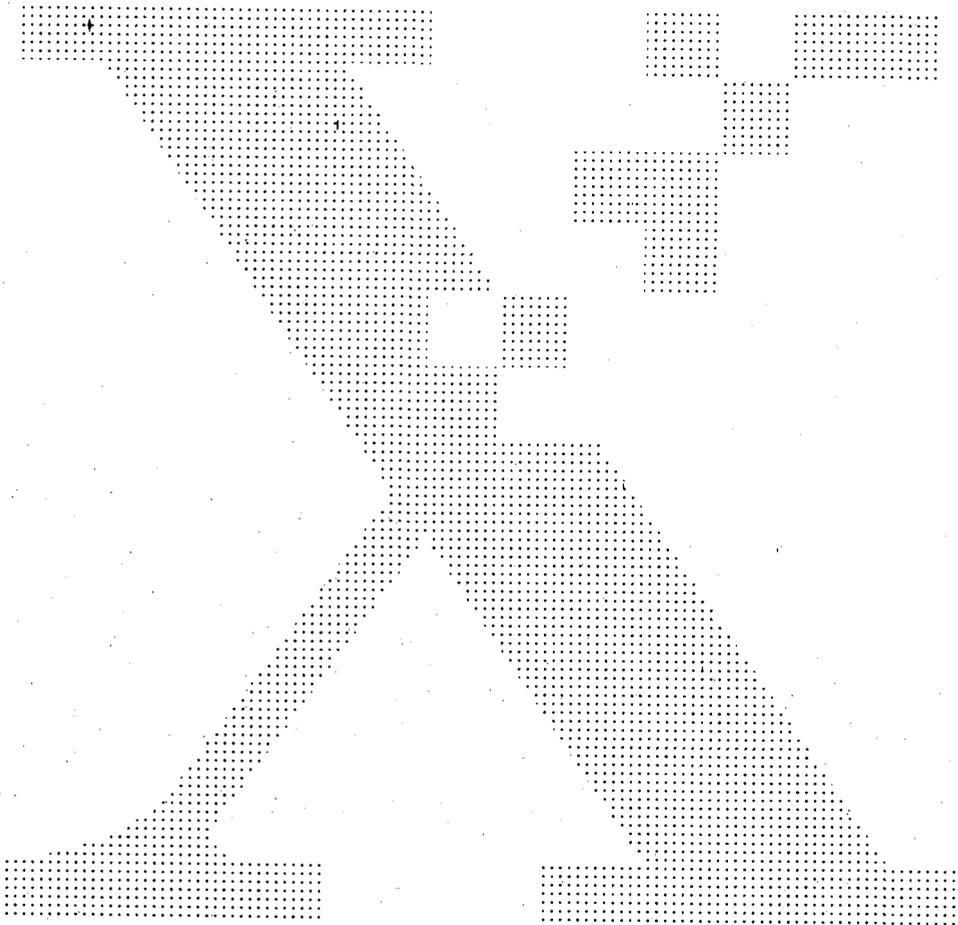
/s/ Elliott Smith

Dated at Des Moines, Iowa, this 16th day of September, 2003.

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State of Washington

WASHINGTON

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UTILITIES AND TRANSPORTATION
COMMISSION

REGISTRATION

OF

QWEST LD CORP.

AS A COMPETITIVE
TELECOMMUNICATIONS COMPANY

DOCKET NUMBER UT- 021260

October 30, 2002

EFFECTIVE DATE

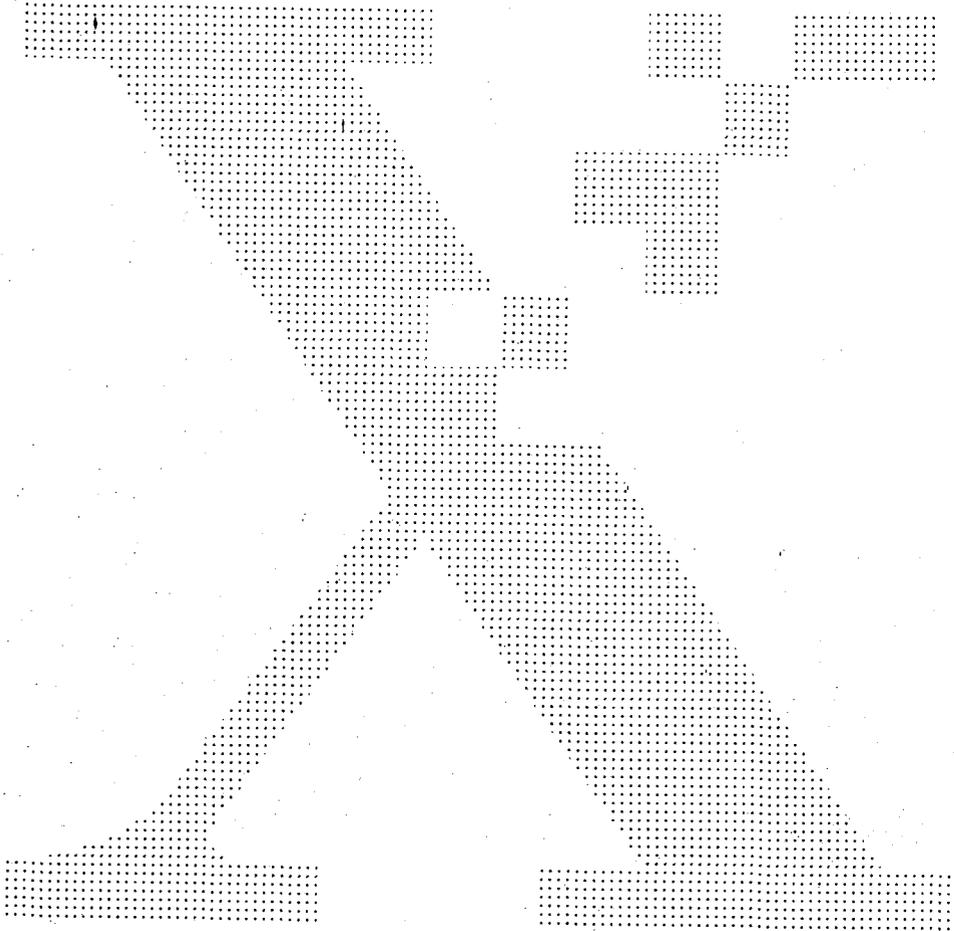
CAROLE J. WASHBURN, SECRETARY

CERTIFICATE IS NOT TRANSFERABLE

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CO 04A-083T (Qwest) Order Grant'g Appl (C04-0:
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Decision No. C04-0348

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 04A-083T

IN THE MATTER OF THE APPLICATION OF QWEST COMMUNICATIONS CORPORATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES IN THE STATE OF COLORADO.

ORDER GRANTING APPLICATION

Mailed Date: April 2, 2004
Adopted Date: March 31, 2004

I. BY THE COMMISSION

A. Statement and Findings of Fact

1. On February 26, 2004, Qwest Communications Corporation, (QCC) filed an application for a Certificate of Public Convenience and Necessity to provide local exchange telecommunications services throughout the State of Colorado. 4 *Code of Colorado Regulations* (CCR) 723-25-4.

2. Notice of the application was posted on the Commission's web site on March 1, 2004. Interventions were due on or before March 22, 2004. None were filed.

3. On March 16, 2004, QCC supplemented its application to address questions posed by Staff of the Commission.

B. Discussion

4. The application is unopposed and may be considered without a hearing. § 40-6-109(5), C.R.S.

5. Granting the application of QCC is consistent with the legislative policy statements contained in §§ 40-15-101, 40-15-501, and 40-15-502, C.R.S.

6. Before providing local exchange and emerging competitive telecommunications services, QCC must: (1) have effective tariffs for its services on file with the Commission; and (2) comply with all statutory and regulatory requirements applicable to telecommunications providers subject to the jurisdiction of the Commission. 4 CCR 723-25-4.1.10.

II. ORDER

A. The Commission Orders That:

1. Qwest Communications Corporation's application is deemed complete.
2. Qwest Communication Corporation is granted a Certificate of Public Convenience and Necessity to provide local exchange telecommunications services throughout the State of Colorado. A detailed description of the applicant's service territory will be delineated in the local exchange maps filed with the tariff.
3. Qwest Communication Corporation's local exchange telecommunications services will be regulated under the default regulatory scheme contained in 4 CCR 723-38.
4. Qwest Communications Corporation shall serve customers in its service territory on a non-discriminatory basis. "Service territory" shall be defined as that portion of Colorado included in the local exchange maps provided with the applicant's tariffs. However, Qwest Communications Corporation shall not be required to extend service to customers where the underlying facilities-based provider has no facilities.
5. Unless the Commission orders otherwise, Qwest Communications Corporation shall begin providing local exchange and emerging competitive telecommunications services

within three years after the grant of this Certificate of Public Convenience and Necessity. 4 CCR 723-25-6.

6. Before commencing operations under this Certificate of Public Convenience and Necessity to provide local exchange telecommunications services Qwest Communications Corporation shall file an Advice Letter containing local exchange maps, local calling areas, and a proposed tariff to become effective on not less than 30 days' notice. 4 CCR 723-1-41. Qwest Communications Corporation may also file a separate price list with the proposed tariff.

7. If Qwest Communications Corporation fails to file an effective tariff within three years from the Mailing Date of this Order, this Certificate of Public Convenience and Necessity to provide local exchange telecommunications services shall be deemed null and void. For good cause shown, and if a proper request is filed within three years of the Mailing Date of this Order, the Commission may grant Qwest Communications Corporation additional time within which to file a tariff.

8. In accordance with the Commission's Rules of Practice and Procedure, Qwest Communications Corporation will be required to maintain its books of accounts and records using Generally Accepted Accounting Principles. 4 CCR 723-1-25(c).

9. Consistent with terms and conditions established in previous Commission decisions, Qwest Communications Corporation will be required to contribute to the Public Utilities Commission's Fixed Utilities Fund, the Colorado High Cost Support Mechanism, the Telecommunications Relay Services for the Disabled Telephone Users Program, the Emergency Telephone Access Act Program (Low Income Fund), and other financial support mechanisms

that may be created in the future by the Commission to implement §§ 40-15-502(4) and (5), C.R.S.

10. This Order is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
March 31, 2004.**

(SEAL)



ATTEST: A TRUE COPY

Bruce N. Smith
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

GREGORY E. SOPKIN

POLLY PAGE

JIM DYER

Commissioners

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION OF)
 QWEST COMMUNICATIONS CORPORATION) CASE NO. QCC-T-04-1
 FOR AN AMENDMENT TO CERTIFICATE OF)
 PUBLIC CONVENIENCE AND NECESSITY NO.)
 402 TO PROVIDE LOCAL EXCHANGE) ORDER NO. 29514
 TELECOMMUNICATIONS SERVICES.)**

On September 3, 2002, the Commission issued Certificate No. 402 to Qwest Communications Corporation (QCC) granting it authority to provide basic local telecommunications exchange services within Verizon Northwest Inc.'s service area. On April 12, 2004, QCC filed an Application for an amendment to its CPCN to enable it to provide local services throughout the State of Idaho, including within the service area of Qwest Corporation (QC), QCC's parent corporation. The Commission on May 12, 2004, issued a Notice of Application and Notice of Modified Procedure to process QCC's Application.

Staff reviewed the Application and filed written comments. Staff stated its concern that customers could be confused with two different companies named Qwest offering basic local exchange service in the same marketplace. Staff requested clarification from QCC regarding its intentions to provide services. QC's director of regulatory affairs clarified that QCC did not intend to actively seek residential and small business customers. Instead, according to the information provided to Staff, QCC desires the authority to provide related services to customers in large business markets where it intends to actively market its services on a regional or national basis. QCC may have an opportunity to provide service to large customers with remote offices that would qualify as small businesses, and the Company stated it needed flexibility to provide basic local exchange service to those customers under a single corporate entity. Staff recommended the Commission approve the amendment to QCC's Certificate, and that the Commission be prepared to respond if marketing efforts by QCC and QC result in customer confusion.

Written comments were also filed by the Idaho Telephone Association. As it has in other cases where CLECs are requesting authority to provide services throughout the state, ITA recommended the Order approving the Certificate to QCC recognize the exemption of rural

telephone carriers from the obligations of incumbent local exchange carriers under Section 251(c) of the 1996 Telecommunications Act.

The Commission finds that Qwest Communications Corporation has satisfied all the requirements of the applicable statutes and the Commission's Rules for an amendment to its Certificate of Public Convenience and Necessity. The Commission therefore approves the Application of Qwest Communications Corporation. If the Company makes a bona fide request for interconnection with a rural telephone company, Section 251(f)(1)(B) of the Telecommunications Act requires that notice of its request be submitted to the Commission.

ORDER

IT IS HEREBY ORDERED that the Application for amendment to Qwest Communications Corporation's Certificate of Public Convenience and Necessity is granted to enable the Company to provide basic local exchange services within the State of Idaho. Furthermore, this grant of the amendment to QCC's Certificate is subject to the exemption of rural telephone carriers, if applicable, from the obligations of incumbent local exchange carriers as set forth in Section 251(c) of the 1996 Act, until such time as the requirements for lifting the exemption have been met.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No. QCC-T-04-1 may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders previously issued in this Case No. QCC-T-04-1. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

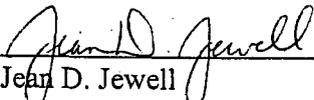
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 7th
day of June 2004.


PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


DENNIS S. HANSEN, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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This is an electronic copy. Attachments may not appear.

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

CP 1041
UM 460, CP 341, UM 397, CP 327, CP 611

In the Matter of,)	
)	
QWEST COMMUNICATIONS CORPORATION)	ORDER
)	
Application for a Certificate of Authority to)	
Provide Telecommunications Service and)	
Classification as a Competitive Provider.)	

DISPOSITION: CP 1041, APPLICATION GRANTED; AND
UM 460, ORDER NO. 92-344, CERTIFICATE OF AUTHORITY CANCELED;
CP 341, ORDER NO. 97-353, CERTIFICATE OF AUTHORITY CANCELED;
UM 397, ORDER NO. 91-886, CERTIFICATE OF AUTHORITY CANCELED;
CP 327, ORDER NO. 98-365, CERTIFICATE OF AUTHORITY CANCELED;
CP 611, ORDER NO. 99-360, CERTIFICATE OF AUTHORITY CANCELED.

Note: By issuing this certificate, the Commission makes no endorsement or certification regarding the certificate holder's rates or service.

The Application

On March 5, 2002, Qwest Communications Corporation (Applicant or QCC) filed with the Commission an application for certification to provide telecommunications service in Oregon as a competitive provider. Applicant seeks to provide intraexchange (local exchange) telecommunications service in areas coextensive with all exchanges of the telecommunications utilities and cooperative corporations listed in Appendices A and B to this order. Applicant also seeks to provide interexchange telecommunications service statewide in Oregon.

Applicant proposes to provide intraexchange (local exchange) switched service (i.e., local dial tone), and non-switched, private line service (dedicated transmission service) within all exchanges of the telecommunications utilities and cooperative corporations listed in Appendices A and B to this order. Applicant will operate as a reseller and as a facilities based provider of local exchange service. Applicant may

construct its own lines or transport facilities for intraexchange service. Applicant may purchase unbundled network elements, as well as finished services for resale, from other certified carriers for intraexchange service.

Applicant also proposes to provide interexchange switched service (toll) and private line service (dedicated transmission service) statewide in Oregon. Applicant will operate as a reseller and as a facilities based provider of interexchange service. Applicant may construct its own lines or transport facilities for interexchange service. Applicant may purchase unbundled network elements, as well as finished services for resale, from other certified carriers for interexchange service.

Operator services are part of switched telecommunications service. Applicant will directly provide operator services as defined in OAR 860-032-0001. Applicant will not be an 'operator service provider' as defined in ORS 759.690(1)(d). Commission rule OAR 860-032-0007 and Oregon statute ORS 759.690 establish conditions regarding provision of operator services.

Docket UM 823

In docket UM 823 the Commission is currently investigating the entry of Qwest Corporation (Qwest) into in-region, interLATA telecommunications service under Section 271 of the Telecommunications Act of 1996 (the Act). Qwest is a former Bell Operating Company, and pursuant to the Act, neither Qwest, QCC, nor any of their affiliates may provide interLATA service in Qwest's fourteen state region until authorized to do so by the Federal Communications Commission. This application proceeding, docket CP 1041, has no bearing on the Commission investigation in docket UM 823. The fact that we grant QCC's application here shall not be construed to have any bearing on, or implications regarding, Commission findings and recommendations in docket UM 823.

Affiliates and Related Certificates of Authority

Applicant, QCC, currently has authority to provide intraexchange service in the local exchanges of its affiliate Qwest Corporation (Qwest) and Verizon Northwest Inc. (Verizon) and to provide interexchange service statewide in Oregon. *See* Order No. 99-360, docket CP 611, dated June 10, 1999. In the application before us, QCC requests authority to continue to provide interexchange service statewide and to provide intraexchange service in exchanges of all incumbent local exchange carriers including Qwest and Verizon. With the granting of authority requested by QCC, Order No. 99-360 becomes superfluous, therefore, the Commission will cancel that certificate of authority in this order.

Applicant, QCC, is affiliated with several entities that are certified to provide telecommunications service in Oregon. In the past, QCC advised the Commission of various internal mergers, which resulted in some of those entities ceasing to exist or

ceasing operations. In the cover letter which accompanied the application in this docket, QCC requested that the Commission cancel four certifications for three affiliates in order to reflect the internal mergers. The three affiliates are LCI International Telecom Corp., Phoenix Network, Inc., and U S WEST Long Distance, Inc. There were errors in the cover letter which accompanied QCC's application. However, the errors were resolved by Staff Request No. 1 and QCC's response to it. The Commission will cancel the authority granted by the certificates of authority, as follows:

<u>Entity</u>	<u>Order No.</u>	<u>Docket</u>
LCI International Telecom Corp.	92-344	UM 460
LCI International Telecom Corp.	97-353	CP 341
Phoenix Network, Inc.	91-886	UM 397
U S WEST Long Distance, Inc.	98-365	CP 327
Qwest Communications Corporation	99-360	CP 611

Some of QCC's affiliates will remain in business and their certificates of authority will not be canceled by this order. Those affiliates and their current certifications are as follows:

- Qwest Corporation, a telecommunications utility, is the incumbent local exchange carrier in 64 exchanges in Oregon. *See* Order No. 86-1237, docket UM 70. Also, Qwest is the Designated Carrier for intraLATA toll service in all exchanges in Oregon except those of Verizon and United Telephone Company of the Northwest, dba Sprint (Sprint). *See* Order No. 93-1133, docket UM 384, Attachment page 8, and *see* Order No. 86-1237, docket UM 70.
- Qwest is also certified as a competitive local exchange carrier and as a competitive telecommunications provider for interexchange service in all exchanges in Oregon, except those of Malheur Home Telephone Company and the 64 exchanges where Qwest is the incumbent local exchange carrier. *See* Order No. 00-590, docket CP 808.
- Malheur Home Telephone Company dba Malheur Bell is a telecommunications utility and is the incumbent local exchange carrier in four exchanges in eastern Oregon. *See* Order No. 86-1184, docket UM 121.
- USLD Communications, Inc., aka U. S. Long Distance, Inc. (USLD), is a competitive provider. (USLD is a different entity from U S WEST Long Distance, Inc., listed above.) USLD is certified to provide interexchange service statewide in Oregon. *See* Order No. 91-267, docket UM 371. USLD is also certified to provide competitive, intraexchange telecommunications service in all exchanges of Qwest, Verizon, and Sprint. *See* Order No. 97-134, docket CP 208.

Procedure and Protests

The Commission served notice of the application on the Commission's telecommunications mailing list on March 12, 2002. Protests were due at the Commission office by 5 p.m. on April 1, 2002. On April 1, 2002, the Commission received a timely protest from Tribal One Broadband Technologies, LLC, dba ORCA Communications (ORCA).¹ ORCA is made a party to this application proceeding. The protestant did not request a hearing. On April 2, 2002, an Administrative Law Judge (ALJ) with the Commission issued a ruling that adopted procedures for processing this docket. The ALJ set a procedural schedule. On April 15, 2002, Applicant responded to the protest.

Applicant, QCC, points out, and the Commission notes, that the protestant appears to believe that the applicant is Qwest Corporation (Qwest), an incumbent telecommunications utility. Applicant is Qwest Communications Corporation (QCC), which is a competitive provider, not a utility. However, QCC and Qwest are affiliated.

ORCA listed six reasons for its protest. In addition, it stated possible affects on its operations if the Commission grants QCC's application. Both ORCA and HREC have been issued certificates of authority to provide intraexchange and interexchange non-switched, private line service (dedicated transmission service) throughout Oregon. See Order No. 02-077, docket CP 998, issued February 4, 2002 for ORCA. See Order No. 01-880, docket CP 971, issued October 25, 2001 for HREC.

Protest Reason (1): ORCA states that Qwest is defined as a telecommunications utility under ORS 759.005(1)(a) and does not meet any of the requirements of ORS 759.005(1)(b) which would define QCC otherwise. The applicant is QCC, not Qwest. Qwest is a utility. QCC applied for authority as a competitive provider and will act only as a competitive provider. Therefore, QCC meets the definition of ORS 759.005(1)(b)(C), and pursuant to ORS 759.020(5), the Commission will classify QCC as a competitive provider.

Protest Reason (2): ORCA states that under Section 272 of the Act Qwest may provide competitive services only by using a separate affiliate. In docket UM 823, Qwest states that QCC is the 'Section 272' affiliate which Qwest will use to provide interLATA telecommunications service.

Protest Reason (3): ORCA states that QCC is subject to regulation under OAR Chapter 860, Division 021, by definition in 860-021-0008. Qwest is a utility and is subject to OAR Chapter 860, Division 021. Applicant, QCC, is not a utility and is not subject to Division 021.

¹ On April 4, 2002, the Commission received a virtually identical protest from Hood River Electric Cooperative (HREC). The protest from HREC was not timely filed. Since HREC's protest is virtually identical to that from ORCA, discussion of ORCA's protest effectively is a discussion of both protests.

Protest Reason (4): ORCA states that QCC is subject to regulation under OAR Chapter 860, Division 022, by definition in 860-022-0001. Qwest is a utility and is subject to OAR Chapter 860, Division 022. Applicant, QCC, is not a utility and is not subject to Division 022.

Protest Reason (5): ORCA states that QCC is subject to regulation under OAR Chapter 860, Division 028, by definition in 860-028-0020. Qwest is a utility and is subject to OAR Chapter 860, Division 028. Applicant, QCC, is not a utility and is not subject to Division 028 as an owner of poles, ducts, conduits, or rights-of-way. However, Applicant is subject to Division 028 as a licensee or occupant attaching its facilities to poles or conduits owned by utilities. This condition applies to all competitive providers, but it does not provide grounds for denying an application.

Protest Reason (6): ORCA states that QCC currently maintains a certificate of authority based on conditions set forth in OAR 860-032-0007, in particular, paragraphs (2) and (3). As described above QCC, who is the Applicant, and Qwest both have certificates of authority. Both are subject to OAR 860-032-0007. Subsections (2) and (3) of that rule apply to Qwest, the telecommunications utility, however, those two subsections do not apply to competitive providers such as QCC. Administrative rule OAR 860-032-0007 lists conditions which apply to holders of certificates of authority, but the rule does not provide grounds for denying an application.

ORCA also states that the certification of "Qwest" would allow Qwest to use its considerable resources to create predatory pricing, thereby degrading the business plans of competitive providers to a point where they are infeasible. Applicant responds that this is speculation. The protestant did not offer any evidence that QCC, or Qwest for that matter, have engaged in predatory pricing or other illegal conduct. If ORCA finds that QCC does engage in illegal conduct or does violate conditions of its certificate of authority, then ORCA may bring a complaint to the Commission or take other appropriate legal action.

ORCA did not provide grounds for the Commission to deny QCC's application or for the Commission to place extraordinary restrictions on QCC's certification. Therefore, we will grant the application subject to conditions referenced to or listed in this order.

On April 25, 2002, the Commission Staff (Staff) distributed a proposed order for review by the parties.

The Commission has reviewed the proposed order, the exceptions, and the record in this matter. Based on a preponderance of the evidence, the Commission makes the following:

FINDINGS AND CONCLUSIONS

Applicable Law

Applications to provide telecommunications service and for classification as a competitive telecommunications service provider are filed pursuant to ORS 759.020. ORS 759.020 provides that:

(1) No person [or] corporation * * * shall provide intrastate telecommunications service on a for-hire basis without a certificate of authority issued by the Public Utility Commission under this section.

* * * * *

(5) The commission may classify a successful applicant for a certificate as a telecommunications utility or as a competitive telecommunications services provider. If the commission finds that a successful applicant for a certificate has demonstrated that services it offers are subject to competition or that its customers or those proposed to become customers have reasonably available alternatives, the commission shall classify the applicant as a competitive telecommunications services provider. * * * For purposes of this section, in determining whether telecommunications services are subject to competition or whether there are reasonably available alternatives, the commission shall consider:

- (a) The extent to which services are available from alternative providers in the relevant market.
- (b) The extent to which services of alternative providers are functionally equivalent or substitutable at comparable rates, terms and conditions.
- (c) Existing economic or regulatory barriers to entry.
- (d) Any other factors deemed relevant by the commission.

Applications to provide local exchange (intraexchange) telecommunications service are reviewed pursuant to ORS 759.050, the "competitive zone law." Under ORS 759.050(2)(a), the Commission may:

Certify one or more persons, including another telecommunications utility, to provide local exchange telecommunications service within the local exchange telecommunications service area of a certified telecommunications utility, if the commission determines that such authorization would be in the public interest. For the purpose of determining whether such authorization would be in the public interest, the commission shall consider:

- (A) The effect on rates for local exchange telecommunications service customers both within and outside the competitive zone.
- (B) The effect on competition in the local exchange telecommunications service area.
- (C) The effect on access by customers to high quality innovative telecommunications service in the local exchange telecommunications service area.
- (D) Any other facts the commission considers relevant.

Under ORS 759.050(2)(b), the Commission shall:

Upon certification of a telecommunications provider under paragraph (a) of this subsection, establish a competitive zone defined by the services to be provided by the telecommunications provider and the geographic area to be served by the telecommunications provider.

Under ORS 759.050(2)(c), the Commission may:

Impose reasonable conditions upon the authority of [the applicant] to provide competitive zone service within the competitive zone * * * at the time of certification of a telecommunications provider, or thereafter.

Subsection (5)(a) of ORS 759.050 provides that:

Unless the commission determines that it is not in the public interest at the time a competitive zone is created, upon designation of a competitive zone, price changes, service variations, and modifications of competitive zone services offered by a telecommunications utility in the zone shall not be subject to ORS 759.180 to ORS 759.190 [notice, hearing and tariff suspension procedures], and at the telecommunications utility's discretion, such changes may be made effective upon filing with the commission.

OAR 860-032-0015(1) authorizes the Commission to suspend or cancel the certificate if the Commission finds that (a) the holder made misrepresentations when it filed the application, or (b) the certificate holder fails to comply with the terms and conditions of the certificate.

Designation as a Competitive Provider

Applicant has met the requirements for classification as a competitive telecommunications service provider. Applicant's customers or those proposed to become customers have reasonably available alternatives. The incumbent telecommunications utilities and cooperative corporations, listed in Appendices A and B, provide the same or

similar local exchange services in the local service area requested by Applicant. AT&T, WorldCom, Sprint Communications, Qwest, Verizon, and others provide interexchange telecommunications service in the service area requested by Applicant. Subscribers to Applicant's services can buy comparable services at comparable rates from other vendors. Economic and regulatory barriers to entry are relatively low.

Conditions of the Certificate

There are several conditions listed in the application. Oregon Administrative Rules relating to certificates of authority are generally included in OAR Chapter 860, Division 032. Conditions applicable to certificate holders include, but are not limited to the following: OAR 860-032-0007, 860-032-0008, 860-032-0011, 860-032-0012, 860-032-0013, 860-032-0015, 860-032-0045, 860-032-0060, 860-032-0090, and 860-032-0095. The conditions listed in the application and those contained in Oregon Administrative Rules are adopted and made conditions of this certificate of authority. A condition of this certificate of authority is that Applicant shall comply with applicable laws, Commission rules, and Commission orders related to provision of telecommunications service in Oregon.

The Commission first applied the competitive zone law, ORS 759.050, in dockets CP 1, CP 14, and CP 15. After full evidentiary hearings and consideration of the public interest criteria set forth in ORS 759.050(2)(a), the Commission designated three competitive providers of switched local exchange services as alternate exchange carriers or competitive local exchange carriers (CLECs) in the Portland metropolitan area. See Order No. 96-021. The Commission subsequently applied those findings and conclusions to dockets CP 132, CP 139, and CP 149, and certified two CLECs to provide switched local exchange services in areas located throughout the state.

The Commission takes official notice of the record in dockets CP 1, CP 14, and CP 15.² In Order No. 96-021, the Commission established conditions applicable to CLEC certificates. Since Applicant proposes to offer local exchange service, it seeks certification as a CLEC. Pursuant to ORS 759.050(2)(c) and Order No. 96-021, Applicant as a CLEC shall comply with the following conditions:

1. Applicant shall terminate all intrastate traffic originating on the networks of other telecommunications utilities, competitive providers, and cooperative corporations that have been issued a certificate of authority by the Commission.
2. Whenever Applicant terminates intrastate long distance traffic directly or indirectly from interexchange carriers or from its own toll network to its end user customers, Applicant shall contribute to the Oregon Customer Access Fund (OCAF), or its equivalent, in accordance with provisions of

² Under OAR 860-014-0050(2), a party may object to facts noticed within 15 days of notification that official notice has been taken. The objecting party may explain or rebut the noticed facts.

the Oregon Customer Access Plan (OCAP) or any successor plan approved by the Commission. Applicant shall contribute using rates approved by the Commission on intrastate terminating carrier common line access minutes, or on any other basis determined by the Commission. Applicant may not participate in (i.e., receive money from) pooling arrangements established under the OCAP or any successor plan unless authorized by the Commission.

3. Applicant shall comply with the Oregon Exchange Carrier Association's (OECA) informational and operational needs as specified by the OCAP or any successor plan approved by the Commission.
4. Applicant shall offer E-911 service. Applicant has primary responsibility to work with the E-911 agencies to make certain that all users of their services have access to the emergency system. Applicant will deliver or arrange to have delivered to the correct 911 Controlling Office its customers' voice and dialable Automatic Number Identification (ANI) telephone numbers so the lead 911 telecommunications service provider can deliver the 911 calls to the correct Public Safety Answering Point (PSAP). Applicant shall work with each 911 district and lead 911 telecommunications service provider to develop database comparison procedures to match Applicant's customer addresses to the 911 district's Master Street Address Guide in order to obtain the correct Emergency Service Number (ESN) for each address. Applicant shall provide the lead 911 telecommunications service provider with daily updates of new customers, moves, and changes with the correct ESN for each.
5. Applicant shall not take any action that impairs the ability of other certified telecommunications utilities, competitive providers, or cooperative corporations to meet service standards specified by the Commission.
6. At the request of the Commission, Applicant shall conduct and submit to the Commission traffic studies regarding traffic exchanged with telecommunications service providers and other entities designated by the Commission.
7. For purposes of distinguishing between local and toll calling, applicant shall adhere to local exchange boundaries and Extended Area Service (EAS) routes established by the Commission. Applicant shall not establish an EAS route from a given local exchange beyond the EAS area for that exchange.
8. When Applicant is assigned one or more NXX codes, Applicant shall limit each of its NXX codes to a single local exchange or rate center, whichever

is larger, and shall establish a toll rate center in each exchange or rate center proximate to that established by the telecommunications utility or cooperative corporation serving the exchange or rate center.

9. Applicant shall comply with universal service requirements as determined by the Commission.
10. Any obligation regarding interconnection between Applicant and the telecommunications utilities and cooperative corporations listed in Appendices A and B to this order shall be governed by provisions of the Telecommunications Act of 1996 (the Act), including but not limited to sections 251 and 252 of the Act (47 USC §§ 251 and 252), as well as the applicable rules and regulations of the Federal Communications Commission and this Commission implementing the Act. Order No. 96-021 will govern the interconnection obligations between such parties for the provision of switched local services, unless otherwise addressed by an interconnection agreement or the Commission modifies the principles established in Order No. 96-021.
11. If Applicant provides services to a subscriber who, in turn, resells the services, including operator services, then Applicant and the subscriber must comply with ORS 759.690 and OAR 860-032-0007.
12. Applicant shall pay an annual fee to the Commission pursuant to ORS 756.310, 756.320, and 756.350 and OAR 860-032-0008, 860-032-0080, 860-032-0090, and 860-032-0095. By November 1, of each year, the Commission will set the fee level that is to be based on gross retail intrastate revenues for the following calendar year. The minimum annual fee is \$100. Applicant is required to pay the fee for the preceding calendar year by April 1.
13. Pursuant to Oregon Laws 1987, chapter 290, sections 2-8, and to OAR chapter 860, division 033, Applicant shall be responsible to ensure that the Residential Service Protection Fund surcharge is remitted to the Commission. This surcharge is assessed against each paying retail subscriber at a rate that is set annually by the Commission.

In recognition of Applicant's affiliation with Qwest Corporation, and the potential for Qwest to favor Applicant over other competitive providers, and the fact that Applicant may only offer interLATA telecommunications service subject to Sections 271 and 272 of the Act (47 USC §§ 271, 272), Applicant (QCC) shall comply with the following conditions.

14. Applicant shall not enter into arrangements with its affiliate, Qwest, that discriminate between, or provide preferential treatment for, Applicant over

other competitive interexchange carriers in regards to rates, terms, or conditions for:

- a. The provision of access to Qwest local exchange network;
 - b. The provision of customer billing, collection, verification and credit card information, and related services; or
 - c. The provision of other products and services such as shared or joint use of facilities and equipment, customer dialing codes, maintenance, testing and repair services, market promotions and advertised services, network information, and customer and market information. QCC's and Qwest's joint marketing and sale of service permitted by Section 272(g) of the Act (47 USC § 272(g)) shall not be construed to violate the provisions of this Condition 14.
15. Applicant shall comply with all applicable laws, including Sections 251, 271, and 272 of the Act (47 USC §§ 252, 272, 272), and Applicant shall comply with all applicable regulations, rules, and orders of the Federal Communications Commission (FCC).
 16. Applicant shall not offer or provide intrastate, interLATA telecommunications service in Oregon until the FCC has granted final approval of Qwest's petition to authorize Applicant's provision of in-region, interLATA service under Section 271 of the Act (47 USC § 271).

Public Interest

In Order No. 93-1850, docket UM 381, the Commission considered the public interest aspects of local exchange competition for dedicated transmission service. In dockets CP 1, CP 14, and CP 15, Order No. 96-021, the Commission made several public interest findings regarding local exchange competition in general.

With regard to the general factual conclusions relevant to this proceeding, the Commission adopts the Commission's Findings of Fact and Opinion in docket UM 381, Order No. 93-1850, at pages 4-6, and the Commission's Findings and Decisions in dockets CP 1, CP 14, and CP 15, Order No. 96-021 at pages 6-21, entered pursuant to ORS 759.050(2)(a)(A)-(C). The Commission takes official notice of the record in dockets UM 381, CP 1, CP 14, and CP 15.

Based on a review of those findings, as well as information contained in the application, the Commission concludes that it is in the public interest to grant the application of Qwest Communications Corporation to provide local exchange telecommunications service as a competitive telecommunications provider in exchanges

of the telecommunications utilities and cooperative corporations listed in Appendices A and B, as described in the application. Further, it is in the public interest to grant statewide interexchange authority as described in the application.

This finding will have no bearing on any determination the Commission may be called upon to make under sections 251 or 252 of the Act (47 USC § 251, 252) with regard to the telecommunications utilities and cooperative corporations in this docket.

Competitive Zones

All the exchanges of the telecommunications utilities and cooperative corporations listed in the appendices to this order are designated competitive zones pursuant to ORS 759.050(2)(b).

Pricing Flexibility

Cooperative telephone companies are generally not regulated by the Commission for local exchange services, and therefore already have pricing flexibility for local exchange service. Telecommunications utilities which are exempt under ORS 759.040 from the provisions of ORS 759.180 to 759.190 already have pricing flexibility for local exchange service. This order has no effect on any ORS 759.040 exemption. However, if one of those telecommunications utilities loses its ORS 759.040 exemption from provisions of ORS 759.180 to 759.190, for any reason, it will automatically become eligible for an exemption under ORS 759.050(5)(a) to (d), as described below.

In Order No. 93-1850, docket UM 381, the Commission granted pricing flexibility for dedicated transmission service at the same time the Commission granted the certificate of authority. Therefore, the telecommunications utilities listed in Appendix A are granted pricing flexibility for dedicated transmission service in their respective exchanges by this order.

With regard to the general factual conclusions relevant to this proceeding and intraexchange, switched telecommunications service, the Commission adopts the Commission's Findings and Decisions in dockets CP 1, CP 14, and CP 15, Order No. 96-021 at pages 82 and 83, entered pursuant to ORS 759.050(5)(a) to (d). The telecommunications utilities listed in Appendix A, will gain pricing flexibility for intraexchange, switched service on an exchange-by-exchange basis under ORS 759.050(5) if:

1. Applicant, or an authorized CLEC, has received a certificate of authority to provide local exchange service;
2. The telecommunications utility files a tariff that satisfies the Commission's requirements regarding the provision of interim number portability, as set forth in Order No. 96-021, and the Commission approves the tariff; and

3. Staff notifies the Commission that a mutual exchange of traffic exists between the telecommunications utility and an authorized CLEC, including but not limited to, Applicant. If Staff previously provided the required notice regarding an exchange, no additional notice is required for that exchange.
 - (a) As used in paragraph 3 above, "mutual exchange of traffic" means a mutual exchange of traffic between the telecommunications utility and the CLEC within the telecommunications utility's exchange.
 - (b) As used in paragraph 3 above, for a CLEC who is a reseller (i.e., a CLEC does not use its own lines or switches to provide the particular service at issue), a "mutual exchange of traffic" exists when the CLEC orders and receives one service, at a wholesale rate, from the telecommunications utility for resale pursuant to a certificate granted under ORS 759.050.

Qwest Corporation has satisfied requirement No. 2, above. *See* Order No. 96-277, docket UT 130. Verizon has satisfied requirement No. 2, above. *See* Order No. 96-278, docket UT 129.

ORDER

IT IS ORDERED that:

1. The application of Qwest Communications Corporation to provide intraexchange switched service and non-switched dedicated transmission service, and to provide the interexchange switched service (toll) and dedicated transmission service, as described in the application, is in the public interest and is granted with conditions described in this order.
2. Applicant is designated as a competitive telecommunications provider for intraexchange service in the local exchanges of the telecommunications utilities and cooperative corporations listed in Appendices A and B. In addition, Applicant is designated as a competitive telecommunications provider for interexchange service statewide in Oregon. Applicant, QCC, may not provide interLATA service until authorized to do so by the FCC.
3. The local exchanges of the telecommunications utilities and cooperative corporations listed in Appendices A and B are designated as competitive zones.

4. Any obligation regarding interconnection between Applicant and the telecommunications utilities and cooperative corporations listed in Appendices A and B shall be governed by the provisions of the Telecommunications Act of 1996 (the Act), including but not limited to sections 251 and 252 of the Act (47 USC §§ 251 and 252), as well as the applicable rules and regulations of the Federal Communications Commission and this Commission implementing the Act. Order No. 96-021 will govern the interconnection obligations between such parties for the provision of switched local services, unless otherwise addressed by an interconnection agreement or the Commission modifies the principles established in Order No. 96-021.
5. No finding contained in this order shall have any bearing on any determination the Commission may be called upon to make under sections 251 or 252 of the Act (47 USC § 251 or 252) with regard to the telecommunications utilities and cooperative corporations listed in appendices to this order.
6. The telecommunications utilities listed in Appendix A shall receive pricing flexibility on an exchange-by-exchange basis as set forth in this order.
7. Pursuant to ORS 759.050(2)(c), Applicant shall comply with Commission imposed universal service requirements as a condition of authority to provide local exchange service.

8. The authority granted to each certificate holder listed below, by the orders shown for each entity, is hereby canceled:

<u>Entity</u>	<u>Order No.</u>	<u>Docket</u>
LCI International Telecom Corp.	92-344	UM 460
LCI International Telecom Corp.	97-353	CP 341
Phoenix Network, Inc.	91-886	UM 397
U S WEST Long Distance, Inc.	98-365	CP 327
Qwest Communications Corporation	99-360	CP 611

Made, entered, and effective _____.

Roy Hemmingway
Chairman

Lee Beyer
Commissioner

Joan Smith
Commissioner

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to applicable law.

APPENDIX A

CP 1041

EXCHANGES ENCOMPASSED BY THE APPLICATION:

ALL EXCHANGES OF THE TELECOMMUNICATIONS
UTILITIES LISTED BELOW

Telecommunications Utilities Not Exempt Pursuant to ORS 759.040

CenturyTel of Eastern Oregon, Inc.
CenturyTel of Oregon, Inc.
Qwest Corporation
United Telephone Company of the Northwest, dba Sprint
Verizon Northwest Inc.

Telecommunications Utilities Exempt Pursuant to ORS 759.040

Asotin Telephone Company
Cascade Utilities, Inc.
Citizens Telecommunications Company of Oregon
Eagle Telephone System, Inc.
Helix Telephone Company
Home Telephone Company
Malheur Home Telephone Company
Midvale Telephone Exchange
Monroe Telephone Company
Mt. Angel Telephone Company
Nehalem Telephone & Telegraph Co.
North-State Telephone Company
Oregon Telephone Corporation
Oregon-Idaho Utilities, Inc.
People's Telephone Company
Pine Telephone System, Inc.
Roome Telecommunications, Inc.
Trans-Cascade Telephone Company

APPENDIX B

CP 1041

EXCHANGES ENCOMPASSED BY THE APPLICATION:

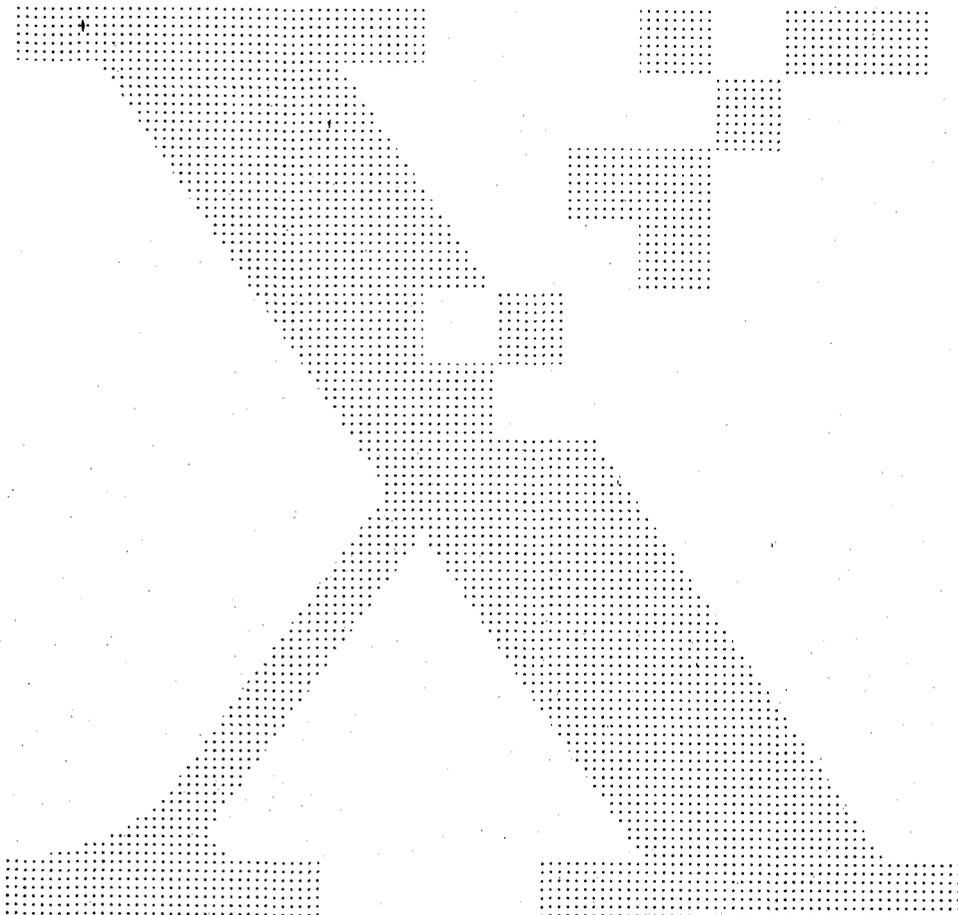
ALL EXCHANGES OF THE COOPERATIVE
CORPORATIONS LISTED BELOW

Beaver Creek Cooperative Telephone Company
Canby Telephone Association
Clear Creek Mutual Telephone
Colton Telephone Company
Gervais Telephone Company
Molalla Telephone Company
Monitor Cooperative Telephone Co.
Pioneer Telephone Cooperative
Scio Mutual Telephone Association
St. Paul Cooperative Telephone Association
Stayton Cooperative Telephone Co.

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ATTACHMENT "A"
ARIZONA - DOCKET NO. T-02811B-04-
0313
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PUBLIC SERVICE COMMISSION

STATE OF NORTH DAKOTA

Certificate of Public Convenience and Necessity

Certificate Number 5130

This is to certify that public convenience and necessity require, and permission is granted for Qwest Communications Corporation, a telecommunications public utility, to provide statewide local exchange telecommunications services, with facilities, in North Dakota.

This certificate is issued in Case No. PU-04-160 and is conditioned upon Qwest Communications Corporation securing the franchise or other authority of the proper municipal or other authority for the exercise of these rights and privileges.

Bismarck, North Dakota, July 21, 2004.

ATTEST:

PUBLIC SERVICE COMMISSION

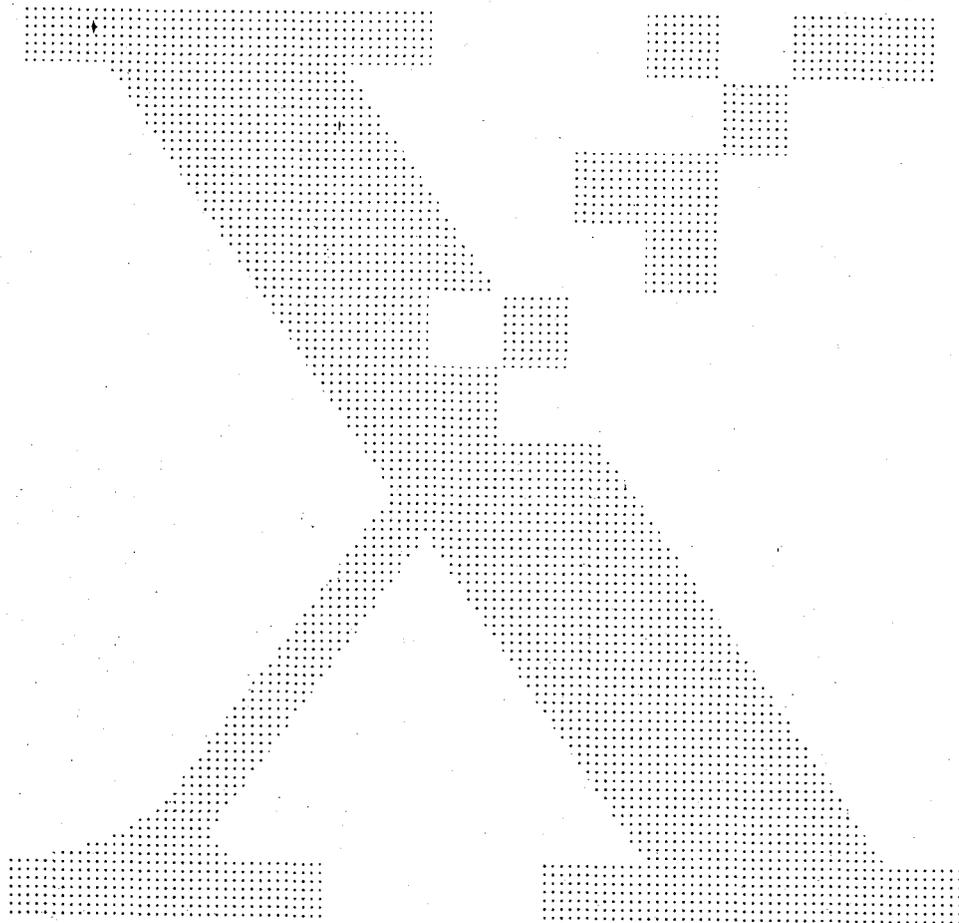

Executive Secretary


Commissioner

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ATTACHMENT "A"
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0313
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<http://www.psc.state.mt.us/Telecom/tcView.asp?id=782>

Registration Details For Selected Carrier

Company Information

Company Name: Qwest Communications Corporation
Address: 1801 California
Suite 5100
Denver, CO 80202 US
Phone: (703) 363-3819
Toll-Free: (888) 524-0011
Fax: (703) 363-4404

Regulatory Contact Person

Name: Cheryl A. Gillespie
Address: 441 North Park Avenue
P.O Box 1716
Helena, MT 59624 US
Phone: (406) 441-7144
Fax: (703) 363-4404
Email: Cheryl.Gillespie2@qwest.com

Description of Existing Telecommunications Operations and General Service Areas in any Other Jurisdictions:

Qwest Communications Corporation is a facilities based provider of local, intraLATA toll and interexchange voice and data telecommunications services throughout the United States. Qwest also installs fiber optic communications systems for other communications companies. Qwest has completed its Qwest Macro Capacity Fiber Network, a fiber optic network that employs a

SONET ring architecture covering in excess of 16,285 domestic miles and connects more than 125 cities.

Parent Company Information

Company Name: Qwest Communications International, Inc.

Phone: (800) 860-2255

The names, principal addresses and telephone numbers of any subsidiary and/or affiliate companies:

LCI International Telecom Corp. 555 Seventeenth Street Denver, CO 80202 1-800-860-2255

USLD Communications, Inc. 555 Seventeenth Street Denver, CO 80202 1-800-860-2255

Phoenix Network, Inc. 555 Seventeenth Street Denver, CO 80202 1-800-860-2255

Telecommunications Service(s) Company Intends to Provide in Montana

Local Exchange Service - Combination(facilities-based & resale)

Long Distance Service - Facilities-based

Other Services - Private line services; ATM-Frame Relay, ISDN services; directory assistance, operator services, calling card services

Towns or Geographic Areas in Montana Served by This Company:

Qwest intends to provide local, long distance, and private line service throughout the state of Montana.

Markets Served:

Qwest intends to provide local, long distance and private line service throughout the state of Montana.

Description of Facilities and Equipment Used to Provide Service in Montana:

SONET Fiber Optic Network, Special Access Facilities, Local Loops, Unbundled Transport and Voice and Data Switching Technologies.

Does the company intend to draw from the universal service fund or other explicit support funds? No

Does the company intend to seek PSC designation as an eligible telecommunications carrier? No

Has a court or state or federal regulatory agency taken formal action against the company that resulted in penalty or sanction within the last 5 years? No

Is The Company incorporated? Yes

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ATTACHMENT "A"
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0313
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LCI was rolled into QCC, no detailed document available

Filing for:

Company: LCI International Telecom Corp.

Docket #: UT-960859 Status: Closed

Filing type: Petition

Industry: Telecommunications

Lead Staff: Rebecca Beaton

Filed: 07/01/96

Effective:

Closed: 07/30/98

Summary:

Petition to amend classification as a competitive telecommunications company to include its provision of competitive local exchange services in the state of Washington and to continue the waiver of certain regulatory requirements.

Docket Sheets: Documents Schedule Orders Misc. All docket sheets.

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ATTACHMENT "A"
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0313
STAFF SET 2, NO. 11

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BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

IN THE MATTER OF THE APPLICATION OF)
QWEST COMMUNICATIONS) DOCKET NO. 70099-TA-
02-1
CORPORATION FOR A CERTIFICATE) (RECORD NO.
7748)
OF PUBLIC CONVENIENCE AND)
NECESSITY TO PROVIDE CONCURRENT)
LOCAL EXCHANGE TELECOMMUNICATIONS)
SERVICES IN THE STATE OF WYOMING)

NOTICE AND ORDER
(Issued January 10, 2003)

This matter is before the Commission upon the application of Qwest Communications Corporation, hereinafter referred to as QCC or the Company, for a concurrent Certificate of Public Convenience and Necessity to provide local exchange telecommunications services, on a resale basis, in the state of Wyoming, in the service areas of Qwest Corporation.

The Commission, having reviewed the application, its files regarding QCC, applicable telecommunications law, and otherwise being fully advised in the premises, FINDS and CONCLUDES:

1. QCC is a telecommunications company as defined by W.S. § 37-15-103(a)(xi) and, as such, subject to the Commission's jurisdiction pursuant to the provisions of W.S. § 37-15-401.

2. QCC filed its application on August 15, 2002, seeking a Certificate of Public Convenience and Necessity to provide concurrent local exchange services, on a resale basis, within the state of Wyoming. QCC stated, in its application, that it plans to provide local exchange services in the areas presently served by Qwest Communications. QCC further stated that, at this time, it proposes to provide basic local exchange service to business customers and other such services that are available to it on a wholesale basis pursuant to an interconnection agreement that it expects to enter into with Qwest Communications.

3. Section 253(a) of the federal Telecommunications Act of 1996 provides that "[no] State or local statute or regulation, or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications service."

4. W.S. § 37-15-201(b) provides that "[t]he Commission shall grant a concurrent certificate of public convenience and necessity to provide local exchange service . . . if it finds, after notice and opportunity for hearing, that the applicant possesses sufficient technical, financial and managerial resources to provide safe, adequate and reliable local exchange services within the identified geographic areas."

5. W.S. § 37-15-203(a) provides that the "[P]rices for telecommunications services which have not been determined by the legislature or the commission to be competitive shall be regulated by the commission in accordance with this section."

6. Pursuant to W.S. § 37-15-204(a), local telecommunications companies shall file with the Commission, price schedules showing all competitive and noncompetitive services terms, conditions and prices.

7. QCC is a Delaware corporation with its principal place of business located in Denver, Colorado. QCC is a wholly-owned subsidiary of Qwest Services Corporation, which is a wholly-owned subsidiary of Qwest Communications International, Inc. QCC is licensed to operate as a foreign corporation in the state of Wyoming.

8. To support its position that it possesses the requisite technical, financial and managerial resources to operate as a local exchange telecommunications company, QCC provided the financial statements of its parent Qwest Communications International, Inc., and a summary of the professional qualifications of its managerial team that will be directly involved in the Company's Wyoming operations. QCC further states that it is the fourth largest long-distance company in the United States and provides facilities-based and resold interexchange voice, data and video communications services outside of the fourteen state region of its affiliated company, Qwest Communications.

9. QCC's application is generally consistent with the clear intent of both the federal Telecommunications Act of 1996 and the Wyoming Telecommunications Act of 1995 to promote competition in the telecommunications industry. The Commission finds and concludes that QCC has demonstrated that it possesses sufficient technical, financial and managerial resources to provide safe, adequate and reliable service as required by W.S. § 37-15-201(b). The Commission further concludes that QCC has supported its application and that it should therefore, be approved, subject to notice, protest, opportunity for hearing, change and such further order, as the Commission may deem appropriate.

10. QCC's application is on file with the Commission at its offices in Cheyenne, Wyoming, and may be inspected by any interested persons during regular business hours.

11. Anyone wishing to request a hearing, file a statement, representation or protest this application must do so on or before February 7, 2003.

12. If you wish to intervene in this matter and/or request a public hearing that you will attend and you require reasonable accommodation for a disability, please contact the Public Service Commission at (307) 777-7427 or write to the PSC, 2515 Warren Avenue, Suite 300, Cheyenne, Wyoming 82002 to make arrangements. Communications impaired persons may also contact the Commission by accessing Wyoming Relay by dialing 711. Please mention the docket number when you call or write.

13. The Commission directs that the public notice in this matter be in the following form:

PUBLIC NOTICE

Qwest Communications Corporation has applied to the Wyoming Public Service Commission (PSC) for a concurrent Certificate of Public Convenience and Necessity to provide local exchange telecommunications service, on a resale basis, in the areas presently served by Qwest Communications, within the state of Wyoming. Qwest Communications Corporation states that its intent, at this time, is to provide its services to business customers.

You may review the Company's application at the PSC's offices located in Cheyenne, Wyoming, during regular business hours.

To intervene, request a hearing, file a statement or protest this application, you must file with the PSC, mentioning Docket No. 70099-TA-02-1, on or before February 7, 2003.

If you wish to participate and require reasonable accommodation for a disability, call the PSC at (307) 777-7427 or write the PSC at 2515 Warren Avenue, Suite 300, Cheyenne, Wyoming 82002. Communications impaired persons may also contact the Commission through Wyoming Relay by dialing 711. Please mention the docket number when you call or write.

Dated January 10, 2003.

IT IS THEREFORE ORDERED THAT:

1. Pursuant to open meeting action taken on December 19, 2002, the application of Qwest Communications Corporation for a concurrent Certificate of Public Convenience and Necessity to provide resold local exchange telecommunications services in the service areas presently served by Qwest

Communications in the state of Wyoming, should be, and hereby is approved, effective immediately, subject to notice, possible protest, opportunity for hearing or such further action or order as the Commission may deem necessary.

2. QCC is hereby directed to file appropriate local exchange price schedules, and any applicable interconnection agreements prior to providing local exchange telecommunications services.

3. This Notice and Order is effective immediately.

MADE and ENTERED at Cheyenne, Wyoming, this 10th day of January, 2003.

WYOMING PUBLIC SERVICE COMMISSION OF

STEVE ELLENBECKER, Chairman

STEVE FURTNEY, Deputy Chairman

KRISTIN H. LEE, Commissioner

(SEAL)

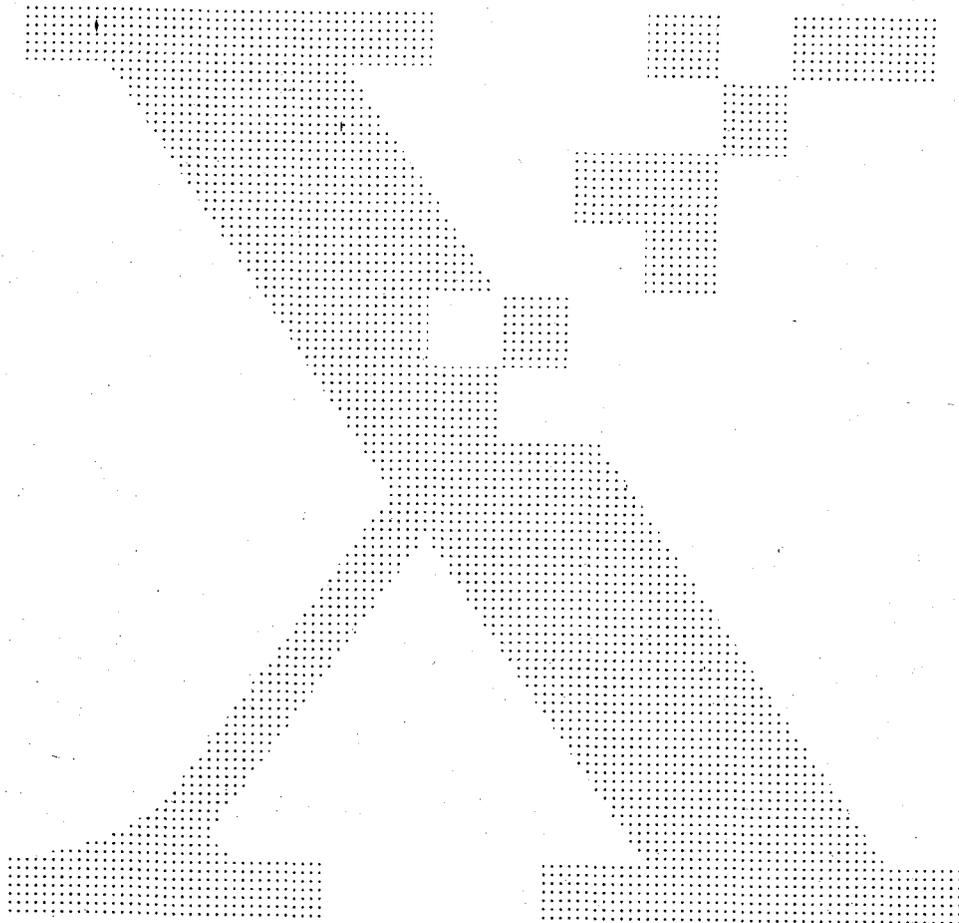
ATTEST:

DAVID J. LUCERO, Assistant Secretary

txcolvi

ATTACHMENT "A"
ARIZONA - DOCKET NO. T-02811B-04-
0313
STAFF SET 2, NO. 11

Microsoft Word - UT QCC CLEC Cert.doc
07/22/04 02:05 PM



- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Petition of the
DIVISION OF PUBLIC UTILITIES for
cancellation of the Certificate of Public
Convenience and Necessity of LCI
INTERNATIONAL TELECOM CORP.
dba QWEST COMMUNICATIONS
SERVICES

DOCKET NO. 02-2237-01
ORDER VACATING CANCELLATION
OF
CERTIFICATE NO. 2237

ISSUED: May 6, 2002

SYNOPSIS

The Commission cancelled Certificate of Public Convenience and Necessity No. 2237 of LCI International Telecom Corp. as a result of incorrect information inadvertently provided by Qwest. Based on corrected information, the Commission hereby vacates its order of cancellation and reaffirms its prior order in Docket No. 01-2204-01, in which it approved the transfer of Certificate No. 2237 to Qwest Communications Corporation.

By The Commission:

PROCEDURAL HISTORY

On June 9, 1997, LCI International Telecom Corp. ("LCI") filed, in Docket No. 97-2237-01, an application with the Commission for authority to provide telecommunications services in Utah. The Commission granted the requested certificate of public convenience and necessity to LCI on April 22, 1998. The order approved a certificate that authorized LCI "to provide local and interexchange services and other public telecommunications services anywhere within the State of Utah . . . except within any local exchange with fewer than 5,000 access lines that is owned or controlled by an incumbent telephone company with fewer that [sic] 30,000 access lines within the State."

On May 23, 2001, Qwest Communications Corporation ("QCC") and LCI filed an application with the Commission for approval of an internal corporate restructuring, in which LCI would merge into QCC, with QCC as the surviving corporation. The application requested that "the assets and certificate of authority of LCI in Utah . . . be transferred to QCC." By memorandum dated June 4, 2001, the Division of Public Utilities ("Division") recommended approval of the corporate restructuring and noted that "the assets and certificate of authority of LCI in Utah will be transferred to QCC." The application was given Docket No. 01-2204-01, and the Commission issued its order on June 18, 2001, approving the restructuring and transferring LCI's operating authority to

QCC. By letter dated January 4, 2002, formal notice was given to the Commission that the merger had been consummated as of December 31, 2001.

By letter dated March 28, 2002, Qwest submitted the Annual Report for LCI and inadvertently erroneously informed the Division that LCI, in conjunction with the QCC merger, had "surrendered all certificates" when, in fact, LCI's certificate had been transferred to QCC. Based on the erroneous statement that LCI had surrendered all certificates, the Division submitted a memorandum to the Commission on April 10, 2002 recommending that the Commission cancel Certificate No. 2237. The Commission so ordered on April 12, 2002.

Notwithstanding the erroneous representation that LCI had surrendered all certificates, and the resulting April 12, 2002 Order canceling Certificate No. 2237, the Commission had approved the transfer of Certificate No. 2237 to QCC in its June 18, 2001 Order in Docket No. 01-2204-01 approving the corporate restructuring and transferring LCI's operating authority to QCC.

On April 26, 2002, the Division filed a supplemental memorandum in which it agreed that Certificate No. 2237 had been cancelled based on an inadvertent erroneous statement in LCI's March 28, 2002 annual filing. In light of the corrected information, the Division recommended that the Commission vacate its April 12, 2002 Order canceling Certificate No. 2237. Since the documents filed in Docket No. 01-2204-01 were not made part of the record in an LCI docket, the Division suggested that the order in this docket should release LCI from any further obligations as a public utility.

Based upon the foregoing, the Commission finds and concludes that it is in the public interest to vacate its Order of April 12, 2002 in this docket and to reaffirm its Order of June 18, 2001 in Docket No. 01-2204-01.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. The April 12, 2002 Order canceling Certificate of Public Convenience and Necessity No. 2237 is vacated and the Commission hereby reaffirms its June 18, 2001 Order in Docket No. 01-2204-01 transferring that Certificate to QCC, which shall have ongoing responsibility to make all filings with the Commission related to the authority granted to it under Certificate No. 2237. LCI is released from any further obligations as a public utility.
2. Any person aggrieved by this Order may petition the Commission for review within 20 days of the date of this Order. Failure to do so will forfeit the right to appeal to the Utah Supreme Court.

DATED at Salt Lake City, Utah, this 6th day of May, 2002.

/s/ Stephen F. Mecham, Chairman

/s/ Constance B. White, Commissioner

/s/ Richard M. Campbell, Commissioner

Attest:

/s/ Julie Orchard

Commission Secretary

G#29361

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of QWEST COMMUNICATIONS)
CORPORATION and LCI INTERNATIONAL)
TELECOM CORP., for Approval of Internal)
Corporate Restructuring)

DOCKET NO. 01-2204-01

REPORT AND ORDER
Certificate No. 2204

ISSUED: June 18, 2001

SYNOPSIS

No detriment to the public interest appearing, the Commission approved the proposed restructuring.

By The Commission:

PROCEDURAL HISTORY

On may 23, 2001, the entities, above-named, petitioned for approval of an internal corporate restructuring plan whereby LCI International Telecom Corp. (LCI), already an affiliate of Qwest Communications Corp. (Qwest), would be absorbed into the latter. Under the proposal, LCI's operating authority would be transferred to Qwest which would assume all of LCI's obligations under that authority. According to a memorandum from the Division of Public Utilities, Utah Department of Commerce (DPU), there are no current Utah customers who would need to be notified of the transfer to give their permission for the transfer of their service. Further, details of the proposal are contained in the DPU memorandum, annexed hereto and incorporated herein by this reference. As our Findings of Fact in this matter, we adopt DPU's analysis.

CONCLUSIONS OF LAW

No detriment to the public interest appearing, the proposed reorganization should be approved.

ORDER NOW, THEREFORE, IT IS HEREBY ORDERED, that:

- The proposed reorganization be, and it is, approved effective the date of this Order.

- Any person aggrieved by this Order may petition the Commission for review within 20 days of the date of this Order. Failure to do so will forfeit the right to appeal to the Utah Supreme Court.

Dated at Salt Lake City, Utah, this 18th day of June, 2001.

/s/ Stephen F. Mecham, Chairman

/s/ Constance B. White, Commissioner

/s/ Richard M. Campbell, Commissioner

Attest:

/s/ Julie Orchard

Commission Secretary

[DPU LETTERHEAD]

June 4, 2001

TO: PUBLIC SERVICE COMMISSION

FROM: DIVISION OF PUBLIC UTILITIES

Lowell Alt, Director

Ingo Henningsen, Manager, Telecommunications

Peggy Egbert, Technical Consultant

Bart Croxford, Regulatory Analyst

**Re: Application of Qwest Communications Corporation and LCI International
Telecom for Approval of Internal Corporate Restructuring in Docket No. 01-2204-
01**

Issues:

On May 23, 2001, Qwest Communications Corporation ("QCC") and LCI International Telecom Corporation ("LCI") filed an application for approval of internal corporate restructuring, in which LCI will merge into QCC, with QCC as the surviving corporation.

LCI is currently a direct, wholly-owned subsidiary of LCI International, Inc, which, in turn, is a commonly-owned affiliate of QCC. The assets and certificate of authority of LCI in Utah will be transferred to QCC and service will be provided under QCC's price list and competitive contracts.

In connection with the merger of Qwest Communications International Inc. and the former U S West, Inc., customers of LCI and Phoenix Network, Inc. in Utah were transferred to Touch America. Available company records indicate that there are no customers of LCI or Phoenix Network, Inc. in Utah that would require notification or that would be required to provide authorization of the transfer of their accounts contemplated by the transactions described in this application pursuant to *Utah Code* § 54-8b-18.

The Applicants assert that the proposed restructuring is in the public interest because it will "result in efficiencies and a reduction in the administrative burdens associated with duplicative operations. A more efficient corporate structure will allow QCC and its subsidiaries and affiliates to devote additional resources to the provision of more and better services to customers. A reduction in the number of certificated entities also will reduce the number of carriers subject to regulation by this Commission, thereby conserving scarce public resources."

Recommendation:

The Division believes that the information that QCC and LCI have provided is sufficient for the Division to recommend approval and should be considered under R746-110, which permits uncontested matters to be adjudicated informally.

cc: Gregory B. Monson, Steel Rives, LLP
Division of Public Utilities
Michael Ginsberg, Assistant Attorney General
Committee of Consumer Services

Arizona
T-02811B-04-0313
STF 02-012

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 012

For each of these states, please indicate whether QCC requested statewide authority to operate as a CLEC or whether its application covered only service areas outside of Qwest's current service area in each state.

RESPONSE:

See Qwest's Response to Staff Set 2, Data Request No. 11, Attachments "A", which provide the requested information.

WA: Requested Statewide authority;

OR: Requested Statewide authority;

ID: Requested Statewide authority;

UT: Requested Statewide authority; (" . . . except within any local exchange with fewer than 5,000 access lines that is owned or controlled by an incumbent telephone company with fewer than [sic] 30,000 access lines within the State.");

MT: Requested Statewide authority;

WY: QCC requested a concurrent Certificate of Public Convenience and Necessity to provide local exchange telecommunications services, on a resale basis, in the state of Wyoming, in the service areas of Qwest Corporation.

CO: Requested Statewide authority;

ND: Requested Statewide authority;

MN: Requested authority to serve QC territory and the territories of 12 other ILECs;

IA: Requested authority to serve areas outside QC territory. QCC has a pending Application to amend its Certificate to add QC territory.

Respondent: John McCormick, Qwest Manager



Tina M. Colvin
Lead Paralegal
1801 California
Suite 4900
Denver, CO 80202
303-672-2795
303-298-8197 (fax)
tina.colvin@qwest.com

August 11, 2004

Maureen A. Scott
Attorney, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

RECEIVED

VIA OVERNIGHT UPS

AUG 12 2004

LEGAL DIV.
ARIZ. CORPORATION COMMISSION

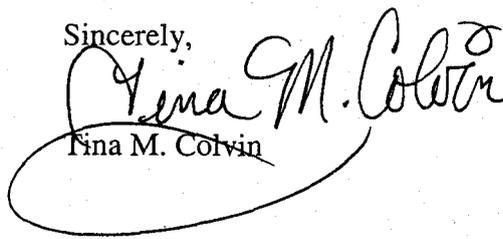
Re: In the Matter of Qwest Communication Corporation's Application and Petition
For Certificate of Convenience and Necessity to Provide Intrastate Telecommunications
Docket No. T-02811B-04-0313

Dear Ms. Scott:

Enclosed please find Qwest Communications Corporation's Responses to Staff's Third Set of Data Requests, Nos. 1 - 7, to Qwest Communications Corporation in the above-referenced matter.

Should you have any questions, please do not hesitate to contact me at (303) 672-2795.

Sincerely,



Tina M. Colvin

tmc

Enclosures

cc: Norm Curtright, Esq.
Tim Berg, Esq.
Monica Luckritz
Reed Peterson

CERTIFICATE OF SERVICE

I hereby certify that I have caused a true and correct copy of the foregoing Qwest Communications Corporation's Responses to Staff's Third Set of Data Requests to Qwest Communications Corporation, to be sent via overnight delivery on August 11, 2004, to the following:

John Bostwick
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, AZ 85007

Armando Fimbres
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, AZ 85007

Constance Fitzsimmons
Legal Division
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, AZ 85007

Marie Moya

Arizona
T-02811B-04-0313
STF 03-001

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 001

Since you are requesting to provide resold long distance, resold local exchange, facilities-based long distance, and facilities-based local exchange; the following questions (JFB 1-2 through JFB 1-7) pertaining to rates need to be answered for each type of telecommunications services you want to provide before a Staff Report and recommendation is issued. Please submit a non-PDF file of your responses to this data request to ibostwick_cc.state.az.us.

RESPONSE:

Qwest Communications Corporation ("QCC") is not requesting additional authority to provide facilities based long distance. On December 4, 2003, the Arizona Corporation Commission ("ACC") approved QCC's request for a CC&N to provide Facilities Based Long Distance Telephone Services in Decision No. 66612. With its Application, QCC is requesting to have its CC&N modified to include Resold Long Distance Service, Resold Local Exchange Service and Facilities Based Local Exchange Service, in addition to the Facilities Based Long Distance authority previously granted. See Attachment "A" for Qwest's Responses in a "non-pdf format".

Respondent: Qwest Legal

ATTACHMENT "A"
ARIZONA - DOCKET NO. T-02811B-04-0313
STAFF SET 3, NO. 1

REQUEST NO. 1: Since you are requesting to provide resold long distance, resold local exchange, facilities-based long distance, and facilities-based local exchange; the following questions (JFB 1-2 through JFB 1-7) pertaining to rates need to be answered for each type of telecommunications services you want to provide before a Staff Report and recommendation is issued. Please submit a non-PDF file of your responses to this data request to ibostwick.cc.state.az.us.

RESPONSE: Qwest Communications Corporation ("QCC") is not requesting additional authority to provide facilities based long distance. On December 4, 2003, the Arizona Corporation Commission ("ACC") approved QCC's request for a CC&N to provide Facilities Based Long Distance Telephone Services in Decision No. 66612. With its Application, QCC is requesting to have its CC&N modified to include Resold Long Distance Service, Resold Local Exchange Service and Facilities Based Local Exchange Service, in addition to the Facilities Based Long Distance authority previously granted. See Attachment "A" for Qwest's Responses in a "non-pdf format".

Respondent: Qwest Legal

REQUEST NO. 2: Please explain how your company calculated the actual maximum and actual minimum rates that will be contained in your tariffs for each of your services.

RESPONSE: Qwest Communications Corporation's ("QCC") initial tariff filed in conjunction with the subject QCC application includes only one local exchange service, Exchange Access Facilities, which are a physical connection between the customer's premises and a carrier's network. This connection is typically used with Frame Relay and ATM service. Exchange Access Facilities are priced on an individual case basis, and vary depending on each customer's specific location and circumstances. Therefore there is no maximum price. The minimum price is based on the TSLRIC cost of the service. Additional tariffs will be filed, consistent with Commission requirements, as QCC expands its local exchange and exchange access services available to customers in Arizona.

QCC has previously filed its effective tariff for a variety of intrastate long distance services which it currently provides and those services are not affected by this application.

Respondent: Reed Peterson, Qwest Manager

ATTACHMENT "A"
 ARIZONA - DOCKET NO. T-02811B-04-0313
 STAFF SET 3, NO. 1

REQUEST NO. 3: Please indicate why you believe that your range of rates is just and reasonable using a competitive market analysis. Your analysis may contain publicly available examples of rates charged by the incumbent or other carriers for similar services or any other information that you believe demonstrates that your actual rates are just and reasonable. Please include any supporting materials. For a list of telecommunications carriers certificated in Arizona, go to www.cc.state.az.us/utility/utility for a list of Commission-approved telecommunications rates and tariffs, go to www.cc.state.az.us/utility/tariffs .

NOTE: In your response, for each type of telecommunications services you are requesting, list the name of ILEC carrier and three competitive carriers, For each carrier indicate their actual maximum and actual minimum rates for each type of telecommunications services listed in their tariff. For verification purposes, indicate the actual maximum and actual minimum rate figures and reference the tariff and page number. Using a matrix format, list your actual maximum and actual minimum rate figures for each type of telecommunications services you are requesting next to the and the actual maximum and actual minimum rate figures of the competitive carriers.

RESPONSE: Qwest Communications Corporation ("QCC") did not file a range of rates for its Exchange Access Facilities. At this time QCC envisions using this tariff for exchange access to serve Frame Relay and ATM customers on a limited basis. The charges associated with access will be dependent on customer location, term of service and how the services are provisioned. We believe this type of tariff is consistent with that of other carriers.

<u>Carrier</u>	<u>Offer</u>	<u>Tariff Reference</u>
Intermedia	ILEC Pass Through Charges	A.C.C. Tariff No. 2, 4.7.1
	Other Special Arrangements	A.C.C. Tariff No. 2, 5.4
Allegiance Telecom of Arizona	Special Service Arrangement	Arizona Tariff No. 1, 9.2
Cox Arizona Telecom, L.L.C.	Individual Case Basis (ICB) Arrangements	Arizona CC Tariff No. 1, Section 5

ATTACHMENT "A"
ARIZONA - DOCKET NO. T-02811B-04-0313
STAFF SET 3, NO. 1

As an ILEC, Qwest Corporation's ("QC") tariff provides for ICB pricing for a number of services, including situations where the cost may vary due to the customer's location or the type of configuration required, or if the customer agrees to purchase a specified volume of service. Examples of such services are the following:

1. ISDN Primary Rate Service - Competitive Exchange and Network Services Price Cap Tariff - Section 14.3.
2. Network Access Channels - Competitive Private Line Transport Services Price Cap Tariff - Section 5.1.4.
3. Low Speed Data Channel Performance - Competitive Private Line Transport Services Price Cap Tariff - Section 6.2.1.
4. Voice Grade Service Channel Performance - Competitive Private Line Transport Services Price Cap Tariff - Section 6.2.2.
5. Audio Service Channel Performance - Competitive Private Line Transport Services Price Cap Tariff - Section 6.2.5.
6. Special Facilities Routing, Cable Only Facilities - Competitive Private Line Transport Services Price Cap Tariff - Section 4.3.2.
7. High Voltage Protection - Competitive Private Line Transport Services Price Cap Tariff - Section 4.4.
8. Geomax Service - Competitive Private Line Transport Services Price Cap Tariff - Section 6.2.18.
9. Customer Reports and System Partitioning, Dial Switching Systems - Competitive Exchange and Network Services Price Cap Tariff - Section 9.1.10.
10. Large User Discount - Outward WATS, 800 Service and 800 Service Line - Competitive Exchange and Network Services Price Cap Tariff - Section 7.1.5.

Respondent: Barbara Allgaier, Qwest Manager
Reed Peterson, Qwest Manager

REQUEST NO. 4: Please indicate why you believe that your range of rates is just and reasonable using, a fair value or cost basis. Please include economic justification or cost support data. Please include any supporting materials.

RESPONSE: Qwest is not filing a range of rates for the Exchange Access Facilities. Qwest plans to offer the service on a contractual basis. The cost for each offer will be evaluated on an Individual Case Basis ("ICB").

Respondent: Barbara Allgaier, Qwest Manager

ATTACHMENT "A"
ARIZONA - DOCKET NO. T-02811B-04-0313
STAFF SET 3, NO. 1

REQUEST NO. 5: Please submit a complete tariff setting forth your rates and charges.

RESPONSE: See Qwest's Application filed on April 23, 2004, which has the tariff attached.

Respondent: Qwest Legal

REQUEST NO. 6: Please identify any, other jurisdictions in which your company or an affiliate provides similar services. Please specify the rates that your company and/or affiliate charges for these similar services in these other jurisdictions. If there is a difference between the rates that your company will charge in Arizona and the rates that your company and/or affiliate charges in other jurisdictions for similar services, please identify and indicate the amount of the difference and explain why you are charging different rates in Arizona.

RESPONSE: Qwest Communications Corporation ("QCC") does not yet provide Exchange Access Facilities as a local exchange service in any state, nor does any non-ILEC Qwest affiliate. Qwest Corporation's ("QC") private line tariffed products could provide similar functions in some instances, and those products are provided across QC's region. QCC also offers some private line services and end-to-end ATM and frame relay solutions as an interexchange service across all states in which QCC does business as an intralATA IXC. Price comparisons are not meaningful, however, because the Exchange Access Facilities would be specifically configured for each customer's network and desired functionality, and prices are therefore individually determined.

Respondent: Qwest Legal

REQUEST NO. 7: Please identify any other jurisdictions in which your company or an affiliate is applying to provide similar services. Please specify the rates that your company and/or affiliate will charge for these similar services in these other jurisdictions. If there is a difference between the rates that your company charges in Arizona and the rates that your company and/or affiliate will charge in other jurisdictions for similar services, please identify and indicate the amount of the difference and explain why you intend to charge different rates in Arizona.

RESPONSE: Qwest has filed substantially identical tariffs for the Exchange Access Facilities in Arizona, New Mexico and South Dakota. Some states do not require any application or additional authority to provide Exchange Access Facilities. Qwest Communications Corporation ("QCC") is seeking authority and plans to provide the Exchange Access Facilities in all 14 states, always at individually contracted-for market rates. Since pricing will be individually determined, QCC cannot meaningfully respond to this Request.

Respondent: Qwest Legal

Arizona
T-02811B-04-0313
STF 03-002

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 002

Please explain how your company calculated the actual maximum and actual minimum rates that will be contained in your tariffs for each of your services.

RESPONSE:

Qwest Communications Corporation's ("QCC") initial tariff filed in conjunction with the subject QCC application includes only one local exchange service, Exchange Access Facilities, which are a physical connection between the customer's premises and a carrier's network. This connection is typically used with Frame Relay and ATM service. Exchange Access Facilities are priced on an individual case basis, and vary depending on each customer's specific location and circumstances. Therefore there is no maximum price. The minimum price is based on the TSLRIC cost of the service. Additional tariffs will be filed, consistent with Commission requirements, as QCC expands its local exchange and exchange access services available to customers in Arizona.

QCC has previously filed its effective tariff for a variety of intrastate long distance services which it currently provides and those services are not affected by this application.

Respondent: Reed Peterson, Qwest Manager

Arizona
T-02811B-04-0313
STF 03-003

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 003

Please indicate why you believe that your range of rates is just and reasonable using a competitive market analysis. Your analysis may contain publicly available examples of rates charged by the incumbent or other carriers for similar services or any other information that you believe demonstrates that your actual rates are just and reasonable. Please include any supporting materials. For a list of telecommunications carriers certificated in Arizona, go to www.cc.state.az.us/utility/utility for a list of Commission-approved telecommunications rates and tariffs, go to www.cc.state.az.us/utility/tariffs.

NOTE: In your response, for each type of telecommunications services you are requesting, list the name of ILEC carrier and three competitive carriers. For each carrier indicate their actual maximum and actual minimum rates for each type of telecommunications services listed in their tariff. For verification purposes, indicate the actual maximum and actual minimum rate figures and reference the tariff and page number. Using a matrix format, list your actual maximum and actual minimum rate figures for each type of telecommunications services you are requesting next to the and the actual maximum and actual minimum rate figures of the competitive carriers.

RESPONSE:

Qwest Communications Corporation ("QCC") did not file a range of rates for its Exchange Access Facilities. At this time QCC envisions using this tariff for exchange access to serve Frame Relay and ATM customers on a limited basis. The charges associated with access will be dependent on customer location, term of service and how the services are provisioned. We believe this type of tariff is consistent with that of other carriers.

Carrier	Offer	Tariff Reference
Intermedia	ILEC Pass Through Charges	A.C.C. Tariff No. 2, 4.7.1
	Other Special Arrangements	A.C.C. Tariff No. 2, 5.4
Allegiance Telecom of Arizona	Special Service Arrangement	Arizona Tariff No. 1, 9.2

Cox Arizona Telecom, L.L.C.	Individual Case Basis (ICB) Arrangements	Arizona CC Tariff No. 1, Section 5
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As an ILEC, Qwest Corporation's ("QC") tariff provides for ICB pricing for a number of services, including situations where the cost may vary due to the customer's location or the type of configuration required, or if the customer agrees to purchase a specified volume of service. Examples of such services are the following:

1. ISDN Primary Rate Service - Competitive Exchange and Network Services Price Cap Tariff - Section 14.3.
2. Network Access Channels - Competitive Private Line Transport Services Price Cap Tariff - Section 5.1.4.
3. Low Speed Data Channel Performance - Competitive Private Line Transport Services Price Cap Tariff - Section 6.2.1.
4. Voice Grade Service Channel Performance - Competitive Private Line Transport Services Price Cap Tariff - Section 6.2.2.
5. Audio Service Channel Performance - Competitive Private Line Transport Services Price Cap Tariff - Section 6.2.5.
6. Special Facilities Routing, Cable Only Facilities - Competitive Private Line Transport Services Price Cap Tariff - Section 4.3.2.
7. High Voltage Protection - Competitive Private Line Transport Services Price Cap Tariff - Section 4.4.
8. Geomax Service - Competitive Private Line Transport Services Price Cap Tariff - Section 6.2.18.
9. Customer Reports and System Partitioning, Dial Switching Systems - Competitive Exchange and Network Services Price Cap Tariff - Section 9.1.10.
10. Large User Discount - Outward WATS, 800 Service and 800 Service Line - Competitive Exchange and Network Services Price Cap Tariff - Section 7.1.5.

Respondent: Barbara Allgaier, Qwest Manager
Reed Peterson, Qwest Manager

Arizona
T-02811B-04-0313
STF 03-004

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 004

Please indicate why you believe that your range of rates is just and reasonable using, a fair value or cost basis. Please include economic justification or cost support data. Please include any supporting materials.

RESPONSE:

Qwest is not filing a range of rates for the Exchange Access Facilities. Qwest plans to offer the service on a contractual basis. The cost for each offer will be evaluated on an Individual Case Basis ("ICB").

Respondent: Barbara Allgaier, Qwest Manager

Arizona
T-02811B-04-0313
STF 03-005

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 005

Please submit a complete tariff setting forth your rates and charges.

RESPONSE:

See Qwest's Application filed on April 23, 2004, which has the tariff attached.

Respondent: Qwest Legal

Arizona
T-02811B-04-0313
STF 03-006

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 006

Please identify any, other jurisdictions in which your company or an affiliate provides similar services. Please specify the rates that your company and/or affiliate charges for these similar services in these other jurisdictions. If there is a difference between the rates that your company will charge in Arizona and the rates that your company and/or affiliate charges in other jurisdictions for similar services, please identify and indicate the amount of the difference and explain why you are charging different rates in Arizona.

RESPONSE:

Qwest Communications Corporation ("QCC") does not yet provide Exchange Access Facilities as a local exchange service in any state, nor does any non-ILEC Qwest affiliate. Qwest Corporation's ("QC") private line tariffed products could provide similar functions in some instances, and those products are provided across QC's region. QCC also offers some private line services and end-to-end ATM and frame relay solutions as an interexchange service across all states in which QCC does business as an intraLATA IXC. Price comparisons are not meaningful, however, because the Exchange Access Facilities would be specifically configured for each customer's network and desired functionality, and prices are therefore individually determined.

Respondent: Qwest Legal

Arizona
T-02811B-04-0313
STF 03-007

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 007

Please identify any other jurisdictions in which your company or an affiliate is applying to provide similar services. Please specify the rates that your company and/or affiliate will charge for these similar services in these other jurisdictions. If there is a difference between the rates that your company charges in Arizona and the rates that your company and/or affiliate will charge in other jurisdictions for similar services, please identify and indicate the amount of the difference and explain why you intend to charge different rates in Arizona.

RESPONSE:

Qwest has filed substantially identical tariffs for the Exchange Access Facilities in Arizona, New Mexico and South Dakota. Some states do not require any application or additional authority to provide Exchange Access Facilities. Qwest Communications Corporation ("QCC") is seeking authority and plans to provide the Exchange Access Facilities in all 14 states, always at individually contracted-for market rates. Since pricing will be individually determined, QCC cannot meaningfully respond to this Request.

Respondent: Qwest Legal

Tina M. Colvin
Lead Paralegal
1801 California
Suite 4900
Denver, CO 80202
303-672-2795

303-298-8197 (fax)
tina.colvin@qwest.com

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FILE COPY
SEP - 9 2004

LEGAL DIV.
ARIZ. CORPORATION COMMISSION



September 8, 2004

Maureen A. Scott
Attorney, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

*VIA OVERNIGHT UPS
VIA ELECTRONICALLY*

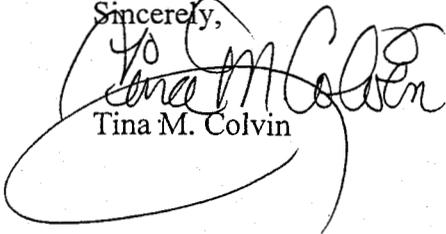
**Re: In the Matter of Qwest Communication Corporation's Application and Petition
For Certificate of Convenience and Necessity to Provide Intrastate
Telecommunications
Docket No. T-02811B-04-0313
Staff Set 4, Nos. 1-2**

Dear Ms. Scott:

Enclosed please find Qwest Communications Corporation's Responses to Staff's Fourth Set of Data Requests, Nos. 1 - 2, to Qwest Communications Corporation in the above-referenced matter.

Should you have any questions, please do not hesitate to contact me at (303) 672-2795.

Sincerely,


Tina M. Colvin

tmc

Enclosures

cc: Tim Berg, Esq.
Monica Luckritz

CERTIFICATE OF SERVICE

I hereby certify that I have caused a true and correct copy of the foregoing Qwest Communications Corporation's Responses to Staff's Fourth Set of Data Requests, Nos. 1-2 to Qwest Communications Corporation, to be sent via overnight delivery and electronically on September 8, 2004, to the following:

John Bostwick
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, AZ 85007

Marie Moya

Arizona
T-02811B-04-0313
STF 04-001

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 001

Without referencing your Application, please provide the exact and official name of the entity that you will use to market your telecommunications services in Arizona as a CLEC.

RESPONSE:

Qwest Communications Corporation ("QCC") is the exact and official name of the Applicant in this case. QCC will arrange for the marketing and sales of the services it provides in Arizona as a CLEC.

Qwest Communications Corporation will also use the informal brand name "Qwest" to market its CLEC services, just as Qwest Communications Corporation and Qwest LD Corp. currently do to market their respective interexchange services, as Qwest Wireless LLC currently does to market its wireless products and services, and as Qwest Corporation currently does to market its local exchange and related services.

Respondent: Qwest Legal

Arizona
T-02811B-04-0313
STF 04-002

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 002

Please complete the attached "Data Request Matrix For Qwest Communications Corporation." For each telecommunications services requested by the Applicant, the Applicant needs to select and enter the name of three competing carriers, on the matrix, providing the same telecommunication services. Telecommunications services are defined as being resold long distance, resold local exchange, facilities-based long distance, and facilities-based local exchange. For each telecommunications services, the Applicant needs to list, on the matrix, the actual maximum rate figures and actual minimum rate figures listed in the Applicant's tariff and in the tariffs filed by the Competing Carriers. In addition to the rates figures, the Applicant needs to identify, on the matrix, the section(s) where the rate figures were obtained in the tariff. Also, the Applicant needs to indicate, on the matrix, the page number(s) where the rate figures were obtained in the tariff. Staff will not issue its Staff Report without having the "Data Request Matrix For Qwest Communications Corporation" completed with accurate and verifiable tariff information from the Applicant.



AZ QCC - Staff Set 4 - DR No 2 - Matrix Information Excel Attachr

RESPONSE:

QCC received approval to offer Facilities Based Long Distance Service in Decision No. 66612. Therefore, Facilities Based Long Distance Services are not affected by this application. Further, QCC has not filed a tariff at this time for any Resold Long Distance, or Resold Local Exchange Services. QCC is seeking a CC&N to offer Resold Long Distance and Resold Local Exchange Services and will file tariffs for such services at a future point in time. At this time, the only new service QCC is proposing to offer is Exchange Access Facilities - which is a Facilities Based Local Exchange Service. See QCC's response to STF 3-2 in this Docket. See Attachment "A" for information relating to QCC's proposed Exchange Access Facilities and comparable offerings of Intermedia Communications, Inc., Allegiance Telecom of Arizona, Inc., and Cox Arizona Telecom, L.L.C. Minimum rate information is not included in any of the referenced tariffs and to QCC's knowledge is rarely, if ever, specifically stated in any carrier's tariff in Arizona. However, A.A.C. R14-2-1109 (A) states that a carrier may not charge less than its TSLRIC cost for a service. Therefore, TSLRIC is the default minimum rate where not otherwise specifically stated. See Attachment "B" for copies of the specific tariff pages referenced in Attachment "A".

Respondent: Reed Peterson, Qwest Manager

Data Request Matrix For Qwest Communications Corporation

Name of Applicant/Competing Carriers	Applicant's Requested/Competing Carriers' Telecommunications Services	Applicant's/Competing Carriers' Tariff			
		Maximum/Minimum	Rate Figures (\$)	Section(s)	Page Number(s)
Name of Applicant: Qwest Communications Corporation	Resold Long Distance	Actual Maximum	NA	NA	NA
		Actual Minimum	NA	NA	NA
	Resold Local Exchange	Actual Maximum	NA	NA	NA
		Actual Minimum	NA	NA	NA
	Facilities-based Long Distance	Actual Maximum	NA	NA	NA
		Actual Minimum	NA	NA	NA
	Facilities-based Local Exchange	Actual Maximum	ICB	Already Approved	1
		Actual Minimum	ICB	5.1 Per R14-2-1109 (A)	
	Resold Long Distance	Actual Maximum	NA	NA	NA
		Actual Minimum	NA	NA	NA
Resold Local Exchange	Actual Maximum	NA	NA	NA	
	Actual Minimum	NA	NA	NA	
Facilities-based Long Distance	Actual Maximum	NA	NA	NA	
	Actual Minimum	NA	NA	NA	
Facilities-based Local Exchange - Intermedia example # 1.	Actual Maximum	NA	A.C.C. Tariff 2, Section 4.7.1	66	
	Actual Minimum	NA	None Listed		
Facilities-based Local Exchange - Intermedia example # 2.	Actual Maximum	NA	A.C.C. Tariff 2, Section 5.4	80	
	Actual Minimum	NA	None Listed		
Resold Long Distance	Actual Maximum	NA	NA	NA	
	Actual Minimum	NA	NA	NA	
Resold Local Exchange	Actual Maximum	NA	NA	NA	
	Actual Minimum	NA	NA	NA	
Facilities-based Long Distance	Actual Maximum	NA	NA	NA	
	Actual Minimum	NA	NA	NA	
Facilities-based Local Exchange	Actual Maximum	ICB	Arizona Tariff No. 1, Section 9.2	107	
	Actual Minimum	ICB	None Listed		
Resold Long Distance	Actual Maximum	NA	NA	NA	
	Actual Minimum	NA	NA	NA	
Resold Local Exchange	Actual Maximum	NA	NA	NA	
	Actual Minimum	NA	NA	NA	
Facilities-based Long Distance	Actual Maximum	NA	NA	NA	
	Actual Minimum	NA	NA	NA	
Facilities-based Local Exchange	Actual Maximum	ICB	Arizona CC Tariff No. 1, Section 5	103	
	Actual Minimum	ICB	None Listed		

Special Service Arrangements

Other Special Arrangements

ILEC Pass Through Charges

ICB Arrangements

EXCHANGE SERVICE TARIFF

Issued Date: 4-23-04

5. EXCHANGE SERVICES

5.1 EXCHANGE ACCESS FACILITIES

(N)

1. Description

Exchange Access Facilities provide the physical connection, between the customer's premises and the Company's domestic network. The facilities include any entrance cable or drop wire to the point where provision is made for the termination of the Company's outside distribution network facilities at a suitable location at a customer-designated service address. The Company installs the facilities to the Company's point of demarcation.

Each facility includes Company maintained equipment at the Company's termination point at the customer's service address. The point of termination may also be called the demarcation point. The facility does not include any extended wiring, inside wiring, or equipment past the demarcation point that is not maintained by the Company.

2. Terms

Exchange Access Facilities

Exchange Access Facilities are only provisioned in conjunction with Qwest Communications Corporation complex telecommunications services.

3. Rates and Charges

Rates for Exchange Access Facilities will be developed on an Individual Case Basis (ICB).

RATES

4.7 Intermedia Rate Plan - Enhanced Services

4.7.1 Frame Relay Service - Local Access

The Frame Relay Service described herein consists of Local Access elements only. The remaining Frame Relay Service elements are found in the Company's interexchange or access tariffs.

A. ILEC Pass-through Charges

1. Dedicated Access

Dedicated Access charges are determined by the Special Access Tariffs filed by the providing companies.

2. Frame Relay Access

Frame Relay Access charges are determined by the Frame Relay Tariffs filed by the providing companies.

B. Access Coordination Charge

In addition to the above ILEC pass-through charges, a monthly recurring Access Coordination Charge will apply.

	<u>Min</u>	<u>Max</u>
Per node	\$5.00	\$20.00

(D)
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I (N)
I

(D)

ISSUED: August 10, 1999

EFFECTIVE: September 9, 1999

Issued by: Steven T. Brown, Senior Director
Regulatory Analysis and Compliance
3625 Queen Palm Drive
Tampa, Florida 33619-1309

ADMINISTRATIVELY
APPROVED FOR FILING

a219901

SPECIAL ARRANGEMENTS

ORIGINAL

5.2 Individual Case Basis (ICB) Arrangements

Arrangements will be developed on a case-by-case basis in response to a bona fide request from a Customer or prospective Customer to develop a competitive bid for a service offered under this tariff. Rates quoted in response to such competitive requests may be different than those specified for such services in this tariff. ICB rates will be offered to the Customer in writing and on a non-discriminatory basis.

5.3 Temporary Promotional Programs

The Company may establish temporary promotional programs wherein it may waive or reduce nonrecurring or recurring charges, to introduce present or potential Customers to a service not previously received by the Customers.

5.4 Other Special Arrangements

Special arrangements may be undertaken on a reasonable effort basis at the request of the Customer. Special arrangements include any service or facility relating to a regulated telecommunications service not otherwise specified under this tariff or any applicable contract, or for the provision of service on an expedited basis or in some other manner different from the normal tariff or contract conditions. Appropriate recurring charges and/or nonrecurring charges and other terms and conditions will be developed for the Customer for the provisioning of such arrangements.

ISSUED: May 19, 1999

EFFECTIVE: June 18, 1999

Issued by: Steven T. Brown, Senior Director
Regulatory Analysis and Compliance
3625 Queen Palm Drive
Tampa, Florida 336 19- 1309

APPROVED FOR FILING
DECISION #: 66665

SECTION 9 • SPECIAL CONTACTS, ARRANGEMENTS AND CONSTRUCTION**9.1 Special Contract Arrangements**

9.1.1 At the option of the Company, services may be offered on a contract basis to meet specialized pricing requirements of the Customer not contemplated by this tariff. The terms of each contract shall be mutually agreed upon between the Customer and Company and may include discounts off of rates contained herein and waiver of recurring, nonrecurring, or usage charges. The terms of the contract may be based partially or completely on the term and volume commitment, type of originating or terminating access, mixture of services or other distinguishing features. Service shall be available to all similarly situated Customers for a fixed period of time following the initial offering to the first contract Customer as specific in each individual contract.

9.2 Special Service Arrangements

9.2.1 If a Customer's requirements cannot be met by services included in this tariff, or pricing for a service is shown in this tariff as ICB, the Company will provide, where practical, special service arrangements at charges equal to the estimated cost of furnishing such features, facilities or services. These special service arrangements will be provided if the provision of such arrangements are not detrimental to any other services furnished under the Company's tariffs.

9.2.2 Rates for special service arrangements will be based on the estimated cost for furnishing the service. Estimated costs will be determined in accordance with Section 9 (Special Construction) of this tariff.

9.2.3 Special service arrangement rates are subject to revision depending on changing costs.

9.2.4 If and when a special service arrangement becomes a tariffed offering, the tariffed rate or rates will apply from the date of tariff approval.

9.3 Non-Routine Installation Charges

9.3.1 At the Customer's request, installation and/or maintenance may be performed outside the Company's regular business hours or in hazardous locations. In such cases, charges based on cost of the actual labor, material, or other costs incurred by or charged to the Company will apply. If installation is started during regular business hours but, at the Customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays or night hours, additional charges may apply.

APPROVED FOR FILING

DECISION #: 62737

Issued: August 25, 2000

Effective: September 24, 2000

Issued By: Robert W. McCausland, Vice President, Regulatory and Interconnection
1950 Stemmons Freeway, Suite 3026
Dallas, Texas 75207-3 118

LOCAL EXCHANGE SERVICE

SECTION 5 - Individual Case Basis (ICB) Arrangements

Arrangements will be developed on a case-by-case basis in response to a bona fide request from a Customer or prospective Customer to develop a competitive bid for a service not generally offered under this tariff. ICB rates will be offered to the Customer in writing and on a non-discriminatory basis.

Services not detailed in this tariff, but offered on a case-by-case basis include, but are not limited to: (T)

DS-3, Digital Service level 3: Equivalent of 28 DS 1 channels, and operating at 44.736 Mbps, also called T-3. (N)

OC-n, Optical Carrier-n: A SONET (Synchronous Optical Network) based application using optical signals in speeds beginning with OC-1 (51.840 Mbps) up to OC-48 (2.5 Gbps). (N)

WAN, Wide Area Network: This network uses links provided by Cox facilities and/or other local telephone companies to connect disperse sites within the state. (N)

Issue Date: January 21, 2004

Effective Date: February 20, 2004

Issued By: Martin Corcoran
Director, Tariff Development
Cox Communications, Inc.
1400 Lake Hearn Drive,
Atlanta, GA 30319

**ADMINISTRATIVELY
APPROVED FOR FILING**



Qwest Corporation
Law Department
1801 California Street
10th Floor
Denver, CO 80202

Kathy Rowley
Lead Paralegal-Interrogatory Manager

December 21, 2004

RECEIVED

DEC 21 2004

AZ Corporation Commission
Director Of Utilities

VIA HAND DELIVERY

Maureen A. Scott
Attorney, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

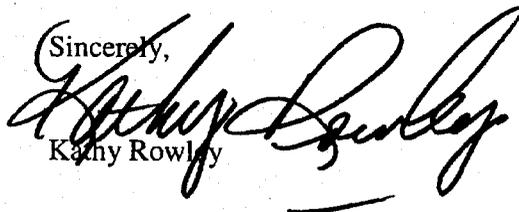
Re: Qwest Corporation's Application and Petition for a Certificate of Convenience
and Necessity to Provide Intrastate Telecommunications
Docket No. T-02811B-04-0313

Dear Ms. Scott:

Enclosed please find Qwest Corporation's Responses to the following, in the above-
referenced matter:

Staff Set 5 (Nos. 001-010)

Should you have any questions, you may contact me at (303) 383-6679.

Sincerely,

Kathy Rowley

Enclosures

cc: Norm Curtright
Tim Berg, Esq.
John Bostwick
Bill Miller

Arizona
T-02811B-04-0313
STF 05-001

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 001

On April 23, 2004, Qwest Communications Corporation ("QCC") filed an Application to modify its Certificate of Convenience and Necessity ("CC&N") to include Resold Long Distance, Resold Local Exchange, and Facilities-Based Local Exchange Services. Only a tariff for Exchange Access Facilities was filed with the Application. In a telephone conversation with Reed Peterson on August 24, 2004, it was noted that QCC will only be providing Facilities-Based Local Exchange Services. During a telephone conference call with Norman G. Curtright on September 29, 2004, it was disclosed that QCC wants to provide Private Line Services only. Please provide clarification, i.e., is QCC seeking to provide Private Line Services only, Exchange Access Services only, or all services typically provided by a Facilities-Based Local Exchange provider?

RESPONSE:

QCC is seeking to provide all services typically provided by a Competitive Local Exchange Carrier (CLEC). The ACC granted QCC authority to operate as a facilities based IXC on December 9, 2003, in Decision No. 66612. As indicated in its application filed April 23, 2004, QCC wishes to amend its CC&N to include facilities based and resold local exchange (CLEC) services. Qwest also indicated on its April 23, 2004 application that it desires authority to provide resold IXC services. As discussed in the Supplement to Application and Petition filed on December 17, 2004, QCC believes that QCC's prior authority to provide resold IXC services was mistakenly revoked in Decision No. 66612 and seeks to have the commission restore this authority.

On December 17, 2004, QCC withdrew the tariff filed with its April 23, 2004 application and submitted a new tariff for the following CLEC services: Business Basic Local Voice Service; Direct-Inward-Dialing Services; Custom Calling Services; Hunting Services; Directory Listing Services; Local Operator Services; Local Directory Assistance Service; Screening and Restriction Services; Caller Identification Blocking Options; IntraLATA Intraexchange Private Line Services; Customer Premises Wire and Maintenance Plans; and ISN PRI services.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 05-002

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 002

In a letter dated September 20, 2004 Norman G. Curtright stated that: "QCC presently plans ..only one local exchange service... That product provides access from the local exchange to frame relay and asynchronous transfer mode ("ATM") services offered by several carriers." (Emphasis added.) However, the proposed tariff provided with the application describes the one service in the tariff as follows: "Exchange Access Facilities provide the physical connection, between the customer's premises and the Company's domestic network." (Emphasis added.) Please explain the apparent discrepancy between Mr. Curtright's letter and the proposed tariff That is, does the Exchange Access Facilities "service" provide for access to the Company's network only or does it provide for access to several carriers' networks.

RESPONSE:

QCC withdrew the proposed Exchange Access Facilities tariff and the statements made in letter dated September 20 on December 17, 2004. See also Qwest's response to Staff 05-001 in this docket.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 05-003

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 003

In the proposed tariff filed with the April 23, 2004 application, Section 5.1.2 states that: "Exchange Access Facilities are only provisioned in conjunction with Qwest Communications complex telecommunications services." Please define "complex telecommunications services." Please list all of QCC's complex telecommunications services. Are all of these complex telecommunications services interexchange services?

RESPONSE:

QCC withdrew the proposed Exchange Access Facilities tariff on December 17, 2004.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 05-004

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 004

Do you believe that a CC&N is necessary for a company to provision Exchange Access Facilities? If your answer is yes, please provide justification for that position.

RESPONSE:

QCC agrees that a CC&N as a local exchange carrier is not required for providing various types of exchange access. A CLEC CC&N may be required for intraexchange intrastate exchange access services. In any event, Qwest withdrew its proposed Exchange Access Facilities tariff on December 17, 2004 and filed new tariffs on that same date.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 05-005

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 005

In a letter dated September 20, 2004 Norman G. Curtright stated that: "QCC does not currently anticipate ... offering residential local exchange services or marketing its local exchange services to residential customers in QC's existing territory." Would QCC be amenable to excluding the ability to provide local service to residential customers in QC's existing territory?

RESPONSE:

QCC seeks a CC&N to offer CLEC services statewide to all customers. In the interest of competition, parity with other national carriers and in preparation for yet to be determined future products, QCC seeks a CC&N that is not restricted in any manner.

In our supplemental filing of December 17, 2004 QCC submitted tariffs for services it is planning to offer beginning in 2005 and after ACC approval. These tariffs are for business customers. QCC does not have plans at this time to offer residential 1FR services in Arizona, but does not believe that it is appropriate to limit its ability to provide local service to residential customers inside or outside of QC's existing territory.

Qwest withdrew the statements made in the letter dated September 20, 2004 on December 17, 2004.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 05-006

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 006

Does QCC currently anticipate offering residential local exchange services to residential customers outside of QC's existing territory? If so, please provide a tariff for services for such customers. If not, would QCC be amenable to excluding the ability to provide local service to residential customers outside of QC's existing territory?

RESPONSE:

See Qwest's response to Staff 05-005 in this docket.

QCC would not be amenable to a limitation of its requested CC&N, either in terms of market (geography) or class of service (customer type). QCC's supplemental filing of December 17, 2004 provides tariffs for various QCC offerings to business customers in the QC territory. QCC understands that it will need to file tariffs before offering any additional products, including residential services.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 05-007

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 007

It is QCC's intent to provide service in unserved areas of the State? For example, if QCC receives the certification it is requesting, will QCC provide service to developments in unserved areas?

RESPONSE:

QCC does not have a present intent to provide service in unserved areas of the State.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 05-008

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 008

If QCC receives certification to provide service outside QC's service territory for exchange access service only, how will this impact QCC's operational plans?

RESPONSE:

QCC withdrew the Exchange Access Facilities tariff on December 17, 2004. Certification restrictions which limited QCC to only providing intrastate exchange access services or which limited its operations to areas outside the existing QC service territory would be substantially inconsistent with QCC's plans. See also Qwest's response to Staff 05-001 in this docket.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 05-009

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 009

If QCC provide service in unserved areas of the State, will QCC agree to undertake COLR obligations?

RESPONSE:

QCC does not currently intend to provide service in unserved areas of the State. QCC requests that its certificate(s) be at parity with other national carriers who offer both IXC and CLEC services, such as MCI and AT&T. QCC will not agree to COLR obligations.

Respondent: John McCormick

Arizona
T-02811B-04-0313
STF 05-010

INTERVENOR: Arizona Corporation Commission Staff

REQUEST NO: 010

If QCC were to obtain certification as a CLEC within QC's exchange boundaries, what advantages would QCC have in the provision of service that QC does not already have?

RESPONSE:

If approved as requested, QCC's CLEC CC&N and tariffs, along with its existing IXC CC&N's and tariffs, would allow QCC to provide a single contract and an integrated bill to business customers for local and long distance services.

Many requests for proposals ("RFP") require that a responding entity be able to provide services through a single contract and a unified bill and customer relationship, and not deliver the requested services through different entities, billing mechanisms, or affiliates. Many customers, whether or not a formal RFP is involved, desire this "one stop shopping" because it provides a simple, straightforward means to address various issues or concerns that may arise about its service, i.e., a single contact for purposes of repair and inquiries as well as a unified bill. While QCC is able to provide the interLATA and IntraLATA interexchange services, without a CLEC CC&N, it cannot offer the local exchange services (intraexchange services) that customers desire in Arizona's QC territory. Because of this, QCC is foreclosed from proactively proposing telecommunications solutions to customers and responding to RFPs for a set of services including local, intra- and inter-LATA, and information services

Respondent: John McCormick

LEGAL

BEFORE THE ARIZONA CORPORATION COMMISSION
RECEIVED

EXHIBIT
S-5
Admitted

COMMISSIONERS

2005 AUG -5 P 3: 27

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

AZ CORP COMMISSION
DOCUMENT CONTROL

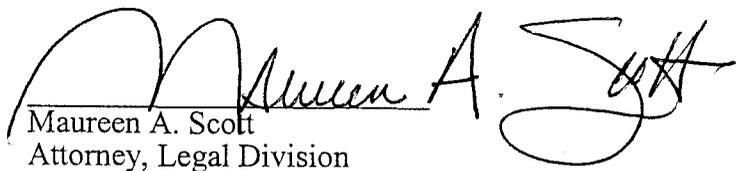
IN THE MATTER OF THE APPLICATION OF
QWEST COMMUNICATION CORPORATION
D/B/A QWEST LONG DISTANCE FOR
EXTENSION OF ITS EXISTING
CERTIFICATE OF CONVENIENCE AND
NECESSITY TO INCLUDE AUTHORITY TO
PROVIDE RESOLD AND FACILITIES-
BASED LOCAL EXCHANGE AND RESOLD
LONG DISTANCE SERVICES, AND
PETITION FOR COMPETITIVE
CLASSIFICATION OF PROPOSED
SERVICES, AND PETITION FOR
COMPETITIVE CLASSIFICATION OF
PROPOSED SERVICES WITHIN THE STATE
OF ARIZONA.

DOCKET NO. T-02811B-04-0313

STAFF'S NOTICE OF FILING
SUPPLEMENTAL TESTIMONY OF
ELIJAH ABINAH

Staff of the Arizona Corporation Commission hereby files the Supplemental Testimony of
Elijah Abinah, Assistant Director of the Utilities Division, in the above-referenced matter.

RESPECTFULLY SUBMITTED this 5th day of August, 2005.


Maureen A. Scott
Attorney, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

1 Original and thirteen (13) copies
2 of the foregoing filed this 5th day
3 of August, 2005, with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, Arizona 85007

6 Copies of the foregoing mailed
7 this 5th day of August, 2005, to:

7 Timothy Berg, Esq.
8 Theresa Dwyer, Esq.
9 Fennemore Craig
10 3003 North Central Avenue
11 Suite 2600
12 Phoenix, Arizona 85012-2913

11 Norman G. Curtright
12 Corporate Counsel
13 Qwest Corporation
14 4041 North Central Avenue
15 Suite 1100
16 Phoenix, Arizona 85012

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16 
17 Karyn Christine, Legal Assistant

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BEFORE THE ARIZONA CORPORATION COMMISSION

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

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. T-02811B-04-0313
QWEST COMMUNICATIONS CORPORATION)
D/B/A QWEST LONG DISTANCE FOR)
EXTENSION OF ITS EXISTING CERTIFICATE)
OF CONVENIENCE AND NECESSITY TO)
INCLUDE AUTHORITY TO PROVIDE RESOLD)
AND FACILITIES-BASED LOCAL EXCHANGE)
AND RESOLD LONG DISTANCE SERVICES IN)
ADDITION TO ITS CURRENT AUTHORITY TO)
PROVIDE FACILITIES-BASED LONG)
DISTANCE SERVICES, AND PETITION FOR)
COMPETITIVE CLASSIFICATION OF)
PROPOSED SERVICES WITHIN THE STATE OF)
ARIZONA)

SUPPLEMENTAL TESTIMONY OF

ELIJAH O. ABINAH

FOR THE

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

AUGUST 5, 2005

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EXECUTIVE SUMMARY
QWEST COMMUNICATIONS CORPORATION
D/B/A QWEST LONG DISTANCE
DOCKET NO. T-2811B-04-0313

At the June 16, 2005, Procedural Conference, the Administrative Law Judge ("ALJ") asked Staff and QCC to address the following issues:

- (1) What is the purpose of the Affiliated Interest Rules? If Staff's recommendations in its supplemental filing are adopted, why is it unnecessary for the Commission to reevaluate the limited waiver approved for QC and its affiliates since QC's affiliate would be competing head-to-head with QC's regulated business in the future? What are the risks and benefits of keeping the waiver in place? In the event that all of Staff's recommendation are not adopted, what changes to the waiver would Staff recommend and what procedures would Staff propose for effecting any recommended changes?
- (2) Why should QCC be allowed to take customers and their associated revenues away from Qwest, the regulated entity?
- (3) If QCC is allowed to compete with QC in the local market for enterprise customers, how should QC and QCC revenues be treated from a ratemaking perspective? What will the effect be on QC's future rates and revenues?
- (4) Explain how the Commission can insure that maintenance and expansion of Qwest's infrastructure will not suffer as a result of allowing QCC to take customers and their revenues away from Qwest.
- (5) Why are Staff's alternative recommendations in the public interest?

The Affiliated Interest Rules were designed to ensure that reorganizations affecting public utilities and transactions between public utilities and their affiliates would not adversely impact the Arizona utility and ratepayers. In addition to the public interest standard, the Affiliated Interest Rules identify the following factors to be considered: (a) whether the transaction will impair the financial status of the public utility, (b) whether the transaction will prevent the utility from attracting capital on fair and reasonable terms, and (c) whether the transaction will impair the ability of the public utility to provide safe, reasonable and adequate service.

If Staff's initial recommendation is adopted, Staff believes that the limited waiver granted to Qwest Corporation ("QC") and its affiliates, in Decisions 58087 and 64654 should be left intact. If Staff's alternative recommendation is adopted, along with all of the conditions Staff proposes, Staff also believes that sufficient information and reporting will be in place, such that Staff could support a continuation of the limited waiver. If Staff's alternative recommendation is adopted, but not all of the informational and reporting conditions are adopted, Staff believes that the waiver should be narrowed or eliminated.

All of the issues posed by the ALJ raise concerns that Staff has considered as well. However, Staff does not know at this time what the impact of QCC will be on QC's operations. As a result, Staff has proposed an approach in its alternative recommendation which would allow QCC to compete with QC on a more limited basis initially, in the Enterprise market, and impose informational and reporting requirements intended to provide sufficient information to assess the impacts upon QC.

QCC is likely to take away both customers and revenues from QC. This raises concerns with regard to QC's future rates and with the ability of QC to maintain and update its network in the future. To initially address these concerns, if the Commission adopts Staff's alternative recommendation, the Commission should also adopt Staff's informational and reporting requirements which would allow the Commission to assess the actual impact of this loss on the revenues of QC. It is Staff's position that any loss of customers and revenues should be considered and accounted in QCC's next rate review proceeding. With respect to network upgrades and maintenance, while the Service Quality Tariff and aggressive competition in the Enterprise market offer some protection, they are not a "guarantee" that the erosion of QC's customer and revenue base due to QCC will not have an adverse impact upon QC's network. Network maintenance issues should be closely monitored by the Commission if QCC's amended application is granted.

Staff's alternative recommendation is in the public interest only if all of Staff's informational and reporting requirements are adopted and the Commission is satisfied that QCC and QC have presented sufficient assurance that QC's ratepayers will not be harmed by the loss of Enterprise customers and revenues that is likely to occur.

¹³ See In the Matter of the Notice of Proposed Adoption of Rules to Provide For Regulation of Public Utility companies with Unregulated Affiliates, Docket No. R-0000-89-194.

1 **INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Elijah O. Abinah. My business address is 1200 West Washington Street,
4 Phoenix Arizona, 85007.
5

6 **Q. Where are you employed and in what capacity?**

7 A. I am employed by the Utilities Division ("Staff") of the Arizona Corporation Commission
8 ("ACC" or "Commission") as the Assistant Director.
9

10 **Q. How long have you been employed with the Utilities Division?**

11 A. I have been employed with the Utilities Division since January 2003.
12

13 **Q. Please describe your educational background and experience.**

14 A. I received a Bachelor of Science degree in Accounting from the University of Central
15 Oklahoma in Edmond, Oklahoma. I also received a Master of Management degree from
16 Southern Nazarene University in Bethany, Oklahoma. Prior to my employment with the
17 ACC, I was employed by the Oklahoma Corporation Commission for approximately eight
18 and a half years in various capacities in the Telecommunications Division.
19

20 **Q. What are your current Responsibilities?**

21 A. As the Assistant Director, I review submissions that are filed with the Commission and
22 make policy recommendations to the Director regarding those filings.
23

24 **Q. What is the purpose of your testimony?**

25 A. The purpose of my testimony is to provide responses to the issues raised by the
26 Administrative Law Judge in the July 11, 2005 Procedural Order in the matter.
27

1 **STAFF RECOMMENDATIONS CONCERNING THE AFFILIATED INTEREST RULES**

2 **WAIVER**

3 **Q. What is the Purpose of the Affiliated Interest Rules?**

4 A. The Commission adopted the Affiliated Interest Rules in Decision No. 56844 on March 14,
5 1990.³ The stated purpose of the Rules is to “to regulate the formation of public utility
6 holding companies and certain transactions between a public service corporation and
7 affiliated interests.”⁴ Attachment B to Decision No. 56844 contains a separate concise
8 explanatory statement or reasons for adoption of the Rules. It states in part:

9
10 “Article 8 is designed to insure that utility ratepayers are insulated from the dangers
11 proven to be inherent in holding company structure and diversification. Its singular
12 purpose is to ensure that ratepayers do not pay rates for utility service that include
13 costs associated with holding company structure, financially beleaguered affiliates,
14 or sweetheart deals with affiliates intended to extract capital from the utility to
15 subsidize non-utility operations. The rules provide procedures by which holding
16 companies may be formed, identify affiliated activities which require Commission
17 approval, provide for review of transactions between a public utility and its
18 affiliated interests, and prescribe reporting requirements for the affected utilities.
19

20 The rules implement the following general principles. First, utility funds
21 must not be commingled with non-utility funds. Second, cross-subsidization of
22 non-utility activities by utility ratepayers must be prohibited. Third, the financial
23 credit of the utility must not be affected by non-utility activities. Fourth, the utility
24 and its affiliates must provide the Commission with the information necessary to
25 carry-out regulatory responsibilities.”⁵
26

27 The Rules contain three primary sections. R14-2-803 governs the organization or
28 reorganization of Public Utility Holding Companies. It requires any utility or affiliate
29 intending to organize a public utility holding company to notify the Commission and
30 provide certain information to the Commission regarding the reorganization. The
31 Commission may reject the proposal if it determines that it would impair the financial
32 status of the public utility, otherwise prevent it from attracting capital at fair and reasonable

⁴ Decision No. 56844, Finding of Fact 2.

⁵ Decision No. 56844, Attachment B, pps. 2-3.

1 terms, or impair the ability of the public utility to provide safe, reasonable and adequate
2 service.

3
4 R14-2-804 governs Commission review of transactions between public utilities and
5 affiliates. It requires open access to the affiliates' books and records to the extent
6 necessary to fully audit, examine or otherwise investigate transactions between the public
7 utility and the affiliate. It also requires Commission approval of certain transactions
8 between the utility and any affiliate.

9
10 Finally, R14-2-805 requires that on or before April 15 of each calendar year, all public
11 utilities meeting the requirements of R14-2-802 and public utility holding companies to file
12 a description of their diversification plans for the current year that have been approved by
13 the Boards of Directors.

14

15 **Q If Staff's recommendations in its Supplemental Staff Report are adopted, why is it**
16 **unnecessary for the Commission to look at the current waiver from the Affiliated**
17 **Interest Rules held by Qwest Communications Corporation's ("QCC's") parent**
18 **Qwest Corporation ("Qwest" or "QC"), given that Qwest's competitive affiliate**
19 **would be allowed to compete head-to-head for Qwest's regulated business?**

20

21 **A.** QC was granted a limited waiver to R14-2-803 in Decision No. 58087 on November 23,
22 1992. The waiver was reaffirmed and extended to all QC's affiliates in Decision No.
23 64654 on March 25, 2002. The limited waiver to R14-2-803 requires QC, its affiliates,
24 QCC, or its parent Qwest Communications International, Inc. to file a notice of intent to
25 organize or re-organize a public utility holding company only for those re-organizations or

1 organizations that are likely to result in increased capital costs to QC, result in additional
2 costs allocated to Arizona jurisdiction, or result in a reduction of QC's net operating
3 income.

4
5 Neither Decision 58087 nor Decision 64654 granted QC or its affiliates a waiver of A.A.C.
6 R14-2-804, which allows for Commission oversight of any future financial transactions
7 between QC and any prospective affiliated competitive provider. In addition, no waiver
8 was granted to QC or its affiliates of A.A.C. R14-2-805, which requires the utility and
9 holding company to file information on their diversification plans.

10
11 If Staff's initial recommendation is adopted, there of course would be no need for
12 reevaluation of the limited waiver, since Staff's initial recommendation was to deny QCC's
13 request for an expanded CC&N within QC's service territory. If Staff's alternative
14 recommendation (including all of the conditions contained therein) is adopted, Staff
15 believes that enough safeguards and information would be available to Staff, such that Staff
16 could continue to support the limited waiver of A.A.C. R14-2-803. There are no known
17 risks, of which Staff is aware, associated with keeping the waiver in place under these
18 conditions.

19
20 If the Staff's alternative recommendation is adopted, but all of the conditions contained
21 therein are not adopted, Staff would have a concern that it would not have sufficient
22 information available to it in order to determine the actual impact of QCC upon QC and
23 how ratepayers are being affected. While it does not appear that QCC's request to compete
24 head on with QC is a "reorganization" under R14-2-803 as that term is used under the
25 rules, certainly QCC's application raises many of the same concerns identified by all

1 sections of the rules, including R14-2-803, i.e., whether QCC's ability to take away
2 customers from QC will "impair the financial status of the public utility, otherwise prevent
3 it from attracting capital at fair and reasonable terms, or impair the ability of the public
4 utility to provide safe, reasonable and adequate service."

5
6 **Q. In the event that all of Staff's recommendations are not adopted, what changes to the**
7 **waiver would Staff recommend and what procedures would Staff propose for**
8 **effecting any recommended changes?**

9
10 **A.** If Staff's alternative recommendation is adopted, but not all of Staff's conditions are
11 accepted, Staff would be concerned that continuation of the limited waiver would not be in
12 the public interest. If Staff is unable to obtain the information contained in several of its
13 conditions which would allow it to better determine the impact of this transaction on QC,
14 Staff would recommend reevaluation of QC and its affiliates' current limited waiver. Staff
15 would recommend that the exemption be significantly narrowed in that event so that any
16 reorganization that was likely to have any impact upon the Arizona operations of Qwest be
17 subject of review in the future, or that the waiver be eliminated entirely.

18
19 **QCC CUSTOMERS AND ASSOCIATED REVENUES**

20 **Q. Why should QCC be allowed to take customers and their associated revenues away**
21 **from QC?**

22 **A.** Staff recognizes that while QCC has no stated intentions to "migrate" customers and
23 revenues from QC, such migration could occur, nonetheless. If QCC's primary objective
24 or intent to operate as a competitive LEC in QC's service territory in the large and medium

1 size business market was to “migrate” customers away from QC, Staff would recommend
2 rejection of QCC’s application.

3
4 QCC has stated in its responses to Staff data requests, that its purpose in requesting an
5 expansion of its certificate is to provide “one-stop” shopping to the Enterprise market. It
6 stated that many requests for proposals require that a responding entity be able to provide
7 services through a single contract and a unified bill and customers relationship, and not
8 deliver the requested services through different entities, billing mechanisms, or affiliates.
9 QC recently reiterated in response to STF 6-003, that “[b]ecause of Section 272 limitations
10 applicable only to Bell Operating Companies (QC), unless the CC&N requested by QCC in
11 this docket is granted, no Qwest company is legally allowed to provide the ‘one stop’ total
12 solutions enterprise customers increasingly require.” While Staff, through its alternative
13 recommendation, has attempted to accommodate the Company in this regard, both QCC
14 and QC are opposed to some of the recommended conditions proposed by Staff which
15 require them to provide information that Staff needs to track the impact QCC will have on
16 QC’s operations.

17
18 Staff is not certain at this time what the exact impact will be upon QC, but it is concerned
19 that this loss of customers and revenues may have an adverse impact upon QC. However,
20 Staff believes that at a minimum if QCC’s amended application is granted, it is important
21 that QC’s customers not be held responsible for any adverse impact caused by any loss of
22 customers and their associated revenues from QC to QCC in QC’s next rate review. It is
23 for this reason, that Staff, as part of its alternative recommendation, has requested that
24 certain information and reporting requirements be imposed upon QC and QCC so that the
25 impact can be understood and quantified. It is also important that this information be

1 available for examination and consideration in QC's next rate review. While QCC argues
2 that the appropriate venue to examine this information is in QC's next rate case (See QCC
3 Response to STF 06-005), QCC does not explain how the Commission is to obtain the
4 information if QC and QCC are not ordered to provide it in this case, since the information
5 that Staff will need will not have been tracked by either entity.

6
7 QCC argues that the Staff is treating it differently and discriminating against them because
8 the Staff is requesting this information of QC and QCC only, and not any other ILEC or
9 CLEC. There is no prior Commission Order authorizing a CLEC affiliated with the ILEC
10 to operate within the ILEC's service territory. Thus, there has been no need to request this
11 information from another ILEC or CLEC.

12
13 QCC further argues that QC should not have to provide this information as a result of a
14 Docket in which it is not involved. However, the impact of QCC's request upon QC's
15 business is a big issue in this Docket, therefore, it should not be surprising that some of the
16 information that Staff would need in the future would pertain to QC. Further, I am aware
17 of no restriction, given the nature of this Docket, upon the Commission ordering QC to
18 provide information which relates to the issues raised, especially when it is the only
19 Qwest entity that has access to the information needed.

20
21 In response to STF 06-003, Qwest also relies upon the FCC's Section 272 Non-Accounting
22 Safeguards Order to support QCC's ability to compete with QC in the local exchange
23 business market. However, the FCC was looking at the issue from a policy perspective
24 with respect to the impact of a Section 272 affiliate offering local service in the affiliated
25 RBOC's service territory on competition in the local market and whether competition

1 would be harmed. Because of the impact upon local ratepayers, this Commission must
2 look at additional factors including the impact upon the financial viability of QC, in
3 determining whether QCC's amended application is in the public interest.
4

5 In summary, Staff is not certain at this time what impact that QCC will have on QC's
6 operations. It is for this reason that Staff has put forth a position in its Supplemental Staff
7 Report that recommends that the Commission proceed slowly by allowing QCC to compete
8 only in the Enterprise market to begin with. While the "migration" issue is a concern, it is
9 less of a concern in Staff's opinion if QCC is limited to providing competitive local
10 exchange service to Enterprise customers initially.
11
12

13 QWEST REVENUES AND FUTURE RATES 14

15 **Q. What is the difference in the way Qwest and QCC revenues would be treated from a**
16 **ratemaking perspective, and what will the effect of the difference be on Qwest's**
17 **revenues and future rates?**

18
19 **A.** Staff's position is that any QC customers and associated revenues lost to QCC should be
20 accounted for and considered in QC's next rate review proceeding. Similarly, it is Staff's
21 position that with respect to any analysis of "competition" in the future, the affiliated ILEC
22 and CLEC should be treated as one company. This approach has been used by at least one
23 other state in Qwest's region when determining the effective level of competition in the
24 ILEC's service territory.⁶
25

⁶ e.g., Nebraska C-3335, C-1839

1 Qwest argues that the Commission should not bother with this issue at this time, but rather
2 should wait to address it during QC's next rate review proceeding.⁷ As already discussed,
3 however, it is necessary that the Commission order the Companies to begin providing the
4 information now, so that it will be available for the next rate review proceeding.

5 Otherwise, the Companies will simply not track the information and the information will
6 not be available when needed.

7
8 QCC also argues that there is no need for the Commission to look at this issue since even if
9 a QC customer is lost to QCC, QC will be compensated by QCC for use of its network
10 either on a resale basis or unbundled network element basis. However, this still does not
11 address the overall impact upon QC and the concern that even if wholesale revenues were
12 taken into account, QC and its customers may still be worse off.

13
14 It is for these reasons, that Staff is taking a more cautious approach to begin with and
15 recommending that at most, the Commission approve QCC's amended application to
16 provide competitive local service within QC's service territory to large business customers
17 only. If Staff's proposed conditions are adopted, the Commission will have the information
18 necessary to account for any impact in QC's next rate review proceeding.

19
20 **MAINTENANCE AND EXPANSION OF QWEST'S INFRASTRUCTURE**

21 **Q. How can the Commission insure that maintenance and expansion of Qwest's**
22 **infrastructure will not suffer as a result of allowing QCC to take customers and their**
23 **revenues away from Qwest?**

⁷ See Qwest Response to STF 06-005.

1 A. Staff agrees that in any public interest analysis, consideration of QCC's application upon
2 maintenance and expansion of QC's infrastructure is an appropriate consideration. Neither
3 Staff or the Company can provide any "guarantee" that maintenance and expansion of
4 QC's infrastructure will not suffer if business customers were simply to be migrated to
5 QCC. Certainly, if QC loses many of its business customers to QC and other competitors,
6 a serious concern arises with respect to how QC will be able to maintain and update its
7 network.

8
9 In response to STF 06-006, QC states that it has strong incentives to maintain its network
10 in Arizona now. QC states that its Service Quality Tariff provides strong incentive to the
11 Company to provide adequate levels of service. QC also relies upon the presence of
12 aggressive competitors in the Arizona market which it states will require the Company to
13 maintain a high quality of service if it is to compete successfully.

14
15 Staff is not convinced that these two factors alone provide the degree of assurance the
16 Commission may want in this regard. Indeed, if QC loses many of its largest customers to
17 other providers, it may not have either the incentive or ability to maintain or update its
18 network.

19
20 However, again, because Staff does not have the answers to these questions at this time,
21 Staff has chosen through its alternative recommendation, to encourage the Commission to
22 proceed in a cautious manner at this time, by approving QCC's amended application with
23 conditions. Staff is hopeful, that if the conditions it has proposed are adopted, that Staff
24 and the Commission will have the information necessary to evaluate questions such as this
25 in the future. The Commission will also have an array of information available to it to

1 determine whether further expansion of the Company's certificate would be in the public
2 interest.

3
4 Information that facilitates future Commission decisions must answer key questions such
5 as: WHO are the providers, WHAT are they providing, WHERE are services provided,
6 WHEN are services provided, WHY are services provided and HOW are services
7 provided? The reports and information that Staff has recommended as conditions for
8 QCC's limited CLEC authority should provide many of the answers or serve as key
9 indicators for Staff to pursue additional information.

10
11 **STAFF'S ALTERNATIVE RECOMMEDATIONS**

12 **Q. Why are Staffs alternative recommendations in the Supplemental Staff Report in the**
13 **public interest?**

14 **A.** Staff does not believe that QCC's application will have an adverse impact upon
15 competition in the Enterprise market. On page 3 of its Supplemental Staff Report, Staff
16 stated the following regarding the impact of QCC's application on competition in the
17 Enterprise Market:

18
19 "While Staff does not take the position that the market is sufficiently competitive to
20 warrant competitive relief for QC in the context of its current Price Cap application, the
21 presence of an affiliated CLEC should not be injurious to the overall competitive situation
22 given the known presence of strong business brands, such as MCI and AT&T. The
23 Enterprise Market may, in fact, welcome another competitor since QC's presence in the
24 Enterprise Market has substantially diminished. Staff also notes that no CLEC has filed
25 objections to QCC's application. QCC has explained that it seeks to serve customers

1 desirous of interlata solutions that cannot be offered by QC. Additional competitive
2 alternatives for the Enterprise market appear to have more upside than downside.”

3
4 Staff continues to support the position stated in its Supplemental Staff Report with respect
5 to the impact on competition in the local Enterprise market and adds to it as follows:

6
7 The high growth that Arizona has experienced in the last decade and continues to
8 experience has been characterized as largely in the residence and small business markets.
9 This growth, nonetheless, is likely to stimulate large company divisions and even company
10 headquarters to locate in Arizona. These large company divisions and company
11 headquarters are at the core of the Enterprise Market. The mergers of SBC/AT&T and
12 Verizon/MCI, if they are consummated, should result in increased competition from two
13 robust providers in the Enterprise Market. Staff believes that the Enterprise Market can
14 benefit from the addition of another well established brand. Adding a third robust brand to
15 the Enterprise Market has the potential to improve communication services and minimize
16 corresponding price increases adding to the economic reasons for large company divisions
17 and headquarter companies to seek Arizona as an operating base.

18
19 Staff further notes that the companies resulting from the above noted mergers, if they do
20 occur, will have at least as much financial and marketing strength as Qwest in the
21 Enterprise Market. SBC/AT&T and Verizon/MCI do not need the Commission's
22 protection from Qwest. In the Enterprise Market, quite the opposite may be true. As such,
23 any Qwest CLEC operation should have minimal chances of harming customers in the
24 Enterprise Market. Staff believes that Qwest's CLEC authority will help ensure that the
25 Enterprise Market does not gradually move in the direction of the potential duopoly that

1 may be arising with Qwest and Cox in the Small Business and Residence markets. This
2 belief, of course, is conditional on the ability of Staff to ensure the QCC does not receive
3 unfair support from its QC affiliate nor that QCC does not deter QC from its Small
4 Business and Residence focus. Such assurance can be supported through the use of the
5 reports and information requested by Staff.

6
7 Overall, given the competitive nature of the Enterprise market in the larger metropolitan
8 areas in Arizona, Staff believes that QCC's entry into that market should not have an
9 adverse impact on competition and that with the conditions contained in Staff's
10 Supplemental Report, the Commission and Staff should be able to gather enough data to
11 determine its impact upon QCC and Arizona ratepayers. Staff should also be able to gather
12 enough data to determine whether an expansion of QCC's CC&N, if and when QCC files
13 an application for same, is in the public interest.

14
15 Without all of the information requested by Staff in its conditions, Staff cannot state that
16 QCC's amended application is in the public interest, because there will be no way of
17 tracking its impact on QC, now or in the future.

18
19 **STAFF'S RESPONSE TO QCC'S JUNE 10, 2005 NOTICE OF FILING**
20 **SUPPLEMENTAL AUTHORITY**

21 **Q. What is Staffs response to QCC's June 10, 2005 Notice of Filing Supplemental**
22 **Authority and Post Hearing Submissions?**

23 **A. QCC's June 10, 2005 filing concerns rules adopted by the Nebraska Commission to require**
24 **ILECs whose affiliated CLECs serve the same service territory as served by the ILEC to**
25 **(1) file all commercial agreements between the ILEC and the affiliated CLEC with the**

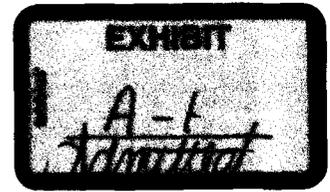
1 Commission, (2) file annually the number of resold lines provided by the ILEC to the
2 affiliated CLEC, and (3) refrain from any discriminatory practices in favor of the affiliated
3 ILEC. QCC's filing also contained the orders of other state commission's in QC's region
4 which have already ruled on this issue.

5
6 Staff notes that the Nebraska ("NE") order conflicts with the position taken by QCC in this
7 matter. QCC has argued that an ACC decision granting QCC's authority to provide CLEC
8 services in Arizona should not place obligations on QC because QC is "not a party to the
9 04-0313 application." The Nebraska order clearly places reporting obligations on the part
10 of QC even though the CLEC authority was granted to QCC in an application to which QC
11 was not a party. Staff further notes that the rules imposed by the Nebraska order are not
12 dissimilar from those requested by Staff in Arizona. Staff believes that the Commission
13 has full authority in this matter and can place any reporting requirements deemed necessary
14 and appropriate on QC.

15
16 **Q. Does this conclude your testimony?**

17 **A. Yes, it does.**

Qwest
exhibits



ARIZONA CORPORATION COMMISSION

Qwest Communications Corporation's Application and Petition for Certificate of Convenience and Necessity to Provide Intrastate Telecommunications Services

Mail original plus 13 copies of completed application to: For Docket Control Only: (Please Stamp Here)

Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007-2927

AZ CORP COMMISSION DOCUMENT CONTROL

Please indicate if you have current applications pending in Arizona as an Interexchange reseller, AOS provider, or as the provider of other telecommunication services.

Type of Service:
Docket No.: Date: Date Docketed:

Type of Service:
Docket No.: Date: Date Docketed:

A. COMPANY AND TELECOMMUNICATION SERVICE INFORMATION

(A-1) Please indicate the type of telecommunications services that you want to provide in Arizona and answer the appropriate numbered items:

- Resold Long Distance Telecommunications Services (Answer Sections A, B).
Resold Local Exchange Telecommunications Services (Answer Sections A, B, C).
Facilities-Based Long Distance Telecommunications Services (Answer Sections A, B, D).
Facilities-Based Local Exchange Telecommunications Services (Answer Sections A, B, C, D, E)
Alternative Operator Services Telecommunications Services (Answer Sections A, B)

On December 4, 2003, the Arizona Corporation Commission ("ACC") approved Qwest Communications Corporation's ("QCC") request for a Certificate of Convenience and Necessity (CC&N) to provide Facilities Based Long Distance Telephone Services in Decision No. 66612. With this application, QCC is requesting to have its CC&N modified to include Resold Long Distance Service, Resold Local Exchange Service and Facilities Based Local Exchange Service, in addition to the Facilities Based Long Distance authority previously granted.

(A-2) The name, address, telephone number (including area code), facsimile number (including area code), e-mail address, and World Wide Web address (if one is available for consumer access) of the Applicant:

Qwest Communications Corporation

1801 California – Suite 5100

Denver, CO 80202

Principal office and business office telephone number: 303-992-1400

Toll Free Customer Service telephone numbers: Residential: 800-860-2255

Business: 800-860-1020

Facsimile number of the Applicant: 1-888-860-1441

E-mail Address: uswpuc@qwest.com (note: this e-mail address is for the Commission's use in communicating with Qwest and should not be disclosed to the public. Individual customers can correspond with Qwest via e-mail at the following address:

<http://www.3.qwest.com/cgi-bin/resoor.efg/php/enduser/home.php>

World Wide Web Address: www.qwest.com

(A-3) The d/b/a ("Doing Business As") name if the Applicant is doing business under a name different from that listed in Item (A-2):

Qwest Communications Corporation does business under the d/b/a Qwest Long Distance for its interexchange business.

(A-4) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Management Contact:

Maureen Arnold

Director- Regulatory

Qwest Public Policy

4041 N. Central Avenue, 11th Floor

Phoenix, Arizona 85012

Telephone: (602) 630-8222

Fax: (602) 235-3107

E-mail: Maureen.arnold@qwest.com

(A-5) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Attorney and/or Consultant:

Timothy Berg

Fennemore Craig, PC

3003 North Central Avenue, Suite 2600

Phoenix, Arizona 85012
Telephone: (602) 916-5421
Fax: (602) 916-5621
E-mail: tberg@fclaw.com

(A-6) The name, address, telephone number (including area code), facsimile number (including area code), E-mail address of the Applicant's Complaint Contact Person:

Susan McKown
1801 California Street, Suite 450
Denver, Colorado 80202
Telephone: (303) 896-8152
Fax: (303) 965-5555
E-mail: uswpuc@qwest.com

(A-7) What type of legal entity is the Applicant?

Sole proprietorship

Partnership: ___ Limited, ___ General, ___ Arizona, ___ Foreign

Limited Liability Company: ___ Arizona, ___ Foreign

Corporation: ___ "S", X "C", ___ Non-

Domicile: ___ Arizona, X Foreign

Other, specify: _____

(A-8) Please include "Attachment A":

Attachment "A" must include the following information:

1. A copy of the Applicant's Certificate of Good Standing as a domestic or foreign corporation, LLC, or other entity in the State of Arizona.
2. A list of the names of all owners, partners, limited liability company managers (or if a member managed

LLC, all members), or corporation officers and directors (specify).

3. Indicate percentages of ownership of each person listed in A-8.2.

1. Please see Attachment A-1.

2. Please see Attachment A-2.

3. None of the officers or directors of QCC have any direct ownership interest in QCC as QCC is a wholly owned subsidiary of Qwest Services Corporation ("QSC"), which, in turn, is a wholly owned subsidiary of Qwest Communications International Inc. ("QCI"), which is a publicly traded entity on the New York Stock Exchange.

(A-9) Include your Tariff as "Attachment B".

Your Tariff must include the following information:

1. Proposed Rates and Charges for each service offered (reference by Tariff page number). See Section 5.1, Page 1
2. Tariff Maximum Rate and Prices to be charged (reference by Tariff page number). N.A.
3. Terms and Conditions Applicable to provision of Service (reference by Tariff page number). See Section 2, pages 1-11 and Section 5.1, page 1.
4. Deposits, Advances, and/or Prepayments Applicable to provision of Service (reference by Tariff page number). See Section 2.2.7, page 5 and Section 2.3.2, Page 8.
5. The proposed fee that will be charged for returned checks (reference by Tariff page number). \$10.00 - See Section 2.3.2, Page 8.

See Attachment B for QCC's tariff for the Local Exchange Services it plans to offer upon certification. As indicated in the company's responses to A-17 and C-1 in this application, QCC does not have a resale agreement at this time. QCC also does not currently have an interconnection agreement. QCC will file appropriate modifications to this tariff to include other local exchange services at such time as it obtains these agreements. The Commission previously approved QCC's tariff for long distance services in connection with its Facilities Based Long Distance CC&N in Decision No. 66612. Qwest will file any necessary modifications to its existing long distance tariff to include resold long distance services at such time as it obtains a resale agreement.

(A-10) Indicate the geographic market to be served:

Statewide. (Applicant adopts statewide map of Arizona provided with this application).

Other. Describe and provide a detailed map depicting the area.

(A-11) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any formal or informal complaint proceedings pending before any state or federal regulatory commission, administrative agency, or law enforcement agency.

Describe in detail any such involvement. Please make sure you provide the following information:

1. States in which the Applicant has been or is involved in proceedings.

2. Detailed explanations of the Substance of the Complaints.
3. Commission Orders that resolved any and all Complaints.
4. Actions taken by the Applicant to remedy and/or prevent the Complaints from re-occurring.

Requests A-11 and A-12 request similar information on a rather broad scope. In responding to these issues, QCC has conducted a good faith investigation of its organization to obtain responsive information and documents. QCC has made several assumptions in conducting this inquiry and providing these responses, as described in more detail below. For example, to avoid providing information that is not relevant to the application, such as information related to private, domestic, or similar matters unrelated to the provision of telecommunications, QCC interprets the questions as seeking information related to the individual's professional responsibilities. Qwest also interprets the word "involve" as used in the requests as requesting information where an individual is a party to a civil action or the subject of a criminal investigation, and interprets "managers" to identify QCC's officers and directors, not every employee of QCC with supervisory responsibilities.

Much of the information responsive to these inquiries at least at a consolidated level, is contained in Item 3, pages 14-26 of QCII's recently filed consolidated financial statements (Attachment D), and the information disclosed therein is incorporated fully herein by reference.

As a large, nationwide provider of telecommunications services, QCC from time to time has been named in formal and informal complaint proceedings before state and federal commissions with responsibility for telecommunications regulation. QCC interprets this question to require disclosure limited to complaints docketed by state and federal commissions with jurisdiction over telecommunications regulation. QCC does not track each formal or informal complaint filed against it in any centralized system, as many of these complaints involve issues for which QCC is not even the responsible carrier. In many of these cases, complaints involve charges that are billed in accordance with lawful tariffs or otherwise without merit. QCC does track, however, actions or investigations initiated by state or federal utility commissions, attorneys general, or consumer advocate offices, and similar agencies or entities, which are described below.

QCC has settled formal complaint actions or investigations regarding alleged slamming or cramming with the following entities: the Federal Communications Commission, the state utility commissions of Oklahoma, South Dakota, Kentucky, Tennessee, Texas, and New Jersey, the attorneys general for the states of Arizona, Connecticut, Florida, Idaho, Illinois, Kansas, Minnesota, Missouri, Nevada, New York, Ohio, Oregon, Pennsylvania, and Wisconsin. QCC has also settled "do not call" violation investigations by the New York State Consumer Protection Board and the Florida Department of Agriculture and Services. Additionally, in October 2002, the California Public Utilities Commission fined QCC for alleged incidents of slamming and cramming. QCC filed an appeal in California state court, but the appeal was unsuccessful. Copies of the orders or agreements resolving these matters are attached. Attachment E pertains to A-11 and Attachment F to A-12.

QCC is also in the process of resolving two other proceedings in Oklahoma and Delaware. The Oklahoma proceeding is a formal complaint by the Commission Staff involving allegations of one incident of slamming against QCC. QCC is in the process of negotiating settlement of this complaint with the Oklahoma staff. The Delaware proceeding addressed allegations involving the improper termination of service for 16 customers. QCC is in the process of finalizing a settlement agreement with the Delaware Commission to resolve this matter. Final orders on these two proceedings have not yet been issued.

QCC is also currently cooperating with the attorney general for the state of Missouri regarding certain sales

practices, which investigation is ongoing, and is involved in a civil investigation relating to property tax surcharges in North Carolina. QCC is also involved in two pending formal complaints at the FCC; one filed by Touch America, Inc. alleging that QCC and its affiliates violated terms of the U S West, Inc./ Qwest Communications Inc. divestiture order and illegally were providing interLATA services in the former U S West local exchange region.

On or about October 25, 2001, a judgment was entered against QCC in Travis County, Texas (matter number 97-13778) in the amount of \$1,746,446. In the lawsuit giving rise to the judgment, AT&T alleged that during construction of QCC's fiber optic network in the vicinity of Austin, Texas, QCC was responsible and liable for three cuts of AT&T fiber. Subcontractors were held to be liable for approximately \$532,000 of the actual damages, and have paid these amounts. The punitive damages portion of the judgment, \$467,808.91, is currently being appealed to the Texas Supreme Court.

Aside from these matters, QCC, based on its records, has not been the subject of any other formal complaints or investigations by state or federal utility commissions, attorneys general, or consumer advocate offices, and similar agencies or entities, regarding its provisions of telecommunications services during the last five years.

As to officers, directors, and managers of QCC: Mark Evans was named individually in a lawsuit (Civil Case No. 02-RB-464 (PAC), In re Qwest Savings and Retirement Plan ERISA Litigation, In the United States District Court for the District for Colorado), pursuant to which the plaintiffs (participants of the Qwest Retirement Plan (the "Plan")), allege that the members of the Plan's investment committee (the "Investment Committee") (including Mr. Evans, who was on the investment committee) of U S West/Qwest breached their fiduciaries duties by failing "to provide sufficient independent information to participants of the Plan to allow such participants to achieve the stated purpose of the Plan to provide such employees with a voice in the major decisions affecting U S West/Qwest" and "[f]ailing to disclose to participants material information concerning Qwest Fund Shares which they knew or should have known.

Qwest continually implements and reviews procedures and organizations to prevent regulatory or legal violations from occurring or being repeated as described above.

QCC will supplement this information when and/or if it discovers any additional judgments, complaints, or investigations properly responsive to this inquiry.

(A-12) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any civil or criminal investigation, or had judgments entered in any civil matter, judgments levied by any administrative or regulatory agency, or been convicted of any criminal acts within the last ten (10) years.

Describe in detail any such judgments or convictions. Please make sure you provide the following information:

1. States involved in the judgments and/or convictions.
2. Reasons for the investigation and/or judgment.
3. Copy of the Court order, if applicable.

Please see QCC's response to item A-11, which is incorporated by reference.

(A-13) Indicate if the Applicant's customers will be able to access alternative toll service providers or resellers via 1+

101XXXX access.

Yes

No

(A-14) Is applicant willing to post a Performance Bond? Please check appropriate box(s).

For Long Distance Resellers, a \$10,000 bond will be recommended for those resellers who collect advances, prepayments or deposits.

Yes

No

If "No", continue to question (A-15).

For Local Exchange Resellers, a \$25,000 bond will be recommended.

Yes

No

If "No", continue to question (A-15).

For Facilities-Based Providers of Long Distance, a \$100,000 bond will be recommended.

Yes

No

If "No", continue to question (A-15).

For Facilities-Based Providers of Local Exchange, a \$100,000 bond will be recommended.

Yes

No

If "No", continue to question (A-15).

Qwest Long Distance has already posted a \$100,000 bond as a Facilities-Based Long Distance Provider. The bond was posted as part of QCC's application for a Certificate of Convenience and Necessity, Decision No. 66612. The remaining \$135,000 bond will be posted in compliance with the ACC's decision in this proceeding.

Note: Amounts are cumulative if the Applicant is applying for more than one type of service.

(A-15) If No to any of the above, provide the following information. Clarify and explain the Applicant's deposit policy (reference by tariff page number). Provide a detailed explanation of why the applicant's superior financial position limits any risk to Arizona consumers.

Not Applicable

(A-16) Submit copies of affidavits of publication that the Applicant has, as required, published legal notice of the Application in all counties where the applicant is requesting authority to provide service.

Publication will be completed subsequent to the filing date of this application and upon assignment of a docket number for inclusion in the legal notice. QCC will supplement this response once it has received the affidavit of publication.

Note: Prior to issuance of the CC&N, the Applicant must complete and submit an Affidavit of Publication Form as Attachment "C". Refer to the Commission's website for Legal Notice Material (Newspaper Information, Sample Legal Notice and Affidavit of Publication).

(A-17) Indicate if the Applicant is a switchless reseller of the type of telecommunications services that the Applicant will or intends to resell in the State of Arizona:

Yes

No

If "Yes", provide the name of the company or companies whose telecommunications services the Applicant resells.

QCC intends to be both a switchless reseller and a facilities based (including switches) provider of telecommunications services that Applicant intends to provide in the State of Arizona. QCC has not yet entered into any resale agreements with any particular providers.

(A-18) List the States in which the Applicant has had an application approved or denied to offer telecommunications services similar to those that the Applicant will or intends to offer in the State of Arizona:

QCC has been approved as a CLEC in the following states: Washington, Oregon, Utah, Montana, Idaho, Iowa, Minnesota, Colorado and Wyoming.

QCC has also been approved in the following states, for the following services: Alabama – Facilities based interexchange service, Resold interexchange service; Arkansas – Resold interexchange service; California – Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Connecticut – Resold local exchange service, Resold interexchange service; Delaware – Facilities based local exchange service, Resold local exchange service, Resold interexchange service; District of Columbia – Facilities based local exchange service, Resold local exchange service; Florida – Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Georgia – Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Hawaii – Resold interexchange service; Illinois – Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Indiana – Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Kansas – Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Kentucky – Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Louisiana – Facilities based interexchange service, Resold interexchange service; Maine – Facilities based interexchange service, Resold interexchange service; Maryland – Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Massachusetts – Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Michigan – Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Mississippi – Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Missouri - Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Nevada - Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; New Hampshire - Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; New Jersey - Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; New York - Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; North Carolina - Facilities based local exchange service,

Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Ohio - Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Oklahoma - Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Pennsylvania - Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Rhode Island - Facilities based local exchange service, Resold interexchange service; South Carolina - Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Tennessee - Facilities based local exchange service, Resold interexchange service; Texas - Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Vermont - Facilities based local exchange service, Resold interexchange service; Virginia - Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; West Virginia - Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Wisconsin - Facilities based local exchange service, Resold interexchange service;

(A-19) List the States in which the Applicant currently offers telecommunications services similar to those that the Applicant will or intends to offer in the State of Arizona.

QCC is a certified, facilities based provider of interexchange services and other services in every U.S. state except Alaska.

(A-20) List the names and addresses of any alternative providers of the service that are also affiliates of the telecommunications company, as defined in R14-2-801.

Qwest Corporation: Provides local and intraLATA services.

Qwest LD Corp.: Provides resold interexchange services.

Qwest Wireless, LLC: provides CMRS services.

U S Long Distance, Inc.: Certified provider of the alternative operator services.

The address for all of the above entities is: 1801 California Street, Suite 5100, Denver, Colorado 80202.

B. FINANCIAL INFORMATION

(B-1) Indicate if the Applicant has financial statements for the two (2) most recent years.

Yes

No

If "No," explain why and give the date on which the Applicant began operations.

QCC is a wholly owned subsidiary of Qwest Services Corporation, which in turn is a wholly owned subsidiary of QCII. As such, QCII does not prepare separate financial statements for QCC. Instead, QCC's financial information appears as a consolidated financial statement, together with QCII's other subsidiaries, in QCII's annual Form 10-K filing with the United States Securities and Exchange Commission. QCII's form 10-K filings for the periods ending 12/31/2002 and 12/31/2003 are attached in Attachment D. The information is also separately available on the Securities and Exchange Commission's website or through the Company's website.

(B-2) Include "Attachment D".

Provide the Applicant's financial information for the two (2) most recent years.

1. A copy of the Applicant's balance sheet.
2. A copy of the Applicant's income statement.

3. A copy of the Applicant's audit report.
4. A copy of the Applicant's retained earnings balance.
5. A copy of all related notes to the financial statements and information.

As indicated in the response to Item B-1, QCC is a wholly subsidiary of QSC, which is a wholly owned subsidiary of QCII. As such, QCII does not prepare a separate balance sheet, income statement, audit report, retained earnings statements, or notes to financial statements for QCC. Instead, QCC's financial information appears as a consolidated financial statement, together with QCII's other subsidiaries, in QCII's annual Form 10-K filing with the United States Securities and Exchange Commission. As indicated in response to Item B-1, QCII's Form 10-K filings for the periods ending 12/31/2002 and 12/31/2003 are attached and included in Attachment D. The information is also separately available on the Securities and Exchange Commission's website or through the Company's website.

Note: Make sure "most recent years" includes current calendar year or current year reporting period.

(B-3) Indicate if the Applicant will rely on the financial resources of its Parent Company, if applicable.

Yes, QCC will rely on the financial resources of its parent company, Qwest Services Corporation (QSC). QCC is a wholly owned subsidiary of QSC, which is a wholly owned subsidiary of Qwest Communications International, Inc. (QCII). Funding for QCC is through equity provided by QSC and by financial obligations issued by Qwest Capital Funding, Inc. (QCFI), a separate subsidiary of QCII.

(B-4) The Applicant must provide the following information.

1. Provide the projected total revenue expected to be generated by the provision of telecommunications services to Arizona customers for the first twelve months following certification, adjusted to reflect the maximum rates for which the Applicant requested approval. Adjusted revenues may be calculated as the number of units sold times the maximum charge per unit.
 2. Provide the operating expenses expected to be incurred during the first twelve months of providing telecommunications services to Arizona customers following certification.
 3. Provide the net book value (original cost less accumulated depreciation) of all Arizona jurisdictional assets expected to be used in the provision of telecommunications service to Arizona customers at the end of the first twelve months of operation. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.
 4. If the projected value of all assets is zero, please specifically state this in your response.
 5. If the projected fair value of the assets is different than the projected net book value, also provide the corresponding projected fair value amounts.
1. The projected total revenue to be generated by the provision of these services is \$76,497,192
 2. The projected operating expenses to be incurred in the provision of these services is \$41,973,655.00
 3. The net book value of all Arizona jurisdictional assets to be used in providing these services is \$5,856,615.00.
 4. Not applicable.
 5. QCC estimates that the Projected Fair Value of these assets is \$5,856,615.00

C. RESOLD AND/OR FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(C-1) Indicate if the Applicant has a resale agreement in operation,

Yes

No

If "Yes", please reference the resale agreement by Commission Docket Number or Commission Decision Number.

D. FACILITIES-BASED LONG DISTANCE AND/OR FACILITIES BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(D-1) Indicate if the Applicant is currently selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services in the State of Arizona. This item applies to an Applicant requesting a geographic expansion of their CC&N:

Yes - F-B Long Distance

No - F-B Local

If "Yes," provide the following information:

1. The date or approximate date that the Applicant began selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services for the State of Arizona.

QCC is currently providing facilities based long distance service in Arizona pursuant to the CC&N granted by the Commission in Decision No. 66612. Qwest began offering these services in Arizona on December 15, 2003.

2. Identify the types of facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services that the Applicant sells in the State of Arizona.

QCC sells switched and dedicated long distance, ATM, Frame Relay, Operator Services, Private Line, and toll free services in Arizona.

If "No," indicate the date when the Applicant will begin to sell facilities-based long distance telecommunications AND/OR facilities-based local exchange telecommunications services in the State of Arizona:

QCC will begin to offer facilities based local exchange service within the State of Arizona once it has received certification from the ACC.

(D-2) Check here if you wish to adopt as your petition a statement that the service has already been classified as competitive by Commission Decision:

Decision # 64178 Resold Long Distance

Decision # 64178 Resold LEC

Decision # 64178 Facilities Based Long Distance pursuant to Decision No. 66612

Decision # 64178 Facilities Based LEC

E. FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(E-1) Indicate whether the Applicant will abide by the quality of service standards that were approved by the Commission in Commission Decision Number 59241:

Yes

No

(E-2) Indicate whether the Applicant will provide all customers with 911 and E911 service, where available, and will coordinate with incumbent local exchange carriers ("ILECs") and emergency service providers to provide this service:

Yes

No

(E-3) Indicate that the Applicant's switch is "fully equal access capable" (i.e., would provide equal access to facilities-based long distance companies) pursuant to A.A.C. R14-2-1111 (A):

Yes

No

I certify that if the applicant is an Arizona corporation, a current copy of the Articles of Incorporation is on file with the Arizona Corporation Commission and the applicant holds a Certificate of Good Standing from the Commission. If the company is a foreign corporation or partnership, I certify that the company has authority to transact business in Arizona. I certify that all appropriate city, county, and/or State agency approvals have been obtained. Upon signing of this application, I attest that I have read the Commission's rules and regulations relating to the regulations of telecommunications services (A.A.C. Title 14, Chapter 2, Article 11) and that the company will abide by Arizona state law including the Arizona Corporation Commission Rules. I agree that the Commission's rules apply in the event there is a conflict between those rules and the company's tariff, unless otherwise ordered by the Commission. I certify that to the best of my knowledge the information provided in this Application and Petition is true and correct.

Reed Peterson
(Signature of Authorized Representative)

4/23/04
(Date)

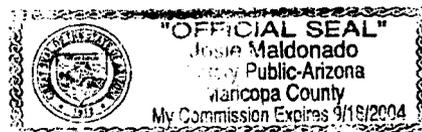
Reed Peterson
(Print Name of Authorized Representative)

Staff Advocate
(Title)

SUBSCRIBED AND SWORN to before me this 23rd day of April, 2004

Jose Maldonado
NOTARY PUBLIC

My Commission Expires 9/18/04



ATTACHMENT A-1

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

*****QWEST COMMUNICATIONS CORPORATION*****

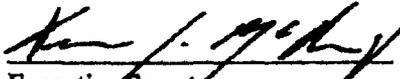
a foreign corporation organized under the laws of Delaware did obtain authority to transact business in the State of Arizona on the 6th day of June 1989.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation has not had its authority revoked for failure to comply with the provisions of the Arizona Business Corporation Act; that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed an Application for Withdrawal as of the date of this certificate.

This certificate relates only to the legal authority of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 21st Day of October, 2003, A. D.




Executive Secretary

By 

ATTACHMENT A-2

Qwest Communications Corporation (QCC)
As of 04/06/2004

Directors

<i>Title</i>	<i>Director</i>	<i>Elected</i>	<i>Resigned</i>
Director	Tom F. Gillett	02/11/2003	
Director	Clifford S. Holtz	07/01/2002	

Officers

<i>Title</i>	<i>Officer</i>	<i>Appointed</i>	<i>Effective Date</i>	<i>Resigned</i>
Vice President and Assistant Treasurer	Mark T. Evans	01/22/2003	01/22/2003	
President	Tom F. Gillett	02/13/2003	02/13/2003	
Vice President - Assistant Controller	R. William (Bill) Johnston	09/03/2003	09/03/2003	
Executive Vice President	Clifford S. Holtz	07/01/2002	07/01/2002	
Senior Vice President	Pamela J. Stegora Axberg	07/01/2002	07/01/2002	
Vice President - Corporate Tax	Kelly S. Carter	09/11/1998	12/09/2003	
Assistant Secretary	Troy M. Keller	04/21/2003	04/21/2003	
Assistant Secretary	Joan E. Randazzo	09/03/2003	09/03/2003	

ATTACHMENT B

Qwest Communications Corporation

Arizona Tariff No. 3

EXCHANGE SERVICE TARIFF

TITLE PAGE

Release 1

Issued Date: 4-23-04

Effective Date: }

EXCHANGE SERVICE TARIFF

(N)

**QWEST COMMUNICATIONS CORPORATION
REGULATIONS APPLYING TO EXCHANGE SERVICE
WITHIN THE STATE OF ARIZONA**

EXCHANGE SERVICE TARIFF

Issued Date: 4-23-04

Effective Date: }

1. APPLICATION AND REFERENCE

(N)

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EXCHANGE SERVICE TARIFF

Issued Date: 4-23-04

Effective Date: }

1. APPLICATION AND REFERENCE

1.1 APPLICATION OF TARIFF

(N)

This Tariff applies to the furnishing of Exchange Services defined herein by Qwest Communications Corporation (hereinafter referred to as the "Company") for customers within the exchange service area of the State of Arizona. Services, features and functions will be provided where facilities, including but not limited to, billing and technical capability and the ability of the Company to purchase service elements from appropriate Tariffs for resale are available.

The provision of Exchange Service is subject to existing regulations, terms and conditions specified in this Tariff and may be revised, added to or supplemented by superseding issues.

Qwest Communications Corporation reserves the right to offer its customers a variety of competitive services as deemed appropriate by the Company.

EXCHANGE SERVICE TARIFF

Issued Date: 4-23-04

Effective Date: }

1. APPLICATION AND REFERENCE

1.2 TABLE OF CONTENTS

(N)

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EXCHANGE SERVICE TARIFF

Issued Date: 4-23-04

Effective Date: }

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**SECTION 4.
RESERVED FOR FUTURE USE**

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EXCHANGE SERVICE TARIFF

Issued Date: 4-23-04

Effective Date: }

1. APPLICATION AND REFERENCE

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EXCHANGE SERVICE TARIFF

Issued Date: 4-23-04

Effective Date: }

1. APPLICATION AND REFERENCE

1.3 SUBJECT INDEX (Cont'd)

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Liability of the Company	2
Limitations	2
Payment For Service	2
Special Services	2
Special Taxes, Fees, Charges	2
Table of Contents	1
Use of Service	2

1. APPLICATION AND REFERENCE

1.4 TARIFF FORMAT

(N)

1.4.1 LOCATION OF MATERIAL

- A. Section 1 provides the following for all of the sections in this Tariff.
 - Subject Index - an alphabetical listing to find the desired section.
 - Table of Contents - a numerical listing to find the desired section and page.
- B. Each individual section in the Tariff provides a Subject Index for the material located within that section.
- C. **Obsolete Service Offerings**

Obsolete service offerings are identified in the Tariff by adding 100 to the current section number.

1.4.2 OUTLINE STRUCTURE

The Tariff uses nine levels of indentations known as Tariff Information Management (TIM) Codes, as outlined below:

LEVEL	APPLICATION	EXAMPLE
1	Section Heading	1. APPLICATION AND REFERENCE
2	Sub Heading	1.4 TARIFF FORMAT
3	Sub Heading	1.4.1 LOCATION OF MATERIAL
4	Sub Heading/Tariff Text	A. Text
5	Sub Heading/Tariff Text	1. Text
6	Sub Heading/Tariff Text	a. Text
7	Sub Heading/Tariff Text	(1) Text
8	Sub Heading/Tariff Text	(a) Text
9	Footnotes	[1] Text

1. APPLICATION AND REFERENCE

1.4 TARIFF FORMAT (Cont'd)

(N)

1.4.3 RATE TABLES

Within rate tables, four types of entries are allowed:

- Rate Amount

The rate amount indicates the dollar value associated with the service.

- A dash "-"

The dash indicates that there is no rate for the service or that a rate amount is not applicable under the specific column header.

- A footnote designator "[1]"

The footnote designator indicates that further information is contained in a footnote.

- ICB

The acronym "ICB" indicates that the product/service is rated on an individual case basis.

EXCHANGE SERVICE TARIFF

Issued Date: 4-23-04

Effective Date: }

1. APPLICATION AND REFERENCE

1.5 EXPLANATION OF CHANGE SYMBOLS

(N)

SYMBOL	EXPLANATION
(C)	To signify changed regulation, term or condition
(D)	To signify discontinued material
(I)	To signify rate increase
(M)	To signify material moved from or to another part of the Tariff with no change, unless there is another change symbol present
(N)	To signify new material
(R)	To signify rate reduction
(T)	To signify a change in text but no change in rate, regulation, term or condition

2. GENERAL REGULATIONS - CONDITIONS OF OFFERING

(N)

SUBJECT	PAGE
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Cancellations and Deferments	4
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Customer Responsibility.....	8
Defacement of Premises	10
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Interruptions	9
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Payment of Bills	8

2. GENERAL REGULATIONS - CONDITIONS OF OFFERING

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Service Liabilities	9	
Special Arrangements	6	
Special Services	6	
Special Taxes, Fees, Charges	11	
Termination of Service	7	
Transmission of Messages	10	
Use of Service	4	
Work on Customer's Premises	5	

2. GENERAL REGULATIONS - CONDITIONS OF OFFERING

2.1 DEFINITIONS

(N)

Accessories

Devices which are mechanically attached to, or used with, the facilities furnished by the Company and which are independent of, and not electrically, acoustically, or inductively connected to, the communications path of the telecommunications system.

Authorized User

A person, firm, corporation or other entity that either is authorized by the customer to use exchange services or is placed in a position by the customer, either through acts or omissions, to use exchange services.

Central Office Connecting Facility

A facility furnished to an Other Common Carrier by the Company (in accordance with the Company's Facilities for Other Common Carriers Tariffs) between the terminal location of the Other Common Carrier and a point of connection on the Company premises.

Communications Systems

Channels and other facilities which are capable, when not connected to exchange and/or long distance message telecommunications service, of communications between customer-provided terminal equipment.

Company

Refers to Qwest Communications Corporation, which is the issuer of this Tariff.

CPE

CPE is customer provided premises equipment, software and other materials used in connection with the facilities.

Customer

Any person, firm, partnership, corporation, municipality, cooperative organization, or governmental agency to whom the Company agrees to furnish communications service under the provisions and regulations of this Tariff.

2. GENERAL REGULATIONS - CONDITIONS OF OFFERING

2.1 DEFINITIONS (Cont'd)

(N)

Data Access Arrangement

A protective connecting arrangement for use with the network control signaling unit or, in lieu of the connecting arrangement, an arrangement to identify a central office line and protective facilities and procedures to determine compliance with criteria set forth elsewhere.

Exchange Access Line

All of the Company's Central Office equipment and outside plant facilities that are needed to connect the service to the Company provided Network Interface or equivalent.

Individual Case Basis

A service arrangement in which the regulations, rates and charges are developed based on the specific circumstances of the customer's situation.

Interface

That point on the premises of the customer at which provision is made for connection of other than Company-provided facilities to facilities provided by the Company.

LATA -(Local Access Transport Area)

A geographical area within which a local exchange company provides communications services.

2. GENERAL REGULATIONS - CONDITIONS OF OFFERING

2.1 DEFINITIONS (Cont'd)

(N)

Network Interface

The Network Interface consists of a miniature modular standard jack for the connection of customer premises inside wire. The Network Interface is provided as part of the Exchange Access Line.

Nonrecurring Charges

The one-time initial charges for services or facilities, including but not limited to charges for construction, installation, or special fees, for which the customer becomes liable at the time the Service Order is executed.

Recurring Charges

The monthly charges to the customer for services, facilities and equipment, which continue for the agreed upon duration of the service.

Service Address

The service address is the building where the customer receives the Exchange Access Facilities.

Service Commencement Date

The first day following the date on which the Company notifies the customer that the requested service or facility is available for use, unless extended by the customer's refusal to accept service which does not conform to standards set forth in the Service Order or this Tariff, in which case the Service Commencement Date is the date of the customer's acceptance of service. The parties may mutually agree on a substitute Service Commencement Date.

Standard Network Interface

The point of connection with the Telecommunication Network which is located at the customer's premises at a place deemed necessary by the Company in order to insure transmission quality and which is readily accessible to the customer.

2. GENERAL REGULATIONS - CONDITIONS OF OFFERING**2.2 ESTABLISHING AND FURNISHING SERVICE**

(N)

2.2.1 APPLICATION FOR SERVICE**A. Refusal**

The Company reserves the right to refuse an application for service made by a present or former customer who is indebted to the Company for telephone service previously furnished, until the indebtedness is satisfied. The Company may refuse to furnish or may deny telephone service to any person or business whereas on their premises exists any telephone facility which shows any evidence of tampering, manipulating, or operation, or use of any device whatsoever, for the purpose of obtaining telephone service without payment of the charges applicable to the service rendered.

B. Cancellations and Deferrals

When the Company advises a customer that ordered services are available on the requested due date, and the customer is unable or unwilling to accept service at that time, the facilities will be held available for the customer for a 30 business day grace period. If after 30 business days the customer still has not accepted service, the customer will be contacted and regular monthly billing for the ordered service shall begin if the customer requests that facilities continue to be held for their future use. Otherwise the facilities will be released for other service order activity, and cancellation charges (non-recurring charges that would have applied had the service been installed) shall be applied. These cancellation and deferral provisions apply to requests for 5 or more analog or digital exchange access lines.

C. Use of Service**1. Limitation on Use**

Service is furnished to customers for use only by the or by employees or representatives when engaged in business.

When the general service to the public is impaired by a customer's use of exchange service, the Company shall have the right to require the customer to contract for and properly maintain as many additional access lines as are needed to adequately serve the customer's requirements, or to discontinue the service of the customer in question.

2. GENERAL REGULATIONS - CONDITIONS OF OFFERING

2.2 ESTABLISHING AND FURNISHING SERVICE (Cont'd)

(N)

2.2.2 OBLIGATION TO FURNISH SERVICE

1. Facilities and lines furnished by the Company on the premises of a customer, authorized user or agent of the Company are the property of the Company and are provided upon the condition that such facilities and lines must be installed, relocated, rearranged and maintained by the Company, and that the Company's employees and agents may enter said premises at any reasonable hour to test and inspect such facilities and lines in connection with such purposes, or upon termination or cancellation of the service, to remove such facilities and lines.
2. The Company's obligation to furnish service or to continue to furnish service is dependent on its ability to obtain, retain and maintain suitable rights and facilities, and to provide for the installation of those facilities required incident to the furnishing and maintenance of that service.

2.2.4 LIMITED COMMUNICATION

The Company reserves the right to limit use of communication services when emergency conditions cause a shortage of facilities.

2.2.7 PAYMENT ARRANGEMENTS

The applicant or Customer may be required to make a deposit to be held as a guarantee for the payment of charges for services furnished. When service is terminated, the amount of the deposit, with interest, will be applied to any indebtedness to the Company. A deposit will be refunded or credited to the Customer's account after 12 months if the Customer has not been delinquent in payment. The deposit will bear simple interest at the rate of 6% a year payable on the actual amount on deposit with the Company. When billing is provided by a local exchange company on behalf of the Company, the local exchange company's deposit policy applies.

2. GENERAL REGULATIONS - CONDITIONS OF OFFERING

2.2 ESTABLISHING AND FURNISHING SERVICE

(N)

2.2.11 SPECIAL SERVICES

A. Work On Customer's Premises

It is contemplated that all work on customers' premises can be performed during regular working hours. If a customer requests that work be performed during hours which results in overtime or premium rates of pay, a charge may apply in addition to other rates and charges which may be applicable, equal to the amount of overtime or premium time payments.

It is also contemplated that all installation, removals, service connections, moves and changes requested by a customer be performed without the Company incurring unusual costs. If a customer requests that work be performed in a special manner or at a special time which results in unusual costs, a charge equal to the amount of unusual costs may apply in addition to other applicable rates and charges.

B. Special Arrangements

The rates and charges quoted in this Tariff contemplate the use of standard arrangements, that is, the arrangement normally used by the Company to provide the type of service involved.

For special service arrangements to be provided by this Company, and not specifically covered in this Tariff, charges equivalent to the cost of furnishing such arrangements.

2. GENERAL REGULATIONS - CONDITIONS OF OFFERING

2.2 ESTABLISHING AND FURNISHING SERVICE (Cont'd)

(N)

A. Initial Service Periods

1. The initial service period for service and facilities is one month, except as otherwise specified hereinafter.
2. Initial service periods for service or facilities of any class will be greater than those specified herein whenever that is required in order for the Company to protect itself from making a hazardous investment because the customer's location or the character of the service required is such that upon termination of the customer's contract the facilities which have been constructed or installed to render the service are not likely to be useful for furnishing service to any other customer.
3. Service for which the initial service period is one month may be terminated prior to the expiration of such period only by payment of charges for the entire initial period. The charges for any supplemental item of service or facilities furnished in connection with such service shall, however, be terminated in accordance with the regulations applicable to that item of service or facilities.

EXCHANGE SERVICE TARIFF

Issued Date: 4-23-04

Effective Date: }

2. GENERAL REGULATIONS - CONDITIONS OF OFFERING**2.3 PAYMENT FOR SERVICE**

(N)

2.3.1 CUSTOMER RESPONSIBILITY

The customer is responsible for payment of all charges for facilities and services furnished the customer, including charges for services originated, or charges accepted, at such facilities.

2.3.2 PAYMENT OF BILLS**A. Charges Due**

Charges for exchange service and facilities are due in advance. Payment is due upon receipt of bill. All bills are payable by any means mutually acceptable to the customer and the Company. Failure to receive a bill does not exempt the customer from prompt payment of their account. The customer is held responsible for all charges for exchange service and facilities furnished at the customer's request.

The Company shall utilize credit policies and reasonable and equitable methods in its debt collection practices as specified in the Administrative Rules of the South Dakota Public Utilities Commission.

B. Returned Payment Charge

A returned payment charge may apply to the customer's account for each occasion that a check, bank draft, or an electronic funds transfer item is returned to the Company for the reason for insufficient funds or no account.

	CHARGE
• Returned Payment Charge	\$10.00

2. GENERAL REGULATIONS - CONDITIONS OF OFFERING

2.4 LIABILITY OF THE COMPANY

(N)

2.4.1 SERVICE LIABILITIES

A. Limitations

1. The Company's liability, if any, for its willful misconduct is not limited by this Tariff. With respect to any other claim or suit, by a customer or by any others, for damages associated with the installation, provision, preemption, termination, maintenance, repair, or restoration of service, the Company's liability, if any, shall not exceed an amount equal to the proportionate part of the monthly recurring charge for the service for the period during which the service was affected. This liability shall be in addition to any amounts that may otherwise be due the customer under this Tariff as an allowance for interruptions.
2. The services furnished by the Company, in addition to the limitations set forth preceding, also are subject to the following limitation: The Company shall not be liable for damage arising out of mistakes, omissions, interruptions, delays, errors or defects in transmission or other injury, including but not limited to injuries to persons or property from voltages or currents transmitted over the service of the Company caused by Customer-provided equipment (except where a contributing cause is the malfunctioning of a Company-provided connecting arrangement, in which event the liability of the Company shall not exceed an amount equal to a proportional amount of the Company billing for the period of service during which such mistake, omission, interruption, delay, error, defect in transmission or injury occurs).
3. The customer indemnifies and saves the Company harmless against claims for libel, slander, infringement of copyright arising from the use of material transmitted over its facilities, or infringement of patents arising from combining with or using in connection with, facilities of the Company, apparatus or systems of the customer; and against all other claims arising out of any act or omission of the customer in connection with facilities provided by the Company.

4. Calling Privileges

Company Tariffs govern and fix the outgoing service of customers and in no manner guarantees to them the same incoming service. All incoming service of a customer depends upon and is limited by the right of a calling customer to such service.

2. GENERAL REGULATIONS - CONDITIONS OF OFFERING

2.4 LIABILITY OF THE COMPANY

(N)

2.4.1 SERVICE LIABILITIES (Cont'd)

B. Transmission of Messages

The function of the Company is to furnish means of communication. Acceptance, by employees, of written or verbal communications from the public, for transmission or delivery, is forbidden.

C. Defacement of Premises

No liability shall attach to the Company be reason of any defacement or damage to the customer's premises resulting from placing the Company's apparatus and associated wiring on such premises, or by the removal thereof when such defacement or damage is not the result of negligence on the part of the Company or its employees.

2. GENERAL REGULATIONS - CONDITIONS OF OFFERING

2.6 SPECIAL TAXES, FEES, CHARGES

(N)

1. Adjustments for Municipality Payments

In the event that a municipality collects or receives any payment or payments from the Company for or by reason of the use of the streets, alleys, and public places of the municipality or for by reason of the operation of the Company's business or any portion or phase thereof in the municipality, whether such payments be called a tax, assessment, license fee, percentage of earnings or revenues, lump sum payments, or otherwise, or whether such payments were made under the provisions of any law, ordinance, resolution, franchise, permit, or otherwise, bills for the Company's services in such municipality will be increased during the period or periods in which any such payment or payments are collected or received by an aggregate amount approximating the amounts of such payment or payments, and bills to the Company's customers rendered under the several rate schedules in effect in such municipality will be increased by the applicable proportionate part of any such payment or payments.

EXCHANGE SERVICE TARIFF

Issued Date: 4-23-04

Effective Date: }

5. EXCHANGE SERVICES

(N)

SUBJECT	PAGE
Exchange Access Facilities	1

EXCHANGE SERVICE TARIFF

Issued Date: 4-23-04

Effective Date: }

5. EXCHANGE SERVICES**5.1 EXCHANGE ACCESS FACILITIES**

(N)

1. Description

Exchange Access Facilities provide the physical connection, between the customer's premises and the Company's domestic network. The facilities include any entrance cable or drop wire to the point where provision is made for the termination of the Company's outside distribution network facilities at a suitable location at a customer-designated service address. The Company installs the facilities to the Company's point of demarcation.

Each facility includes Company maintained equipment at the Company's termination point at the customer's service address. The point of termination may also be called the demarcation point. The facility does not include any extended wiring, inside wiring, or equipment past the demarcation point that is not maintained by the Company.

2. Terms**Exchange Access Facilities**

Exchange Access Facilities are only provisioned in conjunction with Qwest Communications Corporation complex telecommunications services.

3. Rates and Charges

Rates for Exchange Access Facilities will be developed on an Individual Case Basis (ICB).

ATTACHMENT E

Federal Communications Commission

FCC 00-254

Before the
Federal Communications Commission
Washington, DC 20554

In the Matter of)
)
Qwest Communications)
International, Inc.) File No. ENF-99-11
)
Apparent Liability for Forfeiture) NAL/Acct. No. 916EF008
)

ORDER

Adopted: July 19, 2000;

Released: July 21, 2000

By the Commission: Commissioner Furchtgott-Roth approving in part, dissenting in part and issuing a statement.

1. In this Order, we adopt a Consent Decree terminating an investigation regarding unauthorized primary interexchange carrier (PIC) conversions by Qwest Communications International, Inc. (Qwest).

2. On October 19, 1999, the Commission issued to Qwest a Notice of Apparent Liability for Forfeiture (NAL). The Commission determined that Qwest had apparently violated section 258 of the Communications Act of 1934, as amended, 47 U.S.C. § 258, and Commission rules and orders by changing the PICs of 30 consumers without their authorization. After reviewing the facts and circumstances surrounding the alleged violations, the Commission found Qwest apparently liable for forfeiture in the amount of two million and eighty thousand dollars (\$2,080,000).

3. The Commission staff and Qwest have negotiated the terms of a Consent Decree that would resolve this matter and the staff's investigation. A copy of the Consent Decree is attached and is incorporated by reference. As detailed in the Consent Decree, Qwest has agreed, among other things, to make a voluntary contribution to the U.S. Treasury in the amount of one million five hundred thousand dollars (\$1.5 million), and to strengthen its slamming compliance and monitoring policies.

4. We have reviewed the terms of the Consent Decree and evaluated the facts before us. In light of Qwest's commitment to be bound by various principles regarding its verification and disciplinary procedures, its compensation plans, and other pro-consumer steps and commitments, we believe that the public interest will be served by approving the Consent Decree and terminating the investigation.

5. Accordingly, IT IS ORDERED, pursuant to sections 4(i), 258 and 503(b) of the Communications Act, 47 U.S.C. §§ 154(i), 258, and 503(b) that the attached Consent Decree is ADOPTED.

6. IT IS FURTHER ORDERED that the Secretary SHALL SIGN the Consent Decree on behalf of the Commission.

7. IT IS FURTHER ORDERED that the above captioned case as well as the Commission staff inquiry into the matter described herein ARE TERMINATED.

FEDERAL COMMUNICATIONS COMMISSION

Magalie Roman Salas
Secretary

**STATEMENT OF COMMISSIONER HAROLD FURCHTGOTT-ROTH
CONCURRING IN PART, DISSENTING IN PART**

*Re: Qwest Communications International, Inc., Apparent Liability for Forfeiture,
Consent Decree and Order. File No. ENF-99-11, NAL/Acct. No. 916EF008.*

I write separately to again express my uneasiness with the Commission's use of consent decrees to extend our regulatory reach.¹ While I fully support the use of consent decrees as an effective way to bring closure to enforcement proceedings, I urge my colleagues to reexamine the Commission's consent decree philosophy. In my view decrees must adhere to three tenets: (1) the terms of the consent decree must be directly linked to the violations; (2) the Commission must be prepared to monitor and enforce each provision of the decree; and (3) the resulting regulatory obligations should not create excessive company-specific regulation.

First, there must be a direct link between the terms of the consent decree and the violation itself. While it is important to ensure that carriers not engage in slamming, the Commission must not be tempted into micromanaging business decisions of offending carriers. For example, here our order requires Qwest to "withhold twenty percent of the commission [to distributors] for at least sixty days to recover any penalties and charges that may result from any unauthorized orders."² While it may be appropriate for the consent decree to require Qwest to take steps to eliminate financial incentives for unauthorized orders, and thus deter misconduct, it is not clear to me why the FCC is mandating a hold back percentage or a 60-day period. There does not appear to be any link between a 60-day hold period (as opposed to a 30- or 45-day hold) and the alleged violations at issue. Therefore, I see no basis for including these specific terms in the decree. On the other hand, requiring an offending carrier to train its employees and agents about our slamming rules and policies seems appropriate.³ However, micromanaging the specifics of a licensee's hiring and firing is not.⁴ I urge the Commission, therefore, to develop a "germaneness test" to define the limits of what the Commission should undertake in consent decrees.

Second, the Commission should not include provisions in consent decrees that it cannot or, practically speaking, will not enforce. Today's Order requires the Commission to monitor, among other things, advertising campaigns, labor practices, employee pay-backs, and commission "holdbacks."⁵ So, for example, Qwest, as part of a mandated

¹ See *Statement Of Commissioner Harold Furchtgott-Roth, Concurring In Part, Dissenting In Part, Re: MCI Worldcom Communications, Inc., Consent Decree and Order, File No. EB-00-TC-055, NAL Acct. No. X3217-008* (rel. June 6, 2000).

² *Qwest Communications International, Inc., Apparent Liability for Forfeiture, Consent Decree and Order, File No. ENF-99-11, NAL/Acct. No. 916EF008, ¶ 16* (rel. July XX, 2000).

³ See *Qwest Consent Decree ¶ 14*.

⁴ See *id.* at ¶¶ 14-15.

⁵ See *id.* at ¶¶ 23, 14-17.

media campaign, must within 6 months "distribute brochures and place media advertising for consumers who do not speak English as their primary language, in their language of choice."⁶ Yet there are hundreds of "languages of choice," so it is not at all clear what the full scope of this obligation truly is. And how are we going to police this obligation? Similarly, regarding the hold back provisions mentioned above, are we really committed to monitoring and enforcing these details? If Qwest decides that 30% for 90 days is more appropriate than the 20% for 60 days provision, is Qwest really required to petition this agency for "permission" to change this business practice? The consent decree's provisions are well intentioned, but the scope of our legally-binding obligations must be no broader than we are prepared to monitor and enforce.

Third, a consent decree should not impose excessive carrier-specific obligations, particularly on consumer protection issues. I believe consumers should be able to look at our rules and regulations to easily determine what their rights are vis-à-vis our licensees. By creating extensive carrier-specific regulation -- either through consent decrees or license transfer proceedings -- we undercut the ability of consumers to know their rights. In fact, we virtually guarantee that consumers will not know what obligations apply because it is simply impractical to expect consumers to unearth these decrees from the various resting places within the code to ascertain their rights. For example, the consent decree requires Qwest to establish a "stay away" list of customers who have stated that they would never do business with Qwest.⁷ Yet we have detailed (and different) regulations restricting telephone solicitation: in response to a consumer request, telephone solicitors must place the consumer on a "do-not-call list" for a period of ten years.⁸ Presumably our current rule adequately protects consumers. Therefore, I would be inclined to reinforce our current "do-not-call list" obligations on Qwest with additional reporting and monitoring requirements. Moreover, in my view, any violation of these rules during the consent decree period should be subject to particularly harsh penalties. My approach achieves the Commission's basic goals, but without adding to the extensive company-specific regulations already in place.

In the end, consent decrees must punish the violation, establish an explicit probationary period, and memorialize the licensee's commitment to preventing recurrence of the violations. In turn, the FCC assures the public that the licensee will be strictly monitored during the probationary period and that the remedial provisions of the decree will be vigorously enforced. Any additional violations during the probationary period will be met with harsh penalties. Unfortunately, as detailed above, our current consent decree philosophy goes far beyond these fundamental principles.

For the foregoing reasons, I respectfully dissent in part.

⁶ See *id.* at ¶ 23. It is also not clear how effective such a campaign would be at resolving the apparent underlying problem. If, in response to a record of violations, the goal is to prevent language barriers from facilitating slamming, then bilingual operators provide a much more direct answer to this problem.

⁷ See *id.* at ¶ 20. These rules also apply to customers who have accused Qwest of slamming.

⁸ See 47 C.F.R. § 64.1200.

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)
)
Qwest Communications)
International Inc.) File No. ENF-99-11
)
Apparent Liability for Forfeiture) NAL/Acct. No. 916EF008
)

CONSENT DECREE

1. The Federal Communications Commission ("FCC" or "Commission") and Qwest Communications International Inc. ("Qwest") by their attorneys or authorized representatives, hereby enter into a Consent Decree terminating a Commission investigation concerning Qwest's alleged violations of Section 258 of the Communications Act of 1934, as amended, and the Commission's policies and rules regarding preferred interexchange and/or intra-LATA carrier ("PIC") conversions. Qwest is a common carrier that provides interstate interexchange telecommunications services pursuant to tariffs on file with the Commission.

2. On October 19, 1999, the Commission issued to Qwest a Notice of Apparent Liability for Forfeiture ("NAL").¹ The Commission determined that Qwest had apparently violated section 258 and Commission rules and orders by changing the PICs of thirty consumers without their authorization. After reviewing the facts and circumstances surrounding the alleged violations, the Commission found Qwest apparently liable for forfeiture in the amount of two million and eighty thousand dollars (\$2,080,000). The Commission and Qwest thereafter entered into negotiations and have agreed to terminate this proceeding pursuant to the terms and conditions set forth herein.

3. For the purposes of this Consent Decree the following definitions shall apply:
- a) "Commission" or "FCC" means the Federal Communications Commission;
 - b) "Bureau" means the Enforcement Bureau of the Federal Communications Commission;
 - c) "Qwest" means Qwest Communications International, Inc. or any other affiliated entity, subsidiary, parent, successor or assign, controlling or controlled by Qwest Communications International, Inc. However, in the

¹ Qwest Communications International Inc., Notice of Apparent Liability for Forfeiture, FCC 99-299 (Oct. 19, 1999).

event that Qwest completes a merger with U S West, Inc., during the effectiveness of this decree, the term "Qwest" shall not include the local exchange operations of either U S West or any U S West affiliate providing local telecommunications services;

- d) "Parties" means Qwest and the Commission;
- e) "Adopting Order" means an Order of the Commission adopting the terms and conditions of this Consent Decree;
- f) "Effective Date" means the date on which the Commission adopts the Adopting Order;
- g) "PIC Change" means an Order or request transmitted by an interexchange carrier to a local exchange carrier requesting a change of a customer's preferred interexchange and/or intraLATA carrier;
- h) "Letter of Agency" or "LOA" means a written authorization signed by the customer authorizing a PIC change;
- i) "Informal Complaint" or "Consumer Complaint" means a complaint filed under 47 C.F.R. §§ 1.711-1.717;
- j) "Distributor" means a third party entity engaging in face-to-face marketing or engaging in telemarketing of long distance telecommunications to consumers on behalf of Qwest.
- k) "LEC" means local exchange carrier.

4. The Parties agree that the provisions of this Consent Decree shall be subject to final approval by the Commission by incorporation of such provisions by reference in an Adopting Order of the Commission.

5. The Parties agree that this Consent Decree shall become effective on the date on which the Adopting Order is released by the Commission and shall expire three (3) years after its effective date. Upon release, the Adopting Order and this Consent Decree shall have the same force and effect as any other order of the Commission, and any violation of the terms of this Consent Decree shall constitute a violation of a Commission Order entitling the Commission to exercise any and all rights and to seek any and all remedies authorized by law for the enforcement of a Commission Order.

6. Qwest admits the jurisdiction of the Commission for purposes of this Consent Decree and any Adopting Order.

7. Qwest waives any further procedural steps and any rights it may have to seek judicial review or otherwise challenge or contest the validity of the Adopting Order or this Consent Decree.

8. Qwest waives any rights it may have under any provision of the Equal Access to Justice Act, 5 U.S.C. § 504.

9. This Consent Decree shall constitute a final settlement between Qwest and the Commission of the above-captioned NAL proceeding and any proceeding based on allegations of unauthorized PIC changes occurring on or before the effective date of this Consent Decree; provided, however, that this Consent Decree is not dispositive of (1) the rights of any complainant who has filed (or should file) a formal or informal complaint against Qwest or (2) any matter(s) within the jurisdiction of any other federal or state agency.

10. This Consent Decree is for settlement purposes only. Nothing herein shall constitute findings as to the matters raised in the NAL, and Qwest does not admit any alleged violation or liability for the specific acts described in the NAL or in any informal complaints received by the Commission on or before the effective date of this Consent Decree.

11. Qwest shall make a voluntary contribution to the United States Treasury in the total amount of \$1,500,000 (one million five hundred thousand dollars). Payment shall be paid within 30 days of the effective date of this Consent Decree. Payment shall be made, without further protest or recourse, by check or money order drawn to the order of the Federal Communications Commission, shall reflect "FCC File No. ENF-99-11, NAL/Acct. No. 916EF008", and shall be mailed to the Forfeiture Collection Section, Finance Branch, Federal Communications Commission, P.O. Box 73482, Chicago, Illinois 60673-7482.

12. Qwest shall not knowingly submit to any LEC any preferred carrier change request unless Qwest has complied with all Commission rules and orders concerning preferred interexchange and/or intraLATA carrier changes, in effect, or as they may be hereafter modified or amended.

13. As of the effective date of the Order adopting the Consent Decree, Qwest shall verify all consumer PIC change requests obtained through a signed LOA during face-to-face marketing according to the procedures set forth in 47 C.F.R. § 64.1150 (c) or (d). Consistent with Paragraph 28 of this Decree, Qwest shall comply with all valid and effective rules adopted in CC Docket 94-158, or any other Commission docket regarding verification of all other sales. Qwest will revise its third party verification process to require that any customer confirming a residential sale, without undue prompting or suggestion by the third-party verifier, state his or her name and the telephone number(s) for which the preferred carrier is to be changed.

14. Within 30 days from the Effective Date, Qwest shall distribute to all its distributors a copy of its updated Anti-Slamming Advisory, a copy of which is attached hereto. Qwest shall provide training to all new distributors regarding federal and state prohibitions against unauthorized PIC changes, and shall conduct annual "refresher" training to all distributors. In addition, Qwest shall require every sales representative involved in any way in the marketing of Qwest service to review and sign an anti-slamming advisory, at least once every six months, acknowledging their understanding of its requirements and verifying their intent to comply. If Qwest determines that any individual has forged a customer's signature on an LOA or has committed other willful violations of the Commission's rules, the offending individual will be immediately terminated and permanently barred from soliciting orders for Qwest. Qwest

will continue to police other violations of its policies and the FCC's rules, and will require remedial measures up to and including termination for individuals and/or distributors that submit a specified number of improper PIC-change customer orders.

15. Within 30 days of the Effective Date, Qwest shall implement procedures to monitor the performance of distributors regarding submission of PIC-change orders, to identify distributors that submit unauthorized PIC changes to Qwest, and to promptly reduce such improper PIC-change customer orders and discipline such distributors.

- a) If the distributor demonstrates any pattern or practice of violating federal PIC-change rules and orders, such conduct shall subject the distributor to immediate termination of its relationship with Qwest.
- b) If the number of improper PIC change orders submitted by a distributor during any calendar month exceeds 2 percent of the total number of PIC-change orders submitted by the distributor during the month, Qwest will implement remedial measures designed to improve the distributor's performance. For purposes of this paragraph, an order shall be deemed to be an "improper PIC change order" if, within 14 days after notice to Qwest of a dispute by the consumer, (1) Qwest cannot produce evidence of an signed LOA and/or a record of TPV that complies with the provisions of this Consent Decree, or (2) the LOA or TPV is forged or otherwise fraudulent. Remedial measures shall, at a minimum, include:
 - 1) mandatory retraining by Qwest of the distributor's sales personnel which will focus on proper sales techniques and methods to reduce rejected orders;
 - 2) the distributor's implementation of specific changes designed to reduce the incidence of bad orders;
 - 3) the distributor's reaffirmation and re-signing of Qwest's Anti-Slamming Advisory;
 - 4) the distributor's performance of a self-audit on a monthly or weekly basis as necessary under the circumstances.
 - 5) The charge-back of all commissions or fees earned for each improper PIC change plus a financial penalty equal to at least fifty percent (50%) of any commissions or fees earned for each order.

16. Upon entering into any distributor contract, and within 30 days of the effective date of this Consent Decree for existing contracts, Qwest shall require its distributors to sign an agreement with Qwest specifying that any of the distributor's employees found to have engaged in practices that violate the effective federal PIC-change rules and orders shall be subject to disciplinary action up to and including immediate termination. Qwest will not rehire any employee or agent who has been terminated by Qwest or its distributors for violating the federal PIC-change rules and orders.

17. Qwest agrees that in the event it pays an up-front commission to distributors for accounts switched to Qwest, it shall withhold twenty percent (20%) of the commission for at least 60 days to recover any penalties and charges that may result from any unauthorized orders. Such holdback procedures will allow the customer to receive the first bill and contact Qwest if the customer did not authorize the PIC-change. If a distributor has at least one year of continuous performance without exceeding the threshold described in paragraph 15(b), Qwest may, in its discretion, pay up-front commissions without regard to the holdback described in this paragraph, *provided, however*, that if, at any time thereafter, the distributor exceeds the threshold described in paragraph 15(b), Qwest shall hold back up-front commissions as described above. Qwest will review its holdback procedures on a quarterly basis to ensure that the amounts withheld are adequate.

18. Qwest agrees that new distributors will be screened to ensure that they meet Qwest's standards for quality and reputability and have not engaged in slamming or other improper sales activities. Qwest will place all distributors that begin submitting orders on or after the Effective Date on a probationary status for the first 90 days of the relationship. During this probationary period, Qwest will conduct performance reviews to ensure the distributor meets acceptable standards of performance. If, during this probationary period, the number of improper PIC change orders submitted by the distributor during any calendar month exceeds 2 percent of the total number of PIC-change orders submitted by the distributor during the month, Qwest will immediately terminate its relationship with the distributor. For purposes of this paragraph, the term "improper PIC change orders" shall have the meaning defined in paragraph 15(b) above. In addition, during the probationary period, new distributors shall receive up-front commissions from Qwest in accordance with paragraph 17 above.

19. Qwest shall inspect each LOA prior to submitting an order to the LEC. All incomplete LOAs (e.g. missing signature, telephone number, or other required information) will be returned to the distributor without being processed.

20. Qwest shall maintain a "stay away" list of customers who have either (1) claimed an unauthorized switch in the past or (2) expressed their intent never to purchase Qwest's services. Qwest will verify orders against this list before submitting a PIC change to a LEC. Customers will remain on the stay away list for a minimum of one year, unless they request to be removed from the list. As of the effective date, Qwest will initiate a review of all complaints alleging unauthorized preferred carrier changes by Qwest, which it received within the twelve months prior to the effective date from a state agency, a federal agency, or from a consumer directly, based on any record in Qwest's custody. In all cases where Qwest concludes that an unauthorized preferred carrier change occurred, it will promptly issue a credit for all preferred carrier change fees and to have all calls subject to the switched services rerated to the prior carrier's rates. Consistent with Paragraph 28 of this Decree, at such time as the Commission's slamming liability rules in Docket 94-129 become effective, Qwest will ensure that its consumer credit practices comply with them. At six-month intervals, the Company will submit reports to the Commission detailing the number of PIC disputes received, the number of credits issued, and the total dollar amount of any credits issued. For purposes of these reports, Qwest shall include all written disputes forwarded by the FCC, a state commission or agency, a LEC, or from a consumer directly.

21. Qwest shall take any necessary steps to monitor and ensure that, in connection with the advertising, promotion, marketing, offering for sale or sale of interstate, interexchange and/or intraLATA telecommunications services, all individuals or entities which are in any way involved in the marketing of Qwest's services to consumers shall comply with paragraphs 12, 13 and 14 of this Consent Decree. Qwest shall demand prompt remedial action (including but not limited to, disciplining or terminating responsible individuals, and terminating or recovering commissions or surcharges paid to a distributor) against any individual or entity that is submitting, or has submitted in the past, requests for unauthorized PIC changes, or is not in compliance with paragraphs 12, 13 and 14 of this Consent Decree.

22. Qwest shall engage an independent auditor on an annual basis to conduct an examination of its reporting and data tracking mechanisms and the enforcement procedures based upon those reports. This examination will be supervised by persons licensed to provide public accounting services and shall be conducted in accordance with the relevant standards of the AICPA. The independent auditor shall provide an opinion (with exceptions, if any, noted) in a written report to the Board of Directors of Qwest. Qwest also will require its distributors to report, on at least a quarterly basis, the results of an internal audit of its anti-slamming procedures.

23. Qwest shall devise and implement a nationwide campaign to inform consumers who do not speak English as their primary language of the dangers of slamming and their rights in the event their preferred carrier has been changed without authorization. Qwest will distribute brochures and place media advertising for consumers who do not speak English as their primary language, in their language of choice. Qwest agrees to bear the cost of all media advertising and/or consumer brochures in support of this nationwide campaign and that the campaign will be completed within 6 months of the Effective Date.

24. During the effectiveness of this Consent Decree, and for a period of three years thereafter, Qwest shall maintain and make available to the Commission or Bureau, within 14 days of the receipt of a written request from the Commission or Bureau, business records demonstrating compliance with the terms and provisions of this Consent Decree, including, but not limited to, advertisements, sales scripts, manuals or presentations, written advisories to sales distributors and agents and required responses to those advisories, Letters of Agency, PIC-change records, billing records, and all consumer complaints including those filed directly with Qwest and those filed against Qwest in any local, state, or federal jurisdiction served or otherwise submitted to Qwest. The record of consumer complaints shall include the name, address, and telephone number of each complainant, Qwest's response, and the final disposition of each complaint. Nothing in this Consent Decree shall limit Qwest's right to claim that the information requested is non-releasable proprietary information under the Freedom of Information Act, 5 U.S.C. § 522(b) and/or the Trade Secrets Act, 18 U.S.C. § 1905. The Commission agrees to allow Qwest an opportunity to establish such claims in accordance with the Commission's rules at 47 C.F.R. §§ 0.457, 0.459.

25. Qwest represents that it has satisfied the complaints filed with the Commission by the thirty consumers that gave rise to the Commission's NAL.²

26. The Commission further agrees that in the absence of substantial additional and material facts, it shall not on its own motion institute forfeiture proceedings against Qwest based on informal complaints of unauthorized PIC changes occurring before the effective date of this Consent Decree. The Commission will serve on Qwest consumer complaints concerning alleged unauthorized switches occurring prior to the effective date, in accordance with the procedures and rules governing such complaints. Qwest agrees to resolve these complaints to the extent required by the Communications Act and the Commission's rules and regulations. Nothing in this Consent Decree shall prevent the Commission from adjudicating formal complaints filed against Qwest, or from instituting a new investigation or enforcement proceedings against Qwest in the event of future misconduct.

27. In light of the covenants and representations contained in this Consent Decree, and in express reliance thereon, the Commission agrees that adoption of this Consent Decree shall serve to resolve all allegations that are the subject of the NAL issued in the above-captioned proceeding without any finding of ultimate liability on the part of Qwest. The Commission further agrees that in the absence of substantial additional and material facts, the Commission shall not on its own motion institute against Qwest new proceedings of any kind arising out of the PIC changes and consumers that were the subject of the NAL.

28. The Parties agree that any provision of the Consent Decree, except for the provisions concerning additional independent third party verifications of signed LOAs, affected by or inconsistent with any subsequent rule or order adopted by the Commission, will be superseded by such Commission rule or order.

29. This Consent Decree may be signed in counterparts.

For the Federal Communications Commission

For Qwest Communications International
Inc.

/s/ Magalie Roman Salas
Magalie Roman Salas
Secretary

/s/ R. Steven Davis
R. Steven Davis
Senior Vice President

7/20/00
Date

6/22/00
Date

² See Qwest Communications International Inc. Response to Notice of Apparent Liability for Forfeiture, File No. ENF-99-11, NAL/Acct. No. 916EF008, dated November 18, 1999.

**"QWEST'S POLICIES AND PROCEDURES
REGARDING SLAMMING PREVENTION"**

**ADVISORY TO ALL REPRESENTATIVES SELLING QWEST COMMUNICATION
CORPORATION'S SERVICES:**

Unauthorized switching of long distance service, or "slamming," is the number one problem facing the long distance industry today. Slamming is illegal, harmful to consumers, and will not be tolerated by Qwest. Qwest offers its customers the highest quality, reliability and value in the industry. These attributes are more than enough to attract customers, and a sales representative should never resort to fraud, deceit or trickery to generate sales.

The following document is designed to educate every person involved in the sale or marketing of Qwest's long distance services about the causes of unauthorized switches, Qwest's zero tolerance for such switches, and what can be done to prevent unauthorized switching. ALL REPRESENTATIVES AND DISTRIBUTORS SELLING QWEST LONG DISTANCE SERVICE MUST CAREFULLY READ THIS ADVISORY AND MUST READ AND SIGN THE ZERO SLAMMING PLEDGE ATTACHED TO THIS DOCUMENT. A signed Zero Slamming Pledge must be forwarded to Qwest before any individual begins marketing services on behalf of Qwest and must be re-affirmed at least every 6 months thereafter.

A. COMMON CAUSES OF SLAMMING:

- Incorrect telephone number submitted on the Letter of Authorization or "LOA" - means that incorrect telephone number is switched without the customer's written consent.
- The submitted LOA is illegible and causes the person that keys the order into the system to enter the wrong name and/or phone number.
- The person who "authorized" switching carriers really didn't have the authority to make the switch. Sometimes children, roommates, receptionists, secretaries or assistants authorize a switch to qualify for some sort of premium or other inducement even though they lack the authority to make decisions on behalf of the subscriber.
- A simple misunderstanding when one partner doesn't tell the other partner or accounts payable personnel about selecting a new long distance service. This is especially common when the person authorizing the switch is not the person who reviews or pays the bills. The bill-paying partner or accounts payable representative sees a new long distance carrier name and thinks something is wrong. Please ask your customers to inform the appropriate persons within the household or company about the change in long distance carriers.
- Signing someone up just to "get the sale" or reach a qualification or commission level. Laziness and "cutting corners" can lead to mistakes, misunderstandings and improper orders. Sales agents should note that forging the signature of another person is illegal and grounds for immediate dismissal.
- Signing someone up, without the customer's knowledge, as a result of spending a lot of time with a decision-maker and assuming that the person would be satisfied with Qwest service.

B. EFFECTS OF SLAMMING:

- It is illegal and will not be tolerated by Qwest!
- Creates a bad image and adversely affects Qwest's and the Sales Agent/Distributor's reputation.
- Frustrating experience for the subscriber that was slammed.
- Takes time to investigate and correct.
- If we can get information verified (correct), it will save on:
 1. Order rejects
 2. Returned mail
 3. Time to process valid and accurate orders.
- Substantial monetary penalties and costs are assessed against Qwest when a subscriber is improperly switched. These charges are passed back by Qwest to the distributor and/or individual sales agent involved, and all commissions earned on the account will be forfeited. Repeated slamming activity leads to serious consequences for the agent, including termination of the sales agent relationship with Qwest.

QWEST AS WELL AS FEDERAL, STATE, AND LOCAL REGULATORY AGENCIES VIEW "SLAMMING" AS A VERY SERIOUS PROBLEM. THE FCC AND STATES ROUTINELY IMPOSE SIGNIFICANT FINES ON A PER VIOLATION BASIS.

C. HOW A REPRESENTATIVE/DISTRIBUTOR CAN PROTECT AGAINST SLAMMING:

- You are strongly encouraged to verify information against each new customer's actual telephone bill for each LOA.
- You must make sure that the person signing the LOA is a person with authority to make decisions for the telephone line(s) to be switched. It is essential that the person signing the LOA has authority to change long distance carriers. Note that children, roommates, receptionists, secretaries and assistants typically do not have the authority to change long distance carriers for the subscriber or company. If the person signing the LOA is different from the person with the actual authority to do so, you should attempt to contact the other person. While this policy might jeopardize some sales orders, it should give you a chance to retain sales by demonstrating your concern and professionalism.
- Where possible in face to face sales situations, verify the person's identity and signature against a valid, government-issued ID, such as a driver's license. Note: this procedure is MANDATORY in certain states.
- Take your time. Review the LOA for accuracy and legibility, especially the telephone number. Confirm the person's telephone number.
- NEVER sign someone else's name on an LOA or any other document! Forgery will get you fired.
- Don't force a sale that is not there.

ZERO SLAMMING PLEDGE

******* THIS FORM MUST BE SIGNED AND RETURNED BY EVERY
INDIVIDUAL MARKETING QWEST SERVICES *******

This will verify that I have received, read, understand, and will comply with the document entitled "QWEST'S POLICIES AND PROCEDURES REGARDING SLAMMING PREVENTION". I fully understand and appreciate my obligations as a Qwest sales agent or independent contractor not to engage in or facilitate the practice of "slamming" customers. I pledge that I will not submit an order to change long distance service to Qwest unless it has been fully and knowingly authorized by the subscriber and has been verified in accordance with Qwest's policies and procedures, as they may be modified from time to time. I understand that Qwest will not tolerate occurrences of "slamming", and that Qwest will take whatever actions are necessary to protect against slamming including, without limitation, termination of the sales agent relationship and enforcement of all applicable legal rights and remedies. I understand that instances of forgeries or willful violations of applicable rules will result in my immediate termination and a permanent ban on soliciting services on behalf of Qwest.

Signature Of Representative Selling Qwest Long Distance

Date _____

Print Name

Home Phone Number _____

Print Name of Company

Channel Code _____

Organization Code _____

DISTRIBUTOR'S ACKNOWLEDGMENT
AND AGREEMENT NOT TO ENGAGE IN SLAMMING

This will verify that on behalf of _____, I have received, read, understand, and will distribute the document entitled "QWEST'S POLICIES AND PROCEDURES REGARDING SLAMMING PREVENTION" to all individuals responsible for selling Qwest Communications Corporation's Service. We fully understand and appreciate our obligations as a Qwest sales agent not to engage in or facilitate the practice of "slamming" customers. We pledge that we will not submit an order to change long distance service to Qwest unless it has been fully and knowingly authorized by the subscriber and has been verified in accordance with Qwest's policies and procedures, as they may be modified from time to time. We understand that Qwest will not tolerate occurrences of "slamming", and that Qwest will take whatever actions are necessary to protect against slamming including, without limitation, termination of the sales agent relationship and enforcement of all applicable legal rights and remedies.

Signature Of Representative

Date

Print Name

Business Phone Number

Print Name of Company

Channel Code

Organization Code

Please remit this form within fourteen days of receipt to: Qwest Communications Corporation.,
4650 Lakehurst Court, Dublin, Ohio 43016. Attn: Legal Dept.

Signature Of Representative for

4. On October 22, 2001, the parties filed a Stipulation and Settlement Agreement (Stipulation) which is Attachment A to this Order, resolving all of the issues in this proceeding.

Stipulation and Settlement Agreement

5. Qwest asserts that it has taken corrective action with respect to the alleged violations that led to the notice identified in Finding of Fact No. 1 above by: (a) immediately ceasing billing upon notice that the charges were not authorized by the customer; (b) issuing a full credit for all unauthorized charges; and (c) not resubmitting any unauthorized charge to the billing telephone company for any past or future period.

6. The parties desire to compromise and settle the issues raised by the Commission's administrative penalty notice in order to avoid the time, effort, and expense of preparation for hearing, the hearing process, and any appeal from the ultimate decision on the issues raised and litigated. In addition, the parties wish to resolve all other complaints to CPD about Qwest that were made prior to the date of the execution of the Stipulation.

7. Qwest agrees to pay a settlement amount of FIFTY THOUSAND AND NO/100 DOLLARS (\$50,000.00). Full payment of the settlement amount shall be made not later than two weeks following the date this Order is signed. The settlement check or wire transfer shall be payable to the Texas Comptroller of Public Accounts.

8. Qwest agrees to, as expeditiously as possible, resolve all complaints received by CPD and forwarded to Qwest, up to the date of the Stipulation, in the customers' favor to the extent possible. For any such complaints that Qwest believes cannot or should not be resolved in the customer's favor, Qwest will work with CPD to determine the proper resolution. Qwest agrees to resolve complaints forwarded by CPD pursuant to this finding of fact that have been pending less than six months, within 30 days from the date that Qwest receives the complaint. Complaints forwarded by CPD pursuant to

this finding of fact that have been pending more than six months, if any, will be resolved within 45 days from the date Qwest receives the complaint.

9. Qwest agrees to conduct an internal review of its procedures for responding to complaints forwarded to Qwest by CPD and provide a written report to CPD outlining the procedures and explaining any improvements to Qwest's processes that were identified as a result of this review. In addition, Qwest will explain the reasons for delay in responding to any of the 22 customer complaints referenced in Finding of Fact No. 1 herein, as well as identifying Qwest's procedures that will assist in preventing such delays in the future.

10. Qwest agrees to conduct a customer education program, with the purpose of informing its Texas customers of their rights under P.U.C. SUBST. R. 26.32 and 26.130 (cramming and slamming rules). This program will consist of mailing the letter in Attachment B to this Order to each of Qwest's customers in Texas.

11. CPD will not seek administrative penalties nor take other enforcement action against Qwest with regard to any complaint filed with CPD prior to the execution of the parties' Stipulation. CPD will continue, however, to forward customer complaints to Qwest for investigation and resolution. Qwest will respond to CPD within 21 calendar days after CPD forwards the complaint. Qwest's responses will provide all documentation related to the complaint, a complete description of the results of Qwest's investigation, and identify all corrective actions taken.

12. In the event that complaints concerning Qwest are determined by CPD to be valid, Qwest agrees to take all corrective actions required by the Commission's rules and by state and federal law. If Qwest fails to take corrective action on any valid complaint over which the Commission has jurisdiction, CPD may take enforcement action against Qwest. Also, any additional violations of P.U.C. SUBST. R. 26.32 or 26.130 related to a complaint submitted by the Commission to Qwest after the execution date of the parties' Stipulation (except for complaints submitted by the Commission to Qwest pursuant to the parties' Stipulation) may result in further enforcement action including an

administrative penalty and/or revocation of registration, thereby denying Qwest the right to provide service in this state.

12. The Stipulation is reasonable and should be approved.

Informal Disposition

13. More than 15 days have passed since completion of notice requirements in this docket.

14. All issues in this proceeding are fully stipulated so that no issues of fact or law are disputed by any party; therefore, no hearing is necessary.

II. Conclusions of Law

1. Qwest is a telecommunications utility as defined in § 51.002 of the Public Utility Regulatory Act (PURA).¹

2. The Commission has jurisdiction and authority over this proceeding pursuant to PURA §§ 15.023, 15.027, and 52.002(a).

3. No evidentiary hearing is necessary because there is no genuine issue as to any material fact and no dispositive issue remains in dispute.

4. This proceeding, consistent with the Stipulation and Settlement Agreement, may be approved without a hearing pursuant to TEX. GOV'T. CODE ANN. § 2001.056 (Vernon 2000).

5. The requirements for informal disposition under P.U.C. PROC. R. 22.35 have been met in this proceeding except for subsection (b) that the proposed order be served on all parties no less than 20 days before the Commission is scheduled to consider the application in an open meeting. Pursuant to

¹ TEX. UTIL. CODE ANN. §§ 11.001—64.158 (Vernon 1998 & Supp. 2001).

P.U.C. PROC. R. 22.5(b), there is good cause to waive the 20-day requirement of P.U.C. PROC. 22.35(b).

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following Order:

1. Consistent with the parties' Stipulation, which is Attachment A to this Order, this proceeding is dismissed.
2. Qwest agrees to pay a settlement amount of **FIFTY THOUSAND AND NO/100 DOLLARS (\$50,000.00)**. Full payment of the settlement amount shall be made no later than two weeks following the date of the Order. The settlement payment shall be payable to the Texas Comptroller of Public Accounts.
3. Qwest shall continue operating policies and procedures intended to reduce and mitigate cramming and slamming complaints against Qwest, including mailing of the customer education letter which is Attachment B to this Order.
4. Entry of an order consistent with the Stipulation does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the Stipulation. Neither should the entry of an order consistent with the Stipulation be regarded as a binding holding or precedent as to the appropriateness of any principle underlying the Stipulation.

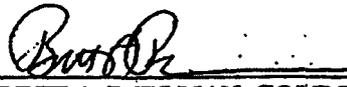
5. All other motions, requests for entry of specific findings of fact and conclusions of law, and any other requests for general or specific relief, if not expressly granted herein, are denied for want of merit.

SIGNED AT AUSTIN, TEXAS on the 8th day of November 2001.

PUBLIC UTILITY COMMISSION OF TEXAS



MAX ZAGURE, CHAIRMAN



BRETT A. PERLMAN, COMMISSIONER



REBECCA KLEIN, COMMISSIONER

RECEIVED

01 OCT. 22 PM 3:00

DOCKET NO. 23369

PUBLIC UTILITY COMMISSION
FILING CLERK

NOTICE OF INTENT TO ASSESS	§	
AN ADMINISTRATIVE PENALTY	§	PUBLIC UTILITY
AGAINST QWEST COMMUNICA-	§	
TIONS CORPORATION FOR	§	COMMISSION
VIOLATIONS OF P.U.C. SUBSTAN-	§	
TIVE RULES §26.32; PROTECTION	§	OF TEXAS
AGAINST UNAUTHORIZED BILLING	§	
CHARGES ("CRAMMING"),	§	
PURSUANT TO P.U.C. PROCEDURAL	§	
RULES §22.246	§	

STIPULATION AND SETTLEMENT AGREEMENT

This Stipulation and Settlement Agreement ("Agreement") is entered into by and between the Customer Protection Division ("CPD") of the Public Utility Commission of Texas ("P.U.C."), and Qwest Communications Corporation ("Qwest" or "the Company"), as follows:

(1) On November 30, 2000, CPD issued to Qwest a "Notice of Intent to Assess an Administrative Penalty for Violations of P.U.C. Substantive Rules §26.32, Protection Against Unauthorized Billing Charges ("Cramming")," based on 22 customer complaints alleging that the Company had billed the customer without obtaining the customer's consent, a practice commonly referred to as "cramming."

(2) In this Agreement, "cramming" means an unauthorized charge on a customer's telephone bill. In accordance with the standards set forth in PURA Chapters 17 and 64, a billing charge that is not in compliance with P.U.C. Substantive Rules §26.32 is considered to be an unauthorized billing charge.

(3) Qwest asserts that it has taken corrective actions with respect to the alleged violations that led to the notice identified in Paragraph (1) above by:

- a. immediately ceasing billing upon notice that the charges were not authorized by the customer;
- b. issuing a full credit for all unauthorized charges; and

- c. not resubmitting any unauthorized charge to the billing telephone company for any past or future period.

(4) The parties desire to compromise and settle the issues raised by CPD's administrative penalty notice in order to avoid the time, effort, and expense of preparation for hearing, the hearing process, and any appeal from the ultimate decision on the issues raised and litigated. In addition, the parties wish to resolve all other complaints to CPD about Qwest that were made prior to the date of the execution of this Agreement. Therefore, Qwest agrees to pay a settlement amount of **FIFTY THOUSAND AND NO/100 DOLLARS (\$50,000.00)** and to take additional actions enumerated below in full settlement of all complaints sent to CPD through the date of this Agreement. Full payment of the settlement amount shall be made no later than two weeks following the entry of a final Order incorporating the terms of this Agreement and dismissing Docket No. 23369. The settlement payment check shall be payable to the Texas Comptroller of Public Accounts.

(5) In further consideration for settlement of the pending complaints, Qwest agrees to implementation or continued utilization of the following remedial actions:

- a. Qwest will as expeditiously as possible resolve all complaints received by CPD and forwarded to Qwest, up to the date of this Agreement, in the customers' favor to the extent possible. For any such complaints that Qwest believes cannot or should not be resolved in the customer's favor, Qwest will work with CPD to determine the proper resolution. Qwest agrees to resolve complaints forwarded by CPD pursuant to this paragraph that have been pending less than six months, within 30 days from the date the Qwest receives the complaint. Complaints forwarded by CPD pursuant to this paragraph that have been pending more than six months, if any, will be resolved within 45 days from the date Qwest receives the complaint.
- b. Qwest will conduct an internal review of its procedures for responding to complaints forwarded to Qwest by CPD. Following

such review, Qwest will provide a written report to CPD outlining the procedures and explaining any improvements to Qwest's processes that were identified as a result of this review. In addition, Qwest will explain the reasons for delay in responding to any of the 22 customer complaints referenced in Paragraph (1) herein, as well as identifying Qwest's procedures that will assist in preventing such delays in the future.

c. Qwest will conduct a customer education program with the purpose of informing its Texas customers of their rights under P.U.C. Substantive Rules §26.32 and §26.130 (cramming and slamming rules). This program will consist of mailing the attached letter to each of Qwest's customers in Texas.

(6) CPD will not seek administrative penalties nor take other enforcement action against Qwest with regard to any complaint filed with CPD prior to the execution of this Agreement. CPD will continue to forward customer complaints to Qwest for investigation and resolution. Qwest will respond to CPD within 21 calendar days after CPD forwards the complaint. Qwest's responses will provide all documentation related to the complaint, a complete description of the results of Qwest's investigation, and identify all corrective actions taken.

(7) In the event that complaints concerning Qwest are determined by CPD to be valid, Qwest shall take all corrective actions required by the P.U.C. rules and by state and federal law. If the Company fails to take corrective action on any valid complaint over which the P.U.C. has jurisdiction, CPD may take enforcement action against Qwest. Also, any additional violations of P.U.C. Substantive Rules §26.32 or §26.130 related to a complaint submitted by the P.U.C. to Qwest after the execution date of this Agreement (except for complaints submitted by the P.U.C. to Qwest pursuant to Paragraph 5a above) may result in further enforcement action including an administrative penalty and/or revocation of registration, thereby denying Qwest the right to provide service in this state.

(8) By entering into this Agreement and paying the aforesaid sum, Qwest does not admit to any violation of any state or federal law or rule by its officers, agents, employees, representatives, independent contractors, marketers or assigns.

(9) This Agreement fully and finally resolves any and all claims or allegations of slandering and cramming that were or could have been asserted in this investigation, including all such claims and practices of which any officer, agency, board, commission, authority or other governmental agency of the State of Texas had actual or constructive knowledge as of the date of this settlement.

(10) This Agreement contains the entire agreement between CPD and Qwest, and the terms of this Agreement are contractual and not a mere recital.

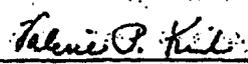
(11) Qwest warrants that it has read the foregoing document carefully, knows the contents thereof, and signs the same as its free act.

EXECUTED this 2 / day of September 2001.

Public Utility Commission of Texas

Qwest Communications Corporation


Mike Renfro
Director - Customer Protection


Valerie P. Kirk
Attorney for Qwest Communications Corporation

DATE:

Dear Valued Customer:

Qwest and the Public Utility Commission of Texas agree: when it comes to your telephone services, you have every right to keep the provider of your choice and to pay only for those services you have authorized. In fact, Texas law prohibits "slamming" (the switching of your telephone provider without your knowledge or consent) and "cramming" (the practice of adding unauthorized charges to your phone bill).

As a customer of Qwest - or of any other telecommunications company providing service in Texas - you have certain rights regarding Slamming and Cramming. We'd like to tell you about them:

What you should know about Slamming:

If you've been slammed, tell your local telephone company to return you to your original telephone service provider. Texas law requires a local or long distance telephone company that has slammed you to do the following:

- Pay all the usual and customary charges associated with returning you to your original telephone company;
- Provide all billing records to your original telephone company;
- Customers are not required to pay for any charges incurred in the first 30 days after being slammed;
- After the first 30 days customers are only required to pay the amount you would have paid to your original telephone company had you not been slammed.

To make sure this doesn't happen to you, sign up for slamming protection with your local provider. This will reduce the likelihood of any company changing your local or long distance carrier without your explicit authorization.

What you should know about Cramming:

If you believe that you've been crammed, contact the telephone company that bills you for your telephone service and request that it take corrective action. Within 45 days of learning about unauthorized charges to your account, that company must:

- Notify the service provider to cease charging you for the unauthorized product or service;
- Remove any unauthorized charges from your bill;
- Refund or credit all money to you that you have paid for an unauthorized charge;
- Upon request, provide you with all billing records related to any unauthorized charge within 15 business days after the charge is removed from your telephone bill.

If your telephone company fails to resolve a complaint about either Slamming or Cramming, please write or call the Public Utility Commission of Texas, PO Box 13326, Austin, Texas 78711-3326, (512) 936-7120 or toll-free in Texas at (888) 782-8477. Hearing and speech-impaired individuals with text telephones (TTY) may contact the Commission at (512) 936-7136.

Thank you for using Qwest. We look forward to meeting your future telecommunications needs.

Qwest®

STATE OF NEW YORK
CONSUMER PROTECTION BOARD

CASE 01-NOAL-0001 - In the Matter of Do Not Call Complaints
Received Against Qwest Communications Corporation.

DECISION AND ORDER APPROVING SETTLEMENT AGREEMENT

(Issued November 29, 2001)

BY CHAIRMAN AND EXECUTIVE
DIRECTOR C. ADRIENNE RHODES:

BACKGROUND

In this Decision and Order, by direction of the New York State Consumer Protection Board ("CPB") Chairman and Executive Director C. Adrienne Rhodes, an Order approving a Settlement and Stipulation Agreement ("Agreement") in the amount of \$20,000 is issued concerning the twenty (20) complaints that have been filed with the CPB against Qwest Communications Corporation ("Qwest").

On July 19, 2001, the CPB issued a Notice of Apparent Liability for Do Not Call Violations ("NOAL") pursuant to 21 New York Codes, Rules and Regulations (NYCRR) § 4603.1(b). In that NOAL, the CPB found that Qwest had apparently violated McKinney's New York General Business Law (GBL) § 399-z(3) and 21 NYCRR §§ 4602.5(f) and 4603.1(a) by making sixteen (16) unsolicited telemarketing sales calls during the period May 3, 2001 through May 21, 2001 to consumers whose names and telephone numbers appeared on the April 2, 2001 New York State Do Not Call Registry ("Registry"). Qwest was apparently liable for a penalty amount

CASE 01-NOAL-0001

of up to \$2,000 per violation, resulting in a total possible penalty in the amount of \$32,000. GBL § 399-z(6)(a) and 21 NYCRR §§ 4603.1(a) and 4603.4(a).

Subsequent to the issuance of the NOAL, additional complaints were received by the CPR concerning Qwest, and these were forwarded to Qwest by our enforcement staff for further information. Additionally, our enforcement staff engaged in discussions with Qwest to attempt to settle all outstanding complaints. Those discussions were successful, and a Settlement and Stipulation Agreement ("Agreement") dated November 6, 2001 was submitted for approval. For reasons to be discussed, the Agreement is in the public interest, and is approved.

DISCUSSION

The facts and conclusions leading to Qwest's NOAL are fully set forth in that document, which was issued July 19, 2001, and need not be reiterated. Further explanation of the facts and circumstances of the case is also contained in the Agreement that was submitted for approval. As described in the Agreement, Qwest responded to the NOAL, and negotiations ensued between Qwest and our enforcement staff that culminated in the Agreement.

We have carefully reviewed the Agreement submitted for approval. We agree with the conclusion reached that the Agreement is in the public interest.

The complainants were notified of the pending Agreement by

CASE 01-NOAL-0001

letter dated November 7, 2001 and were offered an opportunity to submit comments. Under the law and our rules, the complainants could also have requested a hearing. See GBL §§ 399-z(6)(a), (b), and (c) and 21 NYCRR § 4603.1(c).

The CPB received no comments on the Agreement, and no requests for a hearing. No useful purpose would be served by conducting a hearing since the Agreement is unopposed.

CONCLUSION

The record in this proceeding supports the conclusion that the Agreement satisfactorily resolves all twenty (20) complaints described in the Agreement regarding any potential violations of GBL § 399-z(3), and 21 NYCRR §§ 4602.5(f) and 4603.1(a). Additionally, the evidence shows the calls in question were made, and Qwest should have known they were at risk of Do Not Call law violations given the circumstances.

Accordingly, there exist ample grounds to impose the entire \$2,000 per violation penalty, or a total of \$40,000, for the twenty (20) violations discussed in the July 19, 2001 Qwest NOAL, or that developed subsequently. However, we also believe that Qwest has demonstrated mitigating circumstances, as well as good faith compliance efforts that, while not sufficient to invoke the safe harbor provisions, or the exemptions or exceptions provisions, do require a lessening of the violation amounts, given the various issues that Qwest has raised. Therefore, we

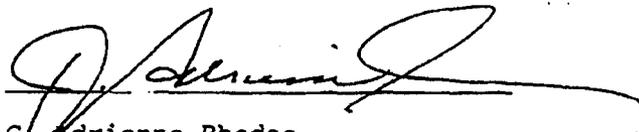
CASE 01-NOAL-0001

approve the \$20,000 settlement amount as more particularly described in the Agreement. Such settlement amount resolves all complaints that occurred up to and including November 6, 2001, the date of the Agreement, since Qwest very reasonably wanted its total liability resolved for any Do Not Call violations in this proceeding through that date.

BY ORDER OF CHAIRMAN AND EXECUTIVE
DIRECTOR C. ADRIENNE RHODES:

1. The Agreement dated November 6, 2001 between Qwest and the CPB enforcement staff is approved. Qwest should remit twenty thousand dollars (\$20,000) to the New York State Consumer Protection Board, 21st Floor, Five Empire State Plaza, Albany, New York 12223-1556 within ten days from the date of this Order payable to the "State Consumer Protection Board." As provided in the Agreement, such payment will constitute full and complete satisfaction for all complaints received by the CPB up to and including the effective date of the Agreement.

2. This proceeding is closed.



C. Adrienne Rhodes
Chairman and Executive Director

STATE OF NEW YORK
CONSUMER PROTECTION BOARD

CASE 01-NOAL-0001 - In the Matter of Do Not Call Complaints
Received Against Qwest Communications Corporation.

SETTLEMENT AND STIPULATION AGREEMENT

This Settlement and Stipulation Agreement ("Agreement") is made and entered into this 6th day of November 2001 by and between Qwest Communications Corporation ("Qwest") and the New York State Consumer Protection Board ("CPB"), an agency in the Executive Department of the State of New York.

WHEREAS, Qwest is engaged inter alia in the business of conducting telemarketing within the State of New York and elsewhere; and

WHEREAS, General Business Law ("GBL") § 399-z (the "Do Not Call" law), and 21 NYCRR Parts 4602 - 4604, the rules adopted pursuant to the law, which regulate certain aspects of the activities of individuals and entities engaged in telemarketing sales activities, took effect within the State of New York on April 1, 2001; and

WHEREAS, as a result of sixteen (16) complaints received by the CPB against Qwest after the law became effective, the CPB conducted an investigation of the complaints; and

WHEREAS, by letter dated June 13, 2001, the CPB notified Qwest of the complaints, informed Qwest that an investigation was underway, and requested any information that Qwest could provide regarding the complaints; and

WHEREAS, a response was received from Qwest regarding the complaints dated June 29, 2001 fully setting forth its position regarding the complaints; and

WHEREAS, as a result of the investigation, and after an evaluation of Qwest's response, the CPB issued a Notice of Apparent Liability ("NOAL") dated July 19, 2001, which indicated an apparent liability for \$32,000 based on

sixteen (16) apparent Do Not Call violations, as more particularly discussed in the NOAL; and

WHEREAS, Qwest responded to the NOAL by letter dated August 17, 2001, which fully set forth Qwest's position and response regarding matters discussed in the NOAL; and

WHEREAS, while Qwest's response was being considered by the CPB, additional Do Not Call complaints from consumers were received by the CPB against Qwest, Qwest was notified of those complaints, and it was mutually agreed upon by the CPB and Qwest that all pending complaints would be considered in this proceeding; and

WHEREAS, further correspondence and discussions took place between the CPB and Qwest in an attempt to resolve the pending complaints, and it was mutually agreed that the complaints could be best resolved through negotiations and settlement rather than litigation; and

WHEREAS, negotiations ensued, were successfully concluded as a result of the efforts of both parties, and this Agreement was the result of such negotiations; and

WHEREAS, Qwest denies that it violated the Do Not Call law and rules in any manner, maintains that any calls made to individuals on the Registry were the result of excusable error under the "Safe Harbor" provisions of 21 NYCRR § 4603.3, or that such calls were proper exceptions as defined in GBL § 399-z(1)(j) and 21 NYCRR § 4603.2; and

WHEREAS, the CPB, after reviewing the entire matter, asserts that the alleged violations of the Do Not Call law and rules occurred, and that Qwest is subject to appropriate administrative penalties as a result, but that the facts and circumstances, as well as the affirmative defenses put forth by Qwest, merit substantial consideration as to the level of any administrative penalty to be imposed; and

WHEREAS, the CPB and Qwest agree that there are twenty (20) complaints that are subject to the provisions of this settlement, and that such complaints encompass and will resolve all pending complaints against Qwest up to and including the date of this settlement first written above, including any possible exceptions and exemptions; and

WHEREAS, Qwest has undertaken substantial efforts to comply with the Do Not Call law and rules, has purchased a copy of the Do Not Call Registry, has established and implemented written policies and procedures, has trained personnel in the requirements of the Do Not Call law and applicable regulations, maintains records demonstrating compliance with the Do Not Call law and regulations, and such reasonable good faith efforts are acknowledged by the CPB; and

WHEREAS, the CPB and Qwest desire to avoid the burden and expense of further proceedings relating to the alleged violations of the Do Not Call law and rules, and believe that a settlement is more likely to serve the public interest, and the interests of the concerned parties, including the complainants on whose behalf the CPB is acting, than any other method of resolving the alleged complaints.

NOW, THEREFORE, the CPB and Qwest stipulate and agree as follows:

1. Qwest denies that it violated the Do Not Call law and rules. This agreement is being entered into by Qwest solely to avoid the burden and expense of further proceedings, and the uncertainty of further litigation.

2. The CPB disputes the Qwest position regarding violations, but accepts the representations made by Qwest that substantial efforts were made to comply with the Do Not Call law and rules, that Qwest has thoroughly reviewed its practices and procedures, and has taken all appropriate and reasonable measures to protect New York consumers from unwanted calls. The CPB agrees that no useful purpose will be served by undertaking the burden and expense of further proceedings, and that the risk of further litigation would be undesirable. The CPB also agrees that, given the facts and circumstances involved, substantial mitigation of the penalty per violation is entirely appropriate, and is in the public interest.

3. In full and final settlement of any and all alleged violations of the Do Not Call law and rules as described herein, within ten (10) days of the approval of this Agreement by CPB Chairman and Executive Director, C. Adrienne Rhodes, Qwest shall deliver to the CPB a check, payable to the "State Consumer Protection Board," in the

amount of \$20,000. Said \$20,000 amount relates to the twenty (20) violations discussed herein, at \$1,000 penalty per violation. This settlement represents a compromise from the maximum fine of \$2,000 per violation, or a total fine of \$40,000, that could have been assessed under the provisions of GBL § 399-z(6)(a) and 21 NYCRR § 4603.1(a) had the alleged violations been fully litigated, Qwest found liable for the violations, and the maximum administrative penalty imposed.

4. For reasons described earlier, both the CPB and Qwest believe this settlement disposition of the twenty (20) complaints in question is in the public interest.

5. CPB and Qwest stipulate and agree that this Agreement fully comports with the requirements of the State Administrative Procedure Act (SAPA) § 301(5), and waive any other rights or remedies they may have under GBL § 399-z(6)(a), (b), and (c), and under 21 NYCRR § 4603.1(e).

6. By entering into this Agreement, the CPB expressly waives and releases Qwest from all claims or liability arising out of the allegations at issue in Case 01-NOAL-0001, and any and all complaints based on telephone calls that were made or allegedly made, or other facts that occurred or allegedly occurred, prior to the date of this Agreement.

7. Qwest shall continue to use its best efforts to continue to comply with the Do Not Call law and rules.

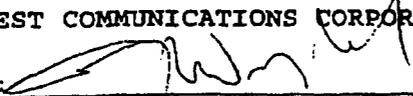
8. CPB and Qwest acknowledge that they are aware of the provisions of 21 NYCRR § 4603.1(f) providing that any facts or evidence received by the CPB may be used in any proceeding. In the event of any proven violations subsequent to the date of this Agreement, CPB and Qwest expressly acknowledge that this Agreement may be considered by the CPB in setting the appropriate level of any penalty or fine assessed for any future Do Not Call violations, should such violations occur.

9. The terms and provisions of this Agreement apply solely to and are binding only in the context of this Agreement. None of the terms and provisions of this Agreement, and none of the positions taken herein by any party may be referred to, cited or relied upon by any other party in any fashion as precedent in any other proceeding

before the CPB or any other agency or before any court of law except in furtherance of the purposes of this Agreement, or except as specifically provided for in paragraph 8 herein.

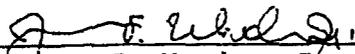
WHEREFORE, the CPB and Qwest have executed this Agreement as of the date first above written.

QWEST COMMUNICATIONS CORPORATION

By: 

Thomas W. Snyder
Attorney

NEW YORK STATE CONSUMER
PROTECTION BOARD

By: 

James F. Warden, Jr.
General Counsel

JOHN J. FARMER, JR.
ATTORNEY GENERAL OF NEW JERSEY
Division of Law - 5th Floor
124 Halsey Street
P.O. Box 45029
Newark, New Jersey 07101
Attorney for New Jersey Division of Consumer Affairs
and New Jersey Board of Public Utilities

FILED

APR 27 2001

Division of Consumer Affairs

By: Christopher J. Dalton
Todd Steadman
Deputy Attorneys General
(973) 648-3070

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES
DIVISION OF CONSUMER AFFAIRS
BPU Docket No.:
DCA Docket No.:

IN THE MATTER OF AN ADMINISTRATIVE
INVESTIGATION INTO ALLEGED VIOLATIONS
OF LAW AND ADMINISTRATIVE REGULATIONS
BY QWEST COMMUNICATIONS INTERNATIONAL,
INC.; QWEST COMMUNICATIONS CORPORATION;
LCI INTERNATIONAL, INC.; and LCI INTER-
NATIONAL TELECOM CORPORATION

ADMINISTRATIVE
CONSENT ORDER

WHEREAS, this matter was commenced by the Director of the New Jersey Division of Consumer Affairs ("Director" or "DCA") and the New Jersey Board of Public Utilities ("Board" or "BPU") as an administrative investigation into allegations of violations of law and administrative regulations by Qwest Communications International, Inc.; Qwest Communications Corp., LCI International, Inc., and LCI International Telecom Corp.; and

WHEREAS, Qwest Communications International, Inc., Qwest Communications Corp., LCI International, Inc., and LCI International Telecom Corp., have cooperated in this investigation and the parties have engaged in discussions and have exchanged information regarding this matter; and

WHEREAS, QWEST Communications International, Inc., Qwest Communications Corp., LCI International, Inc., and LCI International Telecom Corp. acknowledge the jurisdiction of the Director and the Board over this matter; and

WHEREAS, QWEST Communications International, Inc., Qwest Communications Corp., LCI International, Inc., and LCI International Telecom Corp. have shown good faith and sincere desire to cooperate with the Director and the Board in the expeditious and amicable resolution of this matter; and

WHEREAS, the parties desire to achieve a resolution of this matter without resort to litigation, and without any admission of liability or fault by or on the part of Qwest Communications International, Inc., Qwest Communications Corp., LCI International, Inc., and/or LCI International Telecom Corp.;

THEREFORE, it is on this 19th day of April, 2001, ORDERED AND AGREED that:

DEFINITIONS

1. As used in this Order, the following definitions shall apply:
 - a. "Qwest" means Qwest Communications International, Inc.; Qwest Communications Corp.; LCI International, Inc.; and LCI International Telecom Corp.; and any of its or their principals, directors, officers, parent corporations, subsidiaries, affiliates, shareholders, employees, representatives, agents, assigns, successors, and/or independent contractors/third party distributors, and every other person or entity who or which markets or provides telecommunications services by or on behalf of Qwest.

-
- b. "Board" or "BPU" means the New Jersey Board of Public Utilities.
 - c. "Director" or "DCA" means the New Jersey Division of Consumer Affairs.
 - d. "Clear and conspicuous" means that the required disclosures are presented in

such a manner, given their size, color, contrast, and proximity to any related information as to be readily noticed and understood by consumers. A disclosure is not clear and conspicuous if, among other things, it is ambiguous or it is obscured by the background against which it appears or by its location within a lengthy disclosure of non-material information. Clear and conspicuous also means in an oral presentation that the information is presented in a manner that a consumer will hear and understand, at a normal speed, and in the same tone and volume as the sales offer.

- e. "Consumer," unless otherwise specified, means any New Jersey residential consumer or any New Jersey business consumer with three lines or less, who has been, or may be a past, present or future purchaser of Qwest's services.

- f. "Material" means likely to affect a person's choice of, or conduct regarding, goods or services.

- g. "Offer" means an offer of goods and/or services to one or more consumers, including, but not limited to, an offer of telecommunications services, regardless of whether the offer is conveyed in writing, orally, electronically, over the Internet, or in any other manner. The term "offer" includes any solicitation made directly to consumers by telemarketing, face-to-face solicitation, or written solicitation, including, but not limited to, any written solicitation forwarded to a consumer after an initial face-to-face solicitation or telemarketing call to the consumer.

- h. "Represent" and "representation" include any communication, whether made in writing, orally, electronically, over the Internet, or in any other manner.

i. "Solicitation" means any communication to a consumer which contains an offer, whether made in writing, orally, electronically, over the Internet, or in any other manner.

j. A "preferred carrier" or "preferred interexchange carrier" ("PIC") is the telecommunications carrier chosen by an end user consumer to which traffic from the end user consumer's location is automatically routed by a local exchange carrier ("LEC"), regardless of whether that entity possesses telecommunications equipment capable of physically processing any component of such calls. In New Jersey, an end user consumer may have a different preferred carrier for local exchange calls, regional toll (intra-LATA) calls, and long distance (inter-LATA) calls.

k. A "preferred carrier change" or "PIC change" is a change or switch of a consumer's telephone services, whether local exchange, regional toll, or interexchange, from his or her current preferred carrier to a different carrier.

l. A "letter of agency" ("LOA") is a consumer's written authorization to a carrier approving and directing a preferred carrier change.

PARTIES SUBJECT TO ORDER

2. This Administrative Consent Order ("Order") shall apply to Qwest (as defined above, see Paragraph 1(a)), its principals, directors, officers, parent corporation(s), subsidiaries, affiliates, shareholders, employees, representatives, agents, assigns, successors, any trustee in bankruptcy or other trustee, or any receiver appointed pursuant to proceedings in law or equity.

BACKGROUND

3. In order to market intrastate and interstate telecommunication services to consumers in New Jersey, Qwest has used "in-house" marketers and has also engaged the services of outside independent contractors/third-party marketers who act as Qwest's agents to solicit new consumers for Qwest through telemarketing, direct-mail, and face-to-face solicitations. Qwest states that the

agents who engage in face-to-face solicitations on its behalf are required by contract to obtain a telephone line subscriber's or authorized party's signature on an LOA. Qwest also states that prior to September 1999, such agents were not required to provide copies of LOAs to Qwest but rather submitted service orders electronically to Qwest and were required to maintain the LOAs and provide such LOAs to Qwest upon Qwest's request for such LOAs to verify that subscribers did in fact authorize a switch of their preferred carrier. Commencing in September 1999, Qwest revised its procedures and began requiring that all agents submit LOAs to Qwest before a service order would be processed by Qwest. Since that time, Qwest has instituted a process of electronically scanning each LOA into a database to ensure that Qwest has such LOAs available before processing an order and to respond promptly to consumer inquiries. Qwest states that it has also adopted other processes and procedures to ensure that consumers' preferred carriers are not changed without proper authorization, commonly known as "slamming." These other measures are discussed below and are also contained in Qwest's Response to the Federal Communications Commission's ("FCC") Notice of Apparent Liability for Forfeiture, FCC File No. ENF-99-11, filed by Qwest on November 18, 1999, and Qwest's Consent Decree with the FCC signed by the FCC Secretary July 20, 2000, as approved by the FCC in FCC File No. ENF-99-11, NAL/Acct. 916EF008 (released July 21, 2000) ("Qwest FCC Consent Decree").

4. Beginning in or about 1997 and continuing through the present, the State of New Jersey, through its Board of Public Utilities and Division of Consumer Affairs, has received and investigated consumer complaints alleging that Qwest has engaged in practices in violation of N.J.S.A. 56:3-1 et seq., which prohibits, inter alia, the use of any unconscionable, deceptive, or misleading sales or marketing practice as well as the unauthorized switch of a consumer's preferred

to change their preferred telecommunications carrier. Qwest states that it has also enhanced its customer care centers, in terms of both staffing and training, to better respond to consumer inquiries.

INJUNCTIVE RELIEF

6. Qwest shall refrain and desist from engaging in any acts or practices in violation of the Consumer Fraud Act, N.J.S.A. 56:8-1 et seq. and particularly N.J.S.A. 56:8-2 and 56:8-86 to -91, or the Public Utilities Laws, N.J.S.A. 48:2-1 et seq., and all implementing regulations, including, but not limited to, any and all of the following acts or practices, regardless of whether Qwest previously engaged in such conduct:

a. Submitting PIC change orders without complying with FCC Regulations and Orders, as presently enacted or as may subsequently be amended, to local exchange carriers to transfer consumers' preferred carrier(s) to Qwest.

b. Failing to obtain a consumer's authorization before submitting a change order to change a consumer's long-distance (inter-LATA), regional-toll (intra-LATA), and/or local-exchange carrier to Qwest.

c. Failing to verify a consumer's request for telecommunications service pursuant to 47 C.F.R. § 64.1150, as presently enacted or as may subsequently be amended.

d. Failing to comply with FCC information and disclosure requirements for LOAs pursuant to 47 C.F.R. §64.1160, as presently enacted or as may subsequently be amended.

e. Failing to provide accurate, clear and complete information about material terms and conditions of the service.

f. Providing information which, expressly or by implication, compares Qwest's services to services of other providers in a manner which is misleading.

7. Qwest shall continue to submit to the appropriate LEC all PIC change orders obtained on behalf of Qwest by any third-party marketing company or distributor.

8. Qwest agrees to implement and/or continue to use, for a period of 2 years following the date of entry of this Order, those anti-slamming and customer-care policies and procedures agreed to in the Qwest FCC Consent Decree, including, but not limited to, the following:

a. *Anti-Slamming Advisory*: Qwest shall distribute to all its distributors a copy of its updated Anti-Slamming Advisory. Qwest shall require every sales representative involved in any way in the marketing of Qwest service to review and sign an anti-slamming advisory, at least once every six months, acknowledging their understanding of its requirements and verifying their intent to comply.

b. *Submission and Scanning of LOAs*: Qwest shall continue to require that all distributors and representatives transmit to Qwest the LOA upon which an order is based. Qwest shall continue to scan such LOAs into its database, and shall continue to review such LOAs for facial validity (i.e., complete information, matching signature, etc.). Qwest shall continue to explore commercially practicable methods of verifying the validity of such LOAs in order to deter abuses, forgeries, and falsifications and, where feasible and appropriate, implement such measures.

c. *Welcome Mailing*: Qwest shall continue to send a welcome mailing to the consumer identified on the LOA informing him or her that Qwest has received a service change order and is processing that order, which mailing shall disclose the telephone line(s) to be changed and shall contain a contact telephone number for the consumer to call if he or she believes the change order has been submitted in error.

d. *CARE Flags*: Qwest shall implement such procedures as will ensure that all consumers who have previously indicated to Qwest that they do not want Qwest's services, or who

have alleged that their services were changed to Qwest without proper authorization, will not be returned to Qwest absent clearly valid authorization. Qwest has designated this system as a "CARE Flag" system whereby such consumers will be specifically flagged to prevent the reinstallation of Qwest services.

e. *Economic Sanctions to Third-Party/Independent Contractors and Distributors For Slamming:* Qwest shall continue to require, through its contractual arrangements with third-party/independent contractors and distributors of its services, that all commissions and fees, as well as administrative costs and penalties, associated with a slammed order be returned, refunded, and/or disgorged by the contractor/distributor. Contractors and distributors shall be required to investigate all slamming allegations received by Qwest and provide Qwest with a prompt response thereto. Qwest shall also continue to monitor and track the performance of its third-party contractors and distributors with respect to alleged slams or PIC disputes, and shall make such reports available to the Director or the Board on reasonable notice.

f. *Third Party Verification of Sales:* Qwest shall verify all consumer PIC change requests obtained through a signed LOA during face-to-face marketing according to the procedures set forth in 47 C.F.R. §1150(c) or (d). Qwest shall comply with all valid and effective rules adopted in CC Docket 94-158, or any other FCC docket regarding verification of all other sales as well as the procedures set forth in N.J.A.C. 14:10-11.3. Qwest will revise its third-party verification process to require that any customer confirming a residential sale, without undue prompting or suggestion by the third-party verifier, state his or her name and the telephone number(s) for which the preferred carrier is to be changed. In addition, TPV contractors shall not be compensated or remunerated on the basis of the number of change orders verified.

predecessor companies, and the distributors' officers, directors or principals, and any companies with which the officers, directors or principals previously were or currently are associated. Qwest shall immediately terminate any distributor which is found to have failed completely or accurately to make such disclosures. In addition, Qwest shall place all new distributors on probationary status for the first 90 days, during which time Qwest shall conduct performance reviews to ensure that the distributor meets Qwest's standards for performance. Should the distributor fail to meet Qwest's standards of performance during the probationary period, the distributor shall be terminated. The mechanisms and thresholds used by Qwest to define and determine appropriate performance are set forth in ¶¶ 15-18 of the Qwest FCC Consent Decree.

j. *Training:* Initial training sessions, supervised by Qwest employees, shall be conducted for all personnel engaged in door-to-door, telephone, or other point-of-sale activities on behalf of Qwest. With respect to training and/or marketing, Qwest:

(i) Shall provide to all its distributors a copy of its updated Anti-Slamming Advisory attached to the Qwest FCC Consent Decree, except for those distributors that have already received that document. Qwest shall provide training to all new distributors regarding federal and state prohibitions against unauthorized PIC changes, and shall conduct annual "refresher" training to all distributors;

(ii) Shall, within 30 days of the approval of this consent order notify BPU and DCA of any training sessions scheduled to occur within one-hundred and eighty (180) days from the date of entry of the Order and BPU and DCA shall have the right to monitor such sessions without prior notice;

(iii) Shall comply with all requirements regarding provision of information and training in the Qwest FCC Consent Decree and with all restrictions on marketing in the Qwest FCC Consent Decree;

(iv) Shall require all of its agents to execute a certification that they have attended the training sessions, understand the materials presented, and agree to comply with all the training requirements and applicable laws and will acknowledge that, if they are found to have violated any of the training requirements or applicable laws, they are subject to disciplinary action, including, but not limited to, termination;

(v) Shall instruct its agents to cease efforts to solicit customers who demonstrate insufficient proficiency in English (or a language spoken by the sales agent) to understand the solicitation and, shall when making a sale to customers who do not speak English, provide all follow-up written material related to the sale in the language spoken by the customer, and

(vi) Shall conduct marketing only during the hours and days during which their customer call center is open.

k. *Order Processing:* Qwest shall maintain a "stay away" list of consumers who have either (i) claimed an unauthorized switch by Qwest in the past one year; or (ii) expressed their intent never to purchase Qwest's services. Qwest shall verify orders against this "stay away" list before submitting a PIC change to a LEC. Consumers will remain on the stay away list for a minimum of one year, unless they request to be removed from the list.

l. Qwest shall engage an independent auditor on an annual basis to conduct an examination of its reporting and data tracking mechanisms and the enforcement procedures based upon those reports. This examination will be supervised by person licensed to provide public accounting services and shall be conducted in accordance with the relevant standards of the AICPA. The independent auditor shall provide an opinion (with exceptions, if any, noted) in a written report to the Board of Directors of Qwest. Qwest also will require its distributors to report on at least a

quarterly basis, the results of an internal audit of its anti-slamming procedures. Qwest shall provide summaries of such audits to the Director and Board upon request. The requirements for audits under this subparagraph shall be construed as consistent with the requirements of audits under paragraph 22 of the Qwest FCC Consent Order.

m. *Customer Service Initiatives*: Qwest shall continue to monitor its responsiveness to customer service concerns, and shall take such steps as are necessary to ensure that its customer care centers are adequately staffed to meet anticipated consumer demand and that consumers contacting Qwest's customer care centers are treated in a professional, courteous manner by customer service representatives familiar with Qwest's full range of services.

9. Within 60 days of the date of the BPU Order approving this Consent Decree, Qwest will obtain a signed and dated acknowledgment of the receipt of the provisions of this Consent Order from all directors, officers, management level employees involved in management of marketing of Qwest Long Distance Services to consumers in New Jersey and of any third-party distributor/independent contractor involved in marketing long distance services to consumers in New Jersey on behalf of Qwest.

10. Qwest designates Michael Mattar 4250 N. Fairfax Drive, 13th Floor, Arlington VA 22203; phone: (703) 363-3713, e-mail: Michael.Mattar@qwest.com, or his successor in title, as its ombudsperson to answer any inquiries from the BPU and/or the DCA. Qwest will provide the BPU with any changes to this information on this ombudsperson.

11. For a period of twelve (12) months following entry of this Consent Order, Qwest shall submit to the Director and the Board, quarterly reports, to be received no later than thirty (30) days from the end of the quarterly reporting period, for the purpose of ensuring its compliance with this Order. These quarterly reports shall include a monthly summary of all PIC disputes filed either with

Qwest or a LEC by New Jersey consumers. Qwest shall make available to the Director or the Board details of individual cases upon request.

12. Within thirty (30) days of a written request by the Director or the Board, Qwest shall make available such records, including those required under this Consent Order, as are necessary to determine Qwest's compliance with the terms of this Consent Order, including, but not limited to, advertisements, sales scripts, manuals or presentations, written advisories to sales representatives or distributors and any responses required by those advisories, LOAs, PIC dispute records, PIC change records, TPV records, and all complaints by New Jersey consumers, whether forwarded by governmental agencies, non-governmental organizations, or submitted directly to Qwest. The records of consumer complaints shall contain the consumer's name, address, telephone line involved, and nature of complaint, as well as all actions taken by Qwest in response. Qwest shall also permit representatives of the Director or the Board, on a random basis for one hundred and eighty (180) days following the date of the entry of this Order, and thereafter upon written request and with reasonable advance notice, to monitor (a) Qwest's training of sales representatives; (b) actual sales solicitations; and (c) third-party verifications.

PAYMENT OF COSTS, FEES, AND CONSUMER RESTITUTION

13. Pursuant to N.J.S.A. 56:8-11 and 56:8-19, Qwest is obligated for and shall pay to the State of New Jersey the total amount of \$500,000.00, which shall constitute investigative costs and fees and future investigative endeavors, and which together with the corrective action provided for herein shall be in full satisfaction of all claims without limitation or exception that have or hereinafter may have arisen against Qwest, pursuant to N.J.S.A. 56:8-1 et seq. and the Public Utilities Laws, at any time on or before the date of entry of this Consent Order. Payment shall be made within ten (10) days of the date of entry of this Order and shall be made in the form of two

certified checks, each for \$250,000, payable to "Treasurer, State of New Jersey" and delivered to State of New Jersey, Department of Law and Public Safety, Division of Law, P.O. Box 45029, 134 Halsey Street - Fifth Floor, Newark, New Jersey, 07101, Attention: DAG Christopher J. Dalton.

14. If, after signing this Consent Order, Qwest engages in any acts or practices that constitute a violation of this Consent Order, the Consumer Fraud Act, the Public Utilities Laws, or the regulations promulgated by either the Division of Consumer Affairs or the Board of Public Utilities thereunder, Qwest may be subject to the imposition of such enhanced penalties, pursuant to N.J.S.A. 56:8-13 and 56:8-91, as may from time to time be amended, or such other relevant statutes or regulations as may be in effect and as may be deemed just and proper.

15. Qwest agrees to work with the BPU and DCA to resolve within one-hundred and eighty (180) days from BPU approval of this Consent Decree, consistent with the provisions of C.F.R. §64.1170, as presently enacted or as may be amended hereafter, all outstanding New Jersey consumer complaints on file with the BPU and/or DCA as of the date of entry of this Consent Order, including the complaints of those New Jersey consumers listed on Exhibit A attached hereto. In addition, Qwest shall resolve all future consumer complaints consistent with the then-applicable FCC rules, regulations, and orders.

a. In the event that any of the consumer complaints listed on Exhibit A cannot be consensually resolved by Qwest and the consumer, Qwest shall inform the complaining consumer that he or she may forward the unresolved complaint to the DCA's Alternative Dispute Resolution Unit for resolution in accordance with the Unit's guidelines. Nothing contained herein, however, shall be deemed to abridge any rights provided to consumers pursuant to the Consumer Fraud Act.

b. Within thirty (30) days after the conclusion of the one hundred and eighty (180) day period following entry of this Consent Order (i.e., two hundred and ten (210) days after

entry of this Consent Order), Qwest shall provide the BPU and DCA a report detailing the name, address, telephone number, and resolution (including amount of refund or credit, where appropriate) for each New Jersey consumer complaint addressed pursuant to this Paragraph.

COMPLIANCE

16. Qwest shall keep, for a period of two (2) years from the date of entry of this Consent Order, all sales, advertising, and marketing materials related to the sale of long distance services directed at or intended to be seen, read, heard, and/or observed by New Jersey consumers, whether such sales, advertising, or marketing materials were in audio, visual, electronic, telephonic, or printed presentation format. To narrow the focus of this retention program, Qwest may limit the materials it keeps to those which are directed, aired, or distributed in New Jersey as well as the New York City/Tri-State area and the Southern New Jersey/Philadelphia, Pennsylvania regional area. Qwest shall also maintain for that same period records reflecting the name and address of each New Jersey consumer who pays Qwest directly, as opposed to through a reseller, for services and the type of services for which the consumer paid. Qwest shall make such materials available to the Director and the Board upon request.

17. In the event that the provisions of 47 C.F.R. § 64.1100 et seq., or any other state or federal law or regulation are amended, or in the event that any other law or regulation is enacted in a manner which would render compliance with any term of this Consent Order a violation of such law or regulation, it is understood that Qwest's compliance with such amended or newly enacted law or regulation will constitute compliance with this Consent Order and Qwest's failure to comply with such amended or newly enacted law or regulation will constitute failure to comply with this Consent Order. The remainder of the terms and conditions of this Consent Order shall not be affected thereby.

GENERAL PROVISIONS

18. Nothing contained in this Consent Order shall be construed to deprive any consumer or other person or entity of any private right under the law, except insofar as any consumer accepts restitution pursuant to the provisions of this Consent Order.

19. Qwest shall not represent or imply that any advertising, procedure, or other act, practice, or conduct hereinafter used or engaged in by Qwest has been required, sanctioned, authorized, or approved, in whole or in part, by the Attorney General, the Division of Consumer Affairs, the Board of Public Utilities, or the State of New Jersey or any of the State's agencies or agents. Nothing in this Consent Order shall be construed as approval, sanction, or authorization of any act, practice, or conduct of Qwest.

20. This Consent Order may be enforced only by the parties or their successors hereto.

21. Nothing in this Consent Order shall be construed to limit the authority of the Board or the Director to enforce prospectively any laws, regulations, or rules against Qwest.

22. This Consent Order shall be governed by and implemented in accordance with the laws of the State of New Jersey.

23. This Consent Order shall become effective immediately upon execution by the Board and the Director.

24. In the event any materials previously produced by Qwest to the BPU and the DCA have been marked as "proprietary," "confidential," or terms of similar import, the BPU and the DCA shall return the original(s) and all copies made of such materials to Qwest within ten (10) days of the date of entry of this Order. Qwest shall make available to the DCA and BPU, upon request and where necessary, such proprietary or confidential materials as are required to monitor compliance with the terms and conditions of this Order.

25. This Consent Order may be signed in counterpart by the parties and/or their designated representatives.

26. Any notices, reports, or other materials required to be forwarded to the Board or the Director shall be forwarded to the following persons:

a. On behalf of the Board:

Director, Customer Relations
New Jersey Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

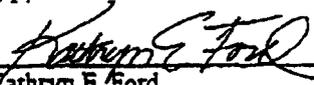
b. On behalf of the Director:

Executive Director
Office of Consumer Protection
Division of Consumer Affairs
PO Box 45029
124 Halsey Street, 7th Floor
Newark, New Jersey 07102

27. Notwithstanding the time frames stated in any of the foregoing, the requirements of Qwest in this Consent Decree, other than the completion of the payment pursuant to paragraph 13, shall terminate upon the expiration of the obligations in the Qwest F.U.C. Consent Decree.

QWEST COMMUNICATIONS
INTERNATIONAL, INC.

BY:


Kathryn E. Ford
Corporate Counsel

DATED:


Mark Pitchford
Senior Vice President

DATED:

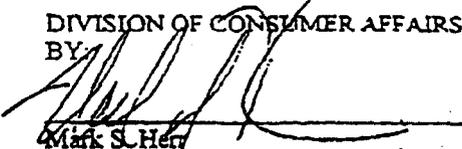
THE ROTHFELDER LAW OFFICES
Counsel for Qwest Communications
International, Inc.

BY:


Martin C. Rothfelder

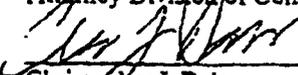
DATED:

DIVISION OF CONSUMER AFFAIRS
BY:


Mark S. Herlihy
Director

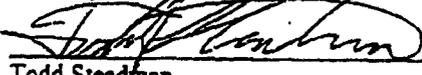
DATED:  12, 2001

JOHN J. FARMER, JR.
Attorney General of New Jersey
Attorney Division of Consumer Affairs


Christopher J. Dalton
Deputy Attorney General

DATED: 3/12/01

JOHN J. FARMER, JR.
Attorney General of New Jersey
Attorney for Board of Public Utilities

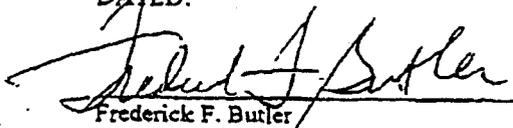

Todd Steadman
Deputy Attorney General

DATED:

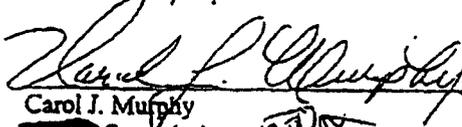
BOARD OF PUBLIC UTILITIES
BY:



DATED:

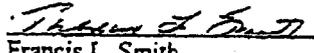

Frederick F. Butler
Commissioner

DATED: 4/19/01


Carol J. Murphy
Commissioner 

DATED: 4/19/01

ATTEST: 


Francis L. Smith
Secretary

DATED: 4/19/01

Exhibit A

List of Consumers to be Reviewed by Qwest for Purposes of Restitution Pursuant
to Paragraph 15 of the Administrative Consent Order.

Name	Street	City	Zip Code	Transit	Company Name	Allegations	Record or Court Order
Arroyo, Abel	50 East Reed Road	Verona	07044	1/10/96	8198	(973) 239-1021	Overseas LCI
Belaubramanian, E.	68 Larry Court	Dayton	05410	1/9/91	0198	(732) 274-2932	Overseas LCI International
Duffy, Dawn	231 Waverly Place, Floor 1	South Orange	07078	5/5/90	122198	(973) 922-8200	Overseas LCI
Dale, Mohammed	1 Liberty Terrace	Atlantic City	08401	4/0/98	unknown	(808) 448-1073	Overseas Communications LCI International
Shah, Hermita	492 Mercer Street	Jersey City	07308	02/98	0198	(201) 432-8408	Overseas LCI International
Boyd, Carmel	N/A	N/A	N/A	5-91	190	N/A	Overseas LCI International
Blindley, Louise	103 Pine Street	Bridgeport	06602	12/3/91	N/A	N/A	Overseas LCI International
Brago, Mark	8 Rose Street	Metuchen	08840	6-27-91	4-97	(908) 549-2151	Overseas LCI International
Duch, David Esq.	Motivale Square Suite 204 Two Mindermeck Road South	Montreal	07845-2108	1/12/98	11/2/98	(201) 351-4409	Overseas Communications LCI International
Calabrese, Salvatore	P. O. Box 185	Washville	08093	10/23/91	unknown	(608) 848-0525	Overseas LCI International
Philadelphie Cervical Coller Co.	14 Park Avenue	Kearny	07722	1/15/98	N/A	(201) 897-0117	Overseas LCI
Campoo, Carl						(873) 552-2919	Overseas LCI
The Lodge						(908) 925-4875	Overseas LCI
Campoo, Mary	2000 East Linden Avenue	Linden	07036	10/21/98	N/A	(201) 946-8578	Overseas LCI International
Casper, Adrians	P. C. Box 48	Cliffside Park	07010	3-12-98	2-14-98	(973) 743-0014	Overseas LCI International
Carlisle, Doris	403 Bunkley Avenue	Ironfield	07003	4-2-97	3-97	(732) 448-2847	Overseas LCI International
Castorano, John	1 Bigham Drive	Manalapan	07726	05/98	unknown	(201) 481-3412	Overseas LCI International
Chan, Hok Hong	173 Moore Avenue	Leeds	07663	3/16/98	1/19/97	(808) 332-5627	Overseas LCI
Chan, Bing	737 Pritchard Street	Walfield	07090	5/11/98	4/188		Overseas LCI
Chow, Frank	P. O. Box 697	Mohean	07147	6-25-98	6-18-98	(732) 868-3865	Overseas Communications LCI International
Chenara, Pamela JB	628 Jefferson Street	Hoboken	07030	2-23-98	12-4-97	(201) 883-9023	Overseas LCI International
Cobo, Merle	6022 Tyler Road	West New York	07093	11-24-97	11-14-97	(201) 881-5787	Overseas LCI International
Conrad, Ann						(808) 758-1732	Overseas LCI International
de Gloria Stuart	48 Cedar Brook Drive	Scarsdale	09873	2-9-88	12-97	(908) 558-7018	Overseas LCI International
Coets, Maria	23 Grove Street	Elizabeth	07202	10/2/99	3/1/99	(609) 737-1242	Overseas LCI International
David, Michael	38 Navasink Drive	Trenton	08620	9-17-97	8-97	(973) 338-4248	Overseas LCI International
Davis, Patrick	15 Englewood Drive	North Caldwell	07006	07/099	04/99	(201) 658-1084	Overseas LCI International
Dalhelo, Marcos E.	111 14th Street, Apt. 5	Hoboken	07030	11/22/99	N/A	(732) 842-9735	Overseas LCI International
Deng, Mei							Overseas LCI International
Wong, Xih	13 Kimberly Court #70	Red Bank	07701	3/27/98	12-97		Overseas LCI International

Derevy, Christine	P.O. Box 148	Wilmington	07833	97781	57208	(609) 475-3148	Qwest/UCI	a, l, ch	\$ 81.51
Warner, Angela	305 West End Avenue, Apt. 5	Elizabeth	07202	11-26-97	10-14-97	(908) 251-9754	LCI International/Intl	a, b	\$ 19.03
Dietz, Marie	205 Hudson Street, Apt. 209	Hoboken	07030	10/20/98	9/1/98	(201) 686-7264	LCI International	n	\$ 22.00
Domache, Stephen	133 23rd Street, 2-L	Union City	07087	3/1/98	N/A	(201) 582-9240	LCI International	b	
Duque, Alvaro	1995 Canyon Avenue	South Plainfield	07080	4/23/98		(908) 753-5594	LCI International	a	
Edenstern, Antoinette									
Evans, Michele	311 Reynolds Terrace	Orange	01050	6/20/91	N/A	(973) 677-1457	Qwest Communications	a, d	
Fenley, Gregory	141 New Jersey Avenue	Cedarhurst	08108	6/12/94	2/1/98	(908) 654-1839	LCI International/Intl	a, b, c, d	
Ferguson, Thomas	1246 Brookside Road	Piscataway	08854	12-13-95	5-25-05	(908) 910-9813	LCI International, Inc.	d	
Feinhardt, Isigiel	324 Patterson Avenue	Profferson	07502	9/4/89	N/A	(873) 942-9158	Qwest	a	
Figueroa, Luis	285 Adams Street	Newark	07103	10-21-97	8-06-87-98	(973) 481-8864	LCI	a, e	\$ 125.14
Garcia, Claudia	Apt. 5								
Trinidad Benhan Corp.	7026 Reebok Avenue	North Bergen	07047	07/1/99	5/24/99	(201) 738-9430	Qwest/UCI	a, b	\$ 10.01
Garcia, Glorie	408 Ashby Street	Paterson	08851-2028	12-27-97	11-25-97	(973) 224-9109	LCI International/Intl	n, l	
Garcia, Marife O.	2407 New York Avenue	Union City	07087	9/18/98	unknown	(201) 904-9804	Qwest Communications	n	\$ 10.00
Gardner, Charles J.	Flow Apartment	Dumont	07628	1/5/00	N/A	(201) 384-7081	Qwest/UCI	a, b	
Gibson, Subhendu	15 Medford Road	unknown	unknown	07/5/98	unknown	unknown	LCI International	a	
Gilman, Thomas	39 Fernside Drive	Living Valley	07853	3-0-88	11-13-97	(908) 876-8324	LCI	a, b, c	
Gold, Carolyn	33 Stenley Road	South Orange	07078	8-8-98	8-26-10	(201) 378-8139	LCI International	b	
Govetz, Ricky	215 Campus Plaza	Edison	08837-2038	6-13-97	1996	(732) 417-2230	LCI International	n, o	
Fidelity Int'l Technologies	Harlan Center	Hoffet Bergen	07047	9-10-97	9-5-97	(201) 248-3718	LCI International	n, c	
Conzalez, Luis	2025 Grand Avenue, #3F	Linden	07036-1714	5/17/99	4/2/99	(908) 488-8448	Qwest Communications	a, o	
Cronkston, Vernice	1421 Union Street								
Cuabert, Ginny	27 Jefferson Road	Pinckton	08510	2/5/86	unknown	(609) 487-6594	LCI International	u	\$ 1,394.74
Haber, Alan	4 Jamison Court	East Brunswick	08816	4-14-80	4-8-88	N/A	LCI International	a, c	
Hansen, Cecelia	N/A	N/A	N/A	12/3/98	unknown	(201) 837-0758	LCI	f	
Heller, Evelyn	802 E. Front Street, Apt. 518	Plainfield	07062-1087	6/8/89	4/28/89	(609) 788-2377	Qwest Communications	n	
Hogden, Barbara	578 Emmell Avenue	Trenton	08638	7/3/98	7/8/86	(609) 383-1358	LCI	a, d	
Holmes, Sylvia	555 Main Street	Clenny Hill	08002	11/1/98	11/19/87	(609) 486-2142	LCI International	d, k	\$ 215.91
Hsu, Wen-Jen	9 East Brooklawn Drive	Monticello	07950	12/20/99	5-30-99	(973) 529-8850	Qwest Communications	a	\$ 51.97
Howard, Ravi	89 Wayne Street	Jersey City	07302	5/27/85	2/5/89	(201) 446-1673	Qwest Communications	a	\$ 82.78
Hoyte, Donna	209 Columbus Drive	Mania	08051	1/23/00	6/12/99	(609) 488-9187	Qwest Communications	n	\$ 10.20
Hsu, Bill	300 Hillcrest Road	Highwood	07450	5/2/99	4/1/99	(201) 441-2201	Qwest Communications	a	\$ 7.16
Hu, Xueyou	401 E. Gibbstown Road	Lindenwold	08021	7/6/99	3/1/99	(609) 627-4779	Qwest Communications	a, e	\$ 18.01

Address	City	State	Zip	Phone	Carrier	Service	Rate	Notes
Adrianese, Victor	73 Village Drive East	Michigan	48106	313-487-1013	LCI International	LCI International	10	
Alencastre, Glenn	34 Wenhatche F. Rd	Michigan	48106	313-764-4944	LCI International	LCI International	2,3	
Monk, John	387 Passaic Street	Michigan	48106	313-488-3845	LCI International	LCI International	2,3	
Murphy, St. Louis	P.O. Box 1813	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Nagle, AnnMarie	N/A	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Nardella, Anthony	174 Green Tree Road	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Noble, Madeline	32 Sweetwood Drive	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Nelson, Yasmine	141 South Byron Terrace	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Nesler, Wilson C.	Ap. 3-A	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Neyman, Aelis	172 Canalis Court	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Ors, Aileen J.	12 Haven Road	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Owens, Nadia	131 Terhune Avenue	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Paken, Nancy	323 S.M.T. Sigmund Parkway	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Cardiology Center	50 Nelson Street	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Perez, Ernest	10 Robert Drive	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Phillips, Nancy	2 Fiorani Lane	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Piccione, Anthony M.	28 Peachtree Drive	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Powell, Rebecca	691 Lenoxville Avenue	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Price, Beatrice	843 First Avenue	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Price, Edward	118 Union Street	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Puppaly, Velmie	838 Cooper Landing Road	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Rabin, Smital K.	311E	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Rakita, Marsha	20 Barbara Street	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Ramathary, Paul	70 Embassy Avenue	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Rivers, Ayleen	410 Harvard Avenue	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Rodriguez, Christie	N/A	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Rodriguez, Wendy	404 Parker Avenue	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Romano, Michael	7015 College Avenue	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Rothe, Robert H.	358 Birchwood Road	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Ruda, Rebecca	787 18th Avenue, Apt. 4B	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Rudin, Irving	454 Hill Street	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Russell, Jacqueline	502 East Franklin Avenue	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Ryan, Mary K.	14 La Fayette Drive	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Silazar, Boris	318 County Club Lane	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Santamaria, Thomas	92 March Street	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	
Santamaria, Ueda	172 Studis Lane	Michigan	48106	313-232-7328	Quest Communications	Quest Communications	1,5	

Name	Address	City	Zip	Phone	11/08/98	11/21/97	Qwest/LCI	o.c.d o.h.c
Banks, John	4 Jackson Way 103 Manhattan Avenue #1115	Meriden	07740	07087	10-20-97	9-5-97	(732) 526-3379 LCI International	o.c.d o.h.c
Sprilaker, William	23 Doodle Drive	Paragary	07054	07009	27/009	1-94	(973) 993-9935 LCI International	o.c.d
Schmitt, Margaret	177 Little Falls Road	Cedar Grove	07009	07009	11/15/97	unknown	(973) 993-9935 LCI International	o.c.d
Stee, Debra	759 Okhoboro Road	Lindenwold	08021	08021	4/19/98	unknown	N/A	o.c.d
Shih, Thomas	134 Elm Street	Tenali	07076	07076	9/7/98	9/7/98	(609) 792-9245 Qwest	o.c.d
Shih, Alice	60 Parkway Drive, East P.O. 1172	East Orange	07037	07037	9/7/98	9/7/98	(973) 672-0275 LCI International	o.c.d
Singh, Babu	E-02 Spruce Manor 59 East Browning Road	Baltimore	08031	08031	9/7/98	N/A	(609) 587-0819 LCI International	o.c.d
Shueh, Timothy	84-C2 Fichens Avenue	Bridgewater	08807	08807	10/20/98	8/14/98	(609) 831-9285 Qwest Communications	o.c.d
Seeg, Paul	1018 Anderson Avenue	Fort Lee	07024	07024	10/24/98	N/A	(908) 375-1448 Qwest/LCI	o.c.d
Seah, Alan	204 South Orange Avenue	South Orange	07079	07079	9/13/98	9/13/98	(973) 373-2344 LCI International	o.c.d
Spence, Marjorie	124 Linden Avenue	Irvington	07111	07111	10/9/98	9/29/98	(973) 373-2344 LCI International	o.c.d
Spota, Glenn	101 Willow Avenue, NC	Hoboken	07030	07030	5-8-98	1-8-98	(201) 453-8301 LCI International	o.c.d
Stanley, Madie	N/A	N/A	N/A	N/A	8/1/98	unknown	(201) 371-0603 LCI International	o.c.d
Subhan, Abdul	30 H. California Avenue 2nd Floor	Atlantic City	08401	08401	12/27/98	unknown	(609) 346-4844 Qwest	o.c.d
Sumner, Richard	12 Rosalind Circle	Sicklerville	08061	08061	12/23/97	12/18/97	(609) 875-4413 LCI	o.c.d
Sue, Chinggh	14A Sunflower Road	Maple Shade	08052	08052	10-20-97	8-87	(609) 321-9903 LCI International	o.c.d
Tainov, Leonid	248 Prospect Avenue Apt. 147	Lindenwold	07037	07037	12/9/98	unknown	(201) 497-7856 LCI International	o.c.d
Telms, Jeffrey	N/A	N/A	N/A	N/A	14/11/98	unknown	N/A	o.c.d
Max Lumber Company	1112 Garfield Avenue	Jersey City	07304	07304	12-29-97	11-97	(201) 298-9237 LCI International	o.c.d
Tepeda, Gustavo	123E Jerome Street	Roselle Park	07068	07068	12-27-98	9/17/99	(201) 789-2735 Qwest Communications	o.c.d
Tren, Cheryl	21 Alan Terrace	Jersey City	07306-1403	07062	4/23/98	unknown	(908) 756-0927 LCI International	o.c.d
Troyer, Tracy	412 Richard Way	North Plainfield	07062	07062	10/4/98	unknown	(732) 989-2675 LCI International	o.c.d
Veneta, Giuseppina	408 Prospect Avenue	Meghan	07155	07155	10-20-98	7-98	(908) 385-1107 LCI International	o.c.d
de Georgina LeCaw	519 Jackson Avenue	Elizabeth	07201	07201	8/22/00	8/22/00	732-343-5514 Qwest	o.c.d
Wald, Evelyn	12A Cedar Lane	Highland Park	08964	08964	10/4/98	8/22/00	Qwest	o.c.d
Wang, Wei	1190 Morris Street	Roselle	07068	07068	3-19-98	1-1-94	(908) 298-0960 LCI International	o.c.d
Walker, T.	18 Lempire Drive	Mendham	07945	07945	12/9/98	8/1/98	(973) 543-9269 Qwest	o.c.d
Washington, Leslie	N/A	N/A	N/A	N/A	10-10-97	1997	(609) 346-0735 LCI	o.c.d
Walter, John	120 Highland Avenue	Edison	08817	08817	3-10-96	10/08	(732) 818-9298 LCI International	o.c.d
Wells, Mr.	259 Clinton Place	Hewlett	07112	07112	4-20-96	3-10-95	(973) 926-3706 LCI International	o.c.d
Williams, Rachael	70 Lawrence Drive	Hockenshaw	07640	07640	2/1/98	12/25/97	(908) 952-0227 LCI	o.c.d

Williams, Mary	32 Winding Wood Drive, JB	Sayreville	05871	4/2/07	N/A	(908) 833-7316	LCI	k
Wong, Jeffrey	241 Alexanderia Way	Basking Ridge	07820	6/16/96	4/1/96	(908) 590-6589	LCI International	p, b, c, n
Yonah, Robert	77 Pequet Trail	Madison Lakes	08855	4/1/89	Nov. 87	(609) 664-2740	LCI International	1
Yosh, Benjamin	11 Constabank Drive	Abbott Park	07715-3143	11/23/98	10/20/98	(732) 480-6453	Quest Communications	a, b
Yoon, Sung	N/A	N/A	N/A	3/27/99	N/A	N/A	Quest	g
Zhou, Bahalla	11 Kory Drive	Kendall Park	08824	10-10-97	9-97	(732) 297-2210	LCI International	a, b, c
								\$ 11,794.71

The million in Column H1
 correspond to the numbered
 possible violations in Section IV
 of the Investigative Report for
 LCI (i.e. a=1, b=2, etc.; N/A=not
 requested.

STATE OF FLORIDA, DEPARTMENT OF
AGRICULTURE AND CONSUMER SERVICES

SETTLEMENT AGREEMENT

IT IS HEREBY AGREED AND STIPULATED by and between the FLORIDA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES (the "Department") and QWEST COMMUNICATIONS CORPORATION, a corporation doing business in Florida with principal office located at 1801 California, Suite 5100, Denver, Colorado 80202, as follows:

WHEREAS, the Department has jurisdiction to administer and enforce Florida's Telephone Sales Law, Section 501.059, Florida Statutes.

WHEREAS, the Department has received complaints from Florida consumers whose residential telephone numbers appeared in the then-current "no sales solicitation calls" listing kept and maintained by the Department, said complaints alleging that, despite such listing, the consumers received unsolicited telephone sales calls from Qwest Communications Corporation.

WHEREAS, Qwest Communications Corporation maintains business practices and procedures designed to ensure compliance with Section 501.059, FS (2000).

THEREFORE:

1. Qwest Communications Corporation, agrees to periodically review its business practices and procedures in the area of telephone sales, further supplementing them as necessary to enhance compliance with Section 501.059, FS.

2. Qwest Communications Corporation, either by itself or through its designated agents, agrees to submit and pay for advance orders for the Department's no sales call lists such that the subsequent identification and suppression of names in prospect files can be completed before the first business day of each quarter for the next five years; provided that the no sales call lists are made available at least four (4) weeks in advance of the respective quarter.

3. Qwest Communications Corporation, in order to avoid the inconvenience, uncertainty and additional expense of further investigation and potential litigation in this matter, agrees to pay to the Department a settlement in the amount of Seventy Thousand, Five Hundred Dollars (\$70,500) by October 31, 2001. Qwest Communications Corporation agrees, by the same date, to pay on behalf of each of the 57 individuals filing complaints in the matter, a \$10 reimbursement for costs associated with listing each consumer's residential telephone number on the Department's no sales solicitation calls list for an additional two years. The total settlement of Seventy-One Thousand, Seventy Dollars (\$71,070) is to be remitted by check made payable to the Florida Department of Agriculture and Consumer Services and directed to Judith S. Kyle, Senior Attorney, 407 South Calhoun Street, Room 515, Mail Stop M-11, Tallahassee, Florida 32399-0800.

4. Qwest Communications Corporation acted in good faith and cooperated with the Department in resolving this matter. By entering into this Settlement Agreement Qwest Communications Corporation, is not admitting any fault, liability, wrongdoing or violation of law.

5. The Department will continue to monitor consumer complaints against Qwest Communications Corporation. Qwest Communications Corporation will immediately pay a penalty of Two Thousand Two Hundred and Fifty (\$2,250) Dollars per valid consumer complaint ("VCC") for each VCC received over and above the first ten (10) VCCs made within a twelve-month period beginning October 31, 2001 and ending October 31, 2002. A valid complaint will be a sworn statement from a consumer who was on the then-current Do Not Call list that includes the following information:

- a. The name of the firm calling, Qwest Communications Corporation, or any of the firms that Qwest Communications Corporation contracts with for telephone-marketing services during the one-year period.
- b. The time and date of the call.
- c. The product or service offered in the call.

- d. The name of the caller unless the caller refuses to give their name.
- e. The caller's number given by the caller or obtained from a caller I.D. system.
- f. The lack of any prior or existing business relationship with the firm on behalf the call is made.

Any valid complaints that are proven by Qwest Communications Corporation to be exempt under Section 501.059, Florida Statutes 2000, or that were the result of the Department's errors in the compilation or dissemination of the "no sales solicitation calls" listing, or that were not the result of calls made or caused to be made by Qwest Communications Corporation shall not be used in compiling the calls and shall not be chargeable to the firm.

6. By execution of this Settlement Agreement, the Department and Qwest Communications Corporation intend to and do resolve all issues arising prior to and through October 31, 2001, as may pertain to the particular matters set forth herein or otherwise connected with these matters in any way, including any alleged violations of Florida's Do Not Call law that were not previously identified.

7. Each party shall bear its own costs and attorney's fees.

8. Failure of Qwest Communications Corporation, to abide by the provisions of this Settlement Agreement may result in action by the Department to secure any and all relief to which it may be entitled by law.

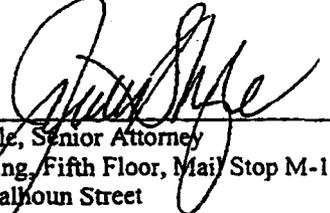
9. The parties acknowledge that this Settlement Agreement is subject to the approval of the Commissioner of Agriculture, and the General Counsel of the Department.

10. This document must be executed and payment received in full by October 31, 2001, or the offer of settlement is withdrawn.

11. The parties stipulate that the settlement was entered into in the State of Florida and any enforcement litigation will be interpreted and governed by Florida law.

WHEREFORE, the parties hereto have entered into this Settlement Agreement by their respective signatures.

FOR THE FLORIDA DEPARTMENT OF
AGRICULTURE AND CONSUMER
SERVICES

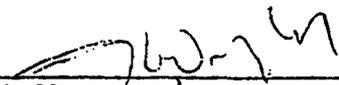


Judith S. Kyle, Senior Attorney
Mayo Building, Fifth Floor, Mail Stop M-11
407 South Calhoun Street
Tallahassee, Florida 32399-0800
Telephone: 850/245-1000

Dated: _____

11/16/01

FOR QWEST COMMUNICATIONS
CORPORATION



Print Name: Thomas W. Snyder
Authority to bind corporation
33487

Dated: _____

November 1, 2001

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Initiation of show cause proceedings against LCI International Telecom Corp. d/b/a Qwest Communications Services for apparent violation of Rule 25-22.032(5)(a), F.A.C., Customer Complaints.

DOCKET NO. 010198-TI

In re: Initiation of show cause proceedings against Qwest Communications Corporation for apparent violation of Rule 25-22.032(5)(a), F.A.C., Customer Complaints.

DOCKET NO. 010204-TX

In re: Initiation of show cause proceedings against Qwest Communications Corporation for apparent violation of Rules 25-4.118, F.A.C., Local, Local Toll, and Toll Provider Selection; and 25-22.032(5)(a), F.A.C., Customer Complaints.

DOCKET NO. 000778-TI
ORDER NO. PSC-01-1791-AS-TP
ISSUED: September 5, 2001

The following Commissioners participated in the disposition of this matter:

E. LEON JACOBS, JR., Chairman
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

ORDER ACCEPTING SETTLEMENT

BY THE COMMISSION:

CASE BACKGROUND

LCI International Telecom Corp. d/b/a Qwest Communications Services (LCI), holder of Interexchange Company (IXC) Certificate No. 2300, and Qwest Communications Corporation (QCC), holder of IXC Certificate No. 3534 and Alternative Local Exchange Telecommunications Company (ALEC) Certificate No. 5801, are owned by parent company Qwest Communications International, Inc. (QCI). QCI requested that staff consider its offer to settle the "Customer

ORDER NO. PSC-01-1791-AS-TP
DOCKETS NOS. 010198-TP, 010204-TP, 000778-TP
PAGE 2

Complaints" issue in all three dockets above as one settlement offer, and to consider its offer to settle the "Unauthorized Carrier Change" issue in Docket No. 000778-TI as a separate offer. The Commission is vested with jurisdiction over these matters pursuant to Sections 364.183, 364.285, 36.337 and 364.603, Florida Statutes.

DISCUSSION

The Division of Consumer Affairs (CAF) notified the Division of Competitive Services that it was experiencing difficulty in obtaining responses to customer complaints from telecommunications companies. Specifically, Qwest had failed to respond to a total of 23 customer complaints for its three certificates. On February 9, 2001, three dockets were opened to initiate show cause proceedings for the company's apparent violation of Rule 25-22.032(5)(a), Florida Administrative Code, Customer Complaints: Docket No. 010198-TI against LCI International Telecom Corp. d/b/a Qwest Communications Services; Docket No. 010204-TX against Qwest Communications Corporation (ALEC); and Docket No. 000778-TI against Qwest Communications Corporation (IXC), collectively referred to as "Qwest."

Qwest reviewed the consumer complaint cases associated with the show cause proceedings. In its July 9, 2001, settlement offer, Qwest explained that it had been undergoing a merger with U.S. West that strained its company resources and impacted its complaint response process. It stated that it had recently implemented changes to ensure that Qwest (and its affiliates) respond to staff in a timely fashion. It further stated that it has confirmed that responses to all of the complaints that are the subject of this issue in these dockets have been submitted to CAF. Therefore, to settle these dockets, Qwest proposed the following:

1. A monetary settlement of \$1,500 per complaint, for a total of \$34,500; and
2. To take steps to ensure the timely and consistent response to consumer complaints.

The settlement amount of \$1,500 per complaint in this recommendation is consistent with the Commission's approval of the settlement offered in Order No. PSC-00-2089-AS-TI, issued November 2, 2000, in Docket No. 000399-TI, Initiation of Show Cause Proceedings Against AT&T Communications of the Southern States.

ORDER NO. PSC-01-1791-AS-TP
DOCKETS NOS. 010198-TP, 010204-TP, 000778-TP
PAGE 3

Inc. d/b/a Connect N' Save and d/b/a Lucky Dog Phone Co. and d/b/a ACC Business for Apparent Violation of Rule 25-4.043, F.A.C., Response to Commission Staff Inquiries. However, this settlement does not in any way preempt, preclude or resolve any matters under review by any other state agencies or departments.

Upon consideration, we accept the company's settlement proposal of a \$34,500 voluntary contribution and assurance that the company will implement measures to ensure future compliance. The voluntary contribution should be received by the Commission within ten business days of the issuance date of an Order approving the settlement offer and should include the docket numbers and company name. The Commission should forward the contribution to the Office of the Comptroller for deposit in the State of Florida General Revenue Fund. If the company fails to pay in accordance with the terms of the Commission Order, Certificate Nos. 2300, 5801, and 3534 should be canceled administratively.

Rule 25-4.118, Florida Administrative Code, requires that a provider seeking a customer's authorization to switch his or her local, local toll or toll service to itself must first obtain a Letter of Agency (LOA) or taped Third Party Verification (TPV) containing the following information specified in Rule 25-4.118(3)(a)1.-5., Florida Administrative Code:

(3)(a) The LOA submitted to the company requesting a provider change shall include the following information (Each shall be separately stated):

1. Customer's billing name, address, and each telephone number to be changed;
2. Statement clearly identifying the certificated name of the provider and the service to which the customer wishes to subscribe, whether or not it uses the facilities of another company;
3. Statement that the person requesting the change is authorized to request the change;
4. Statement that the customer's change request will apply only to the number on the request and there must only be one presubscribed local, one presubscribed local toll, and one presubscribed toll provider for each number;

5. Statement that the LEC may charge a fee for each provider change.

When our staff reopened Docket No. 000778-TI on February 5, 2001, its initial analysis of our complaint database indicated that QCC showed an increase in the number of complaints closed as unauthorized carrier changes in the fourth quarter of 2000. Subsequent analysis of the complaints, with the associated TPVs when available, revealed a total of 22 complaints closed as unauthorized carrier changes for the period April 2000 to March 2001.

QCC's response states that of the 22 slamming complaints, four should be eliminated from further consideration. We agree with the analysis presented by QCC, that the four cases outlined in its response were not the result of QCC's actions and should be removed from consideration. Thus, QCC has 18 apparent violations of Rule 25-4.118, Florida Administrative Code, for the period April 2000 to March 2001.

In its settlement offer, Qwest notes that fourteen of the complaints involve the omission of one or more of the elements required by Rule 25-4.118(3)(a)1.-5., Florida Administrative Code, but that it believes the customer clearly wanted to change his or her IXC service to QCC. Of the remaining four, one involved a keypunch error, and QCC was unable to locate the TPV or LOA for the last three. To settle the unauthorized provider change issue in this docket, QCC proposes the following:

1. A voluntary contribution of \$18,000; and
2. To take measures to ensure that all of the information required by Rule 25-4.118(3)(a)1.-5., Florida Administrative Code, are captured on its TPVs.

We believe the proposed settlement amount of \$18,000 is fair and reasonable given the nature of the majority of the slamming complaints against QCC. Our staff's investigations show that, though still deficient in some areas, the level of compliance of the TPVs from the period April 2000 to March 2001 has improved over those of the previous study period, December 1998 to March 2000. However, this settlement does not in any way preempt, preclude or resolve any matters under review by any other state agencies or departments.

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Therefore, we accept Qwest's settlement proposal. Any contribution should be received by the Commission within ten business days from the issuance date of the Commission Order and should identify the docket number and company name. The Commission should forward the contribution to the Office of the Comptroller for deposit in the State of Florida General Revenue Fund. If the company fails to pay in accordance with the terms of the Commission Order, Certificate No. 3534 should be canceled administratively.

Based on the foregoing it is

ORDERED by the Florida Public Service Commission that LCI International Telecom Corp. d/b/a Qwest Communications Services and Qwest Communications Corporation's settlement proposal regarding customer complaints set forth in the body of this Order is hereby approved. It is further

ORDERED that Dockets Nos. 010198-TP and 010204-TP shall remain open pending receipt of the \$34,500 contribution. The contribution will be transmitted to the Office of the Comptroller for deposit in the State of Florida General Revenue Fund. It is further

ORDERED that Docket 000778-TP shall remain open pending receipt of the \$18,000 contribution. The contribution will be transmitted to the Office of the Comptroller for deposit in the State of Florida General Revenue Fund. It is further

ORDERED that if LCI International Telecom Corp. d/b/a Qwest Communications Services and Qwest Communications Corporation fail to comply with this Order, certificates nos. 2300, 3534 and 5801 will be canceled administratively. It is further

ORDERED that upon receipt of the \$34,500 contribution, or cancellation of the certificates, Dockets Nos. 010198-TP and 010204-TP shall be closed. Upon receipt of the \$18,000 contribution, or cancellation of the certificate, Docket No. 000778-TP shall be closed.

By ORDER of the Florida Public Service Commission this 5th Day of September, 2001.

/s/ Blanca S. Bayó
BLANCA S. BAYÓ, Director
Division of the Commission Clerk

ORDER NO. PSC-01-1791-AS-TP
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and Administrative Services

This is a facsimile copy. Go to the
Commission's Web site,
<http://www.floridapsc.com> or fax a request
to 1-850-413-7118, for a copy of the order
with signature.

(S E A L)

JAE/WDK

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of the Commission Clerk and Administrative Services and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

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7038484404 TO 813032957048

P.02/05

PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on November 24, 1998

COMMISSIONERS PRESENT:

Maureen O. Helmer, Chairman
John S. Daly
Thomas J. Dunleavy
James D. Bennet

JAN 13 1999

CASE 97-C-0965 - In the Matter of Slamming Complaints Received
Against LCI Internacional Telecom Corp.

ORDER IMPOSING ADMINISTRATIVE PENALTY

(Issued and Effective January 5, 1999)

BY THE COMMISSION:

BACKGROUND

In this Order, the Commission imposes an administrative penalty under New York Public Service-Law (PSL) Section 92-e to combat the switching of a customer's primary interexchange carrier (PIC) without the customer's authorization, a practice commonly called "slamming." The Commission has been and remains committed to eliminating this practice.

In 1997, the Commission expressed concern that various telephone corporations, including LCI International Telecom, Inc. (LCI), were switching customers without proper authorization. We directed LCI to stop slamming and to submit a plan to reduce and eliminate slamming complaints.^{1/} By Order issued November 21, 1997, the Commission approved LCI's plan,^{2/} but continued

^{1/} Case 97-C-0965, In the Matter of Slamming Complaints Received Against LCI Internacional Telecom Corporation, Order to Show Cause and Directing Response (issued June 11, 1997) (Show Cause Order).

^{2/} Case 97-C-0965, In the Matter of Slamming Complaints Received Against LCI Internacional Telecom Corporation, Order Approving Plan with Modifications (issued November 21, 1997) (Approval Order).

monitoring its complaint performance. Rather than improving, its complaint levels increased in the months following approval of its plan.

A Notice of Apparent Liability (NAL) was issued to LCI on September 21, 1998, which directed LCI to show cause why it should not be subject to an administrative penalty of \$ 1,000 per violation for twelve (12) violations of New York PSL Section 92-a. The supporting affidavit included with the NAL presented clear evidence that LCI had not obtained the requisite authority² to order changes in customers' preferred telephone service providers. Indeed, the Letters of Agency or Authorization (LOAs) used by LCI either were not signed by the customer of record or did not authorize the change submitted by LCI.

LCI's October 9, 1998 response to the NAL did not challenge the facts alleged in the affidavit. Instead, LCI argued that it had complied with the authorization and confirmation procedures established by the Commission and by federal laws and rules, and that it had acted reasonably and appropriately under the circumstances. It claimed it had not intentionally engaged in unauthorized customer conversions.

LCI also claimed that it had relied on what it believed to be properly executed LOAs and stated that most of the slamming complaints had involved an LOA which LCI had executed, but improperly. LCI also stated that where it was able to determine that a sales representative had violated LCI's policy against slamming, LCI immediately terminated the respective sales representative. Finally, LCI stated that it deactivated the accounts of each complainant, completely refunded all amounts

² Federal verification procedures require a carrier to obtain either a signed letter of agency (LOA) from the customer of record or comply with other verification procedures. See, 47 C.F.R. §§ 64.1100; 64.1150.

billed to such individuals, and absorbed all such costs associated with returning them to their preferred carriers.

DISCUSSION AND CONCLUSION

The record in this proceeding amply supports the conclusion that in all twelve (12) cases the complainant's service was switched to LCI without the subscriber's knowledge or consent. The Commission finds that LCI did not comply with the required authorization procedures; that LCI, directly or through its agent or representative, did not act reasonably under the circumstances; and that LCI did not demonstrate any exigent circumstances. Accordingly, we will impose an administrative penalty of \$1,000 for each of the twelve (12) violations of Section 92-e of the Public Service Law committed by LCI International Telecom Corp.

By holding carriers financially liable for unauthorized PIC changes, the Commission reiterates that all carriers must exercise due care and control over the conduct of their employees or representatives when seeking a customer's change in telephone service.

The Commission orders:

1. LCI International Telecom Corp. shall be liable for an administrative penalty of \$1,000 for each of its twelve (12) violations of Section 92-e of the Public Service Law.
2. LCI International Telecom Corp. shall remit twelve thousand dollars (\$12,000) to the New York State Department of Public Service, Director of Finance and Budget, 16th Floor, Three Empire State Plaza, Albany, New York 12223-1350 within thirty (30) days from the issuance of this Order.
3. LCI International Telecom Corp. shall remit payment payable to the New York State Department of Public Service, which will be deposited in the State Treasury to the credit of the general fund.

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7038484404 TO 813032957049

P.05/05

NO PROCESSING IS CONTINUED.

By the Commission,

(SIGNED)

DEBRA RENNER
Acting Secretary

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICANT: BILL BURNETT
DIRECTOR, CONSUMER SERVICES DIVISION
OKLAHOMA CORPORATION COMMISSION

RESPONDENT: QWEST COMMUNICATIONS CORP.

RELIEF SOUGHT: CONTEMPT CAUSE NO. CS990000008

ORDER NO. ~~435848~~

HEARING: By agreement of the parties
Before Robert E. Goldfield, Administrative Law Judge

APPEARANCES: Marchi C. McCartney, and Jeffrey P. Southwick
Consumer Services Division, Oklahoma Corporation Commission
Dallas E. Ferguson, Attorney, Qwest Communications Corp.

FINAL ORDER

BY THE COMMISSION:

The Corporation Commission of the State of Oklahoma (Commission) being regularly in session and the undersigned Commissioners being present and participating, the above-captioned Cause comes on for hearing and action by the Commission. The parties have reached a settlement agreement with regard to the issues raised by the Amended Complaint, Information, Summons, and Notice of Citation for Contempt (Amended Complaint) filed herein on September 15, 1999. At the hearing on this matter, the parties informed the Administrative Law Judge (ALJ) of the terms of their settlement agreement, which are set forth in the Findings of Fact and Conclusions of Law, below. Upon being advised of the terms of the settlement agreement, that all parties in this Cause are agreeable to such terms, and being otherwise advised in the premises, the ALJ found such terms of settlement to be reasonable and appropriate and recommended that the Commission approve such settlement by entering this Order.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. This Cause was initiated by the Application of Bill Burnett, Director, Consumer Services Division, Oklahoma Corporation Commission, seeking an order for contempt, alleging that the respondent, Qwest Communications Corp (Respondent) offered telecommunications services in Oklahoma in violation of Article IX, Section 18 of the Constitution of the State of Oklahoma, 17 O.S. § 1 and various provisions of OAC 165:56.

2. The Commission has jurisdiction over the subject matter and notice has been given as required by law and the rules of the Commission.

3. At the hearing held on the date set forth above, a proposed Order was tendered to the AJJ for review and approval. Said Order incorporated the terms and conditions of the settlement agreement that the parties had agreed to.

4. Respondent agrees to pay Thirty Thousand Dollars (\$30,000.00) to the Commission within thirty (30) days of the date of this Order.

5. Respondent further agrees that if, within one year of the date of this Order, the Consumer Services Division (CSD) of the Commission receives ten (10) or more complaints from consumers in Oklahoma alleging that Respondent has engaged in actions which are in violation of 17 O.S. § 1 and OAC 155:56-11-1, and which complaints, after investigation and evaluation by the CSD, are determined by Applicant to have sufficient validity to support the prosecution of a contempt proceeding against Respondent, Respondent will pay an additional Fifty Thousand Dollars (\$50,000.00) to the Commission within thirty (30) days after Applicant has made such a determination which has not been disputed by Respondent. This same provision concerning payment by Respondent of an additional Fifty Thousand Dollars (\$50,000.00) to the Commission shall apply in the event the Applicant receives ten (10) or more complaints of the type described above during either the second year or the third year after the date of this Order. The total amount which Respondent might possibly pay to the Commission pursuant to the terms

of this Order over the three-year period described in this paragraph is, therefore, not more than One Hundred Eighty Thousand Dollars (\$180,000.00). PROVIDED that in the event Applicant determines that ten (10) or more complaints of sufficient validity to require an additional payment from Respondent as set forth in this paragraph have been made during any applicable one year period, Respondent is not prevented from contesting Applicant's determination and requesting that the Commission determine that Respondent is not required to make such additional payment. PROVIDED further that Applicant retains the option of prosecuting contempt proceedings against Respondent with regard to any complaints received by the CSD after the date of this Order and such rights as Applicant may have to present evidence concerning complaints received by CSD both before and after the date of this Order. Respondent retains its rights to respond, object or defend any such contempt proceedings and to controvert any evidence submitted by Applicant.

6. Respondent further agrees that it either has or will notify each of the individual consumers identified in the Amended Complaint as having their telecommunications service switched by Respondent without proper authorization of the action which such consumer may take in order to be reinstated to the telecommunications service provider of such consumer's choice at no cost to the consumer, including reimbursement of any charges previously paid by such consumer to reestablish service with the telecommunications provider of the consumer's choice.

7. Respondent further agrees that it shall submit to the CSD staff for review and approval any sales, advertising and marketing materials and scripts that are specifically directed to individual Oklahoma residents. Respondent shall also submit to the CSD staff for review and approval all media materials and scripts that are utilized by Respondent solely for the purpose of marketing or advertising its products to Oklahoma customers, as opposed to being part of a media marketing or advertising campaign that is directed to Oklahoma as well as other

geographic areas outside of Oklahoma. The Applicant shall have ten (10) days in which to notify Respondent that he either approves or does not approve of the use of the materials required to be submitted to him. With respect to those materials required to be submitted to CSD pursuant to this paragraph, Respondent will only make use in Oklahoma of such materials as have been approved by Applicant or with respect to which Applicant has failed to notify Respondent of his disapproval within the ten (10) day period provided herein.

8. Beginning on the date of this Order and continuing for a period of one year thereafter, Respondent agrees that it shall:

a) advise the CSD in writing of all telecommunications complaints filed against it by any state or federal regulatory agency;

b) advise the CSD of the acquisition by Respondent of any company which has been issued a Certificate of Public Convenience and Necessity to provide telecommunications services in Oklahoma;

c) advise the CSD quarterly, in writing, of any complaint which it receives from an Oklahoma customer of Respondent alleging that such customer has had its telecommunications service switched to Respondent without authorization, and stating the investigations made and actions taken by Respondent as a result of such complaint.

9. Respondent further agrees that in the event Respondent receives a written or telephone communication from CSD requesting information concerning any investigation being made by CSD, Respondent will reply in writing to CSD within ten (10) business days setting forth any information which it has available that is responsive to the CSD inquiry.

10. Applicant agrees that this Order shall resolve all complaints which CSD has received with respect to Respondent through the date of this Order, including, but not limited to, all complaints and allegations described in the Amended Complaint.

11. The terms of the agreement reached by the parties and this Order do not result in any finding of contempt against Respondent. Any payment made by Respondent pursuant to this Order is not a fine, but is a payment to the Commission made pursuant to the parties' settlement agreement. By entering into the settlement agreement, Respondent does not admit any of the allegations set forth in the Amended Complaint, but, instead, expressly denies the same and has entered into the settlement agreement and agreed to the terms of this Order only for the purpose of terminating this matter without the necessity of additional burden and cost.

ORDER

IT IS, THEREFORE, ORDERED BY THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA as follows:

1. Respondent shall pay Thirty Thousand Dollars (\$30,000.00) to the Commission within thirty (30) days of the date of this Order.

2. If, within one year of the date of this Order, the CSD receives ten (10) or more complaints from consumers in Oklahoma alleging that Respondent has engaged in actions which are in violation of 17 O.S. § 1 and OAC 165:56-11-1, and which complaints, after investigation and evaluation by the CSD, are determined by Applicant to have sufficient validity to support the prosecution of a contempt proceeding against Respondent, Respondent will pay an additional Fifty Thousand Dollars (\$50,000.00) to the Commission within thirty (30) days after the Applicant has made such a determination which has not been disputed by Respondent. This same provision concerning payment by Respondent of an additional Fifty Thousand Dollars (\$50,000.00) to the Commission shall apply in the event the Applicant receives ten (10) or more complaints of the type described above during either the second year or the third year after the date of this Order. The total amount which Respondent might possibly pay to the Commission pursuant to the terms of this Order over the three-year period described in this paragraph is therefore, not more than One Hundred Eighty Thousand Dollars (\$180,000.00) PROVIDED

that in the event Applicant determines that ten (10) or more complaints of sufficient validity to require an additional payment from Respondent as set forth in this paragraph have been made during any applicable one year period. Respondent is not prevented from contesting Applicant's determination and requesting that the Commission determine that Respondent is not required to make such additional payment. PROVIDED further that Applicant retains the option of prosecuting contempt proceedings against Respondent with regard to any complaints received by the CSD after the date of this Order and such rights as Applicant may have to present evidence concerning complaints received by CSD both before and after the date of this Order. Respondent retains its rights to respond, object or defend any such contempt proceedings and to controvert any evidence submitted by Applicant.

3 Respondent shall notify each of the individual consumers identified in the Amended Complaint as having their telecommunications service switched by Respondent without proper authorization of the action which such consumer may take in order to be reinstated to the telecommunications service provider of such consumer's choice at no cost to the consumer, including reimbursement of any charges previously paid by such consumer to reestablish service with the telecommunications provider of the consumer's choice.

4. Respondent shall submit to the CSD staff for review and approval any sales, advertising and marketing materials and scripts that are specifically directed to individual Oklahoma residents. Respondents shall also submit to the CSD staff for review and approval all media materials and scripts that are utilized by Respondent solely for the purpose of marketing and advertising its products to Oklahoma customers, as opposed to being part of a media marketing or advertising campaign that is directed to Oklahoma as well as other geographic areas outside of Oklahoma. The Applicant shall have ten (10) days in which to notify Respondent that he either approves or does not approve of the use of the materials required by this paragraph to be submitted to him. With respect to those materials required to be submitted to the CSD by this

paragraph. Respondent will only make use in Oklahoma of such materials as have been approved by Applicant or with respect to which Applicant has failed to notify Respondent of his disapproval within the ten (10) day period provided herein.

5. Beginning on the date of this Order and continuing for a period of one year thereafter, Respondent shall:

a) advise the CSD in writing of all telecommunications complaints filed against it by any state or federal regulatory agency;

b) advise the CSD of the acquisition by Respondent of any company which has been issued a Certificate of Public Convenience and Necessity to provide telecommunications services in Oklahoma;

c) advise the CSD quarterly, in writing, of any complaint which it receives from an Oklahoma customer of Respondent alleging that such customer has had its telecommunications service switched to Respondent without authorization, and stating the investigations made and actions taken by Respondent as a result of such complaint.

6. In the event Respondent receives a written or telephone communication from CSD requesting information concerning any investigation being made by CSD, Respondent will reply in writing to CSD within ten (10) business days setting forth any information which it has available that is responsive to the CSD inquiry.

7. This Order resolves any and all complaints which CSD has received with respect to Respondent through the date of this Order, including, but not limited to, all complaints and allegations described in the Amended Complaint.

8. This Order does not result in any finding of contempt against Respondent. Any payment made by Respondent pursuant to this Order is not a fine, but a payment to the Commission made pursuant to the settlement agreement which the parties entered into. Respondent does not admit any of the allegations set forth in the Amended Complaint, but

instead, expressly denies the same and has entered into the settlement agreement agreed to the terms of this Order only for the purpose of terminating this matter without the necessity of additional burden and cost.

IT IS FURTHER ORDERED BY THE COMMISSION that the Findings of Fact and Conclusions of Law set forth above are adopted as those of the Commission.

CORPORATION COMMISSION OF OKLAHOMA

BOB ANTHONY, Chairman

Denise A. Bode

DENISE A. BODE, Vice-Chairman

Ed Apple

ED APPLE, Commissioner

DONE AND PERFORMED this 11th day of October, 1999.

BY ORDER OF THE COMMISSION.

Charlotte W. Flanagan

CHARLOTTE W. FLANAGAN, Secretary

REPORT OF THE ADMINISTRATIVE LAW JUDGE

The foregoing is the Report and Recommendation of the Administrative Law Judge.

Robert E. Goldfield

ROBERT E. GOLDFIELD
Administrative Law Judge

October 6, 1999

Date

APPROVED:

Jeffrey P. Southwick

Jeffrey P. Southwick
Consumer Services Division
Oklahoma Corporation Commission

A J W FOR
Dallas E. Ferguson, Attorney for
Qwest Communications Corp.

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

JANUARY 5, 2000

IN RE:)
SHOW CAUSE AGAINST LCI INTERNATIONAL, INC.) DOCKET NO. 98-00740
D/B/A QWEST COMMUNICATIONS SERVICES)

ORDER APPROVING SETTLEMENT AGREEMENT

This matter came before the Tennessee Regulatory Authority ("Authority" or "TRA") at a regularly scheduled Authority Conference held on July 13, 1999, on the Petition of LCI International, Inc. d/b/a Qwest Communications Services ("Qwest") and the Consumer Services Division of the TRA (the "CSD") for consideration of the proposed Settlement Agreement, attached hereto as Exhibit A.

At a regularly scheduled Authority Conference held on September 1, 1998, the Directors of the Authority unanimously voted to open a docket for the CSD to further investigate whether grounds existed to require Qwest to appear before the Authority to show cause, pursuant to Tenn. Code Ann. § 65-2-106, why the Authority should not take action against it for violations of Authority Rule 1220-4-2-36(5) and Tenn. Code Ann. § 65-4-125.

Shortly after the opening of this docket and prior to the issuance of a show cause order, Qwest entered into settlement negotiations with the CSD that resulted in the proposed Settlement Agreement. As a part of this Settlement Agreement, Qwest has admitted that the long distance telephone service of two (2) Tennessee Consumers was switched to Qwest by an independent marketing agent without the knowledge or consent of such consumers. Qwest has terminated the

FILE

services of the independent marketing agents responsible for slamming¹ these Tennessee consumers. Qwest has agreed to implement measures, as outlined in Exhibit A, to prevent similar occurrences in the future. Further, the Settlement Agreement requires Qwest to provide to the CSD quarterly reports for the period of twelve (12) months following the date of this Order so as to demonstrate compliance with the Settlement Agreement. These quarterly reports shall consist of monthly summaries of all preferred interexchange carrier ("PIC") disputes filed by Tennessee consumers as well as a detailed plan for corrective action to be taken against offending distributors or marketing agents, pursuant to Paragraph F of the Settlement Agreement. Qwest will also report to both the Authority and the appropriate state law enforcement officials any instance of a forged signature on a letter of agency which is purportedly from a Tennessee consumer. In addition, Qwest will pay to the Authority a civil fine in the amount of twenty-five thousand dollars (\$25,000).

At the Authority Conference on July 13, 1999, following a discussion with the parties and a review of the Settlement Agreement, the Directors voted unanimously to accept and approve the Settlement Agreement, including the payment by Qwest of the amount of twenty-five thousand dollars (\$25,000.00).

IT IS THEREFORE ORDERED THAT:

1. The Settlement Agreement, attached as Exhibit A, is accepted and approved and incorporated into this Order as if fully rewritten herein;
2. A civil fine of twenty-five thousand dollars (\$25,000.00) to be paid by Qwest shall be paid into the Public Utilities Account;

¹ Slamming is a colloquialism to denote the unauthorized changing of a consumer's long distance service provider without the consumer's written or oral authorization. Slamming is strictly prohibited by Tenn. Code Ann. § 63-4-125 and Tenn. Comp. R. & Regs. c. 1200-4-2-.56

3. Upon payment of the amount of twenty-five thousand dollars (\$25,000.00), LCI International, Inc. d/b/a Qwest Communications Services is excused from further proceedings in this matter, provided that, in the event of any failure on the part of LCI International, Inc. d/b/a Qwest Communications Services to comply with the terms and conditions of the Settlement Agreement, attached to this Order as Exhibit A, the Authority reserves the right to re-open this docket for the purpose of securing compliance and enforcing the Settlement Agreement.

4. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within ten (10) days from the date of this Order, and

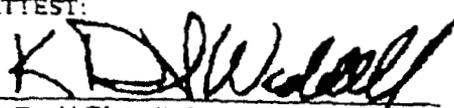
5. Any party aggrieved with the Authority's decision in this matter has the right of judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from the date of this Order.


Melvin J. Malone, Chairman

H. Lynn Groer, Jr., Director


Sara Kyle, Director

ATTEST:


K. David Waddell, Executive Secretary

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SETTLEMENT AGREEMENT

The purpose of this document is to memorialize a settlement agreement between LCI International, Inc., known now as Qwest Communications Services ("Qwest"), and the Consumer Services Division of the Tennessee Regulatory Authority ("Staff"). LCI Telemanagement was issued a Certificate of Authority on September 12, 1995, by the Tennessee Public Service Commission authorizing it as an operator service provider and/or reseller of telecommunications services for statewide service in Tennessee.¹ LCI International Telecom, Corp. was issued a Certificate of Authority on April 26, 1996, by the Tennessee Public Service Commission authorizing it as an operator service provider and/or reseller of telecommunications services for statewide service in Tennessee.² Qwest Telecommunications, Inc. was issued a Certificate of Authority on September 12, 1995, by the Tennessee Public Service Commission authorizing it as an operator service provider and/or reseller of telecommunications services for statewide service in Tennessee.³

On August 27, 1998, the Tennessee Regulatory Authority ("Authority") approved the transfer and control of LCI International Telecom Corp. and LCI International Inc. to Qwest.⁴ On November 3, 1998, the Authority approved the petition of LCI International Telecom Corp. to change its name to LCI International Telecom Corp. d/b/a Qwest Communications Services.⁵ As a provider of interexchange telecommunications services in Tennessee, Qwest is subject to the applicable laws of the State of Tennessee and to the rules and regulations of the Tennessee Regulatory Authority ("Authority").

Based on the receipt of two (2) written complaints from Tennessee customers of Qwest, which alleged that their long distance telephone service was transferred to Qwest without the customers'

¹ Docket 95-00131
² Docket 95-03780
³ Docket 95-03127
⁴ Docket 98-00176



knowledge or consent, the Staff petitioned the Authority on August 25, 1998, to open a docket for the purpose of further investigation to determine whether grounds existed for the issuance of a show cause order. These two (2) complainants specifically allege that their signatures were forged by Qwest on Letters of Agency ("LOA") produced by the company. The Authority issued its written order granting the Staff's request on allegations of forgery by Qwest or representatives of Qwest on November 24, 1998. From November 24, 1998 to June 30, 1999, the Staff has received an additional fifteen (15) slamming complaints against Qwest.

In response to the Staff's inquiries, Qwest conducted its own investigation. Action taken by Qwest has resulted in the termination of the independent marketing agents responsible for forging the signatures of the above mentioned complainants. Qwest has taken additional corrective actions against distributors who have violated and are not in compliance with Qwest's policies regarding slamming.

In order to resolve this matter Qwest and the Staff have agreed to the following terms of the proposed settlement for consideration by the Authority:

- A. Qwest admits that the long distance telephone service of two (2) Tennessee consumers was switched to Qwest by an independent marketing agent without the consumers' knowledge or consent.
- B. Qwest agrees to pay the Authority a civil fine in the amount of Twenty-Five Thousand Dollars (\$25,000.00) for the apparent violations of Tennessee Code Ann. §65-4-125 and Tennessee Regulatory Rules and Regulations 1220-4-2-56 (5), committed by its independent marketing agents. Payment shall be made to the Authority within thirty (30) days of the date the Authority's Order approving the settlement.

Docket 98-00747

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C. Qwest shall require each individual employee, including any employee of its independent marketing agents, engaging in soliciting its services in Tennessee to execute an acknowledgment form stating that the employee understands and accepts Qwest's policy prohibiting submission of carrier changes without proper authorization as prescribed by Tennessee rules and regulations. Copies of these executed forms will be available to the Staff upon request.

D. Qwest shall take appropriate measures to ensure that it has obtained the proper authorization from consumers prior to switching their long distance service including, but not limited to, performing validity checks on all LOAs submitted by its marketing agents to verify the accuracy of state, zip code, and area code information.

E. Qwest will continuously monitor the number of unauthorized conversions associated with each distributor or independent marketing agent and take immediate actions, up to and including, termination of the sales and marketing distributor and/or the specific marketing agent responsible for the unauthorized conversion to remedy the situation.

F. For a period of twelve (12) months following the date the Order approving this Settlement, Qwest will submit to the Staff quarterly reports, to be received no later than thirty (30) days from the end of the quarterly reporting period, for the purpose of ensuring its compliance with this Settlement. These quarterly reports will include the following information:

1. A monthly summary of all preferred interexchange carrier ("PIC") disputes filed either with Qwest or the local exchange carrier by Tennessee consumers. Each summary shall include the name of the consumer, telephone number, the date the unauthorized conversion occurred, the date the customer was disconnected from Qwest

services and the name of the distributor and/or marketing agent responsible for the action.

2. A detailed plan of corrective action taken or to be taken for each distributor and/or marketing agent who receives more than twenty (20) PIC disputes during a particular quarter.

3. Upon confirmation that any sales representative of Qwest or its distributors has forged the signature on an LOA of a purported new customer residing in Tennessee, Qwest will disclose to the Authority and the appropriate state law enforcement official the name of the sales representative for investigation and possible action that may be warranted by the circumstances.

Entered into this the 6th day of JULY, 1999 by:

QWEST TELECOMMUNICATIONS SERVICES

BY:

H. L. DeLoach Brattman
SIGNATURE

H. L. DeLoach Brattman
PRINTED NAME

COUNSEL
TITLE

TENNESSEE REGULATORY AUTHORITY

Eddie Roberson

Eddie Roberson, Chief Consumer Services Division

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**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

QWEST COMMUNICATIONS CORPORATION)

ALLEGED VIOLATION(S) OF KRS 278.535)
SWITCHING OF TELECOMMUNICATIONS)
PROVIDER:)

Case No. 99-326
Case No. 2000-229

STIPULATION AND SETTLEMENT AGREEMENT

This Settlement Agreement is made and entered into on this 7 day of March, 2001, between QWEST COMMUNICATIONS CORPORATION ("Qwest") and the STAFF OF THE PUBLIC SERVICE COMMISSION ("Commission Staff"). This Settlement Agreement is intended to resolve pending Cases Nos. 99-326 and 2000-229.

WITNESSETH:

Case No. 99-326

WHEREAS, on or about February 7, 1999, the Commission Staff received by telephone a consumer complaint from the owners and operators of Lookout Marine Sales ("Complainants"), which is located at 6590 Highway 127 South, Somerset, Kentucky, alleging that the primary inter-exchange carrier ("PIC") for the long-distance telephone service at their business had been switched from AT&T Communications of the South Central States, Inc. ("AT&T") to Qwest without their authority; and

WHEREAS, the Commission Staff notified Qwest of the consumer complaint, but Qwest was unable to provide any written or tape recorded authorization from the Complainants that properly authorized the PIC change; and

WHEREAS, on August 12, 1999, the Public Service Commission ("Commission") issued a show cause Order in Case No. 99-326 against Qwest in which it found sufficient evidence to believe that Qwest failed to comply with the provisions of KRS 278.535; and

WHEREAS, Qwest responded to the Commission's show cause Order, participated in an informal conference with Commission Staff held November 1, 1999, and provided to the Commission a copy of its "Slamming Compliance Plan" submitted to the Federal Communications Commission ("FCC") for FCC File No. ENF-99-11; and

WHEREAS, the parties hereto desire to enter into this Settlement Agreement to resolve the issues raised by the Commission's show cause Order in Case No. 99-326, the parties therefore enter into the stipulations set out below.

Case No. 2000-229

WHEREAS, on or about August 4, 1999, the Commission Staff received by telephone a consumer complaint from Cuong Hoang ("Complainant"), who resides at 385 Southpoint Drive, Lexington, Kentucky, alleging that the PIC for the long-distance telephone service at his residence had been switched from Sprint Communications Company ("Sprint") to Qwest without his authority; and

WHEREAS, the Commission Staff notified Qwest of the consumer complaint, but Qwest was unable to provide any written or tape recorded authorization from the Complainant that properly authorized the PIC change; and

WHEREAS, on June 23, 2000, the Commission issued a show cause Order in Case No. 2000-229 against Qwest in which it found sufficient evidence to believe that Qwest failed to comply with the provisions of KRS 278.535; and

WHEREAS, Qwest responded to the Commission's show cause Order, participated in an informal conference with Commission Staff held September 7, 2000, and provided information to the Commission regarding implementation of its "Slamming Compliance Plan," including FCC approval of the Plan in August, 2000, and

WHEREAS, the Commission Staff's review of Counts I-IV, VI, VIII, and IX of the June 23, 2000 show cause Order prior to the informal conference determined that no violation of KRS 278.535 had occurred; and

WHEREAS, information provided to the Commission Staff by Qwest at the informal conference indicated that the PIC changes identified in Counts V and X of the June 23, 2000 show cause order did not violate KRS 278.535; and

WHEREAS, the parties hereto desire to enter into this Settlement Agreement to resolve the issues raised by the sole remaining count of the Commission's show cause Order in Case No. 2000-229, the parties therefore enter into the stipulations set out below.

Stipulations

NOW, THEREFORE, the parties mutually stipulate as follows:

1. Qwest is a "telecommunications provider" as defined by KRS 278.535, is authorized to do business in Kentucky, and is subject to the provisions and penalties of KRS 278.535 which are enforced by the Commission.
2. With respect to the PIC changes:
 - a. On or about August 14, 1998, the PIC long-distance service of Lookout Marine Sales was switched to Qwest, and subsequent to the customer's

complaint to the Commission, the PIC service was switched back to AT&T on February 9, 1999:

b. On or about May 1, 1999, the PIC long-distance service of Cuong Hoang was switched to Qwest, and subsequent to the customer's complaint to the Commission, the PIC service was switched back to Sprint on September 9, 1999.

3. In each instance, Qwest did not comply with KRS 278.535, which required it to maintain for one (1) year a letter of agency or electronically recorded tape authorizing the PIC switch by the customer.

4. Qwest acknowledges the fact that each PIC switch occurred. At the time of the PIC switches, Qwest used the services of third-party marketing and sales distributors of its telecommunications services to secure and provide the necessary customer authorization. In neither Case No. 99-326 nor Case No. 2000-229 could the marketing and sales distributor provide proof of authorization by the Complainants or Complainant. Qwest maintains that it has not willfully or repeatedly violated KRS 278.535 in either case.

5. These stipulations are proposed by the Commission Staff and Qwest for purposes of reaching settlement in Case No. 99-326 and Case No. 2000-229. In the event settlement is not reached, these proposed stipulations will be withdrawn.

6. Nothing contained herein shall be construed as an admission of a violation of KRS 278.535 by Qwest, nor shall the Commission's acceptance of this Settlement Agreement be construed as a finding of a violation of KRS 278.535 by Qwest, and the facts contained herein shall not be cited as precedent in any other proceeding, except to enforce this Settlement Agreement.

Agreement

NOW, THEREFORE, Qwest and the Commission agree that:

1. Not later than ten (10) days after entry of an Order approving this Settlement Agreement, Qwest agrees to make a voluntary contribution of Two Thousand Dollars (\$2,000.00) for investigative costs to the Kentucky State Treasurer in full settlement of both Case No. 99-326 and Case No. 2000-229.

2. Payment of the voluntary contribution shall be in the form of a cashier's check made payable to "Treasurer, Commonwealth of Kentucky," and shall be mailed or delivered to: Office of General Counsel, Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602.

3. This Agreement is specifically subject to the acceptance of and approval by the Commission.

4. Nothing contained in this Settlement Agreement shall be construed as a violation of KRS 278.535 by Qwest, nor shall the Commission's acceptance of this Agreement be construed as a finding that Qwest violated the statute. Neither Qwest's agreement to the payment of a voluntary contribution nor any other agreement contained herein shall be construed as an admission of a violation, nor shall it be construed as an admission by Qwest of liability in any legal proceeding or lawsuit arising out of the facts set forth herein. This Settlement Agreement and the stipulations contained herein may not be cited in any other proceeding or matter, except that they may be used in a proceeding between the Commission and Qwest to enforce this Settlement Agreement. Case No. 99-326 and Case No. 2000-229 shall be terminated upon the entry of a Commission Order accepting the Settlement Agreement in

satisfaction of the show cause Orders dated August 12, 1999 and June 23, 2000, respectively.

5. If the Commission fails to accept and approve this Settlement Agreement in its entirety then these proceedings shall go forward and each of the terms of the Settlement Agreement, any matters raised during settlement negotiations, and the contents of the Agreement itself shall not be binding upon any of the signatories.

6. If the Commission accepts and adopts this Settlement Agreement in its entirety and enters an Order in these proceedings to that effect, Qwest shall not apply for a rehearing of this matter or bring any legal action for judicial review of such Order.

AGREED TO BY:

QWEST COMMUNICATIONS CORPORATION

By Carol F. Kilman Date 1/21/01
Title Director, Tariffs & Compliance

By David A. Usher Date 1/30/2001
Counsel for Qwest Communications Corporation

PUBLIC SERVICE COMMISSION OF KENTUCKY

By A. B. F. Date 3/7/2001
Counsel for Public Service Commission

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

6430

IN THE MATTER OF QWEST)
COMMUNICATIONS, INC.)

ORDER APPROVING)
AGREEMENT REGARDING)
ANTI-SLAMMING)
PRACTICE, DISMISSING)
MOTION AND CLOSING)
DOCKET)
TC00-007)

RECEIVED JUL 5 2000

On February 4, 2000, the Staff (Staff) of the South Dakota Public Utilities Commission (Commission) filed a Motion to Assess Fines and Statutory Penalties against Qwest Communications, Inc. (Qwest). Staff asked for the imposition of statutory fines and penalties, the recovery of costs and the revocation of Qwest's certificate of authority should the Commission deem the acts of Qwest sufficient to merit such action.

On June 16, 2000, an Agreement Regarding Anti-Slamming Practices (the Agreement) was filed with the Commission, said Agreement representing a compromise and settlement of this matter between Qwest and Staff.

The Commission has jurisdiction in this matter by reason of Chapter 49-31, SDCL, generally and, SDCL 49-31-93, 49-31-94 and 49-31-96, in particular.

At its duly noticed June 20, 2000, meeting, the Commission considered whether to approve the Agreement. Qwest appeared through its local counsel of record, Robert Riter, Jr. Commission Staff recommended its approval.

The Commission unanimously voted to approve the agreement. It is therefore

ORDERED, that the Commission approves the agreement; and it is

FURTHER ORDERED, that the terms and conditions of the Agreement shall be incorporated into this Order by reference and attached hereto, the same as if it was fully recited herein and shall as such be fully binding upon the parties to it; and it is

FURTHER ORDERED, that pursuant to the Agreement, the motion of Staff as described in this Order shall be dismissed with prejudice and the docket shall be closed.

Dated at Pierre, South Dakota, this 28th day of June, 2000.

<p>CERTIFICATE OF SERVICE</p> <p>The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.</p> <p>By: <u>Helaine Kelso</u></p> <p>Date: <u>6/29/00</u></p> <p align="center">(OFFICIAL SEAL)</p>
--

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner

RECEIVED

JUN 16 2000

BEFORE THE
STATE OF SOUTH DAKOTA
PUBLIC UTILITIES COMMISSION

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

IN THE MATTER OF QWEST COMMUNICATIONS CORPORATION - AGREEMENT REGARDING ANTI-SLAMMING PRACTICES TCGO-007

INTRODUCTION

1. This Agreement Regarding Voluntary Practices ("Agreement") is entered into between the staff of the State of South Dakota Public Utilities Commission and Qwest Communications Corporation ("Qwest").

2. Qwest is a Delaware corporation with its principal place of business at 555 17th Street, Denver, Colorado. Qwest is engaged in the business of selling interstate and intrastate commercial and residential long distance telecommunications service.

3. On February 3, 2000 the undersigned staff filed a Motion to Assess Fines and Statutory Penalties, docketed as TCGO-007, and since that time the parties have met and conferred regarding the issues raised therein.

4. It is expressly agreed and understood that Qwest does not admit to any violation of state or federal law, rule or regulation, wrongdoing, or liability of any kind on its part or on the part of any of Qwest's officers, directors, agents, employees, representatives, independent contractors, marketers, or assigns, nor does this Agreement constitute any finding of any such violations, wrongdoing or liability of any kind on its part or on the part of any of Qwest's officers, directors, agents, employees, representatives, independent contractors, marketers,

or assigns. Indeed, Qwest expressly denies such wrongdoing.

II. QWEST VOLUNTARY ANTI-SLAMMING PRACTICES

5. Qwest agrees to the following assurances provided to the South Dakota Public Utilities Commission in this agreement:

- a. QWEST shall not knowingly submit to any local exchange carrier ("LEC") any preferred carrier change request unless Qwest has complied with all State of South Dakota and Federal Communications Commission ("FCC") rules and orders concerning preferred interexchange and/or intraLATA carrier ("PIC") changes, in effect, or as hereafter modified or amended.
- b. Qwest shall require that each Qwest distributor and each person involved in the marketing of Qwest's services review Qwest's anti-slamming policies periodically and affirm that he or she understands the Advisory and will adhere to its contents. Qwest will require that every sales representative sign an Acknowledgement confirming that he or she has read the Advisory, understands its contents, and will adhere to the policies described therein. Qwest shall inform these sales representatives that violations of these policies are grounds for termination.
- c. Qwest will maintain a policy that any individual discovered to have forged a signature on a letter

of agency ("LOA") must be terminated immediately.

- d. Qwest shall require that sales representatives transmit to Qwest the LOA for every sale for which an LOA is used as the method of verification. A Qwest employee shall review each LOA so submitted to ensure it is complete and facially valid. Each LOA with an apparently invalid or forged signature shall be rejected. If an LOA passes this facial review, it shall be scanned into Qwest's computer system by an independent third party.
- e. Qwest shall maintain a "stay away" list of customers who have either (1) complained about being slammed in the past; or (2) expressed their intent never to purchase Qwest's services. Qwest shall ensure that consumers added to this list remain on it for a minimum of one year.
- f. Qwest shall institute enforcement procedures based on internal reporting and tracking mechanisms to monitor distributor performance with respect to PIC disputes. Inadequate performance initially shall trigger mandatory training and additional monitoring. If performance does not improve, Qwest shall respond with more severe remedial measures and, if performance continues to be unsatisfactory, with termination of the distributor relationship.

- g. Qwest shall require every new distributor to disclose all instances where it has been accused of slamming or other deceptive business practices. Qwest shall immediately terminate a distributor contract upon discovery of any inaccurate or incomplete disclosures made by the distributor.
- h. Qwest has submitted a slamming compliance plan to the FCC, a copy of which is attached to this document as Exhibit 1. Qwest, as part of this settlement, also agrees to the terms and conditions of this plan.
- i. Further, Qwest represents to the South Dakota Public Utilities Commission that it has instituted certain remedial actions with regard to sales agents and telemarketers as contained in Exhibit 2 which is attached to this document, in part as an update to Exhibit 1.

III. FINAL SETTLEMENT

6. Qwest shall make a voluntary payment in satisfaction of SDCL 49-31-94 to the State of South Dakota in the sum of Fifty Thousand Dollars (\$50,000.00), and pay costs pursuant to SDCL 49-31-96 to the South Dakota Public Utilities Commission of a sum of Two Thousand, Five Hundred Dollars (\$2,500.00), to reimburse them for their costs of those proceedings specified in Docket RC00-007. These payments shall be in lieu of any other fines, penalties, or actions as might be

authorized or imposed under SDCL 49-31-38, 49-31-38.1, 49-31-93, 49-31-94, 49-31-95 and 49-31-96, or any other statutes or rules under which the South Dakota Public Utilities Commission is acting. The parties hereto further agree that such payment is fair and reasonable, in the best interests of all parties involved, and an appropriate resolution of TCOO-007.

7. The criteria addressed by SDCL 49-31-94 show as follows:

- A. Size of the company. Qwest has total stockholders' equity of over \$7 billion. (This is from Qwest's home page 1999 financial report, attached to this document as Exhibit 3.)
- B. Alleged prior offenses, compliance history: See attached "History of Recent Complaints", which is attached to this document as Exhibit 4.
- C. Good faith in attempting to achieve compliance: As stated above, Qwest has submitted a slamming compliance plan to the FCC and instituted certain remedial actions with regard to sale agents and telemarketers, all of which are attached hereto as Exhibits 1 and 2 and incorporated herein by this reference.

8. It is understood and agreed that this agreement addresses the cases specifically cited in Staff's motion in this docket, and any other cases filed against Qwest prior to the date this agreement becomes effective. All of the cases cited by

Staff, except one of these cases have been settled insofar as Qwest had or may have had any liability under SDCL 49-31-93 to the complainants. One case, namely CT 00-002 regarding the complaint of Dan Grider, is yet to be considered by the Commission. There also exists the Mark and Sue Cichos case, CT 00-078, and three complaints involving customers of Sully Buttes Telephone Cooperative. It is, however, understood and agreed that this Agreement is intended to effectuate full and final settlement between the Public Utilities Commission and Qwest as to the matters specifically cited in Staff's Motion in this docket and for any similar fines, costs and statutory penalties that could arise from any other complaints concerning similar matters or claims or complaints of improper practices of any kind received by the Commission on or before the effective date of this Agreement. However, this Agreement does not address compensation, if any, which may be awarded by the Commission pursuant to SDCL 49-31-93 to Grider, Cichos or the three unnamed customers of Sully Buttes Telephone Cooperative.

9. The undersigned Staff of the South Dakota Public Utilities Commission agrees to advise the PUC of this resolution, and request the Commission to enter an Order dismissing with prejudice the Motion filed herein by the undersigned Staff, and Staff also agrees not to bring any other motion or request for proceedings relating to the previously filed complaints itemized in the Motion filed herein, intending this to be a full, final and complete resolution thereof as between the parties hereto. If

the Commission does not dismiss this action, then the parties hereto agree that Qwest shall be given opportunity to respond in writing to the Motion prior to it being scheduled for determination at a formal hearing, and also to respond as necessary with evidence and exhibits relative thereto. Furthermore, this Agreement shall not be final and effective until it is approved and adopted by the South Dakota Public Utilities Commission, and if not so adopted, it shall be of no force and effect.

10. Staff of the South Dakota Public Utilities Commission further agrees not to assert Qwest's business and marketing practices associated with PIC changes or associated complaints or disputes as grounds for opposing issuance of certificates, transfer of certificates or other regulatory approvals necessary for the divestiture by Qwest of its long distance business in the state of South Dakota.

QWEST COMMUNICATIONS CORPORATION

DATE: 4-15-00

By: Mark Pitchford
Mark Pitchford
Senior Vice President for Qwest

STATE OF SOUTH DAKOTA
STAFF OF SOUTH DAKOTA PUBLIC UTILITIES
COMMISSION

DATE: 6/16/00

Camron Hoseck
Camron Hoseck

DATE: 6/16/00

Karen E. Cremer
Karen Cremer

**SLAMMING COMPLIANCE PLAN OF
QWEST COMMUNICATIONS INTERNATIONAL INC.**

**SUBMITTED TO THE
FEDERAL COMMUNICATIONS COMMISSION
FCC FILE NO. ENF-99-11**

NOVEMBER 18, 1999



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**SLAMMING COMPLIANCE PLAN OF
QWEST COMMUNICATIONS INTERNATIONAL INC.**

Qwest Communications International Inc. ("Qwest") hereby submits the following Compliance Plan providing a comprehensive description of Qwest's policies and procedures to eradicate slamming. This Compliance Plan details Qwest's current "zero tolerance" policies with respect to slamming as well as the additional actions it will take to bolster those policies to ensure full compliance with Section 258 of the Communications Act and the Commission's rules and orders relating to PIC changes.¹

Qwest is fully committed to implementing additional, commercially feasible processes if they can assist in eradicating unauthorized PIC changes. In this Compliance Plan, Qwest proposes substantial new protections against slamming, protections which significantly exceed those required in strict compliance with the FCC's rules and which in most instances go far over and above procedures that its competitors are using. These new procedures will strengthen the safeguards in place within its order processing system to prevent slamming, intensify distributor training and enforcement, and allow Qwest to correct weaknesses that may be discovered in its anti-slamming protections.

In the first section of this Compliance Plan, Qwest briefly outlines its current anti-slamming procedures, put in motion to implement Qwest's "zero tolerance" policy with respect to slamming violations. In the second section, Qwest discusses further improvements it is

¹ Qwest intends that the additional actions proposed herein be effective for a period of two years beginning the release date of any order issued in this proceeding.

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From-QWEST POLICY AND LAR

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implementing to strengthen the effectiveness of its zero tolerance policy and ultimately to eradicate slamming.²

I. QWEST'S CURRENT POLICIES AND PROCEDURES WITH RESPECT TO SLAMMING.

As described in Qwest's Response to the Notice of Apparent Liability, Qwest has a zero tolerance policy for slamming violations. Qwest employs a three-pronged approach to controlling slamming – relying on strict rules of acceptable behavior, order processing procedures designed to weed out suspect orders, and decisive enforcement against violators. The most significant aspects of each element are discussed below.

A. Rules of Fair Dealing and Honesty

Anti-Slamming Advisory. Each Qwest distributor and each person in any way involved in the marketing of Qwest's services must review Qwest's anti-slamming policies set out in an Advisory and affirm that he or she understands the Advisory and will adhere to its contents. This Advisory explains the common causes of slamming, identifying problem areas such as incorrect telephone numbers, illegible information on an LOA, authorization from the wrong person, and "signing someone up just to 'get the sale.'" In addition, the Advisory warns that slamming is a very serious problem which will be dealt with severely.

The Advisory instructs sales representatives on the ways in which they can protect against inadvertently unauthorized switches, and offers the following recommendations:

² This Compliance Plan discusses a number of policies and procedures used to detect attempts by unscrupulous sales agents to pass bad orders through Qwest. The effectiveness of these policies and procedures may be compromised by widespread disclosure of their precise operation, as it may allow a distributor to defeat Qwest's protection mechanisms. Accordingly, Qwest has segregated those elements which require confidentiality in a Proprietary Attachment to this Compliance Plan, and is seeking confidential treatment of the attachment.

- You are strongly encouraged to verify information against each new customer's actual telephone bill for each LOA.
- The person signing the LOA should be a person with authority to act on behalf of the company or the person whose name appears on the telephone bill. It is essential that the person signing the LOA has authority to change long distance carriers.
- NEVER sign someone else's name on an LOA or any other document!
- Don't force a sale that is not there.

In addition, the Advisory gives the following warning: "Note that children, roommates, receptionists, secretaries and assistants typically do not have the authority to change long distance carriers for an individual or a company."

Every sales representative must sign an Acknowledgement confirming that he or she has read the Advisory, understands its contents, and will adhere to the policies described therein. Violations of these policies are grounds for termination of the sales representative.

B. Order Processing Procedures

Qwest has improved its order processing procedures over the past year. These improvements provide a better assurance that each order is supported by a complete and valid LOA, and improve the opportunity for consumers to detect improper orders early in the process.

Submission and Scanning of LOAs. Beginning in late September 1999, Qwest improved its procedures for receiving and reviewing the LOAs upon which orders are based. Whereas previously sales representatives (although required to obtain an LOA in all instances) did not submit the LOA unless requested, Qwest now requires for every order that the sales representative transmit to Qwest the LOA upon which the sale is based. A Qwest employee reviews each LOA to ensure it is complete and facially valid. Qwest rejects any LOA with an apparently invalid or forged signature. If an LOA passes this facial review, it is scanned into Qwest's computer system by an independent third party. By scanning the LOA, Qwest obtains a visual image of the entire LOA, which enables, upon request, a comparison of the LOA with

other information provided by the customer or regulatory agency. In addition, the scanned image can be searched on several identified data fields. Qwest is exploring ways in which this data may be used in the future – such as through comparison to independent data – in order to identify forged signatures or falsified information contained on an LOA.

This process enables Qwest to weed out the most egregious instances of slamming. By reviewing each LOA submitted, Qwest can identify patterns that suggest an improper order, such as repetitive information on multiple orders or blatant discrepancies in handwriting on an LOA. Moreover, the process ensures that Qwest has on file an LOA for each order before it is submitted to the LEC to initiate the PIC change. In addition, the process gives Qwest the ability to rapidly retrieve and provide information about the authorization upon request from a customer or regulatory agency, and possibly will enable more sophisticated analyses of LOAs in the future.

Welcome Postcard. Shortly after an order is entered into Qwest's system, Qwest mails a welcoming postcard to the customer informing her that it has received and is processing the order. The postcard informs the customer that Qwest has received an order to change the customer's preferred long distance carrier on the telephone line(s) listed. The postcard states that the customer's local telephone company shortly will be implementing the change and informs the customer to call the listed toll-free number if she has any questions about the order.

This postcard provides every customer to be switched to Qwest with notice that a switch is occurring. Qwest uses the postcard as a way to give the customer an opportunity to detect an improper order, ideally before the switch occurs, but in any event, before the customer receives his or her first bill from Qwest or their local exchange company. By notifying a

customer promptly after receipt of her order, Qwest hopes to identify any problems at the point in time when they can be corrected most easily and with the least impact on customers.

CARE Flags. When Qwest receives from the local exchange companies a code representing a disputed switch based on an allegation of slamming, it places a flag on the telephone number(s) identified. These flags are used to prevent reinstallation of Qwest service to the same customer after an allegation of an unauthorized switch. Qwest is in the process of implementing a system of additional flags that accomplishes the same function for instances of potentially unauthorized switches identified by other means. Qwest expects to implement this new edit immediately after expiration of its "Year 2000" moratorium on computer system changes.

C. Enforcement Procedures

Charge-Backs and Disgorgement of Profits from Slamming. Qwest's distributor agreements provide the company with an arsenal of weapons it may use when slamming is detected. One particularly important weapon is Qwest's ability to eliminate the economic incentive for slamming by charging back all commissions and fees associated with a slammed order. When Qwest receives notice of a PIC dispute from the LEC, it immediately requires the distributor involved to investigate and report back promptly.³ If the distributor fails to produce evidence that the order was supported by a valid LOA or if the distributor does not respond within the time period, Qwest will treat the order as an unauthorized switch. Consequently, Qwest automatically will charge back all commissions and fees paid to the distributor.

Qwest will continue to scrutinize these unauthorized orders, however. In addition to charging back commissions, Qwest also is entitled to charge the distributor for administrative

³ See the Proprietary Attachment appended hereto.

and LEC fees imposed, and to assess other penalties if an order is not supported by a valid LOA. If a distributor has failed to provide evidence of valid authorization as described above, Qwest will require the distributor to investigate the order further and to report back to Qwest within a reasonable time identifying the cause of the invalid order and any remedial action taken. If the distributor does not take adequate remedial action or fails to provide this report, Qwest will assess administrative and LEC fees, and additional penalties as permitted by its contracts.

Reporting and Tracking. Qwest now compiles, on a regular basis, a series of reports that track distributor performance in the submission of orders to Qwest. These reports track, by distributor, (1) the percentage of distributor orders rejected for facial defects (tracked daily), (2) the number of orders and amount of commissions charged back to distributors (tracked weekly), and (3) the percentage of PIC disputes and associated billing adjustments to distributors (tracked weekly). A detailed description of each report is provided in the Proprietary Attachment appended hereto. Currently, these reports are used to identify problems with specific distributors, and will be used by Qwest as the basis for action ranging from warning letters to termination of problem distributors.

II. ADDITIONAL ANTI-SLAMMING PROCEDURES TO BE IMPLEMENTED BY QWEST.

Qwest is dedicated to the continuing improvement of its anti-slammings efforts. Effective for the next two years, Qwest proposes to take the following additional actions:

Targeted Third Party Verification of Sales or Sales Channels. In any area where Qwest determines that orders are more susceptible to potential abuse, Qwest will require independent third party verification ("TPV") for these orders. Qwest will review its sales channels and overall performance from time to time to determine types of orders or particular

sales channels where TPV is appropriate.⁴ Qwest has decided to require TPV on some orders immediately, as set forth in the Proprietary Attachment to this Compliance Plan.

Where Qwest requires verification of orders, all verifications will be provided by an unaffiliated company, and will be conducted in compliance with the Commission's standards for third party verification of telemarketing orders. All TPV sessions will be recorded and maintained for a period of at least two years.

Strengthened Distributor Enforcement Procedures. Qwest will revise its enforcement procedures in order to include clear and objective "triggers" to identify slamming or other marketing problems quickly and to provide effective remedial action. The revised enforcement procedures will be based on internal reporting and tracking mechanisms put in place to monitor distributor performance. If a distributor's improper orders exceed a pre-set threshold of performance, Qwest immediately will begin remedial procedures. In addition, Qwest will use different thresholds to target slamming activity directly. In order to prevent distributors from "gaming" Qwest's detection mechanisms, the precise tracking mechanisms employed and thresholds to be used are described in the Proprietary Attachment to this Compliance Plan.

Inadequate performance initially will trigger mandatory training and additional monitoring to increase the submission of valid orders. Qwest will require the distributor to receive follow-up training sessions (at its own expense) focusing on proper sales techniques and methods to reduce rejected orders.⁵ As necessary to remedy specific problems, Qwest will require the distributor to implement specific changes designed to reduce its incidence of bad

⁴ Qwest will not inform its distributors in advance of the orders that will be required to undergo TPV, and Qwest will retain the discretion to revise its procedures at any time.

⁵ Qwest will conduct this training at the distributor's main offices, and the distributor will be required to have its own sales representatives present for the follow-up training.

orders. In addition, Qwest will require all of the distributor's sales representatives to reaffirm and re-sign Qwest's Anti-Slamming Advisory and will require a Distributor Self-Audit (discussed *infra*) on a monthly or weekly basis, as necessary under the circumstances.

If performance does not improve quickly after this additional training and monitoring, Qwest will respond with more severe remedial measures and, if performance still has not improved, with termination of the distributor relationship. If additional training and monitoring do not produce a higher level of acceptable orders on those orders submitted within a reasonable time after the training,⁶ Qwest (1) will require all of the distributor's orders to be independently third-party verified prior to submission to Qwest, (2) will require re-affirmation of the Anti-Slamming Advisory, (3) will require more frequent Distributor Self-Audits, and (4) may impose additional penalties in its discretion. If subsequent orders still do not show prompt improvement, then, as the third and final level of enforcement, the distributor will be terminated. The specific time periods for improving distributor performance are set out in the Proprietary Attachment to this Compliance Plan.

Strengthened Sales Representative Enforcement Procedures. Effective immediately, Qwest will require every sales representative involved in any way in the marketing of Qwest services to periodically review and sign Qwest's Anti-Slamming Advisory. Qwest will require sales representatives to sign the Advisory at least once every six months, and to affirmatively commit each time to follow its policies.

Furthermore, Qwest will apply its zero tolerance policy to every instance of a forged LOA. If any individual is discovered to have forged a customer's signature, Qwest will require that the offending individual be terminated immediately. This policy will apply in the

⁶ See the Proprietary Attachment appended hereto.

first instance of a forged LOA; sales representatives will not be given an opportunity to mend their ways.⁷ Qwest will apply this policy to other egregious violations of FCC rules as they may arise.

In addition, if in Qwest's sole discretion, Qwest determines that an individual sales representative is involved in a significant number of improper orders, Qwest will issue warnings to the distributor and require the distributor to report back detailing the remedial actions it took to correct the problem. If problems persist, Qwest will require that the sales representative be reassigned or terminated. Qwest's current policies for initiating action against sales representatives is described more fully in the Proprietary Attachment to this Compliance Plan.

Intensified Pre-Screening of Distributors. Qwest will strengthen the pre-screening measures it employs to ensure that potential distributors are honest and reputable. In addition to its existing pre-screening, Qwest will require every new distributor to disclose all instances where it has been accused of slamming or other deceptive business practices. Qwest will require that all instances be fully disclosed, including allegations made against affiliates, predecessor companies, the distributors' officers, directors or principals, and any companies with which the officers, directors or principals previously or currently are associated. Qwest will immediately terminate a distributor contract upon discovery of any inaccurate or incomplete disclosures made by a distributor.

In addition, Qwest will place new distributors on probationary status for the first 90 days. During this time, Qwest will conduct performance reviews to ensure the distributor meets Qwest's standard of performance. If during this probationary period, the distributor's

⁷ The distributor will be required to certify, within 5 business days of receiving notice from (continued...)

performance falls below a pre-set threshold of quality, then Qwest will terminate its relationship with the distributor. The standards Qwest will apply in assessing performance during the probationary period are described in the Proprietary Attachment to this Compliance Plan.

Periodic "Refresher" Training of Sales Representatives. In addition to initial training sessions, Qwest will mandate routine refresher training courses for its distributors. These refresher courses will provide periodic reinforcement of Qwest's anti-slammng policies, including improvements to its procedures implemented since the initial training. In addition, these sessions will cover general sales techniques and will provide a vehicle for discussing new areas of concern that may develop. Each distributor must participate in refresher training courses at least annually.

Order Processing. Qwest will also keep a "stay away" list of customers who have either (1) complained about being slammed in the past; or (2) expressed their intent never to purchase Qwest's services. Consumers will remain on this list for a minimum of one year. When an order is submitted to Qwest, it will be matched against this "stay away" list so as to ensure that consumers on the list are not switched by Qwest. If, however, an order is rejected because it is on the "stay away" list, Qwest will give the consumer an opportunity to decide that he nevertheless would like Qwest service. Qwest will remove the customer from the stay away list and permit a switch only if the customer requests in writing that Qwest do so and sends a copy of the first page of his LEC bill in order to verify authorization.

Independent Audits. Qwest also will annually engage an independent auditor to conduct an examination of its reporting and data tracking mechanisms and the enforcement procedures based upon those reports. This examination shall be supervised by persons licensed

(...continued)

Qwest, that the sales representative was terminated.

to provide public accounting services and shall be conducted in accordance with the relevant standards of the AICPA. Qwest will provide the auditor with full access to all records necessary to conduct the required examination. The independent auditor shall provide an opinion (with exceptions, if any, noted) in a written report submitted to the Board of Directors of Qwest. Qwest's new Senior Vice President of Consumer Markets, who will lead Qwest's expanded anti-slamming initiative, will oversee the implementation of any procedural changes recommended as a result of the auditor's report.

Distributor Self-Audits. Qwest will require each of its distributors to report, on at least a quarterly basis, the results of an internal audit of its anti-slamming procedures. Qwest will require distributors to certify that they are adhering to the Anti-Slamming Advisory, and to report any complaints or inquiries concerning alleged incidents of slamming by the distributor.⁸

Qwest believes that proposed changes, in conjunction with its existing procedures, will further reduce instances of unauthorized switching. Many of the steps outlined above are unprecedented in the industry and will far exceed what is required for strict compliance with the FCC's rules. Qwest is committed to reducing slamming through any commercially feasible mechanism.

⁸ In the event a distributor promotes the services of other companies in addition to Qwest, Qwest will require the distributor to report all allegations of slamming, regardless of on whose behalf the distributor was acting.

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SLAMMING COMPLIANCE PLAN
of Qwest Communications International Inc.
STATUS/UPDATE - May 1, 2000

This information is being provided as a current status of the efforts of Qwest Communications International Inc., to implement the anti-slamming actions outlined in the attached Slamming Compliance Plan. This information is meant to supplement and provide additional detail to the attached plan.

- *CARE flags* - Page 5, Last italicized subheading in Section I. B., "Order Processing Procedures" - These flags have been implemented.
- *Charge-Backs and Disgorgement of Profits from Slamming* - Page 5, First italicized subheading in Section I. C., "Enforcement Procedures" - Contracts are currently being modified to increase the financial penalty associated with an invalid PIC change to \$100 which is two-to-three times the commission revenues associated with the change to even further incent appropriate behavior financially.

Additionally, Qwest has implemented all proposed steps in Section II, "Additional Ant-Slamming Procedures to be Implemented by Qwest."

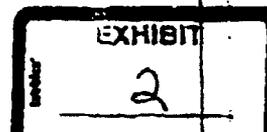
- *Targeted Third-Party Verification* - Page 6, Section II - currently, over 80% of sales are being third-party verified. This percentage varies somewhat depending on sales mix during a particular week and particular programs being verified. Additionally, Qwest is implementing a new third-party verifier that supports voice and data transfer. This should further increase the accuracy of this process.
- *Strengthened Distributor Enforcement Procedures* - Page 7, Section II - as a result of identifying sales quality issues, Qwest has now terminated their relationship with some twenty-seven sales agents and/or telemarketing companies.

Qwest is in final termination discussions with an additional agent/telemarketer.

Additionally, Qwest has terminated seven additional agents/telemarketers for other reasons.

There are currently an additional three companies in Phase 1 implementation, two in Phase 2, and two on probation after being in Phase 1 and improving.

Independent Audit - Page 10, Second-to-last italicized subheading in Section II, "Additional Ant-Slamming Procedures to be Implemented by Qwest." - An initial independent audit was performed to help develop this plan and those recommendations were included in this plan. Additional independent audits will be conducted every six months.



Finally, not included in the compliance plan is an effort by Qwest to have more direct control over the sales efforts made on its behalf. In order to do this:

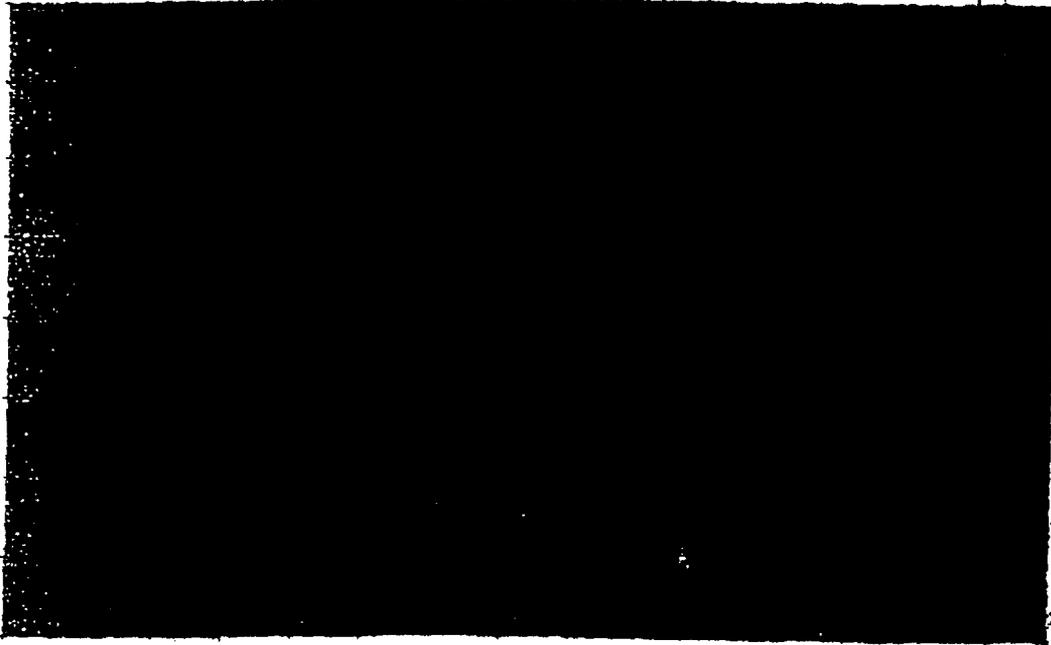
- Telemarketing partners have been shifted from a per sale commission structure to an hourly compensation structure where Qwest personnel can determine scripts and offers and perform ongoing training and quality monitoring.
- Direct sales agents have been reduced and the remaining agents have had their compensation shifted so that a large part of that compensation is based upon a customer's ongoing revenue stream, incenting them to ensure that they have quality sales that stick for an extended period of time.

Results

As a result of these actions, the volume of PIC disputes on a national basis has dropped by over 78% between August 1999 and January/February 2000 and is trending even further down.

If there are any additional questions regarding this plan or implementation status, please contact Carol Kuhnow at (703) 363-3189.

National PIC Disputes



Jan-99 Feb-99 Mar-99 Apr-99 May-99 Jun-99 Jul-99 Aug-99 Sep-99 Oct-99 Nov-99 Dec-99 Jan-00 Feb-00 Mar-00



On Jan. 3, 2000, Owest was the first company in the new millennium to be listed on the New York Stock Exchange. The facade of the NYSE was decorated for the occasion with brilliant lights and colors.

- Click to View Charts
- Market Capitalization
- P/E Ratio
- Dividend Yield
- Total Assets

financial highlights

in Millions, Except Per Share Information

	Year Ended December 31		
	1999	1998	1997
Statements of Operations			
Total revenues	\$ 1,367.8	\$ 1,248.7	\$ 988.7
% growth over prior year	78%	22%	23%
Operating profit from operations	\$ 382.6	\$ 382.7	\$ 28.8
Net earnings (loss)	\$ 488.8	\$ 284.0	\$ 14.5
Net earnings (loss) per share:			
Basic	\$ 0.63	\$ 1.21	\$ 0.01
Diluted	\$ 0.59	\$ 1.13	\$ 0.01
Operating and savings (loss) per share:			
Basic	\$ 4.18	\$ 0.28	\$ 0.01
Diluted	\$ 3.88	\$ 0.28	\$ 0.01
EPS*	\$ 788.8	\$ 884.8	\$ 43.7

Summary Balance Sheet Data:

Total assets	\$ 11,484.1	\$ 10,574.4	\$ 1,828.1
Long-term debt	\$ 2,888.2	\$ 2,277.1	\$ 888.5
Total shareholders' equity	\$ 7,894.3	\$ 7,297.3	\$ 939.6

* Accounting and certain (cost) per share analysis for 1999 based on year-end share count of 774 million and the cost of the APIS/Small Investment of 271.6 million in 1999; operating and savings of 284.0 million and a change of 282.6 million for adjustment of cash cost of the company in 1998 and a change of 282.6 million for adjustment of cash cost of the company in 1997.

† See footnote (9) to Audited Financial Data.

[Click here to download printable PDF file of the 1999 Annual Report optimized for black and white printers. \(1.4 mb\)](#)

1999 ANNUAL REPORT

Letter to Shareholders
Financial Highlights
Company
Message to Shareholders
Global Communications
Financial Information
Board of Directors, Officers
Corporate Information

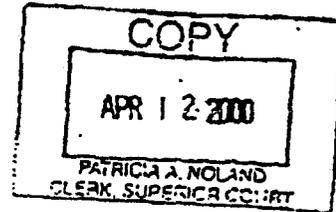
EXHIBIT
3

History of Recent
Qwest Complaints

	2000	1999	1998	
Slamming	11	26	5	
Cramming	1	5	0	
Deceptive Telemarketer	4	4	3	
Double Billing		5	3	
Fluffing	2	14	3	
Switching Delay	2	1		
Other	1	1	1	
Total	21	56	15	92



ATTACHMENT F



1 CPA 99-272
2 JANET NAPOLITANO
3 Attorney General
4 NOREEN R. MATTS
5 Assistant Attorney General
6 Consumer Protection & Advocacy Section
7 400 W. Congress, South Bldg., Suite 315
8 Tucson, Arizona 85701-1367
9 Telephone: (520) 628-6504
10 Pima County Computer No. 36732
11 Attorneys for Plaintiff

7 ARIZONA SUPERIOR COURT
8 COUNTY OF PIMA

10 State of Arizona, ex rel. Janet Napolitano,
11 Attorney General,

12 Plaintiff,

13 vs.

14 Qwest Communications International, Inc.,
15 a Delaware corporation,

16 Defendant.

No. C20001927

COMPLAINT FOR INJUNCTIVE
AND OTHER RELIEF

(Unclassified Civil)

KENNETH LEE

17 JURISDICTION

18 1. The Court has jurisdiction over this action under A.R.S. § 44-1521 et seq., the Arizona
19 Consumer Fraud Act. This action is brought to obtain civil penalties and other relief to prevent
20 unlawful acts and practices and to remedy the unlawful conduct alleged in this complaint. Venue is
21 in Pima County, Arizona.

22 2. The Superior Court has jurisdiction to enter appropriate orders both prior to and following
23 a determination of liability, pursuant to A.R.S. § 44-1528.

24 PARTIES

25 3. Plaintiff is the State of Arizona ex rel. Janet Napolitano, the Attorney General, who is
26 charged with the enforcement of the Arizona Consumer Fraud Act, A.R.S. § 44-1521 et seq.

1 4. Qwest Communications International, Inc., (hereafter, "Qwest") is a Delaware corporation,
2 which does business in Arizona as a telecommunications service carrier.

3 ALLEGATIONS

4 5. Qwest markets and provides interstate and intrastate long distance service to Arizona
5 consumers. Qwest has engaged independent contractors/third-party distributors who act as Qwest's
6 agents to solicit new customers for Qwest.

7 6. Beginning in approximately 1997 and continuing through 1999, the State of Arizona alleges
8 that Qwest has engaged in practices in violation of A.R.S. §44-1521 et seq., which practices include
9 the unauthorized switching of Arizona consumers' interstate and intrastate long distance service to
10 Qwest and the unauthorized billing of Arizona consumers. Specifically, and among other matters, the
11 State of Arizona alleges that Qwest engaged in the following:

- 12 a. Submitted primary interexchange carrier ("PIC") change orders based on forged
13 LOAs to local exchange carriers ("LECs") including, but not limited to U.S. West.
14 b. Submitted PIC change orders based on LOAs which contained the signatures of
15 parties unknown to the Arizona subscribers whose long distance service was being
16 switched.
17 c. Submitted PIC change orders when in fact Qwest had no LOA or any other
18 authorization as the basis for submitting these orders.
19 d. Engaged third party telemarketing agents who contacted consumers by telephone
20 to sell consumers telecommunications service, and offered, as an incentive, the *Fly*
21 *Free America* program, by which consumers who stayed as customers of Qwest for
22 60 days were entitled to receive two free airline tickets. In some cases, Qwest's
23 telemarketing agents did not inform consumers of the restrictions connected to the
24 incentive and in other cases, did not provide consumers with their airline tickets.
25 e. Billed subscribers, for fees associated with interstate and intrastate long distance
26 service before determining whether the PIC change would go through or be rejected

1 by the LEC based on a subscriber's PIC freeze.

2 f. Billed subscribers for monthly recurring fees when the subscribers had requested
3 that their accounts be closed and/or deactivated. Qwest states that it had not
4 received the required electronic notification from the LEC indicating that the
5 subscriber had canceled his or her service with Qwest and selected another carrier.

6 3. At all times Qwest knew or should have known that its actions violated the Arizona
7 Consumer Fraud Act.

8 WHEREFORE, plaintiff respectfully requests the Court:

9 4. Issue a permanent injunction enjoining and restraining Qwest from engaging in the
10 course of conduct alleged in violation of A.R.S. §44-1522(A).

11 5. Issue a permanent injunction enjoining and restraining Qwest from engaging in the
12 advertisement, solicitation, offer for sale, or sale of any telecommunications services to Arizona
13 consumers.

14 6. Order Qwest to restore to all persons any money or property, real or personal, which was
15 acquired by means of any practice alleged herein to be in violation of A.R.S. §44-1522(A), in such
16 amounts as may be deemed proper by the Court, pursuant to A.R.S. §44-1528.

17 7. Order Qwest to pay the State of Arizona a civil penalty of \$10,000.00 per violation
18 pursuant to A.R.S. §44-1531.

19 8. Order Qwest to reimburse the Attorney General for the costs of investigation and for
20 reasonable attorney's fees pursuant to A.R.S. §44-1534.

21 9. Order any other such relief as the Court deems proper.

22 Dated this 12th day of April, 2000.

23 JANET NAPOLITANO
24 Attorney General

25 By: Noreen R. Matts
26 NOREEN R. MATTS
Assistant Attorney General

FILED
APR 19 2000

PATRICIA A. NOLAND, Clerk

Deputy COPY
APR 12 2000
PATRICIA A. NOLAND
CLERK, SUPERIOR COURT

1 CPA 99-272
2 JANET NAPOLITANO
3 Attorney General
4 NOREEN R. MATTS
5 Assistant Attorney General
6 Consumer Protection & Advocacy Section
7 400 W. Congress, South Bldg., Suite 315
8 Tucson, Arizona 85701-1367
9 Telephone: (520) 628-6504
10 Pima County Computer No. 36732
11 Attorneys for Plaintiff

7 ARIZONA SUPERIOR COURT
8 COUNTY OF PIMA
9

11 State of Arizona, ex rel. Janet Napolitano,
12 Attorney General,

12 Plaintiff,

13 vs.

14 Qwest Communications International, Inc.,
15 a Delaware corporation,

16 Defendant.

No. C20001927

CONSENT JUDGMENT

KENNETH LEE

17
18 The State of Arizona, having filed a complaint alleging violations of the Arizona Consumer
19 Fraud Act, A.R.S. §44-1521 et seq., and Qwest Communications International, Inc., a Delaware
20 corporation, having accepted service of the complaint, having been fully advised of its right to trial in
21 this matter, and having waived that right, admits the jurisdiction of this Court over the subject matter
22 and the parties for the purpose of entry of this consent judgment and acknowledges that jurisdiction is
23 retained by the Court for purpose of enforcement of the consent judgment.

24 BACKGROUND

- 25 1. For purposes of the consent judgment, the following definitions apply:
26 a. "Qwest" shall mean Qwest Communications International, Inc., Qwest
27 Communications Corporation, LCI International Telecom Corp., and any
28 employees, independent contractors/third party distributors, other agents, and every

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APR 12 2000

1 other person or entity who or which markets or provides telecommunications service
2 for or on behalf of Qwest.

3 b. "Telecommunications service" shall mean interLATA, intraLATA, local toll and/or
4 local exchange service provided to residential and business consumers.

5 2. Qwest markets and provides interstate and intrastate long distance service to Arizona
6 consumers.

7 3. In order to market interstate and intrastate long distance service in Arizona, Qwest has
8 engaged independent contractors/third-party distributors who act as Qwest's agents to solicit new
9 customers for Qwest. According to Qwest, agents who engage in face-to-face marketing are required
10 by contract to obtain a telephone line subscriber's or authorized party's signature on a document known
11 as a letter of agency or LOA. Qwest also states that prior to September 1999, agents did not provide
12 the LOAs to Qwest, but instead electronically submitted service orders to Qwest and were required to
13 provide copies of the LOAs to Qwest upon Qwest's request to verify that the subscribers did indeed
14 authorize a switch in their interstate and intrastate long distance service. In September 1999, Qwest
15 began requiring all agents to submit LOAs to Qwest before a service order would be processed by
16 Qwest. Since that time, Qwest has electronically scanned each LOA to ensure it has such
17 documentation before processing a service order to switch a subscriber's long distance service.

18 4. Beginning in approximately 1997 and continuing through 1999, the State of Arizona
19 alleges that Qwest has engaged in practices in violation of A.R.S. §44-1521 et seq., which practices
20 include the unauthorized switching of Arizona consumers' interstate and intrastate long distance
21 service to Qwest and the unauthorized billing of Arizona consumers. Specifically, and among other
22 matters, the State of Arizona alleges that Qwest engaged in the following:

- 23 a. Submitted primary interexchange carrier ("PIC") change orders based on forged
24 LOAs to local exchange carriers ("LECs") including, but not limited to U.S. West.
25 b. Submitted PIC change orders based on LOAs which contained the signatures of
26 parties unknown to the Arizona subscribers whose long distance service was being
27 switched.
28 c. Submitted PIC change orders when in fact Qwest had no LOA or any other

1 authorization as the basis for submitting these orders.

2 d. Engaged third party telemarketing agents who contacted consumers by telephone to
3 sell consumers telecommunications service, and offered, as an incentive, the *Fly*
4 *Free America* program, by which consumers who stayed as customers of Qwest for
5 60 days were entitled to receive two free airline tickets. Qwest states that its
6 telemarketing agents were required to inform consumers that they were required to
7 stay at participating hotels for a minimum number of nights at the regularly
8 published rates when they used the tickets, but the State of Arizona alleges that
9 Qwest's telemarketing agents did not always inform consumers of this requirement.
10 Additionally, in some cases, Qwest's telemarketing agent did not provide consumers
11 with their airline tickets.

12 e. Billed subscribers, for fees associated with interstate and intrastate long distance
13 service before determining whether the PIC change would go through or be rejected
14 by the LEC based on a subscriber's PIC freeze. Qwest states the billing errors were
15 due to a temporary processing error.

16 f. Billed subscribers for monthly recurring fees when the subscribers had requested
17 that their accounts be closed and/or deactivated. Qwest states that it had not
18 received the required electronic notification from the LEC indicating that the
19 subscriber had canceled his or her service with Qwest and selected another carrier.

20 5. This consent judgment is for settlement purposes only, and Qwest does not admit to any
21 of the factual allegations by the State of Arizona or to any violation of state or federal law, rule or
22 regulation, wrongdoing, or liability of any kind on its part or on the part of any of Qwest's officers,
23 directors, agents, employees, representatives, independent contractors, marketers, or assigns, nor is this
24 a finding of same.

25 ORDER

26 IT IS HEREBY ORDERED that in connection with the marketing and provision of
27 telecommunications service:

28 6. Qwest shall comply with all Federal Communications Commission (FCC) rules and

1 orders now in effect, or as hereafter are modified or amended, before submitting a PIC change order
2 to any local exchange carrier.

3 7. Qwest shall obtain the express authorization of an Arizona subscriber or authorized party
4 before submitting a PIC change order.

5 8. For a period of two years from the date the Court signs this consent judgment, if using
6 an LOA in face-to-face marketing as the basis for submitting a PIC change order for an Arizona
7 consumer, Qwest shall, before submitting a PIC change order, match the subscriber's name and
8 signature on the LOA to the name and signature on the subscriber's picture identification. In addition:

9 a. Qwest shall note on the LOA the type of picture identification provided by the
10 subscriber, e.g., an Arizona driver's license.

11 b. Qwest shall write the agent's name and company on the LOA so that Qwest can trace
12 consumer dissatisfaction with a particular transaction directly to the Qwest agent who
13 handled the Arizona transaction. Qwest shall follow the same procedure if its
14 employees conduct the marketing.

15 c. Qwest shall retain LOAs for a period of two years from the date the Arizona
16 consumer signs the LOA.

17 9. Qwest shall prohibit its agents from offering any travel incentive, including but not
18 limited to the *Fly Free America* program, to any Arizona consumer as an incentive to switch
19 telecommunications service to Qwest without disclosing all material terms and conditions of the offer.

20 10. Qwest shall not bill Arizona subscribers for Qwest telecommunications service until
21 such time that Qwest expressly ascertains from the LEC whether the subscribers have PIC freezes.

22 11. Qwest shall promptly discontinue billing Arizona subscribers for any charges, including
23 but not limited to the monthly fee, as soon as Qwest receives electronic notification from the LEC that
24 a subscriber has canceled his or her telecommunications service with Qwest and selected another
25 carrier. Nothing in this paragraph prohibits Qwest from billing for services rendered prior to Qwest's
26 receipt of such notification.

27 12. Within thirty (30) days of signing this consent judgment, Qwest shall revise, as needed,
28 its sales and training manuals, whether provided to Qwest employees, independent contractors/third

1 party distributors or other agents, to make clear the following:

2 a. That forgery is illegal;

3 b. That Qwest must confirm with each Arizona consumer who signs an LOA that he or
4 she is the subscriber for the telephone line/s or is authorized to change the long
5 distance service for the line/s;

6 c. That Qwest shall match the Arizona subscriber's name and signature on the LOA to
7 the name and signature on the subscriber's picture identification and shall note on the
8 LOA the Qwest agent's name and company.

9 13. Qwest shall provide its sales and training manuals, reflecting the requirements set out
10 in paragraph 12, to the Attorney General's Office within forty-five (45) days of the signing of this
11 consent judgment by the Court.

12 14. Qwest shall secure a signed and dated acknowledgment of receipt of the consent
13 judgment from current principals, partners, officers, directors, management level employees, and
14 independent contractors/third-party distributors having responsibilities with respect to the subject
15 matter of this consent judgment within sixty (60) days of the date the Court signs the consent judgment.
16 For a period of two years from the date the Court signs this consent judgment, Qwest shall obtain the
17 same from future principals, partners, officers, directors, and management level employees and
18 independent contractors/third-party distributors having responsibilities with respect to the subject
19 matter of this consent judgment within sixty (60) days of the date on which said person assumes those
20 responsibilities. Qwest shall retain all acknowledgments for a period of two years from the date of the
21 acknowledgments.

22 15. Qwest shall take appropriate disciplinary action, up to and including dismissal, against
23 Qwest employees, independent contractors/third-party distributors or other agents who forge the
24 signature of an Arizona consumer on an LOA.

25 16. Qwest shall take timely corrective action against Qwest employees, independent
26 contractors/third-party distributors or other agents who fail to match the subscriber's name and
27 signature on the LOA to the name and signature on the subscriber's picture identification.

28 17. Qwest shall submit a written report to the Attorney General, to include the number of

1 PIC disputes filed either with Qwest or a local exchange carrier by Arizona consumers, classification
2 of the basis for the disputes, and classification of the dispute resolution, six (6) months from the date
3 on which the Court signs the consent judgment, and every six (6) months thereafter for a period of two
4 (2) years.

5 13. Within sixty (60) days of the date the Court signs the consent judgment, Qwest shall
6 contact, via first class mail, each consumer whose long distance service was changed since January 1,
7 1999 through the date the court signs this judgment as a result of marketing by any agent set out in
8 Exhibit A and who disconnected such service within sixty (60) days. The letter shall inquire whether
9 the subscriber in fact authorized the change in long distance service to Qwest. If the subscriber did not
10 authorize the change and has not received a refund from Qwest, he or she will be directed by the letter
11 to return a pre-paid postcard within thirty (30) days of the postmark on Qwest's letter. In response,
12 Qwest shall, within thirty (30) days of learning that the subscriber did not authorize the change, provide
13 a refund to each subscriber to include:

- 14 a. A re-rating of the charges the consumer incurred for long distance calls during the
15 time of the unauthorized change to Qwest to any lower rate the subscriber would
16 have been charged by its prior carrier for those calls during that time period;
- 17 b. Any switching fees attributable to the unauthorized change; and
- 18 c. Should Qwest deny a consumer's request for a refund, it shall provide to the Attorney
19 General within ten (10) days of denying the request, the written reason for the denial.
20 Qwest shall at the same time provide to the Attorney General the amount in dispute,
21 a copy of the relevant LOA or other proof of verification of any long distance
22 telephone carrier change, and any other evidence that Qwest has used to substantiate
23 the denial. If, in the sole discretion of the Attorney General, Qwest was unjustified
24 in denying the refund, the Attorney General will direct Qwest to make a refund and
25 the amount of the refund, which Qwest will send to the consumer within ten (10)
26 days of receiving written notification from the Attorney General.
- 27 d. Within one hundred and fifty (150) days of the date the Court signs the consent
28 judgment, Qwest shall submit a report to the Attorney General which sets out the

1 name, address, and telephone number of each of these subscribers, a statement
2 whether the subscriber authorized the change to Qwest, and the amount of refund, if
3 any.

4 19. Within thirty (30) days of a written request by the Attorney General, Qwest shall
5 provide to the Attorney General's Office records, to include those which Qwest must retain as set out
6 in the consent judgment above, along with copies of such other documents as the Attorney General
7 shall from time to time determine are necessary to ensure compliance with the consent judgment,
8 including, but not limited to, advertisements, sales scripts, manuals or presentations, written advisories
9 to sales distributors and agents and required responses to those advisories, LOAs, PIC change records,
10 billing records, and all Arizona consumer complaints including those forwarded by government
11 agencies, the BBB, and those filed directly with Qwest. The record of consumer complaints shall
12 include the name, address and telephone number of each complainant, Qwest's response, and the final
13 disposition of each complaint.

14 20. Pursuant to A.R.S. §44-1534, Qwest shall pay and deliver to the Arizona Attorney
15 General, along with the signed consent judgment, the amount of one hundred seventy-five thousand
16 dollars (\$175,000.00) in the form of a check made out to the Arizona Attorney General for costs of the
17 investigation and attorneys' fees.

18 21. Qwest shall cooperate with the Arizona Attorney General to fund, in an amount to be
19 determined by the Attorney General within ten days of the filing of this consent judgment, the airing
20 of public service announcements and/or for programs of public education. The Arizona Attorney
21 General shall inform Qwest within sixty (60) days of the signing of the consent judgment the form the
22 public service announcements and/or public education shall take. With regard to the public service
23 announcements, Qwest and the Attorney General will agree on the public service announcements to
24 be provided, which Qwest will then devise at its own expense.

25 22. The parties acknowledge and agree that this consent judgment shall constitute full and
26 final settlement between the Arizona Attorney General and Qwest only as to the matters described in
27 the above-captioned proceeding under A.R.S. §44-1521 et seq. and for any complaints concerning those
28 matters received by the Arizona Attorney General based on conduct on or before the effective date of

1 this consent judgment.

2 23. Qwest shall not represent or imply that the State of Arizona, or the Attorney General
3 or any agency thereof has approved any good or service sold or offered by Qwest in Arizona or has
4 approved any of Qwest's past, present or future business practices in Arizona, and Qwest is enjoined
5 from directly or indirectly representing anything to the contrary.

6 24. Jurisdiction is retained by this Court for the purpose of enforcing the consent judgment.

7 DATED this 19th day of April, 2000.

8
9 KENNETH L. LEE
10 JUDGE OF THE SUPERIOR COURT

11
12 CONSENT TO JUDGMENT

13 Mark Pitchford, in his capacity as an officer of Qwest, being so authorized to do so by and
14 on behalf of Qwest:

15 1. Acknowledges that he has read the foregoing consent judgment, is aware of Qwest's right
16 to trial in this matter and has waived same, and consents to entry of the foregoing consent judgment;

17 2. States that no promise of any kind or nature whatsoever was made to Qwest to induce
18 Qwest to enter into the consent judgment, and that Qwest enters into the consent judgment voluntarily;
19 and

20 3. Acknowledges that the State's acceptance of the consent judgment is solely for the
21 purpose of settling this action against Qwest. With the exception of the acts and practices which
22 occurred prior to the date of the consent judgment and which are the subject of this consent judgment
23 under A.R.S. § 44-1521 et seq., entry of the consent judgment does not preclude the State or any of its
24 officers, agents or any subdivision thereof from instituting any other proceedings that may be
25 appropriate now or in the future, including action to enforce the terms of the consent judgment.

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DATED this 29 day of March, 2000.

QWEST COMMUNICATIONS INTERNATIONAL, INC.

By: *M.L. Pitchford*
Mark Pitchford

APPROVED AS TO FORM AND CONTENT:

JANET NAPOLITANO
Attorney General

By: *Noreen R. Matts*
NOREEN R. MATTS
Assistant Attorney General
Consumer Protection & Advocacy Section

By: *Steven A. Augustino*
STEVEN A. AUGUSTINO, ESQ.
Kelley Dye & Warren LLP
Attorney for Defendant Qwest.

1. ACN
2. Advanced Direct Monitoring
3. American Communications Network
4. Amnet Services
5. Better Phone Service
6. Big Planet
7. Eurasia Telecom
8. Everlasting Telecommunications
9. Hynet Co.
10. Juno OnLine
11. LI Deer International
12. MT Marketing
13. Pacific & Son
14. Paradigm
15. Quintel Communications
16. Quintel Fly
17. RMH International
18. RMH International City
19. RMH Teleservice
20. Silverback Upfront
21. Sponsorep
22. Teletouch
23. The Dino Group
24. The Voice Network
25. Tri-State Int'l
26. Venture Venture

Exhibit A

KELLEY DRYE & WARREN LLP

A LIMITED LIABILITY PARTNERSHIP

1200 19TH STREET, N.W.

SUITE 500

WASHINGTON, D.C. 20036

(202) 953-9600

NEW YORK, NY
LOS ANGELES, CA
CHICAGO, IL
STAMFORD, CT
PARLISSEAN, NJ

BRUSSELS, BELGIUM
HONG KONG

AFFILIATE OFFICES
BANGKOK, THAILAND
JAKARTA, INDONESIA
MANILA, THE PHILIPPINES
MUMBAI, INDIA
TOKYO, JAPAN

FACSIMILE
(202) 953-0792

DIRECT LINE (202) 953-6666
E-MAIL: saugustino@kdlldrye.com

April 11, 2000

VIA FEDERAL EXPRESS

Noreen R. Matts, Esquire
Assistant Attorney General
Consumer Protection & Advocacy Section
State of Arizona
400 West Congress
South Building
Suite 315
Tucson, AZ 85701-1367

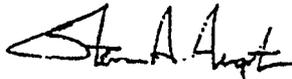
Re: Qwest Communications, International, Inc.

Dear Ms. Matts:

As promised in my letter dated April 6, 2000, attached is the payment described in ¶ 20 of the Consent Judgment with Qwest.

Please call if you have questions.

Sincerely,



Steven A. Augustino

SAA:pab

Enclosure

DC01:AUGUS/110011.1

KELLEY DRYE & WARREN LLP

Noreen R. Matts, Esquire
April 11, 2000
Page 2

bcc: Carol Kuhnow
Mark Pitchford

DC01/AUGUS/110011.1



QWEST
555 17th Street
Denver, CO 80202

Date	Invoice No.	Description	Amount
04/03/2000 04/03/2000	040300CK 040300CK	EXT 1593 EXT 1593	175000.00

Vendor: ARIZONA ATTORNEY GENERAL

Total: \$175,000.00

Vendor ID: ARIAT

Check No.: 02238805

Date: 04/06/2000

THIS CHECK IS VOID WITHOUT A BLUE & GREEN BACKGROUND AND AN ARTIFICIAL WATERMARK PATTERN ON THE BACK - HOLD AT ANGLE TO VIEW

VOID VOID VOID VOID

QWEST 555 17th Street Denver, CO 80202

BANK ONE
One First National Plaza
Chicago, IL 60670

CHECK NO.: 02238805
DATE: 04/06/2000

VOID VOID VOID VOID

PAY: ONE HUNDRED SEVENTY FIVE THOUSAND AND 00/100 DOLLARS

\$175,000.00

ARIZONA ATTORNEY GENERAL
100 WEST CONGRESS
SOUTH BUILDING SUITE 315
TUCSON, AZ 85701-1367

Robert Woodruff

VOID VOID VOID VOID

⑈0002238805⑈ ⑆031100283⑆ 09 -73262⑈

** TOTAL PAGE 48 **

STATE OF CONNECTICUT

Docket No. CV 99-0074912-S

STATE OF CONNECTICUT	:	SUPERIOR COURT
110 Sherman Street	:	
Hartford, Connecticut 06105	:	COMPLEX LITIGATION DOCKET
<i>Plaintiff</i>	:	JUDICIAL DISTRICT OF
	:	TOLLAND
v.	:	
	:	
QWEST COMMUNICATIONS	:	
INTERNATIONAL, INC.	:	
1801 California Street	:	
Denver, Colorado 80202	:	
<i>Defendant</i>	:	AUGUST 2001

FINAL JUDGMENT ON STIPULATION

This action, by writ and complaint, claiming injunctive relief, civil penalties, and restitution, came to this Court on December 14, 1999, and thence to January 3, 2000, when the Court (Booth, J.) entered a Temporary Injunction on Consent, and thence to the present time when the parties filed a written stipulation that judgment be entered as hereinafter set forth.

Plaintiff, State of Connecticut, and defendant, Qwest Communications International, Inc. ("Qwest"), by their respective attorneys, having consented to the making and entry of this Final Judgment on Stipulation ("Stipulated Judgment"), without admission by either party with respect to any issue of fact or law, other than with regard to jurisdiction as set forth in Part I of the Stipulated Judgment, and without this Stipulated Judgment constituting evidence of any

admission of any party hereto with respect to any issue of fact or law, other than with regard to jurisdiction as set forth in Part I of the Stipulated Judgment.

Now, therefore, before any testimony has been taken, without trial and without any admission by the defendant of any wrongdoing and upon consent of the parties hereto, it is hereby

ORDERED, ADJUDGED AND DECREED as follows:

I. JURISDICTION

The Court has jurisdiction over the subject matter of this action and of the parties hereto, pursuant to Conn. Gen. Stat. § 42-110m.

II. DEFINITIONS

For purposes of this Stipulated Judgment, the following definitions shall apply:

- A. "State" means the State of Connecticut.
- B. "AGO" or "Attorney General" means the Attorney General of the State of Connecticut.
- C. "DCP" or "Consumer Protection" means the State of Connecticut Department of Consumer Protection.

D. "DPUC" or "Public Utility Control" means the State of Connecticut Department of Public Utility Control.

E. "Qwest" means Qwest Communications International, Inc. and any of its subsidiaries, branches, divisions, departments or groups; any corporate predecessors, successors, precursors or forbearers of Qwest Communications International, Inc., whether purchased, merged or otherwise subsumed by Qwest Communications International, Inc.; any other entity, subsidiary, parent, successor, assign, or affiliate, controlling or controlled by Qwest; and any employee or agent of Qwest.

F. "Consumer," unless otherwise specified, means any Connecticut consumer who has been, or may be billed, directly or indirectly, by Qwest for charges related to long distance services.

G. "PIC Dispute Complaint" means a complaint that Qwest switched the consumer's long distance carrier for interstate, intrastate, or both to Qwest without proper authorization.

H. "Billing Complaint" means a complaint that Qwest continued to bill the consumer for charges related to long distance service, which charges were incurred during a period after the consumer had switched to another carrier.

I. "Known Consumer Complainants" means each former or current consumer, who made either orally or in writing, to the AGO, DCP, DPUC, Federal Communications Commission, a local exchange carrier, or directly or indirectly to Qwest, any or all of the following:

1. a PIC Dispute Complaint;
2. a Billing Complaint; or
3. a complaint by a consumer as identified in Appendix A.

Such Known Consumer Complainants are the consumers identified in Appendix A hereto and the consumers previously identified to AGO by Qwest pursuant to Qwest's search of its internal records for all PIC Dispute and Billing Complaints from January 1, 1998, to present.

J. "LEC" means local exchange carrier.

K. A "preferred carrier" or "preferred interexchange carrier" ("PIC"), commonly referred to as a "long distance provider," means the telecommunications carrier chosen by an end user consumer to which traffic from the end user consumer's location is automatically routed by a LEC. In Connecticut, a consumer may have a different preferred carrier for local exchange, intrastate long distance and interstate long distance service or traffic.

L. "PIC Change Order" means an order or request transmitted by an interexchange carrier to a LEC requesting a change of a consumer's preferred interexchange and/or intraLATA carrier;

M. "PIC Block" means a request by a consumer to a LEC to prevent a change in his or her preferred carrier selection unless and until the consumer gives the LEC his or her express consent to the change.

N. "Letter of Agency" or "LOA" means a letter of agency form as set forth in 47 C.F.R. § 64.1130, as existing at the time a carrier change was made, as presently enacted or as may subsequently be amended or modified.

O. "TPV" means a third-party verification of a consumer's authorization of a PIC Change.

P. "Distributor" means a third party entity engaging in marketing of long distance telecommunications services to consumers on behalf of Qwest.

Q. "Days" means calendar days, unless otherwise specifically noted.

R. "FCC" means the Federal Communications Commission.

S. "FCC Consent Decree" means the Consent Decree adopted by the FCC on or about July 19, 2000 In the Matter of Qwest Communications International, Inc. Apparent Liability for Forfeiture, File No. ENF-99-11, NAL/Acct. No. 916EF008.

III. INJUNCTION

A. Pursuant to Conn. Gen. Stat. § 42-110m(a), Qwest is hereby enjoined and restrained from directly or indirectly:

1. Submitting PIC Change Orders to LECs to transfer a consumer's preferred carrier(s) to Qwest, unless Qwest complies with applicable FCC Regulations and Orders

and Conn. Gen. Stat. §16-256i, as presently enacted or as may subsequently be amended or modified.

2. Failing to obtain valid authorization from a consumer, as required by Conn. Gen. Stat. §16-256i, 47 U.S.C. § 258(a), 47 C.F.R § 64.1100 et seq. (1999) or FCC orders, now in effect, or as hereafter are modified or amended, before submitting a PIC Change Order to switch the consumer's intrastate and/or interstate long distance carrier.

3. Failing to verify a consumer's alleged authorization to switch intrastate and/or interstate long distance carriers, as required by Conn. Gen. Stat. §16-256i, 47 C.F.R. § 64.1150 (1999), or FCC orders, now in effect, or as hereafter are modified or amended.

4. Failing to comply with FCC information and disclosure requirements for LOAs pursuant to 47 C.F.R. § 64.1160, as presently enacted or as may subsequently be amended.

5. Forging or causing to be forged a person's signature on a LOA that purports to give a consumer's consent to change the consumer's intrastate and/or interstate long distance provider to Qwest.

6. Falsifying or causing to be falsified any TPV that purports to verify a consumers' consent to change the consumer's intrastate and/or interstate long distance provider to Qwest.

7. Failing to comply with 47 C.F.R. §§ 64.1100(b) and 64.1160(e)(4) (1999), as may be modified or amended from time to time, by using LOAs or marketing techniques that do not include separate statements for selection of intrastate and interstate long distance carriers.

8. Billing or causing any consumer to be billed, for "dial 1" long distance service, or charges related thereto, such as monthly fees, taxes or other charges, unless Qwest has received notification from the LEC that the LEC has accepted the PIC Change Order submitted by Qwest for that consumer, or Qwest has received long distance traffic routed from the LEC, indicating that the consumer's intrastate and/or interstate long distance carrier has been switched to Qwest.

9. Billing or causing to be billed any consumer for charges related to "dial 1" long distance service, such as monthly fees, taxes, or other charges, after Qwest has received notification from a LEC that the consumer has switched long distance service to a carrier other than Qwest.

10. Representing to a consumer that the consumer's account will be referred to a collection agency and/or reported to a credit rating agency when the consumer disputes

that Qwest was authorized to provide "dial 1" long distance service, unless Qwest has provided the consumer with proof of authorization, or with reasonable access thereto, and an opportunity for the consumer to respond thereto, and has subsequently determined the validity of the authorization and that the charges were properly authorized.

11. Referring an account to a collection agency or notifying a credit rating agency of a consumer's failure to pay charges, when the consumer disputes that Qwest was authorized to provide "dial 1" long distance service, unless Qwest has provided the consumer with proof of authorization, or with reasonable access thereto, and an opportunity for the consumer to respond thereto, and has subsequently determined the validity of the authorization and that the charges were properly authorized.

12. Billing any consumer in excess of Qwest's rates filed with DPUC.

B. Qwest agrees to implement and/or continue to use those anti-slamming and customer-care policies and procedures agreed to in the FCC Consent Decree during the effective term of such consent decree.

C. Qwest, whether acting directly or indirectly, is enjoined for one (1) year from the entry of this Stipulated Judgment, from soliciting or causing to be solicited, by mail or telemarketing, any Known Consumer Complainant, unless such consumer requests to receive such solicitations or is a Qwest customer.

D. Qwest shall take all reasonable steps that are necessary to ensure that Qwest has trained customer service staff to correctly respond to consumer inquiries and that Qwest promptly assists consumers in resolving their disputes over billing and/or carrier changes, including but not limited to:

1. Qwest shall review and, as necessary, revise its written policies and develop practices to ensure that qualified personnel are available during regular business hours to receive, and if possible, resolve all customer inquiries, requests, and complaints.

2. Qwest shall review and, as necessary, revise its written policies and develop practices to ensure that for consumer inquiries regarding the basis for a carrier change to Qwest, Qwest shall provide the consumer within fourteen (14) days either a copy of any LOA, if the carrier change was based on an LOA, or with reasonable access to any third party verification, if the carrier change was based on inbound or outbound telemarketing. Qwest also shall advise the consumer to inform Qwest if the consumer continues to dispute the basis for authorization.

3. Qwest shall review and, as necessary, revise its written policies and develop practices to ensure that PIC Dispute and Billing Complaints are resolved as soon as practicable, but in any event no later than forty-five (45) days from the initial complaint. These timelines will also apply to PIC Dispute and Billing Complaints for which DCP, DPUC, or AGO contacts Qwest on behalf of consumers.

E. Within thirty (30) days of the entry of this Stipulated Judgment, Qwest shall take all reasonable steps that are necessary to ensure that consumers do not have their credit adversely affected by nonpayment of Qwest charges for unauthorized service, or other unauthorized charges, including but not limited to:

1. Qwest shall notify all collection agencies to refer back to Qwest all accounts associated with the Known Consumer Complainants and with all complaints generated pursuant to paragraphs IV(D)(2) and (3) *infra*, until such time as it is determined whether any such accounts are subject to credits or refunds pursuant to paragraphs IV(F) and IV(G), *infra*; and

2. If any Known Consumer Complainant or any consumer who makes a complaint pursuant to paragraphs IV(D)(2) and (3) *infra*, notifies Qwest that a credit rating agency's records regarding such consumer contains adverse information related to Qwest charges, Qwest shall issue any and all necessary retractions and/or corrections.

3. For the accounts referenced in the preceding paragraphs that are referred back to Qwest, Qwest shall comply with the procedures in paragraphs IV(F) and IV(G), *infra*. Qwest shall not resume any billing or collection activities unless and until Qwest fully complies with the procedures set forth in paragraph IV(F) and IV(G), *infra*.

IV. PAYMENT OF PENALTIES, COSTS, FEES, AND CONSUMER RESTITUTION

A. Within ten (10) days of entry of this Final Judgment on Stipulation, Qwest shall pay to the State of Connecticut the total amount of \$1.1 million. Payment shall be by check made payable to the "Treasurer, State of Connecticut," and shall be delivered to the Office of the Attorney General, 110 Sherman Street, Hartford, CT attn.: Phillip Rosario, AAG. Of this total amount, \$800,000.00 shall constitute civil penalties. In lieu of Qwest's payment of costs and fees incurred by the State in investigating and prosecuting this action, \$300,000 of the total amount shall be set aside, of which \$150,000 will be deposited in a fund maintained by the AGO for consumer complaint resolution programs, consumer education, or consumer protection enforcement and litigation and \$150,000 of which will be deposited in a fund maintained by the DCP for consumer complaint resolution programs, consumer education, or consumer protection enforcement and litigation.

B. Qwest hereby certifies that any and all consumers who were billed a recurring monthly fee during their first partial month of service for the "Qwest Countdown," "Qwest 1500 Package" and "Qwest Tri-State Calling Plan," where service was initiated prior to October 26, 2000, have been fully credited and/or refunded. If a consumer has not been fully credited and/or refunded, Qwest shall issue a full credit or refund within twenty-one (21) days of written notice to Qwest.

C. Qwest hereby certifies that any and all consumers who were billed by Qwest for charges related to long distance services where Qwest billed the consumer even though there was a PIC Block on the consumer's telecommunications line(s) have been fully credited and/or refunded. If a consumer has not been fully credited and/or refunded, Qwest shall issue a full credit or refund within twenty-one (21) days of written notice to Qwest.

D. Qwest also shall provide full restitution in the form of a refund, or a credit if charges have not been paid, if a consumer is entitled to such refund or credit pursuant to paragraphs IV(F) and IV(G), *infra*, for each and every:

- (1) Known Consumer Complainant;
- (2) consumer who makes a PIC Dispute Complaint or Billing Complaint within ninety (90) days of the entry of this Stipulated Judgment with either AGO, DCP, DPUC, a LEC, or directly with Qwest; and
- (3) consumer who responds to the Consumer Letter within forty-five (45) days of the mailing of the Consumer Letter.

E. Within forty-five (45) days of the entry of this Stipulated Judgment, Qwest shall forward by first class mail, postage prepaid, a letter (the "Consumer Letter"), a copy of which is attached to this Stipulated Judgment as Appendix B, to each consumer who from January 1, 1998, to the date of the entry of this Stipulated Judgment had his or her long distance service

switched to Qwest and who subsequently disconnected Qwest long distance service for another carrier within ninety (90) days of the initiation of Qwest service.

F. For each consumer identified in paragraph IV (D), *supra*, Qwest shall investigate such complaint. Except where Qwest denies a credit or refund to a consumer pursuant to paragraph IV(G), *infra*, Qwest shall reimburse consumers as follows:

1. Qwest shall provide a credit in the amount equal to all outstanding charges billed to that consumer, including but not limited to any charges for or related to long distance services, less any credits or refunds previously granted to the consumer. If any such consumer has paid monies to Qwest on account of such charges, then, in that event, Qwest shall provide a refund to the consumer of such amount actually paid, less any refunds previously paid to the consumer.

2. Qwest shall issue a credit to the consumer or mail a refund check as soon as practicable, but in any event no later than forty-five (45) days from receiving the complaint, or in the case of a Known Consumer Complainant no later than forty-five (45) days from the entry of this Stipulated Judgment.

G. Qwest may deny a credit or refund to a consumer identified in paragraph IV(D) above if Qwest determines after investigation that (1) such consumer's receipt of services from Qwest was properly authorized; or (2) the consumer was properly billed by Qwest for services rendered. Should Qwest deny a credit or refund to a consumer identified in paragraph IV(D)

above, it shall provide both the consumer and the Attorney General written notice of the denial (the "Denial Notice") as soon as practicable, but in any event no later than forty-five (45) days from the entry of this Stipulated Judgment for Known Consumer Complainants and no later than forty-five (45) days from receiving the complaint for all other consumers identified pursuant to paragraph IV(D). If Qwest does not issue the Denial Notice within forty-five (45) days of receipt of the consumer's complaint, or in the case of Known Consumer Complainants within forty-five (45) days of the entry of the Stipulated Judgment, the request is deemed granted. With the Denial Notice, Qwest shall provide a written explanation of the denial, including the consumer's name, address and telephone number, the amount in dispute, a copy of the applicable LOA or a way to access a TPV recording, including but not limited to toll-free telephone access, and any other evidence that Qwest is relying upon to substantiate the denial. The Connecticut Attorney General or his designee shall be the final arbiter of whether a consumer is entitled to restitution and the amount and timing of that restitution in accordance with the eligibility requirements established in this Stipulated Judgment. Qwest shall include as part of the Denial Notice notification to consumers that such denials will be forwarded to the Attorney General and that the Attorney General is the final arbiter of any such denials. Additionally, Qwest shall notify the Attorney General of any disputes of its resolution of consumer claims concerning credits or refunds. Such notification shall include materials consistent with those included in the Denial Notice.

H. From the date of entry of the Stipulated Judgment and for three (3) months thereafter, Qwest shall provide a toll-free telephone number for the purpose of receiving, in any language used by Qwest for marketing to a consumer, consumer complaints pursuant to the newspaper notice and the Consumer Letter.

I. Within fourteen (14) days of the entry of the Stipulated Judgment, Qwest shall publish notice of the terms of the Stipulated Judgment in the following Connecticut newspapers: the Hartford Courant, New Haven Register, Stamford Advocate, Connecticut Post, Waterbury Republican-American, the New London Day, Journal Inquirer, Record-Journal, The News-Times, The Norwich Bulletin, El Transcrito Catolico, Tiempo, The Immigrant, El Extra News, and El Sol. The notice shall be at least a quarter of a page in the front section of the publication to the extent possible. The notice shall include the exact language included in Appendices C or D, as appropriate, and shall be printed using clear, conspicuous and easily readable font and design. The notice must be published for three (3) consecutive publications, including at least one Sunday for all daily publications that have a Sunday publication, and at least two (2) consecutive publications of each weekly publication.

V. REPORTS, AUDITS & RECORDS

A. Within one hundred and eighty (180) days of entry of this Stipulated Judgment, Qwest shall forward to the Attorney General an affidavit, subscribed to under oath by a Qwest

officer authorized to bind Qwest, confirming that Qwest is in full compliance with each and every term of this Stipulated Judgment requiring Qwest to undertake any actions.

B. Within one hundred and eighty (180) days of the entry of this Stipulated Judgment, Qwest shall forward to the Attorney General an affidavit, subscribed to under oath by a Qwest officer authorized to bind Qwest, indicating:

1. in alphabetical order by surname, each consumer to whom Qwest issued a refund or credit pursuant to this Stipulated Judgment, including the name, address and telephone number of the consumer and the amount and the date of the refund or credit;

2. in alphabetical order by surname, each consumer to whom Qwest was unable to issue a refund or credit pursuant to this Stipulated Judgment, including the name, address and telephone number of the consumer and the amount of the refund or credit and the reasons Qwest was unable to issue a refund or credit;

3. in alphabetical order by surname, each consumer to whom Qwest had denied or is denying, in whole or in part, a refund or credit, including the name, address and telephone number of the consumer, the alleged dates of service, and the amount in dispute; and

4. in alphabetical order by surname, the name, address, telephone number, alleged dates of service and amount in dispute of each consumer that Qwest has (a)

provided a retraction or correction with a credit reporting agency; (b) withdrawn from collections; and/or (c) sent back to collections after investigation.

C. Qwest shall retain, or contract for any TPV vendor to retain, all LOAs and/or TPV audio files regarding consumers for a period not less than two years from the date the consumer's long-distance service was switched to Qwest.

D. Qwest shall provide the AGO with summaries of any audits conducted pursuant to the FCC Consent Decree as soon as practicable, but in any event no later than 30 days after its receipt of the audit.

E. Beginning in October 2001 and for two years following the entry of this Stipulated Judgment, Qwest shall provide quarterly reports to the AGO, listing all PIC Dispute Complaints and Billing Complaints by consumers, however made known to Qwest. These reports shall include the consumer's name, address, telephone number, the type of the consumer's complaint, the sales distributor, setup and disconnect dates, LOA/TPV status, history of consumer contact, and resolution of the dispute. Moreover, Qwest shall cooperate with all reasonable requests for additional information.

F. Qwest designates Carol P. Kuhnnow, Regional Director, Policy & Law, 4250 North Fairfax Drive, 13th Floor, Arlington, Virginia 22203, Telephone: (703) 363-3189; Facsimile (703) 363-4404, e-mail: carol.kuhnnow@qwest.com, or his/her successor in title, as its ombudsperson to receive and facilitate answers to any inquiries from the State, AGO, DPUC

and/or DCP. Qwest will provide AGO, DPUC and DCP with written notice of any changes to this information for Qwest's ombudsperson.

G. Any notices, reports, or other material required to be forwarded to the Office of the Attorney General pursuant to the Stipulated Judgment shall be forwarded to:

Valerie J. Bryan, Assistant Attorney General
Office of the Attorney General
110 Sherman Street
Hartford, CT 06105

VI. GENERAL PROVISIONS

A. No part of this Stipulated Judgment shall constitute or be interpreted or construed as an admission of liability under any federal, state, or local law, as an admission of any fact or of law, or as an admission of violation of any law or regulation.

B. This Stipulated Judgment shall constitute a full compromise and settlement of all claims that have been or may have been asserted against Qwest by the State of Connecticut in this action which are based upon any violation of the Connecticut Unfair Trade Practices Act, Chapter 735 of the General Statutes of Connecticut up to the date of entry of this Stipulated Judgment and are based on any fact, matter or transaction that is set forth in the Complaint filed by the State against Qwest in this instant matter.

C. This Stipulated Judgment may be enforced only by the parties or their successors hereto.

D. Nothing in this Stipulated Judgment shall be construed to limit the authority of the State, DCP, DPUC or AGO to enforce prospectively any laws, regulations, or rules against Qwest.

E. This Stipulated Judgment shall be governed by and implemented in accordance with the laws of the State of Connecticut.

F. The duties and obligations of this Stipulated Judgment are binding upon Qwest's successors, purchasers, and other inheritors of Qwest. Qwest shall provide written notice to the AGO of any change in corporate control of Qwest Communications International, Inc. within ten (10) days of such change.

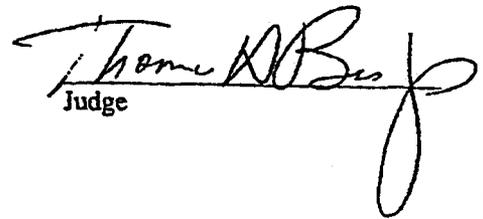
G. Any violation of this Stipulated Judgment shall be governed by Conn. Gen. Stat. §42-110o(a).

H. Except for the provisions in sections I and II and paragraphs III(A)(1), (2), (3), (4), and (7), *supra*, and paragraph VI(I), *infra*, which are permanent, the remaining provisions of this Stipulated Judgment shall expire, and those provisions shall have no further effect, three (3) years from the date the Stipulated Judgment has been entered.

I. Jurisdiction is retained by this Court for the purpose of enabling the parties to this Stipulated Judgment to apply to this Court at any time upon proper notice to the adverse party for such further orders and directions as may be necessary or appropriate for the modification thereof, the enforcement of compliance therewith, and for the punishment of violations thereof.

SO ORDERED.

Dated at Tolland, Connecticut this 29th day of August, 2001.


Judge

APPENDIX A

List of consumers who complained to state and federal agencies



zededo, Manuel	Stamford	CT
Skert, Dave	Monroe	CT
Jams, Michael D.	West Hartford	CT
io, Aaro A.	Coventry	CT
ban, Sakun	Oxford	CT
den, Denise		
len, Bertha	Hartford	CT
naral, Lionel	Danbury	CT
ndrade, Andrea	Wallingford	CT
ngus, William	Winsted	CT
nselmo, Jeanne	East Hartford	CT
onte, Alexander	Hartford	CT
rena, Janis	Monroe	CT
uclair, Christine A.	Bristol	CT
uclair, Christine A.	Bristol	CT
vita, Luis	Bridgeport	CT
yala, Elena	West Hartford	CT
ez, Linda	New Britain	CT
alk, Rania	Brooklyn	CT
alk, Victor	Middletown	CT
alner, Todd	Branford	CT
ak, Elizabeth K.	Newington	CT
aldwin, Bruce	Harwinton	CT
ardo, Ben	Glastonbury	CT
arredo, Rita M.	Torrington	CT
arretta, Sandra	Waterbury	CT
arshay, Janice and Stephen	West Hartford	CT
ayona, Ramon	Wolcott	CT
edell, David	New Canaan	CT
elmore, Kathy	Manchester	CT
eltran, Daniel	Norwich	CT
eltrandi, Damian	Windsor Locks	CT
eltrandi, John	Windsor Locks	CT
ermudez, Jose A.	Norwalk	CT
étancourt, Mary K.	Broad Brook	CT
hatt, Pravin N.	Hamden	CT
Igler, Denise and Gary	Cheshire	CT
lock, Stanley	Trumbull	CT
raxton, Margaret E.	West Hartford	CT
razalovich, Kathy McNamara	East Hartford	CT
romund, Ted, Dr.	New Haven	CT
rooks, Robert	Rocky Hill	CT
urke, Jean	Waterbury	CT
utler, Evangeline	Waterbury	CT
abanas, Maria	Hartford	CT
abral, Duarte	Milford	CT
aesar, Julian P. Jr.	Windsor	CT
alienes, Alicia	East Norwalk	CT
anmarata, Don	Waterford	CT
ampos, Aida B.	New Haven	CT
ampos, Joe	Chester	CT
ampos, Stephen	New Haven	CT
anto, Marjorie	Darien	CT
araballo, Carmen	Newington	CT
arameta, Susan	Brookfield	CT
arameta, Susan	Brookfield	CT
ardines, Lorraine J.	Newington	CT
rdona, Enrique and Carmen	South Meriden	CT
rpenter, Maria	Berlin	CT
rarranza, Ruelfo	Darien	CT
rarroll, Robert F.	Wolcott	CT
rvalho, Daniel/Shelley	Hartford	CT
asa, Gian-Carl	Hamden	CT
asanta, Sandra	Manchester	CT
ástillo, Juan	West Hartford	CT

astro, Francisco/Matilde C.	Waterbury	CT
astro, Jr., Roman	Farmington	CT
hart, Alexander M.D.	Wallingford	CT
han, Eva Y.	Ridgefield	CT
han, Thomas K.	Suffield	CT
hang, Ellen	Hamden	CT
hang, Meredith	Stamford	CT
hang, S. K.	Wethersfield	CT
hang, Susan	Columbia	CT
hanin, Steven	Glastonbury	CT
hao, Nelson T.	Wilton	CT
heng, Tsung O., M.D.	Bethesda	MD
hey, Marilyn & Charles	Derby	CT
hin, Don	Trumbull	CT
hiu, Che-Ming	Stratford	CT
ho, Douglas	West Hartford	CT
hung, Hyung	Orange	CT
hurch, Cynthia	Dayville	CT
hyung, Chi-Han	Norwalk	CT
ondren, Susan	South Windsor	CT
onnell, Charles T.	Darien	CT
onti, Vincent L.	New Britain	CT
ordeiro, Luis Wagner	Bridgeport	CT
otter, Amy	Monroe	CT
ronin, Janis	Waterbury	CT
ruza, Michael	Trumbull	CT
ui, Yadong	Baltimore	MD
ummings, Shirley	Waterbury	CT
yr, Joan (Arella)	Naugatuck	CT
ay, Kerry	Southington	CT
leForge, Donald H. VMD	Milford	CT
lello, Christopher and Linda	Granby	CT
leLoureio, Mayra	West Hartford	CT
leLucia, Raymond	New Haven	CT
leSantis, David	Stamford	CT
lescalia, Julia	North Haven	CT
leTullio, Barbara	Trumbull	CT
lewey, Elmer	Manchester	CT
liaz, Jorge	Meriden	CT
liaz, Wilfredo	Meriden	CT
lorkin, Edin	West Hartford	CT
lyer, David E.	Milford	CT
llsworth, Joyce	Bridgeport	CT
ing, Daniel	Shelton	CT
ing, John Michael/Neu Fook	Stamford	CT
ackler, Robert	Cheshire	CT
alco, Lisa	Bridgeport	CT
awver, Harlan	Shelton	CT
yin, Bonnie	Monroe	CT
ang, Xin	Storrs	CT
enn, Robert S.	Old Saybrook	CT
errante, Thomas	Bridgeport	CT
inelli, Eda	Waterbury	CT
aster, Karen	Trumbull	CT
ores, Carlos	Jewett City	CT
ores, Humberto	Stamford	CT
ores, Suzanne or Felipe	Naugatuck	CT
ynn, Michael	Columbia	CT
ng, Wendy L.	Newtown	CT
ortunato, Tom	Danbury	CT
oster, Michael and Jennifer	Middletown	CT
uentes, Alfred & Betty	Bloomfield	CT
saog, Xiang	New Haven	CT
rcia, Miguel	Wallingford	CT
arcia-Abrines, Luis & Marie	New Haven	CT

arrigus, Doris	Cromwell	CT
hosh, Ranjan	Fairfield	CT
ilbert, Lou	Hartford	CT
insberg, Kenneth	West Haven	CT
blita, Jose M.	New Haven	CT
olub, Leo or Audrey	Noank	CT
onzalez, Albert	Bristol	CT
onzalez, Elmer	South Meriden	CT
onzalez, Luz	Stamford	CT
ray, Judith A.	Hopkinton	RI
ry, Judith A.	Hopkinton	RI
reen, MaryAnn	Stamford	CT
regg, Sarah	Waterbury	CT
verra, Marino	Orange	CT
verra, Thomas E.	Darien	CT
uerrero, Felix	New Haven	CT
uerrero, Mario A.	Darien	CT
ugliotti, Krista	Waterbury	CT
utierrez, Ernesto	Hartford	CT
utierrez, Raymond	Ridgefield	CT
utierrez, Teofilo, Jr.	Meriden	CT
addad, Georgette	Waterbury	CT
addad, Margaret	Waterbury	CT
ahn, Maria S.	Columbia	CT
ahn, Theresa	Granby	CT
an, Cheryl A.	Bristol	CT
anchard, Clovema	New Haven	CT
any, Judith	Rockville	CT
any, Magdalena	Ellington	CT
any, Richard and Betsey	Tolland	CT
arris, Sherry	Hartford	CT
arrison, Don	Waterbury	CT
art, Leigh	Southport	CT
nton, Clova	Windsor	CT
mandez, Maria	Meriden	CT
ernandez, Ramon and Nilda	Windsor	CT
inea, Joan	Bristol	CT
on, Earl	Watertown	CT
unter, Rick	Groton	CT
urdle, Nancy (Mrs.)	Stamford	CT
wang, Carol	Guilford	CT
arra, Maria	Bloomfield	CT
nbert, Jay	Bridgeport	CT
effrey, Thomas	Waterbury	CT
ohnstone, Carol A.	Moosup	CT
ones, Janice	Bridgeport	CT
ao, Mary	East Lyme	CT
orra, Srinivasa	Hamden	CT
ne, Jennifer	Waterbury	CT
ndra, Kathieen	Fairfield	CT
hosia, Penka/Nataaho	Norwalk	CT
Im, Byung Sub	Sandy Hook	CT
Im, Carol and Michael	Hamden	CT
Im, Jeansok	Hamden	CT
Im, Soo	New Canaan	CT
Im, Young Nam	Old Greenwich	CT
Im, Young-Joo (Ms.)	New Haven	CT
al, Kenneth	Thomaston	CT
ut, Kevin	Bristol	CT
rieg, Richard	Ridgefield	CT
ulycky, Maya	New Haven	CT
ummer, Robert	New Britain	CT
mickas, Eleanor	Enfield	CT
s, Paul	Forestville	CT
delia, Lovejoy	Portland	CT

	City	State
McCone, Joseph	Waterbury	CT
McCroix, Richard S.	Glastonbury	CT
McGing, Linda	Shelton	CT
McImanno, Michael	Waterbury	CT
McMonica, Marie	Cromwell	CT
McMurdino, Elizabeth	Branford	CT
McMuzetta, Constance	Wethersfield	CT
McMull, Margaret B.	Norwalk	CT
McMull, Suzanne	Glastonbury	CT
McMull, Tony	Westport	CT
McMull, Aileen	Stamford	CT
McMull, Long and Nula	Newington	CT
McMull, Phung	Waterbury	CT
McMull, Tai Van	Windsor	CT
McMull, Lingfeng	New Haven	CT
McMull, Zhong (Ma.)	New Haven	CT
McMull, Ying	Shelton	CT
McMull, Howard	Norwalk	CT
McMull, George Haoming	New Haven	CT
McMull, Pauline	Hartford	CT
McMull, Lyna	Hartford	CT
McMull, Jill	Guilford	CT
McMull, Cathy	Norwalk	CT
McMull, Cathy	Norwalk	CT
McMull, Peter	Waterbury	CT
McMull, Henrique and Jenny	Windsor	CT
McMull, Fernando	Torrington	CT
McMull, Stuart	Guilford	CT
McMull, Elizabeth	East Norwalk	CT
McMull, Patricia	Trumbull	CT
McMull, James	Monroe	CT
McMull, Raymond and Evelyn	Enfield	CT
McMull, Jean L.	Naugatuck	CT
McMull, Erna	Bethlehem	CT
McMull, Frank	North Branford	CT
McMull, Yuxin	Woodbridge	CT
McMull, William A.	Norwalk	CT
McMull, Teresa	Watertown	CT
McMull, Russell	Terryville	CT
McMull, Susan	Manchester	CT
McMull, Luis	Waterbury	CT
McMull, Regina	Meriden	CT
McMull, Wendy & Lee	Glastonbury	CT
McMull, Barbara L.	Milford	CT
McMull, Katie	North Haven	CT
McMull, Sergio	W. Hartford	CT
McMull, Lydia	Hartford	CT
McMull, Gary and Eileen	Trumbull	CT
McMull, Jose	East Haven	CT
McMull, Juan	Meriden	CT
McMull, Manuel	East Hartford	CT
McMull, Valerie	Guilford	CT
McMull, Eustace	Plainville	CT
McMull, Paula B.	Ivoryton	CT
McMull, Greg	Orange	CT
McMull, Sally	Bloomfield	CT
McMull, Thomas S., CPA	Milford	CT
McMull, Dolores	Wallingford	CT
McMull, Marie	New Haven	CT
McMull, Carlos	Bridgeport	CT
McMull, James	Wallingford	CT
McMull, Wilfredo	Meriden	CT
McMull, Zenon	Meriden	CT
McMull, William	West Hartford	CT
McMull, Joni	Niantic	CT

	City	State
oreno, Patricia	Windsor	CT
ori, Elizabeth	Stamford	CT
oy, Irving	Plainville	CT
oy, P. Luk-Moi	Middletown	CT
undo, Denise	Oakville	CT
uniz, William	Meriden	CT
urphy, Paul	Waterbury	CT
andakumar, Usha	New Fairfield	CT
eppl, Doris	West Haven	CT
eri, John L.	Clinton	CT
evins, Albert	Avon	CT
evins, Jr., Vincent	Chester	CT
guyen, Loc	Manchester	CT
guyen, Loi Van	Willimantic	CT
guyen, Sy	East Haven	CT
guyen, Tin Thi	Hartford	CT
ieves, Abraham	Bridgeport	CT
choa, Giancarlo	New Haven	CT
Connell, Adele	Greenwich	CT
rtiz, Antonio	Bridgeport	CT
rtiz, Lillian	Seymour	CT
adin, Mary Ellen	New Milford	CT
aez, Bette Lynn	Bridgeport	CT
alladino, Anthony J.	Watertown	CT
allotti, Christine	Hartford	CT
almieri, Cynthia	Hamden	CT
anlaguaand, Antonio	Madison	CT
apa, Carmine	Wolcott	CT
aradis, Marianne F.	Windsor Locks	CT
ardo, Osvaldo F.	Willimantic	CT
ark, Steven	Hartford	CT
atel, Dipak	Berlin	CT
atel, Manu	Rocky Hill	CT
atel, Rajendra	Milford	CT
atel, Rajendra	Milford	CT
eck, Robert	Suffield	CT
ena, Alberto	Hartford	CT
ena, Miguel	East Hartford	CT
ereira, Dina	Bridgeport	CT
erez, Alicia, Dr.	Danbury	CT
erez, Althea C.	Winsted	CT
erez, Archie	Torrington	CT
erez, Benigna	East Hartford	CT
erez, Charles	Stratford	CT
erez, Joan	Southbury	CT
erez, Manuel	Derby	CT
erez, Raul	Weatogue	CT
erry, Sylvia	Stamford	CT
ezo, Francisco	Waterbury	CT
iekarski, Miram	Hamden	CT
iosplail, Judy and Agnes	Manchester	CT
iotetz, Jacqueline	Waterbury	CT
reston, Staj and Diane	North Stonington	CT
uebla, Jose	Gaylordsville	CT
yi, Hong	East Lyme	CT
ulnn, Kerry and Natalie	Waterbury	CT
ulnn, Margaret	Woodbridge	CT
ulnto, Frank	New Haven	CT
ubs, Judy	Salem	CT
tamirez, Jose	Hartford	CT
tamos, Ivan A.	Portland	CT
tamos, Lourdes	Middletown	CT
taskin, Richard	Southport	CT
ted, Koshil	New Britain	CT
egnery, George M.	Greenwich	CT

Amirez, Ellen	Cheshire	CT
Ampe, Steve	Ashford	CT
Amey, Carlter	Stamford	CT
Amey, Celia	Bridgeport	CT
Amey, Dorene	Waterbury	CT
Amey, Myrna, Dr.	Bridgeport	CT
Amos, Evelisse	Hartford	CT
Amos, Jose	Waterbury	CT
Amora, Aloida	Meriden	CT
Amora, Apolinar	Hartford	CT
Amora, Carmen	Meriden	CT
Amora, Eduardo	South Windsor	CT
Amora, Evangelista	Trumbull	CT
Amora, Israel	Villalba	PR
Amora, Jorge L.	Amston	CT
Amora, Oscar	Brookfield	CT
Amora, Priscilla Ann	Torrington	CT
Amora, William	Moosup	CT
Amoro, Judith	Sherman	CT
Amorside Floor Covering	Riverside	CT
Amorim, Ana	Danbury	CT
Amorim, Francisco and Ana	West Hartford	CT
Amorim, Manuel	Danbury	CT
Amorim, Manuel D.	South Windsor	CT
Amorim, Maria	Millford	CT
Amorim, Candido L.	Bridgeport	CT
Amorim, Carmen Vila	East Norwalk	CT
Amorim, Eddi	Bridgeport	CT
Amorim, Edwin R.	Waterbury	CT
Amorim, Jaume and Vivian	Tolland	CT
Amorim, Jennifer	West Haven	CT
Amorim, Jorge	Stamford	CT
Amorim, Jr., John	New Britain	CT
Amorim, Jr., Ramiro	Waterbury	CT
Amorim, Larry	Vernon	CT
Amorim, Mirta	Newington	CT
Amorim, Raul	Wethersfield	CT
Amorim, Raul A. Esq.	Hartford	CT
Amorim, Sabino, III, Esq.	Stamford	CT
Amorim, Poncho and Janet	Stratford	CT
Amorim, Romulo	Branford	CT
Amorim, Sam	Stamford	CT
Amorim, Carmen	Wolcott	CT
Amorim, Joseph	Bridgeport	CT
Amorim, Margaret	Wolcott	CT
Amorim, Albert J., Jr.	Newington	CT
Amorim, Delbert	Brookfield	CT
Amorim, Maria	Hartford	CT
Amorim, Ricardo	Wallingford	CT
Amorim, Rolando	Danbury	CT
Amorim, Tita	Meriden	CT
Amorim, Joseph	New Britain	CT
Amorim, Thomas	Plainville	CT
Amorim, Peter	Newington	CT
Amorim, Catherine and Marco	Plainville	CT
Amorim, Jairo	East Haven	CT
Amorim, Karen	Bethany	CT
Amorim, Mary Sue and Eddie	West Hartford	CT
Amorim, Richard F.	Enfield	CT
Amorim, David	Plainville	CT
Amorim, Alfredo	Stamford	CT
Amorim, Angel	Ansonia	CT
Amorim, Carlos	Meriden	CT
Amorim, Edgar, Jr.	Waterbury	CT
Amorim, Ewin	Manchester	CT

anchez, Ramon E.	Riverside	CT
anchez, Ricardo	Hartford	CT
anchez, Victor & Carmen	Hartford	CT
andoval, Edwin	East Hartford	CT
antiago, Joanne A.	Avon	CT
antopietro, Henry J.	Waterbury	CT
antos, Antonio	Waterbury	CT
antos, Arthur	Hartford	CT
antos, Gary	West Hartford	CT
antos, Maria D.	Windsor	CT
bastian, Dolores	Bridgeport	CT
apulveda, Luz	New Britain	CT
arrano, Gabriel	West Hartford	CT
arrano, Manuel	W. Hartford	CT
arrano, Miguel A.	New Haven	CT
arrato, Salvatore	Derby	CT
arah, Bhadrak and Dipti	North Stonington	CT
arah, Bhavesh, M.D.	Suffield	CT
arker, James & Loretta	Waterbury	CT
arni, Dorothy	Beacon Falls	CT
arrito, Cristina	Manchester	CT
arvin, Patrick	Newtown	CT
arvide, Charlee & Christine	Watertown	CT
arin, Seung H.	South Windsor	CT
aria, John	Fairfield	CT
ariva, Eros	West Haven	CT
ariva, Joseph	Waterbury	CT
ariva, Patti	Wethersfield	CT
arivh, Magdalene	Waterbury	CT
arohn, George	Essex	CT
arolis, Max	North Stonington	CT
arolis, Providencia	Portland	CT
aroloff, Carol	Westport	CT
arong, Mary	Trumbull	CT
aroto, Maritza	Bridgeport	CT
arotoohi, Maureen	West Hartford	CT
arplehler, Howard III	Bloomfield	IN
arahouski, Glenn D.	Somers	CT
artempler, Stacey	Norwalk	CT
aruares, Jose, AAG	West Hartford	CT
arullivan, Tina	Norwalk	CT
arun, Kwok	North Haven	CT
arylvia, Debra J.	Fairfield	CT
arames, Lila and Joel	Huntington	CT
arandoc, Edellne	Stamford	CT
ararvin, Jeffrey	Brookfield	CT
araylor, Fay	Windsor	CT
arajano, Manny	Waterbury	CT
ararras, Maria	Danbury	CT
ararito, Philomena	Cheshire	CT
ararledo, John	Norwalk	CT
ararentino, Paul	Westport	CT
ararentino, Samuel	Norwalk	CT
araromas, Emma	Bridgeport	CT
ararorello, Nicholas Sr.	Branford	CT
ararores, Jose J.	Hartford	CT
ararores, Luz E.	East Hartford	CT
ararores, Marcelo	Simsbury	CT
ararores, Wendy	Windsor	CT
araran, Honglan	South Windsor	CT
araran, Mai	North Haven	CT
araran, Mai	Windsor,	CT
araran, Thai (Mr.)/Tran,Duc(Ms.)	Granby	CT
ararao, Emily	Portland	OR
ararase, Donald	Westport	CT

mo, Elko	Hebron	CT
rbeno, Nancy	Bridgeport	CT
rsini, Debra and Robert	Meriden	CT
sides, Joseph C., Esq.	Stamford	CT
stleriano, Andrew	New Haven	CT
stleriano, Ruta	New Haven	CT
stargas, Antonio	Tolland	CT
staquez, Aurelio	Riverside	CT
staquez, Victor A.	Hartford	CT
stace, Jacqueline	Middletown	CT
staga, Ignacio	Torrington	CT
stalez, Peter Rios	North Stonington	CT
staltri, Richard D.	East Hartford	CT
stentura, Kenneth	Meriden	CT
stentura, Maria	Waterbury	CT
stilafano, Nelson	Stamford	CT
stileneuve, Richard	Enfield	CT
stola, Jose A.	Stamford	CT
stalter, John B.	Madison	CT
stang, Wayne	University Park	PA
stang, Yugang	New Haven	CT
sthlte, Deborah K.	Newington	CT
stinter, Stephen M.	Ridgefield	CT
stitherspoon, Rhea	Bloomfield	CT
stlong, Brian, M.D.	Woodbridge	CT
stlong, Hey Y.	North Haven	CT
stlong, Kwok	East Haddam	CT
stlong, Lucy	Woodstock Valley	CT
stlright, Janet	Oakville	CT
stlu, Mint-Jer	West Hartford	CT
stlu, Tao	New Haven	CT
stlu, Y.C.	West Hartford	CT
stle, Qun	Stamford	CT
stlu, WeiJun	New Rochelle	NY
stlugar, Donald A.	Prospect	CT
stlavin, Ely	Stamford	CT
stleng, Hulrin	Orange	CT
stlhan, Pelli	Farmington	CT
stluo, Songlan	New Haven	CT

Qwest's Response to Interrogatory No. 27

LastName	FirstName	Phone
Acededo	Manuel	
Agbayani	Juan & Lolita	
Agrawal	Hanuman	
Aho	Aaro A.	
Alban	Sakun	
Alexander Chan	Lily Yeo	
Andrade	Andrea	
Angus	William	
Anselmo	Peter	
Aponte	Alexander	
Arnold & Associates		
Auclair	Christine	
Auclair	Christine	
Ayala	Elena	
Baik	Rania	
Bardo	Ben	
Bargas	Efrim	
Bayona	Ramon	
Beltran	Daniel	
Beltrandi	John	
Benet	Claire	
Bernsen	Jennifer	
Bernsen	Jen	
Bond	Kenneth	
Braxton	Margaret	
Brigante	Melissa	
Burke	Holon	
Caeser	Julian P.	
Calienes	Alicia	
Camacho	Maria	
Cammarata	Don	
Campos	Joe	
Campos	Stephen	
Campos	Aida	
Caraballo	Carmen	
Cardona	Enrique	
Cardona	Maria	
Carranza	Ruelfo	
Carvalho	Daniel	
Casasanta	Sandra & Dominick	
Castillo	Juan	
Castro	Matilde	
Chen	Eva	
Chan	Thomas	
Chang	Meredith	
Cheng	Ellen T.	
Chey	Marilyn	
Cho	Douglas	
Chon	Sil K.	

Qwest's Response to Interrogatory No. 27

LastName	FirstName	Phone
Chung	Hyung	
Connell	Charles	
Conti	Vincent	
Cordeiro	Luiz	
Cotter	Amy	
Cray	Christine	
Cuminotto	Vince	
Cummings	Shirley	
Dailey	Jesse	
Day	Kerry	
Deforge	Donald H.	
Deluca	Jack	
DeSantis	Mr. and Mrs. David	
Dewey	Elmer	
Diaz	Maria	
Diaz	Asuncion	
Diaz	Mercedes	
d'Rodriguez	Juan Frank	
Duda	Joyce and Leonard	
Dvorsky	Lewis	
Edwards	David	
Eng	Daniel	
Eng	John M.	
Falco	Lisa	
Farrell	Jerald	
Fawver	Harlan	
Felmore	Kathy	
Fernandez	Sally	
Finelli	Anthony	
Flaster	Karen	
Flores	Felipe	
Fortunato	Tom	
Fuentes	Alfredo	
Gawendo	Lisa	
Geracy	James	
Gottia	Jose	
Gonzalez	Albert	
Gray	Judith A.	
Guadagno	Mary	
Guardia	David	
Guerrero	Mario	
Gugliotti	Krista	
Gutierrez	Ernesto	
Guzman	Cecilia	
Hahn	Theresa	
Hahn	Maria	
Hamelin	Madeline	
Han	Cheryl	
Hany	Richard	
Harris	Sherry	
Hawley	Leslie	

Qwest's Response to Interrogatory No. 27

LastName	FirstName	Phone
Henton	Clova	
Hernandez	Ramon	
Hong	Qi	
Hoyl	Eileen	
Hunter	Rick	
Hurdle	Nancy	
Hwang	Carol	
Inzinga	Peter	
Jones	Janice	
Kao	Mary	
Karra	Srinivasa	
Kim	Yong Nan	
Kim	Byung	
Kim	Young-joo	
Kim	Jeong	
Kim	Nam B.	
Kim	Young Nam	
Kimdr	Michael	
Kwee	Paul	
LaBella	Lovejoy	
LaCroix	Richard	
Laing	Linda	
Lamanno	Michael	
Lamarre	Terisa	
LaMonica	Marie	
Landino	Elizabeth	
Lapol	Margaret	
LaPolt	Suzanne	
Le	Long	
Le	Long	
Le	Phung	
LeBlanc	Mary	
Levine	Robert	
Li	Lingfeng	
Linde	Howard	
Liu	George H.	
Lobo	Acacio and Isabel	
Lok	Cathy	
Lopez	Fernando	
Low	Stuart M.	
Lugo	Elizabeth	
Lungaaho	Bernard	
Makubika	Jean	
Mao	Yuxin	
Mapes	William A.	
Martinsen	Russell	
Mateo	Luis	
McCaughy	Susan	
McCormack	Barbara	
Mejia	Sergio	
Mendez	Jose	

Qwest's Response to Interrogatory No. 27

LastName	FirstName	Phone
Mendez	Gary & Eileen	
Meneses	Manuel	
Michel	Bernard	
Mike	Eustace	
Mitchel	David	
Montano	Andrew	
Monterosso	Thomas	
Montoya	Dolores	
Moore	Daniel	
Morales	Carlos	
Morales	James	
Moreno.	Patricia	
Morgan	Timothy	
Mori	Elizabeth H.	
Murphy	Ruth	
Nadkarni	Vasant	
Nancy	Via	
Nandakumar	Govindan	
Nevins	Albert E.	
Nguyen	Tin Thi	
Nguyen	Sy	
Nguyen	Loi Van	
Ochoa	Gian-Carlo	
Olmstead	L.B.	
Padin	Mary Ellen	
Palladino	Anthony J.	
Palmeri	Catherine	
Pardo	Osvaldo	
Pastro	Christina	
Patel	Rajendra	
Patel	Dipak	
Patel	Manu R.	
Pease	Alan	
Pellot	Jerson	
Pena	Miguel	
Perez	Archie	
Perez	Joan	
Perez	Manuel	
Perez	Benigna	
Perez	Althea	
Peterson	Madeline	
Petkovich	Ernest J.	
Pezo	Francisco	
Philomena	Tito	
Potetz	Jacqueline	
Probert	Richard	
Quan	Tim	
Quinn	Kerry	
Quinlo	Frank	
Rabe	Judy	
Ramirez	Edgar	

Qwest's Response to Interrogatory No. 27

LastName	FirstName	Phone
Ramos	Ivan	
Ramos	Lourdes	
Reyes	Dorene	
Rios	Ivelisse	
Rivera	Priscilla	
Rivera	Apolinar	
Rivera	Jorge	
Rivera	Juan	
Rivera	Eduardo	
Rivera	William	
Rivera	Israel	
Rivera	Carmen	
Rivera/Jimmy River		
Rodriguez	Manuel	
Rodriguez	Raul A.	
Rodriguez	Reinaldo	
Rodriguez	Carmen Vila	
Rodriguez	Jenifer	
Rodriguez	Candido	
Rodriguez	Raul	
Rodriguez	Manuel	
Rodriguez	Frances	
Rodriguez	Poncho	
Rodriguez	Jeannette	
Rodriguez	Eddi	
Rodriguez	Maria C.	
Rodriguez	Ramiro	
Roman	Luz A.	
Romero	Romulo	
Rosa	Joseph	
Ruiz	Maria	
Ruiz	Delbert	
Ruiz	Tita	
Ruiz	Albert	
Ruiz	Ricardo	
Ruiz	Beatriz C.	
Rustico	Esther	
Sala	Peter J.	
Salazar	Catherine & Marco	
Salvador	Edward	
Sama	Rose	
Sanchez	Angel	
Sanchez	Ricardo	
Sanchez	Augustine	
Sanchez	Edgar	
Sanchez	Ewin	
Sanchez	Victor & Carmen	
Sandoval	Edwin	
Santana	Nelly	
Santiago	Joanne	
Santopietro	Henry	

Qwest's Response to Interrogatory No. 27

LastName	FirstName	Phone
Santos	John	
Santos	Daniel	
Santos	Maria	
Sebastian	Sarah D.	
Sepulveda	Luz	
Serrante	Thomas	
Shami	Dorothy	
Shellito	Christine	
Silva	Eros	
Silva	Manuel & Patti	
Sohn	Max	
Solis		
Solo	Maritza	
Soloochi	Maureen	
Stempler	Stacey	
Sullivan	Tina	
Sylvia	Debra	
Tames	Lila	
Tandoc	Edeline	
Tejano	Manny	
Tolentino	Paul	
Tolentino	Samual	
Tomas	Emma	
Torello	Nicholas	
Torres	Efrain & Wendy	
Torres	Luz	
Torres	Luz	
Torres	Jose	
Torres		
Tran	Mai	
Tran	Mai	
Tran	Thai	
Tsang	Benjamin	
Tse	Donald	
Valdes	Joseph	
Valdes	Nelida	
Valeriano	Andrew	
Valeriano	Ruta	
Vasquez	Victor	
Veltri	Richard D.	
Ventura	Kenneth	
Villafane	Nelson	
Wang	Yugang	
Wang	Wayne	
Weissman	Fred	
White	Deborah	
Williams	Stephen	
Wing	Brian	
Wong	William & Lucy	
Wong		
Wu	Diane	

Qwest's Response to Interrogatory No. 27

LastName	FirstName	Phone		
Wu	Tao			
Wu	Yuen- Chi			
Xie	Qun			
Xu	Weijun			
Yau				
Ying	Lin			
Zagar	Donald A.			
Zeng	Huirin			
Zuo	Songlan			

APPENDIX B -- Letter to Consumers

Dear Consumer:

As a result of a settlement with Connecticut Attorney General Richard Blumenthal, we are writing to advise you that Qwest has agreed to provide you with a refund or a credit if Qwest switched your service without your authorization or if Qwest billed you without providing service. This notice explains your rights and how to apply for such a refund. Please read this notice carefully and follow all instructions if you wish to submit a claim for a credit or refund.

Who Is Eligible

Qwest will issue refunds or credits for certain fees and charges to:

- (1) consumers who had their long distance service switched to Qwest without their consent; or
- (2) consumers who were billed by Qwest for unauthorized charges when they were no longer Qwest customers.

What You May Be Eligible For

Qwest will reimburse (through a bill credit or refund) those consumers who had their long distance service switched to Qwest without their consent for:

- (1) any charges billed by your local telephone company for:
 - (a) switching your long distance service to Qwest; and/or
 - (b) for switching your long distance service from Qwest back to your long distance carrier of choice;
 - (2) charges billed by Qwest:
 - (a) for long distance service while Qwest provided long distance service without your consent; and/or
 - (b) other charges after you switched your long distance provider from Qwest to another carrier.
-

Any refund will be reduced by the amount of any credit or refund that Qwest or your local exchange carrier has already given you based upon a previous complaint that Qwest changed your long distance service without your permission.

How To Determine If You Are Eligible To Receive A Credit Or Refund

If you believe that you are eligible for a credit or refund, you must contact Qwest within 45 days either by returning the enclosed, postage prepaid, postcard, by calling Qwest at 1-800-405-1506 or by sending an email to ctsettlement@qwest.com. A determination will then be made whether you are entitled to a credit or refund. If Qwest does not have proof that you consented to have your long distance service switched to Qwest, we will provide you with the credit or refund described above. Additionally, we will provide you with a credit or refund if we do not have proof that we billed you for actual, authorized service.

Within forty-five (45) days of receiving your call or postcard, you should get a notice from Qwest either (1) explaining the amount to which you are entitled, along with your payment or notice of your credit; or (2) explaining Qwest's denial of your claim. If Qwest determines that you are not entitled to a credit or refund, Qwest will provide the reasons why to you.

If, after receiving your notice from Qwest, you still dispute the resolution of your claim, you can contact us at the address below:

Qwest Communications Corp.
Sales Regulation Compliance, 45020
4650 Lakehurst Court
Dublin, Ohio 43016-3254

Qwest will forward any denials or customer disputes received to the Attorney General's Office for final resolution. Qwest will seek to promptly resolve any problems you may have.

Sincerely,

Qwest

SI USTED HABLA ESPAÑOL Y NO ENTIENDE LA INFORMACIÓN EN ESTA CARTA, FAVOR DE LLAMAR A QWEST A 1-800-405-1506.

APPENDIX C - Form of Newspaper Notice of Terms of Stipulated Judgment

**NOTICE TO CONSUMERS REGARDING QWEST COMMUNICATIONS
SETTLEMENT WITH THE STATE OF CONNECTICUT**

As a result of a settlement with Connecticut Attorney General Richard Blumenthal, this Notice is to advise you that Qwest Communications International Inc. has agreed to provide you with a refund or credit if Qwest switched your service without your authorization or if Qwest billed you without providing service. This notice explains your rights and how to apply for such a refund. Please read this notice carefully and follow all instructions if you wish to submit a claim for a credit or refund.

YOU MAY BE ENTITLED TO A REFUND OR CREDIT FROM QWEST.

Who Is Eligible

Qwest will issue refunds or credits for certain fees and charges to:

- (1) consumers who had their long distance service switched to Qwest without their consent; or
- (2) consumers who were billed by Qwest for unauthorized charges when they were no longer Qwest customers.

What You May Be Eligible For

Qwest will reimburse (through a bill credit or refund) those consumers who had their long distance service switched to Qwest without their consent for:

- (1) any charges billed by your local telephone company for:
 - (a) switching your long distance service to Qwest; and/or
 - (b) switching your long distance service from Qwest back to your long distance carrier of choice;
- (2) charges billed by Qwest for long distance service while Qwest provided long distance service without your consent.

Qwest will also reimburse (through a bill credit or refund) those consumers who continued to be billed by Qwest after switching from Qwest to another long distance carrier. Any refund will be reduced by the amount of any credit or refund that Qwest or your local exchange carrier has already given you for the same incident.

How to Proceed

If you believe that your long distance service was switched to Qwest without your consent, or you were billed by Qwest for unauthorized charges after switching to another carrier, you must contact Qwest no later than November 27, 2001, by calling:

1-800-405-1506

Qwest will review your complaint regarding unauthorized billing. If Qwest cannot provide you with proof that you consented to have your long distance service switched to Qwest, it will provide you with a bill credit or refund. If Qwest billed you for unauthorized charges after you switched long distance service to another carrier, Qwest will issue a bill credit or refund for these charges. You will also be reimbursed for any switching charges that were billed by your local telephone company.

**APPENDIX D - Form of Newspaper Notice of Terms of Stipulated Judgment,
Spanish Language Version**

**UN AVISO A CONSUMIDORES CON RESPECTO DE UN ACUERDO CON QWEST
COMMUNICATIONS INTERNATIONAL, INC. Y EL ESTADO DE CONNECTICUT**

**USTED PODRÁ TENER DERECHO A RECIBIR REEMBOLSOS
O CRÉDITOS DE QWEST**

Debido a un acuerdo con el Procurador General Richard Blumenthal y Qwest, este aviso es para anunciar que Qwest ha concordado dar reembolsos o créditos si Qwest cambió su servicio sin su autorización o si Qwest facturó cargos sin proveer servicio. Este aviso le explica sus derechos y cómo solicitar tal reembolso. Por favor lea este aviso cuidadosamente y siga todas las instrucciones si desea un crédito o reembolso.

Quién es Eligible

Qwest distribuirá reembolsos o créditos por un honorario o cargo a:

- (1) Los consumidores que tuvieron su servicio de larga distancia cambiado a Qwest sin su autorización; o
- (2) Los consumidores que fueron facturados por Qwest de cargos sin autorización cuando ya ellos no eran clientes de Qwest.

Usted será eligible para recibir lo siguiente

Qwest reembolsará (por un crédito de cuenta o reembolso) a esos consumidores que tuvieron su servicio de larga distancia cambiado a Qwest sin su autorización:

- (1) Cualquier cargo facturado por su compañía telefónica local:
 - (a) cambiando su servicio de larga distancia a Qwest y/o
 - (b) cambiando su servicio de larga distancia con Qwest a su servicio de larga distancia que usted había elegido originalmente;
- (2) Cargos facturados por Qwest para servicio de larga distancia mientras Qwest proporcionó el servicio de larga distancia sin su autorización.

Qwest reembolsará (por un crédito de cuenta o reembolso) a esos consumidores que continuaron ser facturados por Qwest después de ser cambiado a otro servicio de larga distancia. Cualquier reembolso será reducido por la cantidad de cualquier crédito o reembolso que Qwest ya dio para el mismo incidente.

Cómo Proceder

Si usted piensa que su servicio de larga distancia fue cambiado a Qwest sin su consentimiento o usted fue facturado por Qwest con cargos no autorizados después de ser cambiado a otro portador, usted debe avisar a Qwest no más tarde que el 27 de noviembre, 2001, llamando a Qwest a:

1-800-405-1506

Qwest revisará su querrela con respecto a su factura. Si Qwest no provee pruebas de que usted consintió cambiar su servicio de larga distancia, Qwest le dará un crédito de cuenta o un reembolso. Si Qwest facturó cargos no autorizados después que usted cambió su servicio de larga distancia a otro portador, Qwest le dará un crédito de cuenta o un reembolso por esos cargos. También usted será reembolsado por cualquier cargo que su compañía telefónica local le facturó por cambiar su servicio.

**ALAN G. LANCE
ATTORNEY GENERAL
STATE OF IDAHO**

**MICHELE R. BUTTS (ISB No. 5437)
BRETT T. DeLANGE (ISB No. 3628)
MICHAEL J. SHEELEY (ISB No. 2913)
Deputy Attorneys General
Consumer Protection Unit
Office of the Attorney General
700 W. Jefferson, Room 210
P.O. Box 83720
Boise, Idaho 83720-0010
Telephone: (208) 334-2424**

ATTORNEYS FOR THE STATE OF IDAHO

**IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT
OF THE STATE OF IDAHO, IN AND FOR THE COUNTY OF ADA**

**STATE OF IDAHO by and through
ALAN G. LANCE, Attorney General,**

Plaintiff,

vs.

**LCI INTERNATIONAL TELECOM CORP.,
a Delaware corporation, dba Qwest Communications
Services,**

Defendant.

Case No.

STIPULATION

This Stipulation is entered into between the State of Idaho, acting through its Attorney General, Alan G. Lance (Attorney General), and LCI International Telecom Corp., a Delaware corporation, dba Qwest Communications Services (hereinafter "Qwest" or "Defendant"). The Attorney General and Defendant submit this Stipulation in conjunction with entry of the accompanying Consent Judgment, in accordance with the Idaho Consumer Protection Act (CPA), codified at title 48, chapter 6, Idaho Code. The parties stipulate and agree that:

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I. FINDINGS

1. Defendant is a Delaware corporation with its office and principal place of business located at 555 17th Street, Denver, Colorado. Defendant's registered agent in the State of Idaho is CT Corporation System, 300 N. 6th St., Boise, Idaho 83701.

2. The Attorney General alleges that Defendant has engaged in misrepresentations in soliciting customers to switch their long distance telephone service, the unauthorized switching of customers' long distance services, and improper verification of authorization for the change in long distance service in violation of Idaho Code § 48-603D (2)(a)(b)(i)(ii) of the CPA and Rules 30 and 220 of the Idaho Rules of Consumer Protection (CPR) codified at IDAPA 04.01.02000. Additionally, the Attorney General alleges that Defendant has billed consumers for unauthorized services on their telephone bills in violation of Idaho Code § 48-603D (3)(a)(b) of the CPA and Rules 30 and 220 of the Idaho Rules of Consumer Protection (CPR) codified at IDAPA 04.01.02000. Finally, the Attorney General alleges that Qwest has engaged the services of unregistered telemarketers to solicit their services to Idaho consumers in violation of Idaho Code § 48-1004 of the Idaho Telephone Solicitation Act (TSA).

3. Defendant admits to the jurisdiction of this Court over the subject matter and the parties for the purpose of entry of this consent judgment and acknowledges that jurisdiction is retained by the Court for the purpose of enforcement of the consent judgment.

4. This consent judgment is for settlement purposes only, and Defendant does not admit to any of the factual allegations by the Attorney General or to any violation of state or federal law, rule or regulation, wrongdoing, or liability of any kind on its part or on the part of any of Qwest's officers, directors, agents, employees, representatives, independent contractors, marketers,

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or assigns, nor does this Stipulation constitute any finding of any such violations, wrongdoing or liability of any kind on its part or on the part of any of Qwest's officers, directors, agents, employees, representatives, independent contractors, marketers, or assigns.

II. DEFINITIONS

5. Definitions:

a. "Authorized person" means the subscriber-of-record or any person to whom the subscriber-of-record has delegated the authority to change telecommunications service carriers who is eighteen years of age or older, provided that if at any time after the filing of this stipulation, the Federal Communications Commission (FCC) determines that the subscriber-of-record for a telephone line is the only person authorized to change telecommunications service carriers, or if the FCC sets out more restrictive criteria than that set out in the definition of an "authorized person" as defined herein, the Defendant shall comply with the FCC standard.

b. "Telecommunications service" means interLATA, intraLATA, or local exchange service.

c. "Credit" refers to any adjustment made to the subscriber's telephone account that leads to a reduction in the amount of money owed by the subscriber on his or her telephone bill.

d. "Dispute" is a written or oral communication from a subscriber or third party regulatory agency contesting charges made to a subscriber's telephone bill.

e. "Subscriber" is an individual or entity, in whose name a telephone account is held or who is financially responsible for the payment of the telephone account.

f. "Verification" means the process by which Defendant confirms, at a minimum, that a subscriber: has affirmatively authorized a switch in long distance service. Verification must occur after Defendant has made the required disclosures for solicitations and has obtained the subscriber's authorization.

III. GENERAL INJUNCTIVE RELIEF

6. Defendant Qwest for itself, its successors, assigns, officers, agents, representatives, employees, and all other persons acting on their behalves, jointly or individually, directly or through any corporate or other business device, including any entities whose acts practices, or policies are directed, formulated or controlled by the Defendant, is permanently enjoined from engaging in the following practices in connection with the advertising, offering for sale, sale, or provision of telecommunications services:

a. Failing, in connection with any solicitation initiated by Qwest, to clearly and conspicuously disclose, in English or Spanish, if any part of the solicitation is in Spanish, before any statement other than an initial greeting, the following information:

- 1) the solicitor's name;
- 2) the name of the company on whose behalf the solicitor is calling;
- 3) that the purpose of the call is to solicit the sale of telecommunications service; and
- 4) that the solicitor must speak to the subscriber-of-record or to an authorized person;

b. Failing to disclose clearly and conspicuously, in English or Spanish, if any part of the solicitation is in Spanish, all material terms and conditions of Defendant's

offer;

c. Misrepresenting, expressly or by implication, that the solicitor is calling from, is a representative of, or is with a consumer's current telecommunications service carrier, or otherwise misrepresenting the function, role, origin, or status of the solicitor;

d. Representing, expressly or by implication, to a particular prospective customer that telecommunications service is being offered at rates which are less than those of his or her current telecommunications service, unless such a representation is true, and Defendant has a basis for making such a representation at the time the representation is made;

e. Representing, expressly or by implication that if the offer is accepted, the consumer will not be switching telecommunications service carriers;

f. Failing to obtain the express authorization from the subscriber-of-record or from an authorized person to switch telecommunications service from the subscriber-of-record's current telecommunications service carrier to Qwest before attempting to verify such authorization;

g. Failing to verify the express authorization of the subscriber-of-record or authorized person to switch telecommunications service from the subscriber-of-record's current telecommunications service carrier to Qwest as required under 47 C.F.R. §§ 64.1100 and 64.1150, as they now exist, or may later be amended, before submitting a change order;

h. Failing, in the case of Defendant's use of the independent third party verification method described in 47 C.F.R. 64.1100 (c), to obtain oral verification of a

subscriber-of-record's or authorized person's authorization to switch telecommunications service from his or her current telecommunications service carrier to Qwest, to meet all of the following criteria with respect to such verification: (a) the independent third party must operate from a facility physically separate from any facility of the telemarketer; (b) Defendant may not have any direct or indirect ownership or proprietary interest in said independent third party; (c) Defendant may not manage, control, or direct said independent third party, either themselves or through agents, representatives, or insiders; and, (d) employees, representatives, independent contractors, or other agents of said independent party must not derive commissions or compensation based upon the number of change order requests confirmed; and

i. Telemarketing in the State of Idaho or engaging the services of third-party telemarketers to telemarket in the State of Idaho without registering with the Office of the Attorney General.

IV. REQUIRED DISCLOSURES FOR SOLICITATIONS

A. GENERAL REQUIREMENTS

7. Defendant shall not solicit in an unfair or deceptive manner to sell or provide long distance service to any Idaho consumer. In any solicitation for a long distance service, regardless of form, Defendant and Defendant's agents shall make at a minimum the following disclosures clearly and conspicuously:

- a. Defendant's full name and customer service telephone number;
- b. the fact that the solicitation is intended to induce the subscriber to switch his or her long distance service;
- c. an accurate description of the long distance service which the subscriber is being

asked to select; and

d. all monthly minimum charges or monthly service fees and the amount of such fees that will be charged by Defendant, if such is the case.

B. TELEMARKETING SOLICITATIONS

8. Any telemarketing solicitation shall contain the minimum disclosures described hereinabove in paragraph 7 (required disclosures for solicitations) and Defendant and Defendant's agents shall register with the Office of the Attorney General prior to telemarketing in the State of Idaho. In addition, in any telemarketing solicitation, Defendant shall disclose clearly and conspicuously the following information:

- a. the caller's name;
- b. the name of the company on whose behalf the caller is calling;
- c. that a long distance service is being offered;
- d. a complete and accurate description of the long distance service to which the subscriber is being asked to switch; and
- e. a toll-free customer service number where further information may be obtained.

V. SUBSCRIBER AUTHORIZATION AND VERIFICATION

9. Defendant shall obtain express authorization and verification from the subscriber or authorized person in accordance with the provisions of this Stipulation and with 47 C.F.R. §§ 64.1100 and 64.1150, as they are currently in effect or may be amended, before submitting a carrier change order to switch the subscriber's service to Defendant's long distance service. Defendant shall maintain proof of same in its entirety for two years at Defendant's place of business, or, at a minimum, proof of same shall be reasonably accessible to Defendant. Defendant shall provide such documentation to the Attorney General upon the Attorney

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General's request.

VI. RESTITUTION

10. Defendant shall undertake, with respect to complaints previously filed by Idaho residents or filed within ninety (90) days following the date of entry of this consent judgment, with the Idaho Attorney General's Office, the Idaho Public Utilities Commission, the FCC, or any other governmental entity, or with the Better Business Bureau, which are forwarded to Qwest, as well as those filed with or directed to Defendant, which complaints reference that Qwest billed the consumer for a long distance or other service without authorization or that a service was billed to the consumer as the result of express or implied misrepresentations, to address such complaints in accordance with the following procedure:

a. Within twenty (20) days following the receipt of a complaint either from the entities noted in paragraph 12, or from the consumer directly, Defendant shall investigate such complaint and for each undisputed complaint shall reimburse consumers as follows:

- 1) Defendant shall provide a credit or refund in the amount equal to all charges billed to that consumer after the switch at issue, less any credits or refunds previously granted to the consumer.
- 2) In most cases Defendant shall issue a bill credit to the consumer within 20 days of receiving the complaint; however, when that is not possible, Defendant shall issue a refund check within those 20 days.
- 3) Should Qwest deny a consumer's request for a credit or refund, it shall provide to the Attorney General, within ten (10) days of denying the request, the written reason for the denial. Defendant shall, at the same time,

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provide the Attorney General the amount in dispute and any other evidence that Defendant has used to substantiate the denial. Should the Attorney General determine that Qwest was unjustified in denying a refund, the parties shall submit the dispute to the Court for a decision.

4) Within one hundred and fifty (150) days of the signing of the consent judgment by the Court, Qwest shall forward to the Attorney General an affidavit, subscribed to by a Qwest officer authorized to bind Qwest, indicating for each Idaho consumer to whom Qwest issued a refund or credit pursuant to the consent judgment, the name, address and telephone number of the consumer, and the amount and the date of the refund or credit.

VII. RECORD KEEPING

11. Qwest shall retain, for a period of one (1) year from the creation of the record, the following records relating to its provision of telecommunications services to Idaho consumers:

- a. copies of all versions of written LOAs, tapes, or other proof of authorization and/or verification for a switch in long distance service, all print and electronic media advertising materials, telemarketing scripts and all other promotional and solicitation materials related to same.
- b. the name, address, and telephone number of each consumer whose long distance service was switched to Qwest; and
- c. documentation with regard to the handling of consumer complaints and/or requests for telephone bill credits or refunds submitted to Qwest by Idaho consumers, including a copy of all written complaints or requests and notes taken by Qwest in the course of responding to oral complaints or requests, to including the name, address, and

telephone number of the consumer and Qwest's response regarding refunds or credits.

12. Upon the written request of the Attorney General, Qwest will provide the records set out in 11 (a-c) to the Attorney General within thirty (30) days of that request, along with copies of such other documents as the Attorney General shall from time to time determine are necessary to ensure compliance with the consent judgment.

VIII. PAYMENT TO THE ATTORNEY GENERAL

13. Pursuant to Idaho Code §§48-606 and 48-607, Qwest shall pay and deliver to the Idaho Attorney General, along with the signed Stipulation, the amount of Twenty-Five Thousand Dollars (\$25,000) in the form of a cashier's check made payable to the "Idaho Attorney General, Consumer Protection Unit" for civil penalties, costs of the investigation, and attorney fees. The Attorney General, in his sole discretion, and as authorized by law, shall decide the use to which the funds shall be put.

14. Qwest shall not represent or imply that the State of Idaho, or the Attorney General or any agency thereof, has approved any good or service sold or offered by Qwest in Idaho or has approved any of Qwest's past, present or future business practices in Idaho, and Qwest agrees to be enjoined from directly or indirectly representing anything to the contrary.

IX. GROUNDS FOR REOPENING STIPULATION

15. This Stipulation constitutes a full and final resolution between the Attorney General and Defendant of all claims brought by the Attorney General for the alleged conduct described in this Stipulation, up to and including the date of the signing of this Stipulation on behalf of the Attorney General. Matters set forth in this Stipulation and the accompanying Consent Judgment may be reopened by the Attorney General for further proceedings in the public interest if Defendant violates any term of this Stipulation. In addition to obtaining civil

penalties of up to Ten Thousand Dollars (\$10,000) per violation, pursuant to Idaho Code § 48-615, the Attorney General may seek all other remedies and relief as provided by Idaho Code §§ 48-606, 48-607, and 48-615 of the CPA.

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X. JURISDICTION

16. Jurisdiction is retained by this Court for the purpose of enforcing this Stipulation and the Consent Judgment.

17. This Stipulation and the accompanying Consent Judgment shall not be construed to affect the rights of any private party to pursue any remedy or remedies pursuant to Idaho Code § 48-608 of the CPA.

18. This Stipulation shall be filed concurrently with the accompanying Consent Judgment and the Stipulation and Consent Judgment shall be subject to the approval of the District Court of Ada County, Idaho, which has subject matter jurisdiction, pursuant to the CPA, and personal jurisdiction, pursuant to Idaho Code § 5-514.

19. Defendant agrees to accept service of a conformed copy of this Stipulation and the accompanying Consent Judgment by prepaid first class mail sent to Defendant. Defendant expressly waives personal service of a conformed copy of this Stipulation and the accompanying Consent Judgment after they have been filed with the Court.

20. Each person who signs this Stipulation in a representative capacity warrants that he or she is duly authorized to do so.

21. Defendant agrees that the Attorney General, unless notified to the contrary, may send all notices under this Stipulation to Defendant at the address set forth in paragraph 1.

DATED this _____ day of _____, 2000.

ALAN G. LANCE
ATTORNEY GENERAL
STATE OF IDAHO

By: MICHELE R. BUTTS
Deputy Attorney General

DATED this _____ day of _____, 2000.

LCI INTERNATIONAL TELECOM CORP.
dba Qwest Communications Services

Name: _____
(Printed)

Signature: _____

Title: _____

STATE OF MINNESOTA
BEFORE THE ATTORNEY GENERAL

In the Matter of
Qwest Communications Corporation,
LCI International Telecom Corp. d/b/a
Qwest Communications Service,
USLD Communications, Inc., Phoenix
Network, Inc. and Qwest Communications
International, Inc.

ASSURANCE OF
DISCONTINUANCE

I. INTRODUCTION.

1. This Assurance of Discontinuance ("Assurance") is entered into under Minnesota Statutes section 8.31, subdivision 2b (1998) between the State of Minnesota, through its Attorney General, Mike Hatch, and Qwest Communications Corporation, LCI International Telecom Corp. d/b/a Qwest Communications Services, USLD Communications, Inc., Phoenix Network, Inc. and Qwest Communications International, Inc. (collectively "Qwest").

2. Mike Hatch is the Attorney General of Minnesota and is authorized under common law and Minnesota Statutes section 8.31 (1998) to enforce Minnesota's consumer protection laws.

3. Qwest Communications Corporation is a Delaware corporation with its principal place of business at 555 17th Street, Denver, Colorado. Qwest Communications Corporation was authorized to provide long distance service in Minnesota on December 8, 1994.

4. LCI International Telecom Corp. d/b/a Qwest Communications Services is a Delaware corporation with its principal place of business at 555 17th Street, Denver, Colorado. It was purchased by Qwest Communications International, Inc. in June 1998. LCI International Telecom Corp. was authorized to provide long distance service in Minnesota on June 27, 1990.

5. USLD Communications, Inc. is a Texas corporation with its principal place of business at 555 17th Street, Denver, Colorado. USLD Communications, Inc. was authorized to provide long distance service in Minnesota on July 26, 1990.

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6. Phoenix Network Inc. is a Delaware corporation with its principal place of business at 555 17th Street, Denver, Colorado. Phoenix Network Inc. was authorized to provide long distance service in Minnesota on September 14, 1992.

7. Qwest Communications Corporation, LCI International Telecom Corp. d/b/a Qwest Communications Services, USLD Communications, Inc., and Phoenix Network, Inc. are all wholly owned subsidiaries of Qwest Communications International, Inc. Qwest Communications International is a Delaware corporation with its principal place of business at 555 17th Street Denver, Colorado.

8. The Attorney General, with the cooperation of Qwest, has investigated allegations of misconduct by Qwest, including misconduct by third party sales agents and distributors working on behalf of Qwest. In consideration of the commitments and assurances provided below, Qwest and the Attorney General have agreed to resolve this investigation without formal litigation. It is expressly agreed and understood that this Assurance is for settlement purposes only, and Qwest does not admit to any of the factual allegations by the State of Minnesota or to any violation of state or federal law, rule or regulation, wrongdoing, or liability of any kind on its part or on the part of any of Qwest's officers, directors, agents, employees, representatives, independent contractors, marketers, or assigns, nor does this Assurance constitute any finding of any such violations, wrongdoing or liability of any kind on its part or on the part of any of Qwest's officers, directors, agents, employees, representatives, independent contractors, marketers, or assigns. Indeed, Qwest expressly denies such wrongdoing.

II. THE ATTORNEY GENERAL'S INVESTIGATION

9. In its investigation, the State of Minnesota alleged several violations of law relating to Qwest's marketing of telecommunications services in Minnesota. The Attorney General's allegations are summarized in paragraphs 10 - 43 below. Qwest disputes these allegations, and nothing herein shall be construed as an admission of the conduct alleged below.

Qwest's In-Person Sales Program

10. Since at least 1998, Qwest has marketed telecommunications services, including long distance service, in Minnesota by using face-to-face or in-person sales.

11. Qwest hired third party sales agents/distributors to conduct its face-to-face sales in Minnesota. Qwest was responsible for the conduct of these sales agents/distributors. In addition, Qwest was responsible for ensuring that these agents were adequately trained and supervised and that they complied with the law as they sold long distance service on behalf of Qwest. Qwest accepted all the revenue from consumers who these agents indicated had wanted to switch their long distance service to Qwest.

12. In order to legally switch a person's long distance provider, Qwest is required to obtain a person's authorization to switch providers and then verify that person's authorization to switch providers. For its in-person sales, Qwest has verified consumers' authorizations to switch long distance providers in writing by using "Letters of Agency" ("LOAs"). Valid LOAs must contain the signature of the long distance subscriber who is changing his or her long distance service or a person whom the subscriber designates with authority to make that change.

13. Qwest forged Minnesota consumers' signatures on LOAs. As a result, Qwest changed Minnesota consumers' long distance service without their authorization and without verifying their authorization.

Qwest's Telemarketing Program

14. From September 1998 to July 1999, Qwest solicited Minnesota consumers through telemarketing calls that offered two free airline tickets through "Fly Free America" if they switched their long distance service to Qwest. Consumers were required to remain Qwest customers for 60 days in order to qualify for the free tickets.

15. Qwest hired a third party sales distributor to conduct the telemarketing campaign for "Fly Free America." Qwest was responsible for the conduct of these telemarketers. In addition, Qwest was responsible for ensuring that these telemarketers were adequately trained and supervised and that they complied with the law as they sold long distance service on behalf

of Qwest. Qwest accepted all the revenue from consumers who these telemarketers indicated had wanted to switch their long distance service to Qwest.

16. In order to use the free airline tickets, consumers were required to stay at participating hotels for a minimum number of nights at the regularly published rate. Qwest's telemarketers did not always inform Minnesota consumers that they had to stay at participating hotels at predetermined rates for a minimum number of nights in order to use the free airline tickets.

17. Qwest's telemarketers did inform some consumers that they were required to stay at participating hotels for a minimum number of nights at the regular published rates. Qwest, however, did not inform consumers of all the material terms and conditions of that stay, including the specific rates they would have to pay and the number of nights that constituted the minimum stay required, until after the consumer had switched to Qwest's long distance service.

18. Depending on the destination, the required stay to obtain tickets could be anywhere from four nights for a Minnesota consumer to travel to Florida to thirteen nights for a Minnesota consumer to travel to Hawaii. The applicable published rates for participating hotels range from \$154 per night to \$441 per night. The cost for a Minnesota consumer to travel to and stay in Hawaii through Fly Free America is approximately \$2500.

19. Qwest's Fly Free America Pricing Guide lists the relevant hotel rates and required stays. Qwest did not provide consumers with the guide until several weeks after a consumer had switched to Qwest's long distance service.

20. Approximately twenty-two thousand (22,000) Minnesota consumers switched to Qwest's long distance service in response to the Fly Free America promotion.

21. In addition to the Fly Free America program, Qwest has also solicited Minnesota consumers through telemarketing calls. When soliciting consumers in Minnesota via the phone, Qwest's telemarketers informed Minnesota consumers of the rate they would pay for interstate calls. Depending on the calling plan, the rate for interstate calls was typically 5 cents or 9 cents per minute. Qwest's telemarketers did not inform Minnesota consumers of the rate they would

pay for intrastate, interLATA calls in Minnesota. Qwest's rate for all intrastate calls in Minnesota was 12 cents per minute during the relevant time period. Qwest's telemarketers also did not specify to consumers that they would have to pay a PICC and Universal Service Charge of \$1.93 per month.

22. From at least March 1999 to October 1999, Qwest has used Automatic Dialing-Announcing Devices (ADADs) to market its services in Minnesota.

23. Qwest's telemarketing agent used ADADs to solicit Minnesota consumers when those consumers had not consented to receive messages from ADADs or when those consumers did not have a current business relationship with Qwest.

Violations of Law

Minnesota Anti-Slamming Laws

24. Slamming -- changing a customer's provider of telecommunications service without his or her consent -- is prohibited under state and Federal law. Minnesota's anti-slamming laws are contained in Minnesota Statutes sections 325F.963, 237.121, and 237.661 (1998).

25. Section 325F.693, subdivision 2(a) provides that changing a customer's local or long distance provider "without the subscriber's verified consent" constitutes fraud under the Minnesota Consumer Fraud Act. Under subdivision 2(c)(1), consent "may be verified utilizing any method that is consistent with federal law or regulation."

26. Section 237.661 similarly prohibits causing a change in the consumer's phone service "without prior authorization from the customer," and requires verification of this authorization consistent with federal law. In obtaining a customer's authorization to switch carriers, a carrier must confirm: (1) the customer's identity with information unique to the customer; (2) that the customer has been informed of the offering made by the carrier; (3) that the customer understands that he or she is being asked to change telecommunications carriers; (4) that the customer has the authority to authorize the change; and (5) that the customer agrees to the change. *Id.*

27. Federal law pertaining to verification procedures for the change of long distance service is contained in Part 64.1150 of Title 47 of the Code of Federal Regulations. This regulation permits long distance carriers to use one of three different means to verify the consumer's consent to the change in his or her long distance service, or primary interexchange carrier ("PIC").

28. Oral authorization, one method used by Qwest, is permitted under 47 C.F.R. Pt. 64.1150(c) only as follows:

An appropriately qualified and independent third party has obtained the customer's oral authorization to submit the PIC change order that confirms and includes appropriate verification data (e.g., the customer's date of birth and social security number). The independent third party must: (1) not be owned, managed, controlled, or directed by the carrier's marketing agent; (2) must not have any financial incentive to confirm preferred carrier change orders for the carrier or the carrier's marketing agent; and (3) must operate in a location physically separate from the carrier or the carrier's marketing agent. The content of the verification must include clear and conspicuous confirmation that the subscriber has authorized a preferred carrier change.

29. Qwest also used written authorization, or LOAs, to verify that Minnesota consumers had authorized Qwest to become their long distance provider. Written authorization is permitted under 47 C.F.R. Pt. 64.1150(a) only if "the telecommunications carrier has obtained the subscriber's written authorization in a form that meets the requirements of section 64.1160."

30. 47 C.F.R. Pt. 64.1160 requires that:

the letter of agency shall be a separate document (or an easily separable document) containing only the authorizing language described in paragraph (e) of this section having the sole purpose of authorizing a telecommunications carrier to initiate a preferred carrier change. The letter of agency must be signed and dated by the subscriber to the telephone line(s) requesting the preferred carrier change.

31. Minnesota law further provides that a carrier "must be able to produce, upon complaint by the customer, evidence that the carrier verified the authorization by the customer" to change the customer's telecommunications service provider. Minn. Stat. § 237.661, subd. 2(b)(2) (1998).

32. The State of Minnesota alleges that Qwest violated Minnesota's anti-slammings laws by failing to obtain proper authorization to switch Minnesota consumers' long distance service to Qwest. Qwest forged consumers' signatures on LOAs. Despite the fact that consumers were not authorizing the switch of the long distance provider, Qwest became the consumers' long distance provider.

33. Qwest also failed to provide customers with evidence that it verified the customers' authorization to change their telecommunications service provider when customers complained to Qwest. Weeks passed before Qwest responded to these complaints and provided either proof of authorization to switch carriers or credits.

Minnesota Consumer Protection Statutes

34. Minnesota law contains several broad statutes designed to deter and remedy fraudulent and deceptive practices against consumers.

35. The Minnesota Prevention of Consumer Fraud Act contains Minnesota Statutes, section 325F.69, subdivision 1, which provides that:

The act, use, or employment by any person of any fraud, false pretense, false promise, misrepresentation, misleading statement or deceptive practice, with the intent that others rely thereon in connection with the sale of any merchandise, whether or not any person has in fact been misled, deceived, or damaged thereby, is enjoined as provided herein.

36. Minnesota law also prohibits false statements in advertising. Minnesota Statutes, section 325F.67 states:

Any person . . . who with intent to sell . . . services . . . directly or indirectly to the public . . . makes, publishes, disseminates, circulates, or places before the public, or causes, directly or indirectly to be made, published, disseminated, circulated, or placed before the public, in this state . . . an advertisement of any sort regarding . . . service . . . which contains any material assertion, representation, or statement of fact which is untrue, deceptive, or misleading, whether or not pecuniary or other specific damage to any person occurs as a direct result thereof may be enjoined as such.

37. The State of Minnesota alleges that Qwest violated Minnesota law when it telemarketed Minnesota consumers through its "Fly Free America" program. Qwest failed to inform all consumers that if they switched their long distance service to Qwest under the "Fly Free American" program, they would have to stay at preselected hotels at predetermined rates for a minimum number of nights when they used their "free" airline tickets.

38. Qwest did disclose to some consumers that they would have to stay at participating hotels for a minimum number of nights at the regularly published rates. This disclosure violated Minnesota law because Qwest did not inform these consumers of all material terms and conditions of the required stay. Qwest did not tell consumers the costs associated with staying at participating hotels or the actual number of nights that constituted a minimum number of nights before consumers switched their long distance service to Qwest.

39. Minnesota law also limits the use of automatic dialing - announcing devices (ADADs). Minn. Stat. §§ 325E.26-31.

A caller shall not use or connect to a telephone line an automatic dialing-announcing device unless: (1) the subscriber has knowingly or voluntarily requested, consented to, permitted or authorized receipt of the message; or (2) the message is immediately preceded by a live operator who obtains the subscriber's consent before the message is delivered. This section ... [does] not apply to ... messages to subscribers with whom the caller has a current business or personal relationship....

Id. § 325E.27.

40. The State of Minnesota alleges that Qwest violated Minnesota law when its telemarketing agents used ADADs to make calls to Minnesota consumers who had not given their consent to receiving the message or who did not have a current business relationship with Qwest.

Minnesota's Telecommunications Solicitation Statutes

41. Minnesota's telecommunications statutes contain several provisions designed to protect consumers by requiring telecommunications carriers to provide customers with specific information when soliciting customers.

42. Minnesota law requires that long distance carriers provide customers with certain price information when they solicit a customer by phone or mail, or when a customer contacts them about obtaining long distance service. Minn. Stat. § 237.662, subd. i (1998). Long distance carriers must disclose the following information:

- (1) the price or range of prices of interstate message toll service accessed by dialing "1+" or "10-XXX", including any difference in price for evening, night, or weekend calls;
- (2) the price or range of prices of intrastate interLATA message toll service accessed by dialing "1+" or "10-XXX", including any difference in price for evening, night or weekend calls;
- (3) the price or range of prices of intrastate intraLATA message toll service accessed by dialing "1+" or "10-XXX", including any difference in price for evening, night or weekend calls;
- (4) any minimum volume requirements, fixed flat fees, service charges, surcharges, termination charges or other non-service-specific charges, including the fact that the provider of local service may charge a one-time fee for changing carriers;
- (5) any special promotional rate or promotional offering related to the services or prices described in clauses (1) to (4) above, including any limitations or restrictions on the promotional rates or offerings.

Id.

43. The State of Minnesota alleges that Qwest violated Minnesota law by failing to inform consumers of all the specific price information detailed in the preceding paragraph when it solicited Minnesota consumers by mail or phone or when Minnesota consumers contacted Qwest about obtaining long distance service.

III. GENERAL PROVISIONS

44. In consideration of the commitments and assurances below, the Attorney General and Qwest have agreed to resolve this investigation without a finding or admission wrongdoing.

45. Qwest has read and understands this Assurance and enters into it voluntarily.

46. Qwest has been advised by its legal counsel of the meaning and effect of each provision of this Assurance.

47. Qwest understands that a violation of this Assurance may result in sanctions for contempt pursuant to Minnesota Statutes section 8.31, subdivision 2b, and/or that the Attorney

General may thereafter initiate legal proceedings against it for any and all violations of Minnesota law, provided, however, that Qwest shall be allowed to actively contest any such contempt proceeding.

48. The Attorney General, without further notice, may make *ex parte* application to the District Court for an Order approving this Assurance. Service of the Order may be made upon Qwest by mailing a copy of the Order to Steven A. Augustino, Kelley, Drye & Warren, L.L.P., 1200 19th Street, N.W., Suite 500, Washington, D.C., 20036, attorney for Qwest.

49. Mark Pitchford declares that he is the Senior Vice President, Consumer Markets, and as such, has been authorized to enter into this Assurance on behalf of Qwest.

50. This Assurance constitutes a full and final resolution between the Attorney General and Qwest of all claims brought by the Attorney General for the alleged conduct described in this Assurance, up to and including the date of the signing of this Assurance on behalf of the Attorney General, as long as Qwest is in compliance with the terms of this Agreement. With respect to MPUC Docket No. PA-99-1192, the Attorney General, acting solely in its capacity to represent the interests of residential and small business consumers pursuant to Minn. Stat. § 8.33, agrees not to make the alleged conduct described in this Assurance a grounds for arguing against approval of the merger which is the subject of that docket. Notwithstanding the foregoing, the parties retain their rights to reference the Assurance and its underlying factual and legal allegations in responding to any questions asked at any Commission or administrative hearings in MPUC Docket No. PA-99-1192. In addition, the Attorney General is not prohibited from making reference to the statements contained in its January 1, 2000 comments in MPUC Docket No. PA-99-1192 about Qwest's business and marketing practices that are not the subject of this Assurance. This Assurance does not limit in any way the legal remedies available to any other person.

Injunction

51. Qwest, together with its employees, agents, successors, assignees, affiliates, including but not limited to an affiliate long distance company authorized under 47 U.S.C. §§

271-272, merged or acquired predecessors, parent or controlling entities, subsidiaries, and all other persons acting in concert or participation with it, are permanently enjoined as follows:

A. Qwest will not offer or sell local or "1+" direct dialed long distance phone services to Minnesota consumers without expressly and unambiguously disclosing to the consumer that it is seeking to replace the consumer's current local or long distance provider.

B. Qwest will not cause a change in the local or long distance phone service of any Minnesota consumer unless it fully complies with all applicable federal and state statutes and regulations regarding unauthorized changes to phone service, including Minnesota Statutes sections 237.121, 237.661, 325F.693 and 47 C.F.R. Pts. 64.1100, 64.1150, & 64.1160 or their successor or amended provisions.

C. Qwest will not change the local or long distance phone service of any Minnesota consumer unless it expressly and unambiguously obtains the consumer's consent and authorization to a change from its current phone service provider to Qwest.

D. Qwest will not forge or caused to be forged a person's signature on a "Letter of Agency" that purports to give the Minnesota consumer's consent to change their local or long distance provider to Qwest.

E. If Qwest becomes a customer's telecommunications provider without obtaining his or her authorization and verified consent to switch providers, Qwest will comply fully with Minn. Stat. § 237.661, or any other applicable state or federal statute or regulation, whichever provides the most favorable relief to the customer.

F. Qwest will provide, in a clear and conspicuous manner, accurate and complete information about any and all material terms and conditions of any offer to provide local or long distance telecommunications service, including but not

limited to limitations, restrictions and costs related to any promotion and limitations, restrictions and costs related to any airline tickets that Qwest is offering to Minnesota consumers as an inducement to switch their local or long distance service.

G. Qwest will not represent, expressly or by implication, to a Minnesota consumer that they will receive "free" airline tickets if they change their long distance service to Qwest if the consumer must stay at certain accommodations at predetermined prices for a minimum number of nights in order to use the tickets.

H. Qwest shall not misrepresent the terms or conditions of its local or long distance phone service to any Minnesota consumer, including but not limited to the terms and conditions of any promotional offering.

I. All of Qwest's customer solicitations, via mail or phone, must comply with Minn. Stat. §§ 237.66 and 237.662.

J. Qwest will disclose to all Minnesota consumers who contact it directly about obtaining long distance service or who are telemarketed about Qwest's long distance service: (1) the price or range of prices of interstate message toll service, including any difference in price for evening, night or weekend calls; (2) the price or range of prices of intrastate intraLATA message toll service, including any difference in price for evening, night or weekend calls; (3) the price or range of prices of intrastate interLATA message toll service, including any difference in price for evening, night or weekend calls; (4) any minimum volume requirements, fixed flat fees, service charges, surcharges, termination charges or other non-service-specific charges, and the fact that the provider of local service may charge a one time fee for changing carriers; and (5) any promotional rate or offering related to the services or prices described in clauses (1) to (4), including any limitations or restrictions on the promotional rates or offerings.

K. Qwest will comply with Minnesota's ADAD statute, Minn. Stat. §§ 325E.26 - 325E.31 or their amended or successor provisions.

L. Qwest will review and, as necessary, revise its written policies, develop practices, and employ sufficient customer service representatives to ensure that qualified personnel are available during regular business hours to receive, and if possible, resolve all customer inquiries, requests and complaints.

M. Qwest will review and, as necessary, revise its written policies, develop practices, and employ sufficient customer service representatives to ensure that, for complaints that cannot be resolved during the customer's initial contact with the company, Qwest will contact the customer within five business days and at least once every fourteen calendar days thereafter, and advise the customer regarding the status of his or her investigation until either: (i) the complaint is mutually resolved; or (ii) Qwest advises the customer of the results of its investigation and final disposition of the matter; or (iii) the customer files a written complaint with the Minnesota Public Utilities Commission or the courts. These timelines will apply to complaints in which the Minnesota Office of Attorney General contacts Qwest on behalf of customers.

N. If Qwest contracts with a third party to provide Qwest's retail customers with any service or product related to Qwest's telecommunications service, Qwest will ensure that the third party fulfills all customer obligations in a timely manner. Qwest will respond to and resolve all customer complaints and inquiries related to such a third party and the services or products it was to provide Qwest's retail customers in the manner and timelines specified in paragraphs 49(L) and 49 (M).

O. Qwest will comply with all Minnesota statutes, rules, and Public Utility Commission orders, regarding Qwest's provisioning of local and long distance service and it will not engage in any act or practice in violation of Minnesota

Consumer Protection Laws, including but not limited to Minn. Stat. §§ 325D.44, 325E.26-31, 325F.67, 325F.69, and 325F.693.

Customer Restitution

52. Qwest, together with its employees, agents, successors, assignees, affiliates, including but not limited to an affiliate long distance company authorized under 47 U.S.C. §§ 271-272, merged or acquired predecessors, parent or controlling entities, subsidiaries, and all other persons acting in concert or participation with it, agree as follows:

A. Within thirty (30) days of execution of this Assurance, Qwest shall review its records to ascertain the name and address of each and every Minnesota consumer who switched to Qwest's long distance service in response to Qwest's Fly Free America promotion and disconnected such service within the first sixty (60) days of service.

B. Within forty-five (45) days of execution of this Assurance, Qwest shall forward by first class mail a letter, a copy of which is attached to this Assurance as Exhibit A, to each of the consumers identified in paragraph 52A. For each consumer who contacts Qwest in response to such letters within sixty (60) days from the date of the letters and who has disconnected or requests to disconnect his or her long distance service with Qwest, Qwest shall forward by first class mail a check or issue a bill credit, as appropriate. The amount of the restitution or bill credit shall equal any and all switch fees paid by the consumer to switch to Qwest's service and any and all switch fees paid by the consumer to switch from Qwest to another long distance carrier that have not already been credited or refunded. In most cases, Qwest will issue a bill credit. However, if that is not possible or if the consumer's incumbent local exchange company will not apply the bill credit to the consumer's account because he or she does not have an outstanding balance owed to Qwest or an active account with Qwest, Qwest will issue a refund check.

C. In addition to the customers identified in paragraph 52A, Qwest shall provide restitution for charges not already refunded or credited to each and every former or current customer of Qwest who switched to Qwest's long distance service in response to the Fly Free America program and who has already filed a complaint or who files a complaint within one hundred and twenty (120) days of execution of this Assurance with the Minnesota Attorney General's Office, the Minnesota Public Utilities Commission, or directly with Qwest, alleging Qwest did not inform him or her of the costs associated with the Fly Free America program. Qwest shall forward a check or issue a bill credit calculated pursuant to paragraph 52B within fifteen (15) business days of the Minnesota Attorney General's Office, the Minnesota Public Utilities Commission, or a consumer's forwarding such a complaint to Qwest.

D. Except for those consumers identified in paragraph 52(A), Qwest will provide full restitution to Minnesota consumers whose long distance service was switched to Qwest without their authorization since January 1, 1999 and who disconnected such service within ninety (90) days. Within forth-five (45) days of execution of this Assurance, Qwest will forward a letter, a copy of which is attached hereto as Exhibit B, to all Minnesota consumers whose long distance service was switched to Qwest since January 1, 1999 and who disconnected such service within ninety (90) days. For each consumer who contacts Qwest within sixty (60) days from the date of the letter, Qwest will investigate his or her inquiry. Qwest will have fifteen (15) days to determine whether the company obtained the consumer's authorization to switch his or her long distance service to Qwest pursuant to all applicable federal or state laws and regulations. If Qwest cannot provide the consumer with evidence that it legally switched his or her long distance service to Qwest, Qwest will forward by first class mail a check or bill credit, as appropriate, within fifteen (15) days of receiving the consumer's

request. If Qwest has evidence that it legally switched the consumer's long distance service to Qwest, Qwest will provide that customer with this evidence within twenty (20) days of receiving the consumer's request.

E. The amount of a check or bill credit provided pursuant to paragraph 52D shall be calculated to include any of the following charges not already refunded or credited to each such consumer: (1) the total amount of charges Qwest assessed to the consumer while Qwest provided long distance service to that customer without authorization; and (2) any and all switch fees paid by the consumer to switch to Qwest's service and any and all switch fees paid by the consumer to switch from Qwest to another long distance carrier. In most cases, Qwest will issue a bill credit. However, if that is not possible or if the consumer's incumbent local exchange company will not apply the bill credit to the consumer's account because he or she does not have an outstanding balance owed to Qwest or an active account with Qwest, Qwest will issue a refund check.

F. The Minnesota Attorney General shall be the final arbiter of whether a consumer is entitled to restitution and the amount of that restitution in accordance with the eligibility requirements established in this Assurance.

G. Qwest shall pay the direct and incidental costs incurred in providing the restitution required by this Assurance, including but not limited to, the costs of preparing and mailing refund checks to eligible consumers in Minnesota.

H. Within one hundred and eighty (180) days of the execution of this Assurance, Qwest shall forward to the Attorney General an affidavit, subscribed to by a Qwest officer authorized to bind Qwest, confirming that Qwest is in full compliance with each and every term of this Assurance. In addition, this affidavit will include the following information:

(1) The name, address, telephone number, and amount of check or bill credit, if given, for each consumer to whom Qwest mailed Exhibit A pursuant to the terms of this Assurance; and

(2) The name, address, telephone number, and amount of check or bill credit, if given, for each consumer to whom Qwest mailed Exhibit B pursuant to the terms of this Assurance;

Monetary Payment

53. Qwest shall pay to the State of Minnesota a civil penalty in the amount of \$500,000 pursuant to Minnesota Statutes, section 8.31, subd. 2(b) & 3 (1998). This amount shall be paid by an electronic transfer to the State of Minnesota, which is made before an executed copy of this Assurance is delivered to the Office of Attorney General.

Dated: _____

Dated: _____

MARK PITCHFORD

LIANNE KNYCH

Senior Vice President
Consumer Markets
Qwest Communications Corporation

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AG: 370115, v. 01

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IN THE COMMONWEALTH COURT OF PENNSYLVANIA

COMMONWEALTH OF PENNSYLVANIA
ACTING BY ATTORNEY GENERAL
D. MICHAEL FISHER

PETITIONER

v

QWEST COMMUNICATIONS
CORPORATION

RESPONDENT

M.D. 2001

ASSURANCE OF
VOLUNTARY COMPLIANCE

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IN THE COMMONWEALTH COURT OF PENNSYLVANIA

COMMONWEALTH OF PENNSYLVANIA :
ACTING BY ATTORNEY GENERAL :
D. MICHAEL FISHER :
PETITIONER : M.D. 2001
v :
QWEST COMMUNICATIONS :
CORPORATION :
RESPONDENT :

ASSURANCE OF VOLUNTARY COMPLIANCE

WHEREAS, the Commonwealth of Pennsylvania, acting by Attorney General D. Michael Fisher, through the Bureau of Consumer Protection (hereinafter "Commonwealth"), has caused an investigation to be made into the business practices of Qwest Communications Corporation, a Delaware corporation with its principal place of business at 1801 California Street, Denver, Colorado (hereinafter "Qwest");

WHEREAS, Qwest engaged in trade and commerce within the Commonwealth of Pennsylvania directly and through its agents in marketing for sale, selling and the provisioning of intrastate and interstate long distance telecommunication services to Pennsylvania telephone subscribers and in the billing and collection for such services:

WHEREAS, based upon its investigation, the Commonwealth alleges that Qwest has engaged in conduct alleged to be violative of the Unfair Trade Practices and Consumer Protection Law, Act of December 17, 1968, P.L. 1225, No. 387, as amended and reenacted by the Act of November 24, 1976, P.L. 1166, No. 260, and the Act of December 3, 1996, P.L. 906, No. 146, 73 P.S. §201-1 *et seq.* (hereinafter the "Consumer Protection Law"), generally as follows:

1. Unauthorized Carrier Switches

A. Beginning in 1997 and continuing through 1999 Qwest employed independent contractors or third party distributors ("marketing agents") to solicit Pennsylvania telephone subscribers to change their long distance telecommunication services (*i.e.*, interLATA, intraLATA

1 and/or local toll services) to Qwest. Specifically, said marketing agents solicited Pennsylvania
2 telephone subscribers to change their primary interexchange carrier ("PIC") to Qwest by using
3 written Letters of Agency ("LOAs").

4 B. A long distance carrier must obtain valid LOAs before initiating a PIC change for any
5 telephone subscriber. Federal regulations require that in order to be valid LOAs must contain the
6 signature of either the telephone subscriber for the line being changed or a person who the subscriber
7 has designated with the authority to make such a change.

8 C. Qwest initiated PIC changes for Pennsylvania telephone subscribers upon orders it
9 received from its marketing agents despite the fact that its marketing agents had not obtained LOAs
10 from the telephone subscribers or its marketing agents had LOAs which contained forged signatures
11 of the telephone subscribers. Qwest was responsible for the unauthorized PIC changes of
12 Pennsylvania telephone subscribers.

13 2. "Fly Free America" Telemarketing Program

14 A. Beginning in September of 1998 and continuing through July of 1999, Qwest
15 employed a third party telemarketer ("telemarketing agent") who contacted Pennsylvania consumers
16 and offered them two (2) airline tickets as an incentive for their agreement to switch their long
17 distance telecommunication services to Qwest (hereinafter the "Fly Free America Program"). In
18 order to qualify to receive the two (2) free airline tickets, Pennsylvania consumers were required to
19 remain a customer of Qwest for sixty (60) days at an agreed upon per minute rate, a monthly fee of
20 four and 95/100 dollars (\$4.95) and other recurring charges. Although the airline tickets were
21 represented as "free" they could only be used in connection with the purchase of accommodations
22 at participating hotels and condominiums at fixed prices for mandated lengths of stay.

23 B. In some instances in their initial call to Pennsylvania consumers, Qwest's
24 telemarketing agent did not disclose the material fact that consumers had to purchase
25 accommodations in order to use the two (2) airline tickets which purportedly were "free". When
26 Qwest's telemarketing agents did disclose that the purchase of accommodations was required, they
27 failed to disclose other material facts including the terms and conditions relating to the use of the
28 "free" airline tickets until after consumers had agreed to switch their long distance

1 telecommunication services to Qwest. Specifically, consumers were not informed of the mandated
2 lengths of stay and the high daily rates they would be required to pay for accommodations. In fact,
3 consumers did not receive information about such material terms and conditions until several weeks
4 after they switched to Qwest. Only upon their receipt of the "Fly Free America Pricing Guide" and
5 information packet would consumers learn that in order to use their "free" airline tickets they would
6 have to stay between three (3) and fourteen (14) days (depending upon destination) at rates ranging
7 from one hundred fifty-four and 00/100 dollars (\$154.00) per day to four hundred twenty-seven and
8 00/100 dollars (\$427.00) per day. In addition to these high daily rates consumers would also be
9 required to pay service charges, taxes and other fees, the amounts of which were not even disclosed
10 in the "Fly Free America Pricing Guide". Further, consumers traveling to certain destinations were
11 required to purchase commuter airline tickets to reach their destinations in addition to paying for
12 accommodations.

13 C. Many of the Pennsylvania consumers who switched carriers pursuant to the Fly Free
14 America Program and remained as customers of Qwest for more than sixty (60) days never received
15 either the "Fly Free America Pricing Guide" or the two (2) "free" airline tickets they had been
16 promised.

17 D. Although represented as "free", the net amount paid by consumers who traveled on
18 the Fly Free America Program was approximately equal to the price a consumer would pay for the
19 same airfare and accommodations booked through a conventional travel agency.

20 E. As a result of Qwest's Fly Free America Program fifty-eight thousand twenty-four
21 (58,024) Pennsylvania telephone subscribers changed their telecommunication services to Qwest.

22 3. Customer Billing

23 A. Qwest began processing and charging some accounts before confirmation that the
24 Pennsylvania consumers subscribed to such accounts were connected to and receiving the long
25 distance telecommunication services of Qwest. As a result, certain consumers were billed monthly
26 fees and other recurring charges at times when Qwest was not their primary interexchange carrier.

27 B. Qwest continued to process and charge some accounts after the Pennsylvania
28 consumers subscribed to such accounts had switched their long distance telecommunication services

1 to another carrier. As a result, certain consumers were billed monthly fees and other recurring
2 charges at times when Qwest was not their primary interexchange carrier.

3 C. Prior to January 1998 local telephone companies, known as local exchange companies
4 ("LECs"), billed long distance companies such as Qwest an access charge on a per minute basis for
5 the access to and use of their telephone lines. In January 1998 the Federal Communications
6 Commission ("FCC") lowered the allowable per minute access charge that LECs bill long distance
7 companies and at that time instituted a presubscribed interexchange carrier charge ("PICC") which
8 LECs could bill long distance companies for access to and use of the LECs telephone lines.¹ The
9 FCC capped the PICC amount that long distance companies could be required to pay LECs at \$0.53
10 per month for a primary line,² \$1.50 per month for non-primary residential lines,³ and \$2.75 per
11 month for a multi-line business line.⁴ The PICC is not a tax or a FCC or other governmental agency
12 mandated charge upon a telephone subscriber, rather it is a charge that LECs were permitted to
13 assess and require the long distance companies to pay for access to and use of their telephone lines.
14 The FCC did not require long distance companies to add this to the telephone subscribers' phone
15 bills. From January 1, 1998, through November 1998, Pennsylvania telephone subscribers who
16 received direct bills from Qwest were charged a PICC of \$0.79 which was listed in a category
17 described as "FCC Mandated Charges".

18 WHEREAS, the Commonwealth maintains that the above allegations fall within the
19 definition of unfair methods of competition and unfair or deceptive acts or practices under the
20 Consumer Protection Law §§201-2(4)(v), (vii), (ix), and (xxi);

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24 ¹In the Matter of Access Charge Reform, et al., released May 16, 1997, 12 F.C.C.R. 15982

25 ²Primary line is defined by the FCC as the principal phone line of a residence or a single-line business line.

26 ³Non-primary line is defined by the FCC as any phone line a residence may have in excess of, or in addition
27 to, the primary line phone line.

28 ⁴A multi-line business line is defined by the FCC as any phone line a business may have in excess of, or in
addition to, the primary line phone line.

1 WHEREAS, Qwest is willing to cease and desist from engaging in the types of business
2 practices alleged above and shall not violate the Consumer Protection Law in the future;

3 WHEREAS, Qwest denies any and all allegations of statutory violations or other
4 wrongdoing as alleged by the Commonwealth and has agreed to enter into this Assurance of
5 Voluntary Compliance for settlement without any admission of any matters of fact or any violations
6 of law, wrongdoing or liability of any kind and this Assurance of Voluntary Compliance shall not
7 be construed as an admission of a violation for any purpose; and

8 WHEREAS, the Commonwealth agrees to accept this Assurance of Voluntary Compliance
9 pursuant to §201-5 of the Consumer Protection law in lieu of commencing statutory proceedings
10 pursuant to §201-4 thereof.

11 NOW THEREFORE, while engaged in future trade and commerce within the
12 Commonwealth of Pennsylvania, from the date of execution of this Assurance of Voluntary
13 Compliance, Qwest, for itself and its administrators, successors, assigns, agents (including, but not
14 limited to third party marketing agents), employees and all persons acting on its behalf, directly or
15 through any corporate or other business device (including, but not limited to corporate subsidiaries),
16 agrees as follows:

17 A. Qwest shall only allow orders for its telecommunication services to be marketed by
18 employees, independent contractors, third party distributors or persons or other
19 entities which it has directly authorized, and Qwest shall require any such persons or
20 entities involved in such practices to comply with the provisions of this Assurance
21 of Voluntary Compliance.

22 B. Before submitting a PIC change to a local exchange carrier which will affect any
23 Pennsylvania telephone subscriber's service, Qwest shall comply with all Federal
24 Communication Commission's rules and orders now in effect, or as hereinafter
25 modified or amended, which relate to the change of a telephone subscriber's primary
26 interexchange carrier.

27 C. Before submitting a PIC change to a local exchange carrier which will affect any
28 Pennsylvania telephone subscriber's service, Qwest shall obtain the express

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authorization of any such subscriber or person designated as authorized to make a change on their behalf.

D. For a period of two (2) years from the date of execution of this Assurance of Voluntary Compliance, Qwest will not submit a PIC change order based upon a LOA unless it has first been independently verified by a third party that the person is the subscriber or is authorized to make the switch and that it is their intent to do so.

E. Qwest shall not represent, expressly or implicitly, or offer, advertise or promote any good or service to any consumer as free, or use any term of similar import, unless the consumer is not charged for their receipt or use of any portion of the product or service represented as free. Further, the recipients of any non-telecommunication goods or services offered as an incentive ("non-telecommunication incentive") in the marketing of Qwest telecommunication services shall not be required to purchase other non-telecommunication services in order to receive and use the non-telecommunication incentive.

F. Qwest shall not use or allow to be used any incentive offers in telemarketing its services unless its telemarketers disclose in a clear and conspicuous manner accurate and complete information regarding all material terms and conditions of any such incentive offer including, but not limited to, any restrictions or costs related to the receipt or use of any incentive offered. For purposes of this Assurance of Voluntary Compliance "clear and conspicuous" means that the required disclosures are presented in a manner that a consumer will hear and understand at a normal speed in the same tone and volume as other information presented. Further, such disclosures must be given prior to obtaining a consumer's approval to accept the services being offered.

G. Qwest shall not begin billing Pennsylvania telephone subscribers for monthly fees or other recurring fees until the local exchange carrier has switched the subscriber's long distance services to Qwest.

H. Qwest shall promptly discontinue billing Pennsylvania telephone subscribers for all

1 fees including, but not limited to, monthly fees and other recurring charges as soon
2 as Qwest receives notification from any local exchange carrier that a PIC change has
3 been submitted switching the telephone subscriber's long distance services from
4 Qwest to another long distance carrier in accordance with the subscriber's monthly
5 billing cycle.

6 I. For subscribers direct billed by Qwest, Qwest shall not misrepresent any PIC charge
7 or PIC fee as a tax or FCC or other governmental agency mandated charge by
8 describing it as such and shall distinguish any discretionary surcharges it may impose
9 upon its subscribers as being Qwest surcharges.

10 J. Qwest shall notify its current officers, directors, management level employees and
11 any independent contractors who are engaged in marketing Qwest services in
12 Pennsylvania of the subject matter and terms and conditions of this Assurance of
13 Voluntary Compliance. Further, Qwest shall provide a copy of this Assurance of
14 Voluntary Compliance to any of the aforementioned individuals or entities upon
15 request.

16 K. For a period of two (2) years after the entry of this Assurance of Voluntary
17 Compliance, Qwest shall maintain and make available to the Office of Attorney
18 General, Bureau of Consumer Protection within fourteen (14) days of a receipt of a
19 written request from the Office of Attorney General, Bureau of Consumer Protection,
20 records of all consumer complaints containing any allegations of events occurring
21 after the entry date of this Assurance of Voluntary Compliance and which relate to
22 the subject matter of this Assurance of Voluntary Compliance. The record of
23 consumer complaints shall include the name, address and telephone number of each
24 complainant, Qwest's response, and the final disposition of each complaint.

25 NOW THEREFORE, Qwest, its administrators, successors, assigns, agents, employees and
26 all other persons acting on its behalf, directly or through any corporate or other business device
27 (including, but not limited to, corporate subsidiaries) as follows:

28 A. Within sixty (60) days of the date of the execution of this Assurance of Voluntary

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Compliance, Qwest shall contact, via first class mail, all Pennsylvania consumers who had their long distance service switched to Qwest as a result of marketing by any of the agents identified on Exhibit "A" and who disconnected such service within sixty (60) days. The letter shall inquire as to whether the consumer in fact authorized the change in long distance service to Qwest. If the consumer did not authorize the change and has not received a refund from Qwest, he or she will be directed to return a prepaid postcard within thirty (30) days. In response to its receipt of any postcards from consumers indicating they did not authorize a change in long distance service to Qwest, Qwest shall provide a refund of any amount not previously returned to each consumer which shall include, at a minimum:

1. A re-rating of long distance charges incurred during the time of the unauthorized change which will give the consumer the benefit of any lower rate the consumer would have been charged by their prior carrier for such service; and.
2. Any switching fees attributed to the unauthorized change.

In the event that Qwest should deny any consumer a request for refund it shall provide prompt notice of the same to the Office of Attorney General, Bureau of Consumer Protection with documentation and an explanation as to why a refund was not granted. The Office of Attorney General, Bureau of Consumer Protection shall be the final arbitrator of whether the consumer is entitled to a refund in accordance with the provisions of this Assurance of Voluntary Compliance.

Refunds due consumers pursuant to this paragraph shall be made upon the consumer's provision of sufficient information or authorization to verify the rates the consumers were charged by their prior carrier and any switching fees that may have been paid.

B. Within one hundred fifty (150) days from the date of the execution of this Assurance of Voluntary Compliance, Qwest shall provide the Office of Attorney General, Bureau of Consumer Protection with a certified report setting forth the names,

1 addresses and telephone numbers of all Pennsylvania consumers who had claims for
2 refunds under any provision of this Assurance of Voluntary Compliance and the
3 amount of any such refunds.

4 C. Qwest shall refund the charge any Pennsylvania consumer incurred to switch to
5 Qwest long distance service in response to its "Fly Free America" program to the
6 extent it has not previously refunded or credited any such charges. This duty to
7 refund switching fees for the "Fly Free America" program shall apply to all
8 Pennsylvania consumers who have already filed complaints or, within one hundred
9 twenty (120) days of the entry of this Assurance of Voluntary Compliance file
10 complaints with the Pennsylvania Attorney General's Bureau of Consumer
11 Protection, Pennsylvania Office of Consumer Advocate, Pennsylvania Public Utility
12 Commission or the Federal Communications Commission. Refunds due consumers
13 pursuant to this paragraph shall be made upon the consumer's provision of sufficient
14 information or authorization to verify the switching fees that may have been paid.

15 D. Qwest shall provide refunds or credits equal to any amounts paid by any
16 Pennsylvania consumers who were billed for monthly fees or other recurring charges
17 at any time before they were connected to Qwest's services to the extent it has not
18 already refunded or credited such fees or charges.

19 E. Upon signing this Assurance of Voluntary Compliance, Qwest shall pay the sum of
20 three hundred fifty thousand dollars (\$350,000.00) to the Commonwealth of
21 Pennsylvania as costs of investigation and/or for future public protection purposes.

22 **PROVIDED**, that nothing contained herein shall be construed to waive any private right of
23 action by any consumer or any action by any other Pennsylvania governmental entity. However, this
24 Assurance of Voluntary Compliance constitutes full and final resolution between the Pennsylvania
25 Office of Attorney General, Bureau of Consumer Protection and Qwest of all claims which may have
26 been brought by the Office of Attorney General, Bureau of Consumer Protection for the alleged
27 conduct described in this Assurance of Voluntary Compliance up to and including the date of the
28 Attorney General's acceptance of this Assurance of Voluntary Compliance.

1 NOW THEREFORE, Qwest agrees by the signing of this Assurance of Voluntary
2 Compliance that Qwest shall henceforth abide by each and every one of the aforementioned terms
3 of this Assurance of Voluntary Compliance, and that the Commonwealth may enforce this Assurance
4 of Voluntary Compliance pursuant to §§201-8, 201-9 and 201-9.1 of the Consumer Protection Law
5 by petitioning the Commonwealth Court of Pennsylvania or the Cambria County Court of Common
6 Pleas. or any other Court of competent jurisdiction, to order any equitable relief which may be
7 deemed necessary and appropriate as provided herein.

8 WITNESS, the following signatures this 27th day of March, 2001.

9
10 FOR THE COMMONWEALTH

11 D. MICHAEL FISHER
12 ATTORNEY GENERAL

13 FRANK T. DONAGHUE
14 CHIEF DEPUTY ATTORNEY GENERAL

15
16
17
18 E. BARRY CREANY
19 SENIOR DEPUTY ATTORNEY GENERAL

FOR THE RESPONDENT

QWEST COMMUNICATIONS
CORPORATION

BY Mark Pitchford
MARK PITCHFORD, SENIOR VICE
PRESIDENT - CONSUMER MARKETS

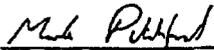
Rachel O'Bryan
RACHEL O'BRYAN, ESQUIRE
QWEST COMMUNICATIONS
CORPORATION

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CORPORATE AUTHORIZATION

I, Mark Pitchford, being first duly sworn on oath, depose and say that I am the Senior Vice President - Consumer Markets of Qwest Communications Corporation, and I have been fully authorized and empowered to sign this Assurance of Voluntary Compliance on behalf of Qwest Communications Corporation and bind the same to the terms hereof.



Mark Pitchford
Senior Vice President - Consumer Markets
QWEST COMMUNICATIONS CORPORATION

Sworn to and subscribed to before me
this 27th day of March, 2001.



Notary Public

EXHIBIT "A"

ACN (American Communications Network)

Alliance Communication Technologies

Dino Group

Ethnic Telemanagement International, Inc.

Eurasia Telecom

Everlasting Telecom, Inc.

MT Marketing

Pacific and Sons Company

Telctouch

Voice Network

1 or approves of respondent's: past business practices; current
2 efforts to reform its practices; or, any future practices which
3 respondent may adopt or consider adopting. DOJ's decision to
4 settle this matter or to otherwise unilaterally limit current or
5 future enforcement action does not constitute approval or imply
6 authorization for any past, present, or future business practice.

7 13.

8 Upon execution of this AVC respondent shall pay the sum of
9 \$10,000.00 to DOJ for deposit to the Consumer Protection and
10 Education Revolving Account established pursuant to ORS 180.095.
11 Said sum shall be used by DOJ as provided by law.

12 14.

13 Restitution shall be paid as provided in this paragraph:

14 A. Immediately upon execution of this AVC, respondent
15 shall remit the check to the Oregon Department of Justice.

16

17 15.

18 Effective immediately upon execution by respondent of this
19 AVC, respondent agrees to adhere to each of the following
20 requirements:

21 A. To re-rate or make restitution to all consumers listed
22 in Attachment A of the Department of Justice Civil Investigative
23 Demand dated December 29, 1999⁸. LCI is under no obligation to
24 re-rate or make restitution to any consumer on the above list for
25 which LCI was unable to locate an account.

26 B. To follow correct telemarketing procedures as required

Page 4 - ASSURANCE OF VOLUNTARY COMPLIANCE

DEPARTMENT OF JUSTICE
1162 COURT STREET NW
SALEM, OREGON 97310
PHONE 376-4732

1 by rule and statute found in ORS 646.605 et seq. (1997).

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RESPONDENT'S SIGNATURE AND ACKNOWLEDGMENT

Respondent has read and understands this agreement and each of its terms. Respondent agrees to each and every term.

Individual Respondent

Carol P Kuhnow
[Individual Respondent Signature]

CAROL P KUHNOW
Print Name

Address 4250 N FAIRFAX DRIVE

ARLINGTON VA 22203

SUBSCRIBED AND SWORN to before me this 12 day of March, 1999.

Walter Trapp
[Notary's Signature]
Affix Stamp My Commission Expires February 28, 2001

Corporate Respondent

I, JOHN C. TAYLOR being first duly sworn on oath depose and say that I am the SENIOR VICE PRESIDENT of CONSUMER MARKETS and am fully authorized and empowered to sign this Assurance of Voluntary Compliance on behalf of LOT INT'L and bind the same to the terms hereof.

John C. Taylor
[Corporate Officer's Signature]

JOHN C. TAYLOR
Print Name

SVP
Title

Address _____

1 SUBSCRIBED AND SWORN to before me this 12 day of
March, 1999.

2
3 Walter Trust
4 [Notary's Signature]
5 Affix Stamp My Commission Expires February 28, 2001

6
7 ACCEPTANCE BY DOJ

8 Accepted this 20 day of March, 1999.

9 HARDY MYERS
10 Attorney General

11 Elizabeth A. Gordon #90276
12 Assistant Attorney General

13 APPROVAL BY COURT

14 APPROVED FOR FILING and SO ORDERED this 21 day of
April, 1999.

15 /s/ Richard D. Barber
16 Circuit Court Judge

RECEIVED

OCT 13 2000

JAN 24 2001

ATTORNEY GENERAL
CARSON CITY, NEVADA

FILED

JAN 15 2001

AM...
T. Clements
DEPUTY...

1 CODE: 1843-A
2 FRANKIE SUE DEL PAPA
3 Attorney General
4 MARSHALL S. SMITH
5 Deputy Attorney General
6 Nevada Bar #3606
7 1000 East William Street, Suite 200
8 Carson City, NV 89701 - 775/687-6300, x238
9 Attorneys for State of Nevada

10 SECOND JUDICIAL DISTRICT COURT
11 STATE OF NEVADA, WASHOE COUNTY

12 STATE OF NEVADA, OFFICE OF
13 THE ATTORNEY GENERAL, ex rel.
14 FRANKIE SUE DEL PAPA, Attorney General,

15 Plaintiff,

16 vs.

17 QWEST COMMUNICATIONS
18 INTERNATIONAL INC
19 a Delaware Corporation; DOES 1-10
20 in their individual and/or corporate capacity,

21 Defendants.

22 CASE NO. CV-00-02391

23 Dept. No. 4

Attorney General's Office
1115 Alameda Way, 310
Carson, Nevada 89002

24 CONSENT JUDGMENT

25 Plaintiff, STATE OF NEVADA, OFFICE OF THE ATTORNEY GENERAL, ex rel.
26 ("STATE") by and through FRANKIE SUE DEL PAPA, Attorney General, by her Deputy,
27 MARSHALL SMITH, and Defendant, QWEST COMMUNICATIONS INTERNATIONAL INC.,
28 ("QWEST") by and through its counsel, STEVEN AUGUSTINO, hereby STIPULATE to entry of the
CONSENT JUDGMENT herein.

The Court having considered the stipulation of the Parties, and good cause appearing therefore,
it is hereby ADJUDGED, DECREED and ORDERED that:

JURISDICTION AND VENUE

1. The Court has jurisdiction over the subject matter of this action and of the Parties.
Venue as to all matters between the Parties relating hereto lies with the Court. Plaintiff's Complaint

1 states claims upon which relief may be granted pursuant to the Nevada Deceptive Trade Practices Act,
2 Nevada Revised Statutes (NRS) 598.0903, et seq.

3
4 **SUBJECT MATTER**

5 2. This Consent Judgment applies to the practices of the Defendant relative to the
6 management and operations of Defendant including, but not limited to, conducting business as a
7 provider of telecommunications services as defined by NRS 598.9632.

8 **GENERAL PROVISIONS**

9 3. Defendant waives any further procedural steps and any rights it may have to seek
10 judicial review or otherwise challenge or contest the validity of this Consent Decree.

11 4. This Consent Decree is for settlement purposes only. Nothing herein shall constitute
12 findings as to the matters raised in the Complaint filed herein, and Defendant does not admit any
13 alleged violation or liability on its part or on the part of any of its officers, directors, agents, employees,
14 representatives, or assigns, for the specific acts alleged in the Complaint or in any informal complaints
15 received by the State of Nevada on or before the effective date of this Consent Decree.

16 5. Defendant shall verify and inspect each letter of agency prior to submitting an order to
17 any local telephone/exchange company in the State of Nevada, pursuant to the requirements of NRS
18 598.969 (9) (h).
19

20 **INJUNCTION**

21 6. Defendant shall be enjoined and restrained from engaging in any violation of the current
22 or any amended provisions of NRS Chapter 598, the Nevada Deceptive Trade Practices Act, including
23 but not limited to the unauthorized switching of consumers interexchange or intraxchange carriers, and
24 billing of consumers for services not requested nor authorized.
25

1 7. Defendant shall not state or imply, or cause to be stated or implied,
2 that the OFFICE OF THE ATTORNEY GENERAL has approved, sanctioned, or authorized any
3 practice, act, or conduct of a Defendant by this Consent Judgment or otherwise.

4 8. With respect to provision of telecommunications services in the State of Nevada,
5 Defendant agrees to abide and be bound by the terms of conditions relating to its telecommunications
6 practices found at *QWEST COMMUNICATIONS INTERNATIONAL INC, Consent Decree, FCC 00-*
7 *254 (July 19, 2000), ("Consent Decree")* for the duration the FCC Consent Decree is in effect. The
8 FCC Consent Decree is attached hereto as Exhibit 1 and hereby incorporated in its entirety by
9 reference.

10 **PAYMENTS BY DEFENDANT**

11
12 9. Prior to submission of this Consent Judgment to the Court, Defendant shall deliver to the
13 OFFICE OF THE ATTORNEY GENERAL a check in the amount of \$175,000.00 (one hundred and
14 seventy-five thousand dollars) payable to "Office of the Attorney General" for attorneys fees,
15 investigative costs, for consumer education, litigation or local consumer aid funds, or for public
16 protection or consumer protection purposes, at the discretion of the Attorney General as allowed by
17 state law.

18 10. If, upon submission to the Court, this Consent Judgment is disapproved by the Court, the
19 funds identified in paragraph "9" herein shall be returned to Counsel for Defendant within sixty (60)
20 days of notification by the Court to the OFFICE OF THE ATTORNEY GENERAL of said disapproval.

21 **RELEASE BY THE OFFICE OF THE ATTORNEY GENERAL**

22
23 11. In consideration for entry into this Stipulated Judgment and the payments by Defendants,
24 the OFFICE OF THE ATTORNEY GENERAL hereby releases any and all claims, demands, or causes
25 of action, known or unknown, suspected or unsuspected, civil or criminal, the State of Nevada may
26 have against the Defendant, its officers, directors, agents, employees, representatives, or assigns, for
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Attorney General's Office
1325 Alameda Way #340
Las Vegas, Nevada 89102

Attorney General's Office
1325 Alameda Way #140
Reno, Nevada 89501

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conduct occurring on or before the date of this Consent Judgment, under NRS Chapter 598 relative to the Subject Matter of this Consent Judgment.

ADDITIONAL PROVISIONS

12. Nothing contained herein may be taken or construed to be an admission or concession of any violation of law, or of any other matter of fact or law, or of any liability or wrongdoing, all of which Defendant expressly denies.

13. Nothing in paragraphs "6" or "7" herein shall prohibit Defendant from stating that the Consent Judgment was entered with the stipulation of the OFFICE OF THE ATTORNEY GENERAL and the Defendant, or from providing copies of this Consent Judgment to any person.

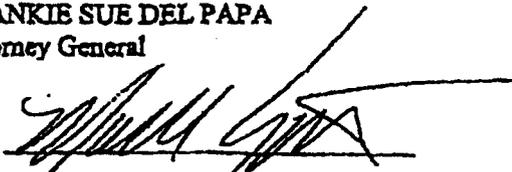
14. Any individual signing in a representative capacity for the Defendant represents that he is authorized to bind such Corporation to this Consent Judgment.

15. Each party to this Consent Judgment has independently investigated all material facts, and therefore executes the same based on independent knowledge and judgment.

16. Except as set forth in paragraph "9" herein, each of the parties will bear his, her, or its own costs and attorney's fees.

SO STIPULATED.

STATE OF NEVADA, OFFICE OF
ATTORNEY GENERAL, ex rel.
FRANKIE SUE DEL PAPA
Attorney General

BY: 

DATED: 11/3/00

MARSHALL SMITH
Deputy Attorney General
Nevada Bar No. 3606

Office of the Attorney General
Bureau of Consumer Protection
1000 East William Street, Suite 200
Carson City, NV 89701
Telephone: (775) 687-6300, x238

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DATED: 9/27/00

BY: Mark D. Pitchford
MARK D. PITCHFORD
Senior Vice President, Consumer Markets
Qwest Communications Corporation

APPROVED AS TO
CONTENT AND FORM:

DATED: 10/2/00

BY: Steven A. Augustine, Esq.
STEVEN A. AUGUSTINE, Esq.
Kelley Drye & Warren LLP
General Counsel to Qwest Communications International Inc.
1200 19th Street, N.W. #500
Washington, D.C. 20036

Attorneys for Defendants

APPROVED AND SO ORDERED:

Connie J. Steinhilber
District Court Judge

Dated this 17 day of January, 2000

Attorney General's Office
1725 Alameda Way # 340
Reno, Nevada 89502

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: PETITION BY QWEST
COMMUNICATIONS INTERNATIONAL,
INC. FOR APPROVAL OF PROPOSED
SETTLEMENT AGREEMENT WITH THE
DEPARTMENT OF LEGAL AFFAIRS,
OFFICE OF THE ATTORNEY GENERAL
OF THE STATE OF FLORIDA.

DOCKET NO. 020563-TI
ORDER NO. PSC-02-0998-PAA-TI
ISSUED: July 23, 2002

The following Commissioners participated in the disposition of
this matter:

J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI

NOTICE OF PROPOSED AGENCY ACTION ORDER REGARDING QWEST
COMMUNICATIONS INTERNATIONAL INC.'S PETITION FOR APPROVAL
OF SETTLEMENT AGREEMENT

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service
Commission that the action discussed herein is preliminary in
nature and will become final unless a person whose interests are
substantially affected files a petition for a formal proceeding,
pursuant to Rule 25-22.029, Florida Administrative Code.

CASE BACKGROUND

On June 25, 2002, Qwest Communications International Inc.
(QWEST) filed a Petition in which it asks this Commission to enter
an order accepting a proposed settlement agreement between the
Office of the Attorney General of the State of Florida (OAG) and
QWEST as satisfying any potential claims for issues related to the
subject matter of an investigation by the OAG over which we may
have overlapping jurisdiction.

DOCUMENT NUMBER 111

07674 JUL 23 08

FPSC-COMMISSION CLERK

In its Petition, QWEST states that the OAG opened an inquiry of QWEST in February 2001. Based on that investigation, the OAG asserted that certain of QWEST's third-party vendors conducted improper marketing practices designed to change Florida consumers' long distance providers to QWEST without first obtaining appropriate authority. The OAG also asserted that QWEST is legally accountable for the activities of its third party vendors. QWEST denied committing any violation of law, citing in support of its position, internal measures designed by QWEST to intercept and reject any deficient orders submitted by its vendors; QWEST's imposition of monetary penalties on vendors who breached contractual provisions prohibiting unauthorized transfers; QWEST's insistence that vendors discharge agents who committed those acts; and QWEST's termination of relationships with vendors who failed, after being notified of deficiencies, to police their agents.

In its Petition, QWEST recites that, in the interest of avoiding costly litigation, QWEST and the OAG entered into lengthy negotiations, and have now agreed to the terms of a settlement. However, under Section 364.603, Florida Statutes, and Rule 25-4.118, Florida Administrative Code, this Commission also has regulatory jurisdiction over the subject matter of the OAG's investigation. QWEST asks that we accept the Settlement Agreement, the terms of which include a compliance program and a monetary payment, as satisfying and dispositive of any claims of unauthorized transfers occurring during the period covered by the OAG's investigation over which the Commission would have overlapping jurisdiction. QWEST states that this action is needed to remove any aspect of the risk of litigation that the settlement is designed to eliminate, and thereby allow QWEST to consummate the settlement.

In the proposed Settlement Agreement, which is attached to this Order as Attachment A, the term "investigative period" is identified as the period beginning January 1, 1997, and ending on the date of the execution of the Settlement Agreement. The term "Matters Investigated" is defined as ". . . the activities of QWEST and its agents relating to their efforts to solicit and transfer consumers' incumbent long distance service providers to QWEST occurring in the State of Florida, or from other jurisdictions to consumers located in the State of Florida, and includes the investigation into allegations that some of these activities

involved the switching or attempted switching of long distance telephone service providers to QWEST without the consumer's knowledge, consent or legal authorization." For purposes of this Order, we adopt and incorporate these and the other definitions contained in the Settlement Agreement as defining the scope in time and subject matter of this Order.

The Settlement Agreement between QWEST and the OAG includes the following terms. QWEST will:

- Send a written notice to its Florida customers informing them that they have the option to remain with QWEST or choose another provider;
- Continue to provide credits and rate adjustments to all complaining Florida consumers who experienced unauthorized carrier changes by QWEST that resulted from solicitations during the period January 1, 1997, up to and including the date the proposed settlement agreement is executed;
- Refrain from effecting any change in its form of doing business, its organizational structure or from forming a separate entity or corporation to circumvent the Agreement;
- Issue a directive to all management personnel, employees and distributors who are responsible for implementing the obligations set forth in the Settlement Agreement providing information about the general terms and conditions of the Agreement;
- Comply with all applicable Federal and State of Florida rules and statutes;
- Implement or continue providing adequate training, policies and guidelines for its representatives, agents, employees and distributors who are responsible for implementing the obligations set forth in the Settlement Agreement to prevent unauthorized carrier changes.

- Continue to promptly resolve complaints from Florida consumers regarding unauthorized carrier changes by QWEST; and
- Provide a monetary settlement of \$3,250,000.

In the proposed Settlement Agreement the OAG stipulates that:

. . . upon acceptance of the Agreement by the Attorney General, the OAG shall terminate its investigation and not pursue any further investigation of QWEST for unauthorized carrier changes for the period January 1, 1997, to the effective date of the Settlement Agreement.

The Settlement Agreement is attached to this Order as "Attachment A."

DISCUSSION

The Settlement Agreement states that QWEST enters the agreement for settlement purposes only; the Settlement Agreement is not to be construed as either an admission or finding of any wrongdoing or violation of any state or federal law, rule, or regulation. In the Petition, QWEST states that the OAG has authorized it to represent that the Attorney General is prepared to approve the Settlement Agreement.

Through its enforcement of Rule 25-4.118, Florida Administrative Code, this Commission prohibits regulated carriers from transferring customers without first obtaining authorization in the manner prescribed (slamming). As QWEST acknowledges in its petition, in the past this Commission conducted show cause proceedings related to this rule against QWEST Communications Corporation and LCI International Telecom Corp., both of which are affiliates of QWEST, and both of which are included in the terms of the Settlement Agreement. On October 9, 1998, we issued Order No. PSC-98-1318-AS-TI in Docket No. 971487-TI, in which we accepted LCI's settlement offer of \$110,000. More recently, on September 5, 2001, we issued Order No. PSC-01-1791-AS-TP, in Docket No. 000778-TI, in which we accepted an offer by QWEST Communications Corporation in the amount of \$18,000 to settle the allegations of

unauthorized carrier changes raised in that docket. In addition, QWEST entered a settlement with the Federal Communications Commission (FCC) in July of 2000 for apparent unauthorized carrier changes, which required the implementation of corrective measures by QWEST; many of these corrective measures are incorporated and continued under the terms of QWEST's proposed Settlement Agreement with the OAG.

QWEST correctly states that currently we have no slamming-related enforcement proceedings against any affiliate or subsidiary of QWEST over which we have regulatory jurisdiction. We have reviewed the complaints filed with the Commission against QWEST for the calendar year 2002 and find that QWEST's efforts to reduce unauthorized carrier changes apparently have been effective. We also note that under the terms of the Settlement Agreement, any individual customers who may have been switched to QWEST without authorization will continue to have the right to submit complaints and have their situations rectified. Further, under the terms of the Settlement Agreement, QWEST agrees to follow in good faith the procedures for obtaining authority to transfer customers prescribed in Rule 25-4.118, Florida Administrative Code.

Based upon our review of the Petition, of the Settlement Agreement between QWEST and the OAG, and of the progress of QWEST in reducing complaints of unauthorized carrier changes, we find it in the public interest to grant QWEST's Petition. Once it has been executed and has become effective, the Settlement Agreement between the OAG and QWEST, attached hereto, will satisfy, and be dispositive of, any and all claims of violation of Rule 25-4.118, Florida Administrative Code, occurring between January 1, 1997 and the date of this Order by the QWEST affiliated entities encompassed by the Settlement Agreement over which we would have regulatory jurisdiction.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the requests set forth in the body of Qwest Communications International, Inc.'s Petition for Approval of Settlement Agreement are hereby granted. It is further

ORDER NO. PSC-02-0998-PAA-TI
DOCKET NO. 020563-TI
PAGE 6

ORDERED that the specific findings set forth in this Order are approved in every respect. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that upon execution of the proposed Settlement Agreement between Qwest Communications International, Inc. and the Office of the Attorney General and acceptance of that Agreement by the Attorney General, as specified therein, and this Order becoming final, no action by this Commission shall be taken to impose any penalties or seek any remedies against Qwest Communications International, Inc. affiliated entities related to violations of Rule 25-4.118 that are alleged to have occurred between January 1, 1997 and the date of this Order. It is further

ORDERED that in the event this Order becomes final, this Docket shall be closed administratively upon verification by our staff of the execution of the settlement agreement.

By ORDER of the Florida Public Service Commission this 23rd Day of July, 2002.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

By:

Kay Flynn
Kay Flynn, Chief
Bureau of Records and Hearing
Services

(S E A L)

CLF

ORDER NO. PSC-02-0998-PAA-TI
DOCKET NO. 020563-TI
PAGE 7

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 13, 2002.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (the "Agreement") is entered into on this ___ day of _____, 2002, between the Department of Legal Affairs, Office of the Attorney General of the State of Florida ("OAG"), and Qwest Communications International, Inc. ("Qwest").

WITNESSETH:

WHEREAS, the OAG caused an investigation to be made into the marketing and sales practices of Qwest and LCI International Telecom Corp. (LCI) (now a Qwest subsidiary) relating to the acquiring of telecommunications Consumers (as defined below) in or from the State of Florida;

WHEREAS, the investigative period for the OAG's investigation of Qwest (which includes the investigation of LCI) is from January 1, 1997 to present;

WHEREAS, the Parties acknowledge that Qwest enters into this Agreement for settlement purposes only. Qwest does not admit to any of the factual allegations made by the OAG and this Agreement shall not be construed as either an admission or finding of any wrongdoing or violation of any state or federal law, rule, or regulation; and

WHEREAS, Qwest and the OAG desire to conclude the Investigation and reach an Agreement that will fully and finally settle, resolve, release, discharge, and compromise the Matters Investigated (as defined below) related to the Investigative Period (as defined below) concerning Qwest and LCI and all claims and causes of action by the OAG against Qwest or LCI relating thereto. [The parties agree to provide acknowledgment of the course taken relative to the FPSC and insert it here in a final recital, reflecting that there has also been a full resolution of their claims for the same period, if the FPSC agrees to grant Qwest's Petition.]

NOW THEREFORE, in consideration of the premises and the mutual promises, agreements, covenants and obligations contained herein, and for other good and valuable consideration as stated herein, the receipt of which are hereby acknowledged, the OAG and Qwest hereby agree and stipulate to the following:

EXHIBIT A

DEFINITIONS

1. The term "Claim" shall mean any claims or causes of action for fines, damages, liabilities, penalties, attorneys' fees, losses, costs, expenses, or other relief of any kind or character whatsoever, at law or equity, regarding the Matters Investigated.

2. The term "Consumer" means any person, a natural person, individual, governmental agency or entity, partnership, corporation, limited liability company or corporation, trust, estate, incorporated or unincorporated association, and any other legal or commercial entity however organized located in the State of Florida.

3. The term "Distributor" means a third-party entity or agent engaging in face-to-face sales or engaging in telemarketing of Long Distance Services to Consumers on behalf of Qwest.

4. The Term "Effective Date" means the date upon which Qwest receives notice that the Florida Attorney General has accepted this Agreement, but shall be no later than thirty (30) days subsequent to the last date of execution of this Agreement.

5. The term "Investigation" shall mean the OAG's investigative case, number L01-3-1193, which was opened on or about January 31, 2001, and covers the time period from January 1, 1997 through the date of execution of this Agreement.

6. The term "Investigative Period" shall mean the time period of the Investigation, January 1, 1997 through the date of execution of this Agreement.

7. The term "Long Distance Services" means any 1+ service provided directly by Qwest to a Consumer.

8. The term "Long Distance Telephone Service Provider" means the entity that is chosen by a Consumer to transport "Long Distance Services" and shall include and is synonymous with the terms "Primary Interexchange Company," "Interexchange Carrier," "Primary Interexchange Carrier," "Preferred Carrier," "Interexchange Company," and "long distance company".

9. The term "Matters Investigated" means the activities of Qwest and its agents

relating to their efforts to solicit and transfer Consumers' incumbent Long Distance Telephone Service Providers to Qwest occurring in the State of Florida or from other jurisdictions to Consumers located in the State of Florida, and includes the investigation into allegations that some of these activities involved the switching or attempted switching of Long Distance Telephone Service Providers to Qwest without the Consumers' knowledge, consent or legal authorization.

10. The term "Parties" as used in this Agreement shall mean Qwest and the OAG.

11. The term "Qwest" as used herein means Qwest Communications International, Inc., and any of its affiliates, subsidiaries, branches, divisions, departments, groups, Distributors, employees, officers, directors, consultants, agents, attorneys or representatives; and any corporate predecessors, successors or assigns controlling or controlled by Qwest Communications International Inc. The term "Qwest" is expressly intended to include, but is not limited to, Qwest Communications Corporation and its subsidiary LCI. The term "Qwest" does not mean or include any switchless, switch based, or facilities based carrier or reseller of Long Distance Services that has contracted with Qwest.

REPRESENTATIONS AND WARRANTIES

12. Qwest represents and warrants that it is a properly named Respondent with respect to the Investigation and the Matters Investigated and a properly named Party to this Agreement and can incur the obligations set forth herein.

13. The Parties represent and warrant that this Agreement is entered into by the Parties as their own free and voluntary acts and with full knowledge and understanding of the nature of the proceedings and the obligations and duties imposed by this Agreement. Each Party represents and warrants that no waivers, offers, agreements, representations, warranties or inducements of any nature whatsoever concerning this Agreement, other than those contained herein, have been made to it by the other Party to procure this Agreement.

14. Qwest represents and warrants that it is solvent and it has good and sufficient funds available to meet fully all financial obligations called for in this Agreement. Qwest also

represents and warrants that it has reviewed its financial situation and that it currently is solvent within the meaning of 11 U.S.C. § 547(b)(3), and will remain solvent following its payment to the OAG hereunder.

15. Qwest represents and warrants that, within ninety (90) days of the Effective Date of this Agreement, it will send a written notice to all Consumers whose Long Distance Telephone Service was with Qwest on the date of execution of this Agreement. Qwest further warrants and represents that said notice shall clearly and conspicuously state to each such Consumer that his/her Long Distance Telephone Service Provider is Qwest and that the Consumer would have the option to remain with Qwest or switch to a Long Distance Telephone Service Provider of the Consumer's choice without cost to the Consumer if the Consumer was transferred to Qwest in error and without consent. A copy of the notice required by this Paragraph 15 is attached hereto as Exhibit A.

16. Qwest represents and warrants that it has provided and will continue to provide rate adjustments, credits, change of Long Distance Telephone Service Provider, or other redress, to all complaining Consumers whose Long Distance Telephone Service Provider was changed to Qwest without proper authorization as a result of solicitations and activities by or on behalf of Qwest involving Consumers located in the State of Florida during the time period specified in the Matters Investigated up to and including the date of this Agreement.

17. Qwest represents and warrants that neither Qwest nor any of its representatives, employees, agents or any other person acting directly under, by, through or on behalf of Qwest, shall state, represent or imply that the Attorney General of the State of Florida, the OAG, or any other governmental unit or subdivision of Florida has approved, sanctioned, or authorized any practice, act or conduct of Qwest pursuant to this Agreement except to the extent that this Agreement expressly mandates or incorporates such practices and procedures as adequate corrective action measures to meet the terms and conditions of the obligations undertaken by Qwest in this Agreement.

18. Qwest represents and warrants that it shall not effect any change in its form of

doing business or its organizational identity or participate directly or indirectly in any activity to form a separate entity or corporation for the purpose of engaging in acts prohibited by this Agreement or for any other purpose which would otherwise circumvent any part of this Agreement or the spirit or purposes of this Agreement.

APPLICATION

19. This Agreement shall be binding upon and inure to the benefit of the Parties, and their respective successors and assigns. This Agreement shall also be binding upon and inure to the benefit of any corporate parent, holding company, dba, affiliate or subsidiary of Qwest to the extent necessary to ensure that the rights and obligations created by this Agreement are effectuated and survive any merger, dissolution, or change in Qwest's corporate name, identity, organization or function.

20. This Agreement applies to Qwest acting directly, or through a Distributor which Qwest directs or controls, in connection with the offering for sale, selling or providing Qwest Long Distance Services in or from the State of Florida to Consumers within the State of Florida.

21. This Agreement applies to any current and future officer, servant, representative, employee, agent, Distributor, or any other person who acts on behalf of Qwest in or affecting the sale of Long Distance Services within the State of Florida. Where applicable, for the three years following the Effective Date of this Agreement, Qwest shall be responsible for making the substantive terms and conditions of this Agreement known to its respective officers, directors, successors, and appropriate managers, employees and those persons associated with Qwest, including Distributors acting on Qwest's behalf, who are responsible for implementing the obligations set forth in this Agreement.

22. For a period of three (3) years following the Effective Date of this Agreement and termination of the Investigation, prior to any sale, dissolution, reorganization, assignment, merger, acquisition or other action that would result in any successor or assign of any of Qwest's obligations with regard to selling Long Distance Services and/or acquiring long distance telephone Consumers in the State of Florida, Qwest shall furnish a copy of this Agreement to

such prospective successor or assign and advise same of its duties and obligations under this Agreement.

COMPLIANCE

23. Qwest shall, within sixty (60) days of the Effective Date of this Agreement, deliver a summary of this Agreement to all applicable managerial and supervisory employees having responsibilities for the implementation of the subject matter of this Agreement. Within thirty (30) days following the Effective Date of this Agreement, Qwest's Corporation's Executive Vice Presidents for Consumer Sales and National Business Accounts shall send a directive to: (1) all Qwest employees; and (2) all Distributors of Qwest involved in the sale of Long Distance Services to Florida Consumers having duties and responsibilities related to the subject matters of this Agreement, including solicitation of customers and monitoring of distributors. The directive shall provide information about the general terms and conditions of this Agreement, with instructions to Distributors that such information be provided to their employees.

24. Qwest shall implement and maintain a corporate compliance program for each of Qwest's divisions or operations providing Long Distance Services to Consumers. For the three years following the Effective Date of this Agreement, continuation by Qwest of its current practices implemented in compliance with Sections 13, 14, 15, 16, 17, 18, and 19, of the Consent Decree entered into by Qwest Communications International Inc. and the Federal Communications Commission captioned In the Matter of Qwest Communications International, Inc. (July 19, 2000), file No. ENF-99-11, NAL/ Acct. No. 916EF008 and attached hereto as Exhibit B shall satisfy the requirements of this Paragraph 24.

25. With regard to selling or providing Long Distance Services in or from the State of Florida to Consumers, Qwest, its representatives, officers, agents, Distributors, employees, or consultants shall:

(a) comply with Title 47 of the Code of Federal Regulations relating to Telecommunications;

(b) follow in good faith the procedures for transferring Consumers delineated

in Title 25-4.118 of the Florida Administrative Code relating to the Public Service Commission;
and

(c) comply with Sections 812.014, 831.01 and 831.02, Florida Statutes.

26. It is hereby agreed by Qwest that immediately upon the Effective Date of this Agreement and for a period of three (3) years thereafter, Qwest shall, with regard to selling Long Distance Services in or from the State of Florida to Consumers, adopt and implement adequate and responsible training, policies, guidelines, and procedures to monitor and ensure regularly and routinely that Qwest or its representatives, officers, agents, Distributors, employees, and consultants shall not receive, submit, change or attempt to receive, submit, or change Consumer orders or selections of Long Distance Telecommunications Providers, under false pretenses or without authorization or consent from the Consumer to be affected.

27. Qwest shall, within ninety (90) days of the Effective Date of this Agreement, begin providing the notice required by Paragraph 15 above and shall complete the notice within one hundred and twenty (120) days of the Effective Date of this Agreement.

28. Qwest shall continue to promptly resolve any and all Consumer complaints involving the Matters Investigated, which are referred to Qwest directly by the Consumer, referred to Qwest by the OAG, or referred to Qwest by any other source.

29. For a period of three (3) years after the Effective Date of this Agreement, Qwest shall continue its current practice of maintaining records of Consumer complaints for a period of two years following the date that a complaint is lodged (calculated on a rolling basis from each and every complaint made) and shall make such complaint information available to the OAG for inspection and copying during normal business hours upon reasonable notice, which shall mean at least five (5) business days notice, although, when necessary, the Parties shall work cooperatively and Qwest shall be given additional time to comply as needed

CERTIFICATION AND VERIFICATION

30. Qwest shall provide certification to the OAG within one hundred and thirty (130) days of the Effective Date of this Agreement. Said certification shall be in writing by an

appropriate employee of Qwest, who has personal knowledge of the matters contained in the certification. Qwest shall send the original certification to the OAG. The certification shall include:

- (a) a statement indicating the position and title of the person providing the certification;
- (b) a statement that the person providing the certification is executing the certification on behalf of Qwest pursuant to this Agreement; and
- (c) a statement that Qwest has complied with the notification provisions of Paragraphs 15 and 27, is complying with and will continue to comply with the complaint redress provision of Paragraph 28, and all other provisions of this Agreement.

MONETARY PROVISIONS & TERMINATION OF INVESTIGATION

31. In consideration of the mutual agreements, conditions and covenants set forth herein, upon execution of this Agreement, Qwest shall pay to the OAG the sum of 3.25 million dollars (\$ 3,250,000). This monetary obligation to the OAG shall be paid at the time of execution of this Agreement by Qwest, made payable to the "Legal Affairs Revolving Trust Fund". Payment shall be by wire transfer and notification of payment of said funds shall be delivered to Assistant Attorney General John A. Topa, Office of the Attorney General, The Capitol PL-01, Tallahassee, Florida 32399-1050.

32. Upon acceptance of the Agreement by the Florida Attorney General the OAG shall immediately terminate the Investigation and shall not pursue any further investigation of or action or Claims by the OAG against Qwest, or against past or present officers, directors, and employees of Qwest, regarding the Matters Investigated that are related to the Investigative Period

GENERAL PROVISIONS AND CONDITIONS

33. The Parties agree that venue for any and all matters or disputes arising out of this Agreement and asserted by or against the OAG shall lie solely in Leon County, Florida.

34. This Agreement shall become effective upon its acceptance by the Florida

Attorney General, who may refuse to accept it at his discretion. The Florida Attorney General will accept or reject this Agreement within thirty (30) days of its submission and execution by Qwest and the submission of the total payment set forth in Paragraph 31. Upon his acceptance of the Agreement, the Florida Attorney General shall terminate the Investigation and notify Qwest. In the event the Florida Attorney General does not accept this Agreement, the payment made pursuant to Paragraph 31 shall be immediately returned to Qwest and this Agreement shall become null and void.

35. This Agreement constitutes the entire agreement between Qwest, on the one hand, and the OAG, on the other hand, with regard to terminating the Investigation and resolving the Matters Investigated, and all prior negotiations and understandings between Qwest and the OAG shall be deemed merged into this Agreement.

36. No waiver, modification or amendment of the terms of this Agreement shall be valid or binding unless made in writing, signed by all Parties affected and then only to the extent set forth in such written waiver, modification, or amendment.

37. Qwest retains the right to modify and improve its Customer service policies, training programs and Distributor agreements and is not bound to maintain such policies, programs or agreements in any particular form. Substance, text and content of policies, programs and agreements adopted to implement the requirements set forth in this Agreement may be modified by Qwest at any time as long as the Customer service goals of eliminating unauthorized switches of Customers' Long Distance Service are continued and the underlying purposes of this Agreement are not thwarted.

38. Any failure by either Party to this Agreement to insist on strict performance by the other Party of any provision of the Agreement shall not be deemed a future waiver of any of the provisions of this Agreement, and such Party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all provisions of this Agreement.

39. This Agreement shall be governed by, construed and enforced in accordance with

the laws of the State of Florida, including, but not limited to, its conflict of law principles.

40. If any clause, provision, or section of the Agreement shall, for any reason, be held illegal, invalid, or unenforceable, such illegality, invalidity, or unenforceability shall not affect any other clause, provision, or section of this Agreement, and this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable clause, section, or other provision had not been contained herein.

41. With regard to its conduct, Qwest denies any liability, wrongful acts, or violation of law, and enters into this Agreement without any admission of liability, wrongful acts, or violation of law. While by this Agreement Qwest seeks to cooperate with, and to address and resolve concerns that the OAG may have with respect to the Matters Investigated, this Agreement does not constitute an admission of any sort by Qwest.

42. Qwest specifies in Paragraph 46 the address and telephone number where it can be contacted and served with process in the event of default under this Agreement. In addition, Qwest shall provide the new address, telephone number and facsimile number within five (5) business days of any future change to the contact information provided in Paragraph 46. Service upon Qwest for the purposes of enforcing the provisions of this Agreement in the event of default shall be effective upon mailing a notice via first class mail and facsimile transmissions.

43. Nothing in this Agreement shall be construed to limit the authority of the Florida Attorney General to protect the interests of the State or the people of the State of Florida except to the extent of the express settlement of Claims delineated herein and as expressly stated in this Agreement.

44. Nothing in this Agreement shall be construed as relieving Qwest of its obligation to comply with all state and federal laws, regulations or rules, nor shall any of the provisions of this Agreement be deemed to be permission to engage in any acts or practices prohibited by such law, regulation or rule.

45. This document shall not be construed against the "drafter" because both Parties

participated in the drafting of this document.

46. Except as otherwise provided herein, any notice, affidavit, certification, or statement, sworn or otherwise, required to be sent to the OAG or Qwest by this Agreement shall be sent by United States mail, certified mail return receipt requested or other nationally recognized courier service that provides for tracking services and identification of the person signing for the document. The documents shall be sent to the following:

For the OAG: John A. Topa, Assistant Attorney General
Office of the Attorney General
PL-01 The Capitol
Tallahassee, Florida 32399-1050
Phone: 850-414-3600
Fax: 850-488-4483

For Qwest: Andrew D. Holleman, Senior Attorney
1801 California Street, Suite 3800
Denver, Colorado 80202
Phone: 303-672-2774
Fax: 303-672-2757

and: James A. Smith, Executive Vice President
Consumer Markets
1801 California Street, Suite 5200
Denver, CO 80202
Phone: 303-992-6001
Fax: 303-296-4977

47. This Agreement sets forth the entire agreement between the parties, and there are no representations, agreements, arrangements, or understandings, oral or written, between the Parties relating to the subject matter of this Agreement which are not fully expressed herein or attached hereto.

48. Except for the Parties' respective obligations hereunder, and for and in consideration of the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged the OAG and the Attorney General for the State of Florida do hereby and forever discharge and release

Qwest, and its respective parent, subsidiary and affiliate corporations, officers, directors, shareholders, employees, agents, successors, Distributors, consultants, representatives, attorneys and assigns, of and from any and all manner of demands, actions, causes of action, Claims, suits, debts, sums of money, promises or damages whatsoever, in law or in equity, suspected or unsuspected, whether heretofore asserted or not, arising out of, or occurring as a result of, or in any way connected with the Claims that exist as of the date of this Agreement, concerning the Matters Investigated during the Investigative Period.

QWEST COMMUNICATIONS INTERNATIONAL, INC.

Dated: _____

By:

Title:

OFFICE OF THE ATTORNEY GENERAL

Dated: _____

By: Mary Leontakianakos

Chief of Economic Crimes

IMPORTANT NOTICE TO ALL QWEST CUSTOMERS

Our records indicate that you selected Qwest Communications Corporation as your long distance carrier for long distance calls. Qwest is working with the Office of the Attorney General of the State of Florida and other entities to ensure that no customers are or have been switched to Qwest without proper authorization. Some of you have been with Qwest for many years while others may have recently selected Qwest as your long distance carrier, but you are all valued customers and we want to ensure that you are receiving the long distance service that you need *and* that you have *chosen*. We know that you have many choices in long distance carriers and we appreciate your selection of our company to provide you this service. If you believe that our records are in error regarding your selection of Qwest as your long distance provider, please contact your Qwest customer service representative within the next 30 days at: _____.

Only your local phone company (also referred to as a "Local Exchange Carrier" or "LEC") or a new Long Distance Service Provider can make a change to effectuate your choice in the designation of your Long Distance Service Provider. If it is determined that you were switched to Qwest in error without proper authorization and you wish to select a different Long Distance Service Provider, you will need to contact either your LEC and inform it that you were switched improperly, and designate your chosen Long Distance Service Provider or you will need to directly contact the Long Distance Service Provider you have chosen to serve you in order for the change to be made. Qwest cannot make this change for you.

IN THE CIRCUIT COURT OF THE SEVENTH JUDICIAL CIRCUIT
SANGAMON COUNTY, ILLINOIS

FILED

JAN 03 2001 CIV-3

THE PEOPLE OF THE STATE OF ILLINOIS)

Plaintiff,)

-vs-)

QWEST COMMUNICATIONS CORPORATION,)
a Delaware corporation,)

Defendant.)

Debra P. Hoff Clerk of the
Circuit Court

2000-CH-00328

CONSENT DECREE

Plaintiff, the PEOPLE OF THE STATE OF ILLINOIS, by JAMES E. RYAN, Attorney General of Illinois, has filed a complaint for a permanent injunction and other relief in this matter pursuant to the Illinois Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/1 *et seq.* [West 1998] (the "Consumer Fraud Act"), charging the defendant with violations of the Consumer Fraud Act.

Plaintiff, by its counsel, and the defendant, by its counsel, have agreed to the entry of this Consent Decree by the Court without trial or adjudication of any issue of fact or law, and without admission of any of the violations of law alleged in the complaint.

FINDINGS

1. On July 13, 2000, the plaintiff filed a complaint in this cause pursuant to the provisions of the Consumer Fraud Act, the allegations of which are incorporated herein.
2. The Illinois Attorney General is charged with, among other things, the responsibility of enforcing the Consumer Fraud Act.
3. On or about July 17, 2000, the defendant was served with the plaintiff's complaint and with summons.

4. The defendant is a corporation organized under the law of Delaware, with its principal place of business in Colorado. The defendant's registered agent in Illinois is CT Corporation System, 208 South LaSalle Street, Chicago, Illinois 60604-1136.
5. On or about January 12, 1994 (resold interexchange), June 17, 1998 (facilities-based interexchange), and June 3, 1999 (facilities-based local), the Illinois Commerce Commission granted to the defendant authority to provide certain telecommunications services within Illinois.
6. The defendant, at all times relevant hereto, engaged in trade and commerce within the meaning of the Consumer Fraud Act in the State of Illinois, including, but not limited to, Sangamon County, in that it advertised, solicited, offered for sale, sold, and provided telecommunications service, and caused Illinois consumers to be billed for the same.
7. Plaintiff, by and through its complaint, has alleged that the defendant has engaged in unfair and deceptive acts or practices in the conduct of trade and commerce, in violation of sections 2 and 2DD of the Consumer Fraud Act.
8. The terms of this Consent Decree apply to the defendant, whether acting directly or through any corporation, partnership, subsidiary, division, or other device, or through any employee or agent.
9. This Court has jurisdiction over the subject matter of the complaint having been filed herein and over the parties to this Consent Decree.
10. This Final Judgment and Consent is for settlement purposes only, and the defendant does not admit to any of the factual allegations by the plaintiff or to any violation of state or federal law, rule or regulation, wrongdoing, or liability of any kind on its part or on the part of any

of Qwest's officers, directors, agents, employees, representatives, independent contractors, marketers, or assigns, nor does this Consent Decree constitute any finding of any such violations, wrongdoing, or liability of any kind on its part or on the part of any of Qwest's officers, directors, agents, employees, representatives, independent contractors, marketers, or assigns.

ORDER

NOW THEREFORE, on the basis of these findings, and for the purpose of effecting this Consent Decree,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED as follows:

11. The defendant is permanently enjoined from engaging in the following acts in connection with the advertising, offering for sale, or selling of any of its products or services to any Illinois consumer:
 - a. misrepresenting to an Illinois consumer, expressly or by implication, its identity;
 - b. misrepresenting, expressly or by implication, to an Illinois consumer the purpose of the defendant's call;
 - c. representing, expressly or by implication,
 - i. to a particular consumer that the defendant is offering to that consumer a lower long distance rate, unless the defendant knows that the offered rate is in fact lower than that which the consumer currently pays;
 - ii. that the defendant's rates for telecommunications service are lower than other carriers' rates, unless such representation is true, and the defendant has a basis for making such a representation at the time the representation is made;

-
- d. representing, expressly or by implication, that the defendant is the consumer's local telephone company and needs to update the consumer's account information;
 - e. representing, expressly or by implications, that the defendant is the consumer's local telephone company and needs to replace the consumer's calling cards;
 - f. representing, expressly or by implication, that the defendant is conducting a survey, when, in fact, the defendant is gathering information to enable the defendant to switch the consumer's telecommunications carrier from his or her current carrier to QWEST;
 - g. failing to inform any consumer that, by giving a positive response to the defendant's offer, the consumer's telecommunications carrier will be changed from his or her current carrier to QWEST;
 - h. failing, before obtaining authorization from a consumer for a telecommunications carrier change from his or her current carrier to QWEST, to disclose clearly and conspicuously to the consumer all material terms and conditions of the defendant's offer;
 - i. switching or causing any consumer's telecommunications carrier to be switched from the consumer's current carrier to QWEST without first obtaining authorization for such switch from a person with the power to give such authorization in accordance with rules promulgated by the Federal Communications Commission and codified at 47 C.F.R. §§64.1100, *et seq.*, as those rules are now, and as they may be amended;
 - j. failing to verify an order to change any consumer's telecommunications carrier from the consumer's current carrier to QWEST in accordance with the rules promulgated

by the Federal Communications Commission and codified at 47 C.F.R. §§64.1100, *et seq.*, as those rules are now, and as they may be amended;

- k. failing promptly to cease billing any consumer or causing a consumer to be billed for QWEST monthly recurring service charges after the consumer switches from, or is switched from, QWEST as his or her carrier; and
- l. representing, expressly or by implication, or offering, advertising, or promoting any good or service to any consumer as free, or so using any term of similar import, unless the consumer is not charged for any portion of the product or service characterized as free, or any term of similar import, and all material terms and conditions associated with such offer are disclosed clearly and conspicuously at the outset of the offer.

RESTITUTION

- 12. The defendant shall undertake, with respect to any unresolved Illinois consumers' complaints previously directed to the plaintiff alleging that the defendant switched the consumer's telecommunications carrier to QWEST without his or her authorization or knowledge, or as a result of express or implied misrepresentations, and with respect to any such complaints so directed within ninety (90) days following the date of entry of this Consent Decree, to adjust such complaints in accordance with the following procedure:
 - a. Within twenty (20) days following the deadline for receiving complaints pursuant to this paragraph, the plaintiff will provide the defendant with a list of names and addresses of these complaining consumers, to the extent such information has not already been provided to the defendant;

- b. The defendant shall investigate such complaints and determine, within thirty (30) days of receipt of such a complaint, shall determine whether to grant a credit or refund, or to dispute the complaint. For each undisputed complaint, QWEST shall reimburse consumers in an amount equal to that amount which they would receive in accordance with the rules promulgated by the Federal Communications Commission and codified at 47 C.F.R. §§64.1100, *et seq.*, as those rules are now and as they may be amended;
- c. Should QWEST grant a consumer's request for a credit or refund, it shall mail each complaining consumer the proper refund or notice of the proper credit amount within thirty (30) days of making the determination to grant a credit or refund;
- d. Should QWEST deny a consumer's request for a credit or refund, it shall provide to the plaintiff in writing, within ten (10) days of denying the request, the reason for the denial. QWEST shall, at the same time, provide to the plaintiff the amount in dispute and any other evidence that QWEST relies upon to substantiate the denial. Should the plaintiff determine that QWEST was unjustified in denying a refund, the plaintiff will direct QWEST to issue a refund or a credit in the amount specified above. QWEST, within thirty (30) days of the plaintiff's determination that QWEST was unjustified in denying a refund or credit, shall mail to the complaining consumer the proper refund or notice of the proper credit amount.
- e. The defendant shall, upon the plaintiff's request, provide the plaintiff with access to records and information relating to the restitution program, including, but not limited to, documents substantiating any refund amount given.

PAYMENT TO STATE

13. The Court enters a judgment in favor of the plaintiff and against the defendant in the amount of \$50,000.00. The defendant shall pay the amount of \$50,000.00, as a voluntary contribution to the Attorney General Court Ordered and Voluntary Compliance Payment Projects Fund, and shall be used by the Illinois Attorney General for law enforcement activity and education programs associated with enforcement of the Consumer Fraud Act. The plaintiff acknowledges receipt from defendant of a cashier's check, payable to the "Attorney General Court Ordered and Voluntary Compliance Payment Projects Fund", in the amount of \$50,000.00, prior to the entry of this Consent Decree, for the purpose of satisfying the money judgment.

CONTINUING JURISDICTION

14. Jurisdiction is retained by this Court for the purpose of enforcing this Consent Decree.

GENERAL PROVISIONS

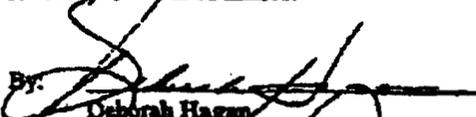
15. This Consent Decree shall not be construed as an approval by the plaintiff of QWEST's past, present, or future conduct or business practices. This Consent Decree finally resolves all claims that the Consumer Fraud Bureau of the Office of the Attorney General may have under the Consumer Fraud Act against the defendant in connection with the marketing of its telecommunications service prior to the date of entry of this Consent Decree.
16. To seek a modification of this Consent Decree, QWEST shall send a written request for modification to the plaintiff. The plaintiff shall respond within 30 days of receiving such request as follows:
- a. If the plaintiff or any agency of Illinois charged with the administration of Illinois'

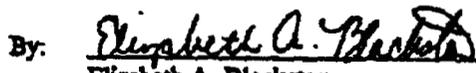
consumer protection statutes, subsequently enacts or promulgates legislation, rules, regulations, formal opinions or comparable official statements, or guidelines with respect to the subject matter of this Consent Decree or if the applicable law of Illinois shall otherwise change so as to be inconsistent with any provision of this Consent Decree, the plaintiff shall agree to modify such provision to the extent necessary to eliminate such inconsistency.

- b. If QWEST requests modification of this Consent Decree for any reason other than as set forth in subparagraph (a) above, the plaintiff shall give such petition reasonable consideration.

APPROVED:

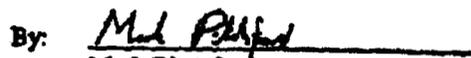
PLAINTIFF, THE PEOPLE OF THE STATE
OF ILLINOIS, by JAMES E. RYAN,
Attorney General of Illinois

By: 
Deborah Hagan
Assistant Attorney General
Chief, Consumer Fraud Bureau

By: 
Elizabeth A. Blackston
Assistant Attorney General
Consumer Fraud Bureau

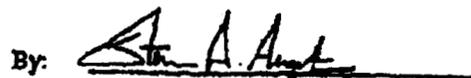
Date Entered: 1/3/01

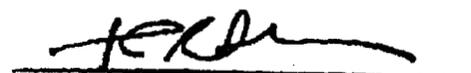
DEFENDANT, QWEST
COMMUNICATIONS CORPORATION,

By: 
Mark Pitchford
Senior Vice President
Consumer Markets

APPROVED AS TO FORM:

KELLEY DRYE & WARREN LLP

By: 
Steven A. Augustino
Attorneys for Defendant


JUDGE

IN WISCONSIN, CUSTOMER SERVICE

**STATE OF OHIO
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION SECTION**

IN THE MATTER OF:

DOCKET NO. 181601

Qwest Communications Corporation
555 17th Street
Denver, Colorado 80202

ASSURANCE OF VOLUNTARY COMPLIANCE

This Assurance of Voluntary Compliance (hereinafter, "Assurance") is entered into on this 30 day of May, 2003, by Qwest Communications Corporation, Inc. (hereinafter "Qwest"), and Jim Petro, Attorney General of Ohio (hereinafter "Attorney General"). For the purposes of this Assurance, the "Supplier" means Qwest Communications Corporation doing business under that name or any other name, its officers, principals, directors, partners, agents, servants, representatives, salespersons, employees, successors or assigns and all persons acting in concert or participation with it directly or indirectly, through any corporate device, partnership, or association, specifically including Distributors as defined in Section (A)(2) below, but excluding any switchless, switch-based or facilities-based carrier or re-seller of Long Distance Services that have contracted with Qwest.

Qwest, in the normal course of its business, offers the public, including residents of Ohio, telecommunication services, including long distance telephone services.

WHEREAS, the Attorney General has conducted an investigation of certain acts and practices of the named Supplier pursuant to the authority granted him by R.C. 1345.06; and

WHEREAS, the Attorney General may, pursuant to R.C. 1345.06(F), enter into and accept an Assurance of Voluntary Compliance; and

WHEREAS, the Attorney General and Qwest desire to conclude the Investigation and enter into this Assurance of Voluntary Compliance that will fully and finally settle, resolve, release and discharge the matters investigated into by the Attorney General and all claims relating thereto; and

WHEREAS, this Assurance of Voluntary Compliance is an assurance in writing by Qwest of its intent to conduct itself in a manner designed to comply with the provisions of the Ohio Consumer Sales Practices Act, R.C. 1345.01 *et seq.* (CSPA), and the Substantive Rules adopted thereunder, Ohio Adm. Code 109:4-3-01 *et seq.*

NOW, THEREFORE, in consideration of the mutual promises and conditions set forth herein, the parties hereto agree as follows:

(A) DEFINITIONS

1. The term "Consumer" shall have the same meaning set forth in Ohio Revised Code §1345.01(A).
2. The term "Distributor" means a third party entity engaging in marketing of Long Distance Provider Services to consumers on behalf of Qwest. The term "Distributor" does not mean or include any switchless, switch-based or facilities-based carrier or re-seller of Long Distance Services that has contracted with Qwest.
3. The term "Long Distance Service Provider" means the entity that is chosen by a "Consumer" to transport "Long Distance Services" and shall include and is synonymous with the terms "Primary

Interexchange Company," "Interexchange Carrier," "Primary Interexchange Carrier," "Preferred Carrier," "Interexchange Company," and "Long Distance Company."

4. The term "Qwest" as used herein means Qwest Communications Corporation and any of its parents, affiliates, subsidiaries, branches, divisions, departments, groups, employees, officers, or directors; and any corporate predecessors, successors or assigns controlling or controlled by Qwest.
- (B) By accepting this written Assurance, the Attorney General agrees to terminate the current investigation of Qwest's business practices conducted before the date of the signing of this Assurance and acknowledges receipt from Qwest of Fifty Thousand Dollars (\$50,000) as reimbursement of the Attorney General's investigatory costs and expenses, including reasonable attorney fees. Said payment shall be made payable to the "Ohio Attorney General" within thirty days of the execution of this Assurance.
- (C) IT IS FURTHER AGREED, that pursuant to Ohio Revised Code § 1345.06(F), this Assurance of Voluntary Compliance is not evidence of an admission of Qwest's violation of Ohio Revised Code §§ 1345.01 et seq. or any administrative rule adopted thereunder.
- (D) IT IS FURTHER AGREED, that by giving its written Assurance, Qwest agrees to conduct its business in compliance with all applicable Ohio consumer protection laws and substantive rules, including those currently codified at R.C. Section 1345.02(E), and that Qwest shall comply with all Federal Communications

Commission (FCC) rules and orders now in effect, or as hereafter modified or amended, including those currently codified at 47 C.F.R. sec. 64.1100 *et seq.*, before switching an Ohio Consumer's Long Distance Service from his/her existing Long Distance Services Provider to Qwest.

(E) IT IS FURTHER AGREED, that Qwest henceforth will conduct its business in compliance with R. C. Section 1345.01 *et seq.*, including but not limited to the following acts or practices:

1. Representing, offering, advertising or promoting any goods or service, expressly or by implication, to any Ohio Consumer as "free" unless the consumer is not charged for any portion of the product or service characterized as "free," except for any federal, state or local taxes, fees or surcharges, and all material terms and conditions associated with such offer are disclosed clearly and conspicuously at the outset of the offer.
2. Disclosing clearly and conspicuously all material terms and conditions for each and every product, service or discount offered to Consumers as an inducement to switch to Qwest's telecommunications service, such as minimum monthly service fees, in any advertisement or solicitation it disseminates or causes to be disseminated in the state of Ohio.

(F) IT IS FURTHER AGREED, that Qwest shall:

1. Promptly cancel long distance service upon the oral or written request of an Ohio Consumer. Qwest shall disclose to the Consumer the following information upon receipt of an oral cancellation request:
 - i. The Consumer must directly contact their local exchange carrier (LEC) to inform the LEC that Qwest is no longer their Long Distance Service Provider and select another Long Distance Service Provider;
 - ii. If the Consumer does not arrange for another Long Distance Service Provider with the Consumer's LEC, the Consumer's Long Distance calls will continue to be carried by Qwest at a substantially higher rate.

The above information shall be disclosed until such date that the information is no longer needed to effectuate a switch of long distance service.

2. Disclose to all Ohio Consumers who contact Qwest directly about obtaining Long Distance Service or who are telemarketed about Qwest's Long Distance Service information sufficient to ensure the consumer understands the characteristics and cost of the service to which he or she is subscribing. All material terms of the offer of service disclosed by Qwest shall be in compliance with the

provisions of Ohio Administrative Code Rule 109:4-3-02(A) which presently requires disclosure to all Ohio consumers the following:

- i. The price of interstate (interLATA) toll service, including any difference in price for day, evening, night or weekend calls;
 - ii. The price of intrastate (interLATA) toll service, including any difference in price for day, night or weekend calls;
 - iii. The amount of any minimum volume requirements, and if applicable that a fixed flat rate service charge, surcharge, termination charge or other non-service specific charge may be charged, and the fact that their local service provider may charge a one time fee for changing long distance carriers.
3. Maintain procedures with regard to the prompt handling of oral and written complaints and/or requests for refunds from Consumers residing in Ohio, including but not limited to, maintaining a copy of all written complaints or requests for refunds received, maintaining a record of all oral complaints or requests for refunds received, including name and address of such Consumers, the resolution of each complaint and amount credited, if any, and Qwest's responses to each request or complaint for a period of two (2) years from the date of receipt of complaint or request and shall

make such complaint information or documentation of Qwest's current procedures available to the Attorney General. Any confidential, proprietary or trade secret information/documentation, of Qwest or its customers, provided by Qwest shall be held "confidential" by the Attorney General and shall not be considered a public record by the Attorney General.

4. With regard to selling Long Distance Services in the State of Ohio to Consumers, adopt and implement adequate and responsible compliance steps including training, policies, guidelines and procedures to monitor and ensure regularly and routinely that neither Qwest nor its employees or Distributors receives, submits, changes or attempts to receive, submit or change Consumer orders or selections of Long Distance Service Providers, without authorization or consent from the affected Consumer.

(G) IN FURTHERANCE OF the obligations set forth in paragraph (F)4. above, Qwest shall undertake the following compliance steps:

1. Endeavor to provide within thirty (30) days, but in any event, no later than forty-five (45) days of the Effective Date of this Assurance, notification to all applicable employees and Distributors of a summary of this Assurance to prevent the unauthorized change of an Ohio Consumer's Long Distance Service Provider.

2. Review sales presentation materials used by Qwest employees, agents, officers, directors and Distributors engaged in marketing and soliciting Ohio Consumers to select Qwest Long Distance Services.
3. Provide training to all new Qwest employees and Distributors regarding federal and state prohibitions against unauthorized primary interexchange carrier ("PIC") changes, and update the employees and Distributors, within a reasonable time after changes are made to the applicable federal or Ohio prohibitions.
4. For a period of twenty-four (24) months from the execution of this Assurance, Qwest shall require every Qwest employee or Distributor employee involved in the sale of Qwest Long Distance Service to Ohio Consumers to review and sign an acknowledgment, or reply to an e-mail acknowledgment, at least once every six months, certifying their understanding of the prohibitions on making unauthorized changes, in accordance with rules promulgated by the Federal Communications Commission and codified at 47 C.F.R. § 64.1100 *et seq.* and Ohio Revised Code § 1345.02(E), as presently enacted or as may be subsequently amended, in the selection of a Consumer's Long Distance Service Provider. The Attorney General agrees not to seek recourse if Qwest shows a violation of this provision resulted from a bona fide error, notwithstanding the maintenance of procedures reasonably

adopted to avoid the error, or if the affected quantity of its non-compliant employees or Distributors is of a "de minimis" amount.

5. Terminate Qwest employees or Distributors who engage in the willful unauthorized change of an Ohio Consumer's Long Distance service Provider subject to the terms and conditions of any applicable contract or collective bargaining agreement.

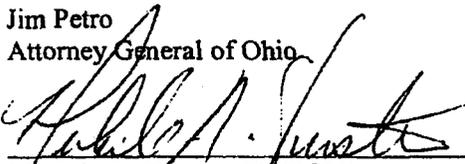
- (H) IT IS FURTHER AGREED that this Assurance constitutes the entire agreement between Qwest and the Attorney General, with regard to terminating the Investigation and resolving the matters investigated, and all prior negotiations and understandings between Qwest and the Attorney General are merged into this Assurance.
- (I) IT IS FURTHER AGREED that Qwest retains the right to modify its Consumer service policies, training programs, record retention programs, and Distributor agreements and is not bound to maintain such policies, programs or agreements in any particular form as long as Qwest remains in compliance with this Assurance of Voluntary Compliance.
- (J) IT IS FURTHER AGREED that nothing in this AVC shall limit the Attorney General's lawful use of compulsory process to investigate whether Qwest has violated any provision of this AVC or Ohio law.
- (K) IT IS FURTHER AGREED that Qwest shall not represent directly or indirectly, or in any way whatsoever, that the Attorney General has sanctioned, condoned or approved any part or aspect of Qwest's business practices.

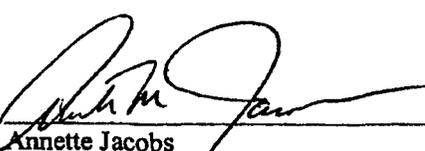
- (L) IT IS FURTHER AGREED that this Assurance of Voluntary Compliance shall be filed in the Public Inspection File pursuant to R.C. 1345.05(A)(3).
- (M) IT IS FURTHER AGREED that the Attorney General of the State of Ohio pursuant to his statutory authority does hereby release, waive and forever discharge Qwest from and against any and all claims, demands, causes of action and actions, whatsoever, whether known or unknown, in law or in equity, which the Attorney General has, had, could have or may claim to have, in the past, or through the effective date of this Agreement, arising out of or in consequence of any of the transactions that are the subject of this agreement, including but not limited to the sale, switching and/or provision of long distance services by Qwest to Consumers in the State of Ohio. It is expressly understood and agreed to by the parties that only those powers and duties of the Attorney General pursuant to Ohio Revised Code Chapter 1345 are released hereto and no other authority or powers of the Attorney General are released, discharged or waived.

WHEREAS, the parties hereto affix their signatures in recognition and acceptance of the terms contained herein and warrant and represent that by affixing their signatures below they have the legal right to do so on this 30th day of May, 2003.

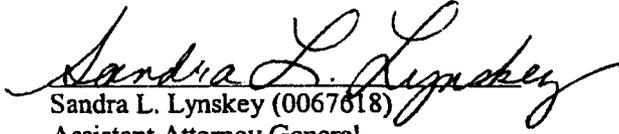
APPROVED:

Jim Petro
Attorney General of Ohio

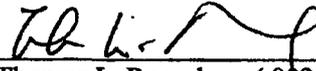

Michele A. Skuster (0062500)
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Columbus, Ohio 43215-3428


Annette Jacobs
Qwest Communications Corporation
Executive Vice President
President Qwest Consumer Markets

614/644-9618



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157045.v1



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88 East Broad Street, Suite 1600
Columbus, Ohio 43215-3506
614/228-8400

Counsel for Qwest

STATE OF OHIO
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION SECTION

IN THE MATTER OF:

DOCKET NO. 181601

Qwest Communications Corporation
555 17th Street
Denver, Colorado 80202

RECEIPT

I, SANDRA L. LYNKEY, on behalf of the Ohio Attorney General, acknowledge that on June 2, 2003, I received from Thomas L. Rosenberg on behalf of Qwest Communications Corporation a check (Check No. 02267732) in the amount of \$50,000 made payable to the Ohio Attorney General in accordance with the terms and provisions of the Assurance of Voluntary Compliance entered into by Qwest Communications Corporation and the Ohio Attorney General.

Sandra L. Lynkey
Assistant Attorney General

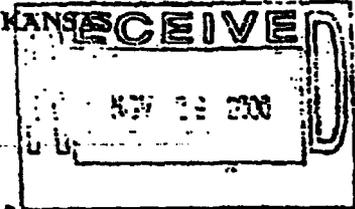
Kristy L. Hiebert, #14716
Assistant Attorney General
Office of the Attorney General
120 W. Tenth Street, 2nd Floor
Topeka, Kansas 66612-1597
(785) 296-3751

FILED BY CLERK
KS. DISTRICT COURT
THIRD JUDICIAL DIST

2000 NOV 21 P 2 55

JURISDICTION
TOPEKA, KANSAS

IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS
Division 7



STATE OF KANSAS, *ex rel.*
CARLA J. STOVALL, Attorney General,

Plaintiff,

vs.

QWEST COMMUNICATIONS CORPORATION
and LCI INTERNATIONAL TELECOM CORP.,
d/b/a QWEST COMMUNICATIONS SERVICES

Defendants.

Case No. 00-C-1527

(Pursuant to K.S.A. Chapter 60)

JOURNAL ENTRY OF CONSENT JUDGMENT

NOW on this 21st day of November, 2000, the Petition for Approval of Consent Judgment comes before the Court pursuant to K.S.A. 50-632(b). The Plaintiff, the State of Kansas, *ex rel.* Carla J. Stovall, Attorney General, appears by and through Kristy L. Hiebert, Assistant Attorney General. Defendants Qwest Communications Corporation and LCI International Telecom Corp. (hereinafter referred to as "Qwest", "LCI" or "Defendants" respectively) appear by and through Jennifer P. Kyner, Armstrong Teasdale, LLP, Kansas City, Missouri.

WHEREUPON the parties advise the Court that they have stipulated and agreed to the following:

PARTIES, JURISDICTION AND VENUE

1. Carla J. Stovall is the Attorney General of the State of Kansas.
2. The Attorney General's authority to bring this action is derived from the statutory and common law of the State of Kansas, specifically the Kansas Consumer Protection Act, K.S.A. 50-623 *et seq.*
3. Defendant Qwest is a foreign corporation organized under the laws of the State of Delaware. The principal office of the corporation is located at 700 Qwest Tower, 555 Seventeenth Street, Denver, Colorado 80202. Qwest applied with the Kansas Secretary of State for authority to do business in Kansas in September 1994, as Southern Pacific Telecommunications Company, by filing a Foreign Corporation Application.
4. Defendant Qwest obtained a Certificate to provide interexchange telecommunications services in Kansas from the Kansas Corporation Commission in January 1995, as Southern Pacific Telecommunications Company. In August 1995, the Commission approved Southern Pacific changing its name to Qwest Communications Corporation.
5. Defendant LCI was a foreign corporation organized under the laws of the State of Delaware. The principal office of the corporation was located at 4650 Lakehurst Ct, Dublin, Ohio 43016. LCI applied with the Kansas Secretary of State for authority to do business in Kansas in October 1991, by filing a Foreign Corporation Application.
6. Defendant LCI obtained a Certificate to resell telecommunications services in Kansas from the Kansas Corporation Commission in April 1992, under the name of LiTel Telecommunications Corporation d/b/a LCI International. In November 1994, LCI was granted a Certificate to provide both operator services and interexchange carrier services.

7. Each of the Defendants' representatives signing this Journal Entry of Consent Judgment warrants that the representative has been duly authorized by the Defendant, for whom the representative appears to be acting, to enter and execute this Journal Entry of Consent Judgment on behalf of such Defendant.

8. Defendants stipulate and admit that the Court has subject matter jurisdiction over this case and *in personam* jurisdiction over the parties.

9. Defendants stipulate and admit that venue is proper in this Court.

10. Defendants are suppliers within the definition of K.S.A. 50-624(i) and engaged in consumer transactions in Kansas within the definition of K.S.A. 50-624(e).

11. Defendants engaged in business as providers of long distance telecommunication services, including both intrastate and interstate service, hereinafter referred to as "long distance service," to Kansas consumers.

12. Defendants control the nature, quality and price of the long distance services provided to its customers.

ALLEGATIONS

13. Beginning at a time unknown to Plaintiff but at least since January 1995, Defendants, through their agents, employees and representatives, have been conducting telemarketing contacts and direct face-to-face contacts with Kansas consumers in an effort to persuade consumers to use their long distance service.

14. The Attorney General alleges that the Defendants, directly or through their third-party distributors, engaged in the following acts and practices:

- a. Switching consumers' long distance telephone service to the Defendants' service without their proper authorization, otherwise known as "slamming";

- b. Forging consumers' signatures on Defendants' "Authorization to Change Long Distance Carrier";
- c. Misrepresenting Defendants' "Fly Free America" program in telemarketing contacts;
- d. Failing to provide free airline tickets as promised in return for switching to Defendants' long distance service;
- e. Misrepresenting Defendants' rates and calling plans in telemarketing contacts.

15. The Attorney General alleges that the acts and practices described in paragraph fourteen (14) herein are deceptive and unconscionable acts and practices in violation of Kansas Statutes Annotated (K.S.A.) 50-626, 50-627, 50-6,103 (K.S.A. 1999 Supp.), 50-676 and 50-677, in that Defendants, their agents or representatives:

- a. Engaged in activity, conduct or representations while soliciting changes in consumers' telecommunications carriers to the Defendants' service that had the capacity to mislead, deceive or confuse the consumers;
- b. Submitted orders to change consumers' telecommunications carriers to the Defendants' service without having obtained the express authorization of the consumers authorized to make the change and recapturing or switching consumers back to the Defendants' service without the consumers' authorizations after they switch away from the Defendants;
- c. Made representations knowingly or with reason to know that the services had a sponsorship, approval, accessories, characteristics, ingredients, uses, benefits or quantities that they did not have;
- d. Committed violations of the consumer protection act against elderly consumers.

This Consent Judgment is entered into for settlement purposes only, and Defendants do not admit to any of the practices set forth in paragraphs fourteen (14) and fifteen (15) herein, or to any violation of state or federal law, rule, or regulation, wrongdoing, or liability of any kind on its part or on the part of any of Qwest's officers, directors, agents, employees, representatives, independent contractors, marketers, or assigns.

17. Defendants agree to this Consent Judgment without trial or adjudication of any issue of fact or law.

INJUNCTIVE RELIEF

18. Defendants agree to refrain from, and to be permanently enjoined from, engaging in those acts and practices set forth in paragraphs fourteen (14) and fifteen (15) herein and Defendants agree that engaging in any such acts or similar acts, after the date of this Consent Judgment, shall constitute a violation of this Consent Judgment.

19. Defendants agree to be permanently enjoined from switching a consumer's current long distance service to the Defendants' service and from switching a consumer back that has switched away from the Defendants (recapture), without having obtained the consumer's express authorization to make the change as defined in K.S.A. 50-6,103 (K.S.A. 1999 Supp.) and the Defendants shall, at a minimum, comply with all Federal laws, statutes, rules and regulations, including but not limited to 47 C.F.R. 64.1150, as they now exist or as amended in the future and all Kansas laws, statutes, rules and regulations, as they now exist or as amended in the future.

20. Defendants agree to be permanently enjoined from entering into, forming, organizing or reorganizing into any partnership, corporation, sole proprietorship or any other legal structures, for the purpose of avoiding compliance with the terms of this Consent Judgment.

21. Defendants agree to make available and/or disclose the provisions of this Consent Judgment to each officer, director and employee of management level that is involved in Kansas operations of the Defendants within thirty (30) days of signing the Consent Judgment.

22. Defendants agree to maintain all records of authorization to switch long distance service of Kansas consumers for a period of two years and to allow the Attorney General to inspect such records in the future.

CONSUMER RESTITUTION

23. Defendants agree to provide a full refund or credit for each consumer in Exhibit 1, attached hereto and incorporated herein as though fully set forth herein, to the extent such full refund or credit has not already been received by each consumer from the Defendants. Any refunds shall be provided to the Office of the Attorney General in checks made payable to such consumers within ten (10) days of signing this Consent Judgment. If the complainant has not paid the Defendants and has outstanding bills, the Defendants will credit the account so that it has a zero balance. The Defendants will also reimburse such complainants for any switching charges incurred. The Defendants also agree that no negative credit information has been or will be reported to any credit reporting agency for nonpayment of a bill from the Defendants for such complainants. The Defendants agree to take all action necessary to remove and correct any negative information already reported related to a switch by the Defendants and subsequent billing for such complainants, and agree to forego any collection of present outstanding amounts owed to the Defendants by such complainants.

24. Defendants agree to provide, within ten (10) days of signing this Consent Judgment, an affidavit signed by an officer of Qwest which acknowledges that all action required in paragraph twenty-three (23) herein has been taken by the Defendants and which provides a listing of the refund/credit amounts provided to each consumer listed in Exhibit 1.

25. For any complaints filed with or supplied to the Office of the Attorney General within ninety (90) days of the entry of this Consent Judgment, which complaints are meritorious as determined by the Office of the Attorney General, regarding a switch of long distance services occurring prior to the date of this Consent Judgment, the Defendants agree to resolve such complaints by providing relief consistent with the type of relief provided to consumers in paragraph twenty-three (23) above or as provided under federal or state law, whichever provides the greatest relief for the consumer.

INVESTIGATIVE FEES AND CIVIL PENALTIES

26. Defendants agree to pay to the "Office of the Attorney General" of the State of Kansas \$350,000 for investigation fees and expenses and other consumer protection purposes pursuant to K.S.A. 50-632. Payment shall be made by a cashier's check and shall be delivered to the Attorney General of the State of Kansas at the time of signing the Consent Judgment.

OTHER PROVISIONS

27. The provisions of this Consent Judgment will be applicable to the Defendants, and every employee, agent or representative of the Defendants.

28. Jurisdiction is retained by this Court for the purpose of enabling any of the parties to this Consent Judgment to apply to this Court at any time for such further orders and directions as may be necessary or appropriate for the modification of any of the provisions hereof, for the enforcement of compliance herewith, and for the punishment of violations thereof.

29. If any portion, provision, or part of this Consent Judgment is held to be invalid, unenforceable, or void for any reason whatsoever, that portion shall be severed from the remainder and shall not affect the validity or enforceability of the remaining provisions, portions or parts.

30. Compliance with this Consent Judgment does not relieve the Defendants of any obligation imposed by applicable federal, state, or local law, nor shall the Attorney General be

precluded from taking appropriate legal action to enforce civil or criminal statutes under her jurisdiction. The parties agree that this Consent Judgment constitutes a full and final resolution of all claims relating to the acts and practices alleged to be deceptive or unconscionable under the Kansas Consumer Protection Act in paragraphs fourteen (14) and fifteen (15) up to the date of the signing of this Consent Judgment. The Kansas Attorney General agrees that she and her office will not pursue any claims, demands or civil cause of action under the Kansas Consumer Protection Act against Defendants for the acts and practices alleged to be deceptive and/or unconscionable in paragraphs fourteen (14) and fifteen (15) of this Consent Judgment up through the date of the signing of this Consent Judgment, excepting only any action which may be required to enforce the provisions of this Consent Judgment.

31. The parties understand that this Consent Judgment shall not be construed as an approval of or sanction by the Attorney General of the business practices of the Defendants nor shall the Defendants represent the decree as such an approval. The parties further understand that any failure by the State of Kansas or by the Attorney General to take any action in response to any information submitted pursuant to the Consent Judgment shall not be construed as an approval of or sanction of any representations, acts or practices indicated by such information, nor shall it preclude action thereon at a later date.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that the stipulation and agreement of the parties contained herein are adopted and approved as the findings of fact and conclusions of law of the Court.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that judgment is entered against Defendants and in favor of Plaintiff in the amount of \$350,000.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pursuant to the Kansas Consumer Protection Act, and the provisions of K.S.A. 50-632(b), the court hereby approves the terms of the Consent Judgment and adopts the same as the Order of the Court.

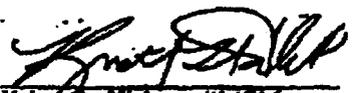
IT IS SO ORDERED.


DISTRICT COURT JUDGE

Approved by:

PLAINTIFF


CARLA J. STOYALL, #11433
Attorney General


Kristy L. Hiebert, #14716
Assistant Attorney General
Kansas Judicial Center, 301 W. 10th
Topeka, Kansas .66612-1597
(785) 296-3751

Attorneys for Plaintiff

DEFENDANTS

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Jennifer P. Kyner, #18107
Armstrong Teasdale, LLP
2345 Grand Boulevard, Suite 2000
Kansas City, MO 64108
(816) 221-3420

Attorney for Defendants

O:\HIEBERT\PUBLIC\Teleno\qwest\jfinal.wpd

FILE #	NAME AND ADDRESS	PHONE #
Z9-2763	Judy Hiebert 1545 N. 15 Highway Hillsboro, KS 67063	316-947-2599
Z9-5560	Yoke Leng Wong 1702 E. Fairmont Wichita, KS 67208	316-686-1349
00-0878	Kristy Engstrom 156 S. 10 th St. Salina, KS 67401	785-823-5896 785-823-2269
00-1380	Bernard Nelson 820 N. Jefferson Wellington, KS 67152	316-326-6835
00-1520	Lorraine A. Chippeaux 305 E. View Arma, KS 66712	316-347-8585
00-1750	Marie Jones PO Box 538 New Strawn, KS 66839	316-364-8459
00-1751	William Dinkel 2720 SE 30 th Topeka, KS 66605	785-266-7899
00-1845	Lois Swearinger 1510 280 th St. Hiawatha, KS 66434	785-742-2853
00-2124	Maureen Kile 201 S. Grant Clearwater, KS 67026	316-584-6496
00-2143	Samer Al-Hashani 111 West 2 nd St. Hugoton KS 67951	316-544-7543
00-2344	Matias Borjon 2830 Highland Court Topeka, KS 66607	785-235-2520

00-2459	Nina L. Brown 804 Dane Waverly, KS 66871	785-733-2626
00-2565	Merla Greer 502 S. Main Dexter, KS 67038-0069	316-876-5643
00-2896	Margaret Wuggazer 3003 Fairway Coffeyville, KS 67337	316-251-0157
00-2966	Rebecca L. Horst 1530 Bochtold Ave. Salina, KS 67401	785-827-3812
00-3398	Barbara Wilson PO Box 82 Abilene, KS 67410	785-263-3505
00-3536	Jim Williams Rt 1 Box 24 Rolla, KS 67954	316-593-4751
00-3665	Sheryl Werner 3003 Deer Rd. Abilene, KS 67410	785-388-2612
00-3755	Alma Strunk 317 NE 9 th Abilene, KS 67410	785-263-3205
00-3898	Claudia Willyard 137 NE Lincoln Melvern, KS 66510	
00-4139	Kevin Kemp 700 West 12 th St. Baxter Springs, KS 66713	316-856-5337
00-4140	Steve Vandevord 4331 West 165 th Scranton, KS 66537	785-793-2416

00-4573	Audrey Steenbock 284 Indian Rd. Longford, KS 67458-9426	785-263-1259
00-4764	Connie Tschantz PO Box 394 Waverly, KS 66871	785-733-2790
00-5089	Stormy Lee Kennedy 1814 Claflin Rd. Manhattan, KS 66502	785-776-3771
00-5090	Nadine Seaman 601 N. Buckeye Apt. 211 Abilene, KS 67410	785-263-1735
00-5542	Woody Smith 701 Spruce P.O. Box 805 Coffeyville, KS 67337	316-251-6161
00-5803	Lorene Damewood 906 W. 27 th St. Lawrence, KS 66046	785-749-5488
00-5805	Linda Thomas 40121 Pleasant Val Rd. Lane, KS 66042	785-869-3148
00-5993	Alfred Moore, Jr. 217 N. 5 th Street Sabetha, KS 66534-2309	785-284-3006
00-5996	Alice Widner 12710 N. 4 th Street Pleasanton, KS 66075	913-352-6441
00-6148	George Thompson 2798 Fair Road Abilene, KS 67410	785-388-2756
00-6400	Thomas Von Seggern 701 Plum Street Wamego, KS 66547	785-456-6989

00-6455	Claude Martox 1101 Court Wathena, KS 66095	785-989-4832
00-6647	Marcia Wheatcroft 126 Redbud Drive Winfield, KS 67156	316-221-2096

STATE OF WISCONSIN

CIRCUIT COURT

DANE COUNTY

STATE OF WISCONSIN,
123 West Washington Avenue
Post Office Box 7857
Madison, Wisconsin 53707-7857,

Plaintiff,

v.

Case No. **00CV3280**
Unclassified - Civil: 30703

QWEST COMMUNICAITONS
CORPORATION, a foreign corporation
555 17th Street,
Denver, CO 80202

Defendant.

THIS IS AN AUTHENTICATED COPY OF THE
ORIGINAL DOCUMENT FILED WITH THE DANE
COUNTY CLERK OF CIRCUIT COURT.

00 DEC 12 AM 9:11
DANE COUNTY, WI

SUMMONS
JACOBSON COLEMAN
CLERK OF CIRCUIT COURT

THE STATE OF WISCONSIN

To each person named above as a defendant:

You are hereby notified that the plaintiff named above has filed a lawsuit or other legal action against you. The complaint, which is attached, states the nature and basis of the legal action.

Within forty-five (45) days of receiving this summons, you must respond with a written answer, as that term is used in Wis. Stat. ch. 802, to the complaint. The court may reject or disregard an answer that does not follow the requirements of the statutes. The answer must be sent or delivered to the court at the Dane County Courthouse, 210 Martin Luther King Jr. Boulevard, Madison, Wisconsin 53709, and to Assistant Attorney General David J. Gilles, plaintiff's attorney, whose address is Post Office Box 7857, Madison, Wisconsin 53707-7857. You may have an attorney help or represent you.

If you do not provide a proper answer within forty-five (45) days, the court may grant judgment against you for the award of money or other legal action requested in the complaint, and you may lose your right to object to anything that is or may be incorrect in the complaint. A judgment may be enforced as provided by law. A judgment awarding money may become a lien against any real estate you own now or in the future, and may also be enforced by garnishment or seizure of property.

Dated this 12th day of December, 2000.

JAMES E. DOYLE
Attorney General


DAVID J. GILLES
Assistant Attorney General
State Bar Number 1016051

Attorneys for Plaintiff,
State of Wisconsin

Wisconsin Department of Justice
Post Office Box 7857
Madison, Wisconsin 53707-7857
608/266-1792

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STATE OF WISCONSIN

CIRCUIT COURT

DANE COUNTY

STATE OF WISCONSIN,
123 West Washington Avenue
Post Office Box 7857
Madison, Wisconsin 53707-7857,

Plaintiff,

v.

Case No. **00CV3280**
Unclassified - Civil: 30703

QWEST COMMUNICAITONS
CORPORATION, a foreign corporation
555 17th Street,
Denver, CO 80202

Defendant.

STIPULATION

THIS IS AN AUTHENTICATED COPY OF THE
ORIGINAL DOCUMENT FILED WITH THE DANE
COUNTY CLERK OF CIRCUIT COURT.
DANE COUNTY, WI
00 DEC 12 AM 9:11
COURT

IT IS HEREBY CONSENTED AND STIPULATED:

1. Defendant QWEST COMMUNICATIONS CORPORATION ("Qwest"), is a foreign corporation with its principal place of business at 555 17th Street, Denver, Colorado, 80202, and is engaged in the business as a provider of telecommunications services.
2. Defendant, by entering into this stipulation, makes a general appearance and consents to the jurisdiction of the court over the subject matter of this action and over defendant Qwest.
3. Qwest denies any wrongdoing as alleged by the State of Wisconsin. This stipulation and attached judgment do not constitute any evidence or admission of any kind. The annexed judgment does not constitute a finding by this court that Qwest has engaged in any act or practice declared in violation of Wis. Stat. § 100.207.

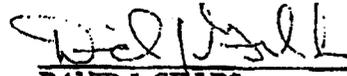
4. The parties hereby consent to the entry of the annexed judgment without further pleading, notice or appearance.

Consented to by Plaintiff,
State of Wisconsin

JAMES E. DOYLE
Attorney General

Dated: 12/11/00

By:



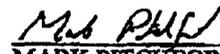
DAVID J. GIMLES
Assistant Attorney General
State Bar Number 1016051

Attorneys for Plaintiff,
State of Wisconsin

Consented to by Defendant,
Qwest Communications Corporation

Dated: 11/30/00

By:



MARK PITCHFORD
Senior Vice President

Approved as to Form:
Kelley, Drye & Warren, LLP

Dated: 12/4/00

By:



Steven A. Augustino
Attorneys for Defendant,
Qwest Communications Corporation

STATE OF WISCONSIN

CIRCUIT COURT

DANE COUNTY

STATE OF WISCONSIN
123 West Washington Avenue
Post Office Box 7857
Madison, Wisconsin 53707-7857,

RICHARD J. CALDWAY
CIRCUIT COURT, BR. 8

Plaintiff,

v.

Case No. 00CV3280

Unclassified - Civil: 30703

QWEST COMMUNICAITONS
CORPORATION, a foreign corporation,
555 17th Street,
Denver, Colorado 80202

Defendant.

JUDGMENT

The State of Wisconsin ("plaintiff"), QWEST COMMUNICATIONS CORPORATION, defendant, having executed the annexed stipulation, and the court having reviewed the file herein,

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

I. JURISDICTION

1. That said stipulation is approved and made a part of the record herein.
2. That this court has jurisdiction over the defendant and over the subject matter of this action. Defendant QWEST COMMUNICATIONS CORPORATION. ("Qwest") is engaged in the business of selling interstate and intrastate commercial and residential long distance telecommunications service.

II. INJUNCTION

3. That pursuant to Wis. Stat. § 100.207(6)(b)1., defendant, its employees, officers, agents, including independent marketers, representatives, successors and assigns, are enjoined and restrained with respect to the offer, solicitation and provision of telecommunications service to Wisconsin residents as follows:

a. QWEST shall comply with all Federal Communications Commission (FCC) rules and orders now in effect, or as hereafter modified or amended, before submitting a PIC change order to any local exchange carrier (LEC).

b. QWEST shall obtain the express authorization of a person authorized to change the subscriber-of-record's current telecommunications service carrier to QWEST.

c. Regarding the face-to-face marketing of telecommunications services to Wisconsin consumers:

1. QWEST sales representatives, at point of sale, shall match the consumer's name and signature on the Letter of Authorization (LOA) to the name and signature on the consumer's picture identification. In addition:

a) The QWEST sales representative shall note on the LOA the type of picture identification provided by the consumer, e.g., a Wisconsin driver's license;

b) The QWEST sales representative shall write his or her identification number, assigned by QWEST, on the LOA so that QWEST can trace consumer dissatisfaction with a particular

transaction directly to the QWEST sales representative who handled the transaction;

e) QWEST shall retain LOAs signed as a result of face-to-face marketing to Wisconsin consumers for a period of two years from the date the consumer signed the LOA.

2. QWEST shall not submit a PIC change order based on an LOA signed by a Wisconsin consumer as a result of face-to-face marketing that does not contain the notation regarding the consumer's picture identification and the QWEST sales representative's identification number unless the PIC change order has been subject to independent third-party verification under the FCC rules.

d. QWEST shall revise, if necessary, its sales manuals regarding face-to-face marketing of telecommunications services to residential consumers in Wisconsin to make clear the following:

1. That it is illegal for QWEST sales representatives to sign LOAs on a consumer's behalf;

2. That the QWEST sales representatives must verbally confirm with the consumer that he or she is the person authorized to change the subscriber-of-record's telecommunications service;

3. That in face-to-face solicitations directed to Wisconsin consumers, QWEST sales representatives shall match the consumer's name and signature on the LOA to the name and signature on the consumer's

picture identification and shall note on the LOA the QWEST sales representative's identification number or name.

e. QWEST shall provide its sales manual, reflecting the requirements set out in paragraph 3.d., to the Attorney General's Office within thirty (30) days of initiating face-to-face marketing of telecommunications services to residential consumers in Wisconsin.

f. QWEST shall inform current principals, partners, officers, directors, managers, sales representatives and contract marketers having responsibilities with respect to face-to-face marketing to Wisconsin consumers within thirty (30) days of Qwest policies procedures for the prevention of unauthorized PIC change orders, and for a period of two years, future principals, partners, officers, directors, managers, sales representatives and contract marketers having responsibilities with respect to face-to-face marketing to consumers in Wisconsin within thirty (30) days of the date on which said agents assume those responsibilities.

g. QWEST shall take appropriate disciplinary action, up to and including dismissal, against any QWEST sales representative who forges the signature of a Wisconsin consumer to an LOA.

h. QWEST shall take timely corrective action against any QWEST sales representative who fails to match the consumer's name and signature on the LOA to the name and signature on the consumer's picture identification where such matching procedure is required under the terms of this consent judgment;

i. Qwest shall ensure reasonable access to customer service representatives through a toll free number which affords a caller the opportunity to

Speak in person with a customer service representative within a reasonable time period, provided that the opportunity to speak in person to a customer service representative may be limited to normal business hours and other reasonable limitations; and

j. Qwest shall cancel service upon request of a subscriber. Upon receipt of a cancellation request, Qwest shall clearly and conspicuously disclose to the subscriber the following information:

i) the subscriber must select an alternative long distance service provider;

ii) if the subscriber does not arrange for presubscribed long distance service within a designated number of days, Qwest will block the customer's calls, the subscriber will not have 1+ long distance service and the subscriber will have to use another carrier long distance service to make long distance calls;

iii) the subscriber should contact another long distance company or the local exchange company to arrange for replacement service, if desired.

4. That pursuant to Wis. Stat. §§ 100.20(6) and 100.171(8)(a), defendant, its employees, officers, agents, including marketers, representatives, successors and assigns are enjoined and restrained with regard to the offer and solicitation of telecommunications services as follows:

a. Failing to provide a written prize notice in the event a telemarketing solicitation involves a prize as defined by Wis. Stat. § 100.171(1)(a);

b. Failing to disclose all costs that a recipient must pay or other conditions related to the use of a gift or service offered as an incentive to obtain a customer's agreement to subscribe or purchase telecommunications services.

III. CORRECTIVE ACTION AND RESTITUTION

5. That pursuant to Wis. Stat. § 100.18(11)(d), defendant shall discontinue any and all incentive payments to any agents, including employees, based upon the number of persons in Wisconsin who agree to order defendant's service unless such incentive payment program includes provisions for monitoring, ensuring a proper authorization, and verification is obtained from customers and that employees are disciplined for improper conduct.

6. That pursuant to Wis. Stat. § 100.18(11)(d), the defendant shall undertake to address all complaints filed with the State of Wisconsin before ninety (90) days from the entry of this judgment by former and current subscribers who allege that their long distance service was switched to Qwest without authorization as follows:

a. The defendant shall reimburse persons where Qwest, in its good faith judgment, concludes that it switched their long distance service without proper authorization. Subscribers may submit their complaints to Qwest telephonically, and it will make every effort to resolve the complaints, where possible, during this initial call. Qwest will also review complaints that are filed with the State of Wisconsin and referred to defendant. The State of Wisconsin shall provide Qwest with copies of all applicable complaints and, no later than one hundred twenty (120) days after the entry of this judgment, a list of those complaints that it believes qualify for consideration under this paragraph.

b. If defendant determines that a consumer's long distance service was switched with proper authorization, Qwest shall notify the consumer of this finding and that if the customer disagrees, he or she may submit the matter to the Department of Agriculture, Trade and Consumer Protection ("DATCP") for its review. (Qwest shall provide the customer with DATCP's toll free number.)

c. In the event that after investigating the allegations and considering carefully defendant's response, DATCP determines that a complaint of an unauthorized primary interexchange carrier ("PIC") change against Qwest is valid, DATCP shall inform defendant of such determination and the basis for it. Qwest shall reimburse such persons pursuant to subsection d. of this paragraph.

d. For those customers who qualify for reimbursement, defendant's obligation shall be as follows. Defendant shall pay an amount equal to all payments paid by such subscribers for switching charges related to the provision of Qwest service and shall re-rate all toll charges that occurred while Qwest provided service after the PIC change in question. Qwest shall issue the refund or credit within one hundred twenty (120) days of the date of the judgment, or the determination by DATCP that a PIC change was unauthorized, whichever is later. Toll charges will be re-rated on the basis of rates paid by such subscribers to their prior carriers. In the event such subscribers are unable to provide documentation regarding rates prior to the unauthorized change, defendant shall base re-rating on 10 cents per minute for intra- and interstate toll charges.

7. Qwest shall provide DATCP with a report regarding credits issued to Wisconsin residents within sixty (60) days of completion of the restitution program.

IV. PENALTIES

8. That pursuant to Wis. Stat. § 100.207(6)(c), defendant is obligated for and shall pay to the State of Wisconsin \$250,000, such amount consisting of \$225,000 in civil forfeitures, which includes a penalty assessment pursuant to Wis. Stat. § 165.87, and \$25,000 as costs pursuant to Wis. Stat. § 100.263.

V. COMPLIANCE

9. That defendant shall maintain procedures with regard to the handling of oral and written complaints from customers residing in Wisconsin and/or requests for refunds, including maintaining a copy of all written complaints or requests for refunds received, maintaining a record of all oral complaints or requests for refunds, including the name and address of such customer from whom each complaint or request for refund was received from such customers, the amount of refund requested, the resolution of each complaint and amount refunded, if any, and defendant's response to each request or complaint for a period of at least thirty-six (36) months from the date of receipt of the complaint or request.

10. In the event that the provisions of 47 C.F.R. § 64.1100, 47 C.F.R. § 64.1150 or any other state or federal law or regulation are amended, or in the event that any other law or regulation is enacted in a manner which would render compliance with any term of this judgment a violation of such law or regulation, it is understood that QWEST's compliance with such amended or newly enacted law or regulation will constitute compliance with this judgment. The remainder of the terms and conditions of this judgment shall not be effected thereby.

VI. CUSTOMER RIGHTS AND CONTINUING JURISDICTION

11. That nothing contained in this judgment shall be construed to deprive any customer or other person or entity of any private right under the law.

12. That nothing contained in this judgment shall be construed as approval, sanction or authorization of any act, practice or conduct of defendant.

13. This judgment may be enforced only by the parties hereto.

14. That nothing in this judgment shall be construed to limit the authority of plaintiff to enforce prospective laws, regulations or rules against defendant.

15. That jurisdiction is retained by this court for the purpose of enabling any of the parties to this proceeding to apply to this court for any other such further orders and directions as may be necessary and appropriate for the enforcement of, or compliance with, this judgment.

Dated this 12 day of December, 2000.

BY THE COURT
JLC Albert
Dane County Circuit Court Judge

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IN THE CIRCUIT COURT OF JACKSON COUNTY, MISSOURI
AT INDEPENDENCE

STATE OF MISSOURI, ex rel.)
JEREMIAH W. (JAY) NIXON,)
Attorney General,)

Plaintiff,)

v.)

Case No. CV97-023268

CAMPUS PROMOTION NETWORK, INC.,)
et al.,)

Defendant.)

CONSENT PERMANENT INJUNCTION AND FINAL JUDGMENT

Comes now plaintiff State of Missouri and ("Defendants"): LCI International Telecom Corp., (now known as "Qwest") and Campus Promotion Network, Inc., ("CPN") and present this Consent Permanent Injunction and Final Judgment ("Consent Injunction"). This Court being fully advised in the premises, now finds:

1. The parties to this Consent Injunction have read and understand the nature, terms, and content of this Consent Injunction and agree to be bound by all the provisions contained herein.
2. This Consent Injunction constitutes a fair and adequate settlement of all of the issues involved, as between the State of Missouri and each of the Defendants individually, in this cause of action.
3. The parties recommend that this Court issue this Consent Injunction.

I. General Provisions

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that:

4. Jurisdiction. This Court has jurisdiction over this Consent Injunction and the parties hereto through their consent and under §407.100, RSMo 1994. This Court is empowered to order this Consent Injunction by agreement of the parties pursuant to §407.100.8, RSMo 1994.

5. Jurisdiction Retained. Jurisdiction and venue are retained by this Court to enable any party to this Consent Injunction to apply to this Court at any time for such further orders and directions as may be necessary or appropriate for the construction, modification, or enforcement of the provisions of this Consent Injunction.

6. Severability. If any provision(s) of this Consent Injunction is or are declared invalid by a court of competent jurisdiction, the remainder of this Consent Injunction shall, at the option of plaintiff, remain in full force and effect and shall not be effected by such declaration.

7. Non-admission. It is understood and agreed between the parties that this Consent Injunction and settlement shall not be construed as a finding of fault or wrong-doing or an admission of liability by Defendants, their directors, officers, employees, agents, representatives, and/or affiliates, or as an admission that Defendants have committed or engaged in any deceptive or unlawful act, violation, or breach of contract or duty imposed by law.

II. Definitions

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the following terms shall have the following meanings:

8. "Independent third party" means a party: (1) operating from a facility physically separate from any Qwest facility; (2) in which Qwest does not have any direct or indirect ownership interest; (3) that Qwest does not manage, control or direct either by itself or through

agents, representatives, or insiders, including relatives; and (4) that does not derive commissions or compensation based on the number of sales or authorizations affirmatively confirmed.

9. "Clear and conspicuous" means that the required disclosures are presented in such a manner, given their size, color, contrast and proximity to any related information as to be readily noticed and understood by consumers. A disclosure is not clear and conspicuous, if among other things, it is ambiguous or it is obscured by the background against which it appears or by its location within a lengthy discourse of non-material information. In an oral presentation, clear and conspicuous also means that the information is presented in a manner that a consumer will hear and understand, at normal speed and in the same tone and volume as the sales offer.

10. "Merchandise" means any objects, wares, goods, commodities, intangibles, real estate, or services.

11. "Material" means that the representation or fact is likely to influence the consumer's purchasing decision.

12. "Telecommunications carrier" means the provider of telecommunications services.

13. "Telecommunications service" means interLATA, intraLATA, local and long distance telephone service.

14. "Subscriber" means 1) the consumer in whose name the local exchange carrier has listed a telephone number, or 2) the consumer who is primarily responsible for paying the telephone bill for the listed telephone number, or 3) a consumer authorized by either 1 or 2 to make changes with respect to the subscribed services for the listed telephone number; or, if a commercial or business consumer, a person with apparent authority to act for the business or the

person primarily responsible for the business' decision-making.

15. "Consumer" means any natural person or his legal representative, partnership, firm, for-profit or not-for-profit corporation, whether domestic or foreign, company, foundation, trust, governmental entity, business entity or association.

16. "Letter of agency" ("LOA") means written authorization by a consumer to change his, her or its, telecommunications carrier and/or to authorize the provision of telecommunication services.

17. "Contest promotion" means any contest, sweepstakes, or prize offer of any kind directed toward consumers to solicit them to change their telecommunications carrier or to purchase telecommunications service(s).

III. Injunctive Relief

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that:

18. Defendants shall not directly or indirectly represent that a consumer has authorized the transfer of the consumer's telecommunications carrier or agreed to the provision of telecommunications service without the express authorization of the consumer.

19. Qwest shall clearly and conspicuously disclose, in all advertisements, solicitations, publications, circulars, marketing or promotional materials of any description whatever, circulated or distributed within the State of Missouri, that are intended to solicit consumers to authorize any change of telecommunications carrier or to authorize the provision of any telecommunication service, the following:

- a. That the purpose of the advertisement, solicitation, publication, circular, marketing, or promotional material is to solicit consumers to authorize a change of telecommunications carrier, or the provision of telecommunications service;

- b. The amount of all minimum monthly service fees, one time fees, per minute usage fees or other material terms associated with the telecommunications service plan promoted. And when applicable, that the consumer's local exchange carrier will assess a fee for changing the consumer's telecommunications carrier; and
- c. Any other material conditions associated with the consumer's use or receipt of the telecommunications service plan promoted.

20. Qwest shall cause Qwest's corporate name and a toll free customer service telephone number answered by Qwest's employees or a party designated by Qwest to receive customer service calls during regular business hours to appear clearly and conspicuously on any bill for telecommunications service(s) provided by Qwest to any consumer in the State of Missouri.

21. Qwest shall not solicit LOAs from consumers in the State of Missouri through a contest promotion that uses a box or other receptacle to physically collect the contest entry forms, unless an Qwest sales agent is physically present, available, and able to answer material questions about the contest promotion and Qwest's telecommunications service(s) when the consumer executes and provides the LOA.

22. Qwest shall cause an independent third-party to verify all of Qwest's LOAs derived from every marketing source soliciting consumers in the State of Missouri, except as provided in ¶24 below. The independent third-party shall obtain appropriate verification data, such as the consumer's date of birth or social security number, and shall verify with the consumer and obtain the consumer's assent in accordance with 47 C.F.R. §1150(d). The terms of this paragraph shall remain in effect until December 31, 2002, at which time Qwest may discontinue the third-party verification procedures required in this paragraph. However, if the number of

consumer complaints received by Missouri Attorney General's Office against Qwest, its successors, agents or assigns, increases by 25% or more during any consecutive six-month period after Qwest stops its third-party verification compared with the number of complaints received by the Missouri Attorney General during any consecutive six-month period in which Qwest performed third-party verification, then Qwest shall resume the third-party verification requirements required herein.

23. The independent third-party shall inform Qwest of any LOAs that were not affirmatively verified and of any consumer who denies having authorized the transaction that is the subject of the LOA. Qwest shall not change a consumer's telecommunications carrier or provide telecommunications services purportedly authorized by an LOA, unless and until Qwest receives confirmation from the independent third-party that it has affirmatively verified the LOA as required above.

24. Nothing herein shall obligate Qwest to verify PIC change requests submitted by a consumer via the Internet ("Internet LOAs"), unless the Internet LOA is submitted in response to a contest promotion. If a consumer submits an Internet LOA in response to a contest promotion, then Qwest shall verify the Internet LOA as required in ¶22. In addition, regardless of the circumstances under which Qwest receives an Internet LOA, Qwest agrees to comply with any verification procedures adopted by the Federal Communications Commission for Internet LOAs.

25. If a subscriber denies having authorized Qwest to provide telecommunications services, then Qwest shall immediately discontinue billing Missouri subscribers for any charges, including but not limited to, the monthly fee, as soon as Qwest receives electronic notification from the LEC that a subscriber has canceled his or her telecommunications service with Qwest

and selected another carrier. Nothing in this paragraph prohibits Qwest from billing for services rendered prior to Qwest's receipt of such notification. If Qwest relied on an LOA in providing the disputed services, and (1) the LOA was not authorized by the subscriber to the telephone lines(s) affected by the LOA; or (2) the LOA was not verified as required above; or (3) the third-party verification cannot be located within (30) days of first receiving a consumer's complaint, then Qwest shall refund to the consumer all charges caused by the disputed transaction that were incurred within the first 90 days of service, including any fees assessed to switch the consumer's chosen telecommunications carrier to Qwest and then back again, any long distance charges, minimum monthly service charges, one time fees, per minute usage fees, or other charges associated with the telecommunications services in dispute. If the consumer has not paid some or all of the charges caused by the disputed transaction, then Qwest shall remove all such unpaid charges. If the consumer has already paid some or all of the charges caused by the dispute, then Qwest shall refund these amounts to the consumer, unless applicable federal or state law requires payment be made to some other person (including but not limited to a third-party administrator or another carrier).

26. With respect to any contest promotion used to solicit consumers to change their telecommunications carrier to Qwest or to purchase telecommunications service from Qwest, if Qwest uses an LOA that also acts as a form for entering the contest promotion ("LOA entry form"), then it must also, provide a non-LOA entry form physically attached to the LOA entry form (which may be separable by a perforation). This non-LOA entry form must be at least as simple, accessible, clear and conspicuous, and at no greater cost to the consumer than the LOA entry form. In addition, any LOA entry form must clearly and conspicuously include the

following:

- a. a statement in bold and capital letters requiring the entrant to certify that the entrant is at least 18-years-old and that the entrant is the subscriber to all of the telephone numbers listed on the LOA entry form.
- b. a statement explaining that the LOA entry form is authorization to change the entrant's long distance carrier and to provide telecommunications services.

IV. Restitution and Other Payment

27. Judgment is hereby entered for restitution in an amount determined below.

Within sixty days (60) days of the date of this Order, Qwest shall undertake, with respect to each consumer identified in Exhibit A, attached hereto and incorporated herein by reference, to provide restitution in accordance with the following procedure:

- a. Except as provided in subparagraph (b), Qwest shall provide a credit or refund in an amount equal to all charges billed to that consumer for the first 90 days of disputed service, less any credits for refunds previously received by the consumer.
- b. If Qwest determines that no refund is due, Qwest shall provide to the Missouri Attorney General's Office, c/o Patricia Molteni, Assistant Attorney General, a written reason for the denial, within 10 days of Qwest's determination. Qwest shall, at the same time, provide the Attorney General the amount in dispute and any other evidence that Qwest relies upon to substantiate the denial. If, in the sole discretion of the

Missouri Attorney General, Qwest was unjustified in denying a credit or refund, the Attorney General will direct Qwest to make a refund and will specify the amount to be refunded.

Within 90 days of the date of this Order, Qwest shall provide to the Missouri Attorney General's Office, c/o Patricia Molteni, Assistant Attorney General, a report showing the dollar amount of restitution paid for each consumer in Exhibit A, the date the consumer's long distance service was switched to Qwest, the date the Qwest service was discontinued, and the dollar amount of long distance charges assessed by Qwest.

29. Qwest shall pay as reimbursement for the expenses incurred by the Missouri Office of the Attorney General, including attorneys fees and cost of investigation, the amount of ten thousand dollars (\$10,000) payable to the Merchandising Practices Act Revolving Fund, and judgment is hereby entered in this amount. Payment of this amount shall be made on or before the entry date of this Order.

V. Other Relief

30. Defendants shall be registered with the Missouri Secretary of State at all times while doing business in the State of Missouri.

31. Defendants shall not construe this Consent Injunction as relieving them of the obligation to fully comply with all state or federal laws, regulations, or rules.

32. This Consent Injunction is binding on Defendants and their respective agents, servants, heirs, successors and assigns, and any other persons or entities acting directly or indirectly on their behalf.

33. Defendants represent that the signatories to this Consent Injunction have authority

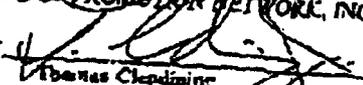
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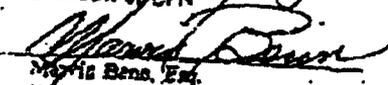
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573 751 7948 P.02

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APR-25-2000 17:13 ATTORNEY GENERAL'S OFFICE

312-372-7762 P.03
314 751 9456 P.12-02

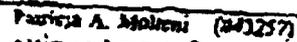
CAMPUS PROMOTION NETWORK, INC.

By: 
Thomas Cleland
President of CPN

By: 
Marvin Berr, Esq.
Hickman & Berr
10 South LaSalle St., Suite 3200
Chicago, IL 60603-1002
Attorney for CPN

STATE OF MISSOURI

JEREMIAH W. (JAY) NIXON
Attorney General

By: 
Patricia A. Molteni (247257)
Assistant Attorney General
221 W. High St.
Broadway Office Building, 8th Floor
Jefferson City, MO 65101
Attorneys for Plaintiff

TOTAL #.12

Chicago, IL 60603-1002
Attorney for CPN

STATE OF MISSOURI

JEREMIAH W. (JAY) NIXON
Attorney General

By: Patricia A. Molteni
Patricia A. Molteni (#43257)
Assistant Attorney General
221 W. High St.
Broadway Office Building, 8th Floor
Jefferson City, MO 65101
Attorneys for Plaintiff

1/12/99 15:23:08

Complaints and Inquiries Against Local (Interstate) Telephone Corp. and Campus Recreation Network, Inc.

C/F	L. Name	F. Name	Addr	City	State	ZIP	Phone	Phone
CF-1991-10031	Hehline	Leonie	519 Highland	Kansas City	MO	64110	816-381-1914	
CF-1991-10032	Langley	Debbie	422 Louie	Springfield	MO	65702	573-831-9110	
CF-1991-10044	Emelshy	Sheryl	261 Oxford Ln.	Lee's Summit	MO	64083	816-520-0448	
CF-1991-10045	Doldorbert	Sheryl	418 Spruce Court	Millville	MO	63052	314-381-5997	
CF-1991-21005	Castro	Charis	12045 Maple and Park	St. Louis	MO	63116	314-943-7347	

INCL TOTALS

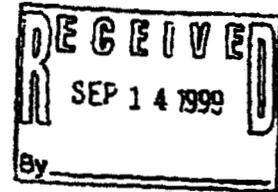
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... END OF REPORT ...



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL
120 BROADWAY, NEW YORK, NEW YORK 10271

ELIOT SPITZER
Attorney General



By MARY ELLEN BURNS
Assistant Attorney General in Charge
Bureau of Telecommunications and Energy

(212) 416-8336

September 13, 1999

Via: Overnight Mail

Theresa Gaugler, Esq.
Assistant General Counsel
Qwest Communications, Inc.
4250 North Fairfax Drive
Arlington, Virginia 22203

Dear Ms. Gaugler:

Please find enclosed an original Assurance of Discontinuance between the New York State Attorney General's Office and Qwest Communications, et. al.

Sincerely yours,

Jill Ellen Sandford
Assistant Attorney General

_____X
IN THE MATTER OF

**QWEST COMMUNICATIONS CORPORATION
LCI INTERNATIONAL TELECOM CORP
d/b/a
QWEST COMMUNICATIONS SERVICES,
PHOENIX NETWORK, INC., and
USLD COMMUNICATIONS, INC.**

_____X
Respondents.

ASSURANCE OF DISCONTINUANCE

Pursuant to the provisions of Executive Law § 63(12) and General Business Law ("GBL") Article 22-A, ELIOT SPITZER, Attorney General of the State of New York, caused an inquiry to be made into certain business practices of Qwest Communications Corporation, LCI International Telecom Corp. d/b/a Qwest Communications Services, Phoenix Network, Inc., and USLD Communications, Inc. (hereinafter collectively referred to as "Qwest"). As a result of such inquiry, the Attorney General has determined as follows:

FINDINGS

General

1. Qwest Communications Corporation is a corporation organized in 1990 under the laws of the State of Delaware. LCI International Telecom Corp. d/b/a Qwest Communications Services is a corporation organized in 1983 under the laws of the State of Delaware. Phoenix Network, Inc. is a corporation organized in 1989 under the laws of the State of Delaware. USLD Communications, Inc. is a corporation organized in 1986 under the laws of

the State of Texas. Qwest has its principal offices at 555 Seventeenth Street, Suite 700, Denver, Colorado 80202.

2. Qwest in the normal course of its business offers the public, including residents of New York State, telecommunications services, including long distance telephone services.

3. Qwest Communications Corporation, LCI International Telecom Corp. d/b/a Qwest Communications Services, USLD Communications, Inc., and Phoenix Network, Inc., are registered with the New York Secretary of State as foreign corporations authorized to do business in the State of New York.

4. On November 9, 1989, April 1, 1991, and January 19, 1994, USLD Communications, Inc., Phoenix Network, Inc., and Qwest Communications Corporation, respectively, received from the New York State Public Service Commission ("PSC") a Certificate of Public Convenience authorizing each entity to offer and provide intrastate telecommunications services, including long distance telephone services, to residents of the State of New York. On May 8, 1989, LCI International Telecom Corp. ("LCI") received such a Certificate of Public Convenience, and on September 23, 1998, LCI obtained approval to do business as Qwest Communications Services.

5. Qwest has provided telecommunications services, including long distance telephone services, to residents of the State of New York since at least May 1989.

6. The choice of which long distance carrier provides primary service to a given telephone line belongs to the "subscriber of record", i.e., the individual, business or other entity in whose name the local telephone company that provides the line registers the line.

7. Local telephone companies control the physical equipment that connects a telephone line to the primary long distance carrier for that line and carry out the operations that switch the line's primary long distance service from one long distance carrier to another.

8. Pursuant to Federal Communications Commission ("FCC") regulations, specifically 47 CFR § 64.1100, local telephone companies switch consumers' primary long distance carriers based solely on orders from long distance carrier representations that consumers have authorized the switches and do not independently confirm that the consumers have, in fact, given the necessary authorization.

9. Local telephone companies charge consumers a fee for switching a consumer's primary long distance carrier.

10. Long distance carriers engage in marketing and advertising campaigns to solicit consumers to switch their primary long distance service to a given carrier.

11. Since at least October 1998, Qwest has solicited New York consumers by telemarketing and internet e-mail offering two free airline tickets through "Fly Free America" to those consumers who switch their primary long distance service to Qwest.

12. Qwest's marketing specifies that consumers must stay at a participating hotel for a minimum number of nights at the regular published rate but does not specify the terms and conditions of that stay until after the consumer has switched to Qwest long distance service.

13. Depending on the destination, the required stay to obtain tickets could be anywhere from four nights for a New York consumer to travel to Florida to twelve nights for a New York consumer to travel to Hawaii. The relevant published rates for participating hotels range from \$170 per night to \$427 per night. The cost for a New York consumer to travel to and stay in Hawaii through Fly Free America is approximately \$2000. Additionally, the number of required nights varies depending on the departure location of the consumer within New York State.

14. Qwest's Fly Free America Pricing Guide lists the relevant hotel rates and required stays. However, Qwest does not provide consumers the guide until several weeks after a consumer has switched to Qwest long distance service.

15. Approximately eighty-eight thousand (88,000) New York consumers switched to Qwest long distance service in response to Qwest's Fly Free America promotion.

Qwest Long Distance Service Pricing Plan

16. Qwest's long distance service is offered to New York consumers at 9¢ per minute for state-to-state calls and 10¢ per minute for all in-state long distance and regional toll calls, with a monthly service fee of \$4.95. Qwest charges its customers the monthly service fee regardless of whether a customer makes any long distance calls through Qwest that month.

17. Qwest's telemarketers have not specified the rate for in-state and regional toll calling or the existence of a \$4.95 monthly fee.

18. Qwest's e-mail solicitations as well as Qwest's website have not specified the rate for in-state long distance and regional toll calling or the existence of the \$4.95 fee.

19. Qwest employs third party verification before switching a New York consumer to its service. In the course of its third party verification, the operator has confirmed to the consumer that Qwest's rate for state-to-state calling is 9¢ per minute but has not specified Qwest's rate for in-state long distance and regional toll calling or the \$4.95 monthly service fee.

New York Law

20. General Business Law ("GBL") § 349 makes unlawful "deceptive acts or practices in the conduct of any business, trade or commerce or in the furnishing of any service" in New York State.

21. Executive Law § 63(12) makes unlawful "persistent fraud or illegality in carrying on, conducting or transacting of business" in New York State.

22. The Attorney General believes that by engaging in the practices described above, including not specifying the terms and conditions of its "Fly Free America" promotion and not specifying the terms and conditions of its long distance service, Qwest has engaged in deceptive practices in violation of GBL § 349.

23. The Attorney General believes that Qwest has engaged in repeated violations of GBL § 349 and has thereby violated Executive Law § 63(12).

24. GBL § 350 makes unlawful "[f]alse advertising in the conduct of any business, trade, commerce or in the furnishing of any service" in New York State.

25. GBL § 350-a defines false advertising as including the failure "to reveal facts material in the light of ... representations" made concerning a product or service offered.

26. The Attorney General believes that Qwest has repeatedly made or caused deceptive representations of its services and has engaged in false advertising in violation of GBL § 350.

27. The Attorney General believes that Qwest has engaged in repeated violations of GBL § 350 and has thereby violated Executive Law § 63(12).

28. ~~IT NOW APPEARS~~ that Qwest is willing to enter into this Assurance of Discontinuance without admitting to the Attorney General's findings or to any violation of law, and that the Attorney General is willing to accept this Assurance of Discontinuance pursuant to Executive Law § 63(15) in lieu of commencing a statutory special proceeding.

AGREEMENT

I.

Parties Subject To Order

29. **IT IS HEREBY UNDERSTOOD AND AGREED** by and between Qwest and the Attorney General (hereinafter "the parties") that this Assurance of Discontinuance (hereinafter "Assurance") shall apply to Qwest Communications Corporation, LCI International Telecom Corp. d/b/a Qwest Communications Services, Phoenix Network, Inc., and USLD Communications, Inc., whether acting through their principals, directors, officers, shareholders, employees, representatives, agents, assigns, successors, or other business entities, whose acts, practices or policies are directed, formulated or controlled by Qwest (hereinafter collectively referred to as "Qwest").

II.

Prohibited Practices

30. **IT IS FURTHER UNDERSTOOD AND AGREED** that Qwest shall permanently refrain from engaging in any fraudulent, deceptive, or illegal acts in violation of GBL § 349 or GBL § 350; including, but not limited to, any and all of the following acts or practices:

a. **Misrepresenting, either orally, in writing, through any electronic medium or through any other means of communication, directly or by implication, that a New York consumer will receive free airline tickets for switching to Qwest's telecommunications service, without disclosing that there are conditions or costs to the consumer associated with obtaining or using the airline tickets;**

b. **Failing to disclose clearly and conspicuously in any advertisement or solicitation it disseminates or causes to be disseminated in New York State any and all material terms and conditions for the use of each and every premium offered to consumers as an inducement to switch to Qwest's telecommunications service;**

c. **Failing to disclose clearly and conspicuously in any advertisement or solicitation it disseminates or causes to be disseminated in New York State any and all monthly minimum charges or monthly service fees;**

d. **Failing to disclose clearly and conspicuously in any advertisement or solicitation it disseminates or causes to be disseminated in New York State either any and all rates for its services, including, but not limited to, state-to-state long distance service, in-state**

long distance service, and in-state regional toll service, or a toll-free number where such rates may be provided;

e. Failing to maintain sufficient staff and sufficient area code 800 or other toll free telephone lines to enable New York State residents to make telephone inquiries and complaints and to respond to such consumer inquiries and complaints promptly and adequately;

and

f. Failing to respond in good faith to consumer inquiries and complaints within a reasonable time after receipt of an inquiry or complaint about long distance or any other retail telecommunications service Qwest provides within New York State. "Reasonable time" means within forty-eight (48) hours or by noon of the next business day, whichever is later, for telephone call inquiries and complaints, and mailed within ten (10) business days after receipt for written inquiries or complaints.

31. IT IS FURTHER UNDERSTOOD AND AGREED that Qwest shall have thirty (30) days from the date of execution of this Assurance to review its marketing materials to ensure compliance with the terms of paragraph 30 without being subject to legal action by the Attorney General.

III.

Restitution

32. **IT IS FURTHER UNDERSTOOD AND AGREED** that within thirty days (30) of execution of this Assurance, Qwest shall review its records to ascertain the name and address of each and every New York consumer who

(a) switched to Qwest long distance service in response to Qwest's Fly Free America promotion within the sixty (60) days before execution of this Assurance or

(b) switched to Qwest long distance service in response to Qwest's Fly Free America promotion and disconnected such service within the first sixty (60) days of service.

33. **IT IS FURTHER UNDERSTOOD AND AGREED** that within forty five (45) days of execution of this Assurance, Qwest shall forward by first class mail a letter containing the text annexed hereto as "Exhibit A" to each of the consumers identified in paragraph 32(a) and a letter containing the text annexed hereto as "Exhibit B" to each of the consumers identified in paragraph 32(b). For each consumer who contacts Qwest in response to such letters within 30 (30) days from the date of the letters and requests or has requested to disconnect his or her long distance service with Qwest and switch back to their former carrier, Qwest shall forward by first class mail a restitution check or issue a bill credit, as appropriate. The amount of the restitution check or bill credit shall be calculated to include any of the following charges not already refunded or credited to each such consumer: (1) the total amount of monthly service fees paid to Qwest by that consumer; (2) any and all switch fees paid by the consumer to switch to Qwest's service and any and all switch fees paid by the consumer to

switch from Qwest to another long distance carrier; and (3) an amount equal to the difference between what a consumer paid Qwest for intra-state or regional toll calls and the price of those calls at a 9¢ per minute rate. If the consumer has an active account with Qwest, Qwest shall issue a bill credit for those charges listed above whether or not the consumer has paid for such charges. If the consumer does not have an active account with Qwest, Qwest shall forward a restitution check for those charges listed above that have been paid by the consumer.

34. **IT IS FURTHER UNDERSTOOD AND AGREED** that in addition to the consumers who switched to Qwest in response to its Fly Free America promotion, Qwest shall investigate and provide restitution for charges not already refunded or credited, to each and every former or current customer of Qwest who has already filed a written complaint or inquiry or who files a written complaint or inquiry within one-hundred and twenty days (120) of execution of this Assurance with the New York State Attorney General's Office, with the PSC, or directly with Qwest, alleging Qwest did not specify its in-state rates or the existence of a monthly fee. Qwest shall forward a letter containing the text attached hereto as "Exhibit C" and a restitution check or bill credit calculated pursuant to paragraph 33 above within fifteen (15) business days of the Attorney General's Office, the PSC's, or a consumer's forwarding such a complaint or inquiry to Qwest.

35. **IT IS FURTHER UNDERSTOOD AND AGREED** that Qwest shall determine the restitution check or bill credit due each consumer eligible under paragraphs 33 or 34 from September 1, 1998 through one-hundred and twenty (120) days from execution of this Assurance.

36. **IT IS FURTHER UNDERSTOOD AND AGREED** that in addition to providing credits to consumers who have refused to pay Qwest's charges, Qwest shall extinguish from its accounts receivable those charges in amounts equal to the bill credits provided to consumers. Additionally, Qwest shall not attempt collection of those charges or sell or otherwise transfer ownership of said unpaid charges to a third party.

Attorney General Is Final Arbitrator

37. **IT IS FURTHER UNDERSTOOD AND AGREED** that the Attorney General of the State of New York shall be the final arbiter of whether a consumer is entitled to restitution and the amount of that restitution in accordance with the eligibility requirements established in this Assurance.

Payment Of Restitution Costs

38. **IT IS FURTHER UNDERSTOOD AND AGREED** that Qwest shall pay the direct and incidental costs incurred in providing the restitution required by this Assurance, including but not limited to, the cost of preparing and mailing refund checks to eligible consumers in New York State.

Undistributed Restitution

39. **IT IS FURTHER UNDERSTOOD AND AGREED** that Qwest shall collect any cash refund checks issued under the terms of this Assurance but returned to Qwest as undeliverable and within one hundred and eighty (180) days of return place the checks in the keeping of Qwest's counsel, who shall retain said checks for their true owners until the first

anniversary of the execution of this Assurance and then turn any undistributed checks over to the New York State Comptroller, Office of Abandoned Property.

IV.

Payment to State of New York

40. **IT IS FURTHER UNDERSTOOD AND AGREED** that simultaneous with the execution of this Assurance, Qwest shall pay fifty thousand dollars (\$50,000) to the State of New York.

V.

Costs

41. **IT IS FURTHER UNDERSTOOD AND AGREED** that simultaneous with the execution of this Assurance, Qwest shall pay to the Attorney General costs in the amount of five thousand dollars (\$5,000).

VI.

Compliance

42. **IT IS FURTHER UNDERSTOOD AND AGREED** that within one hundred and eighty (180) days of the execution of this Assurance, Qwest shall forward to the Attorney General an affidavit, subscribed to by a Qwest officer authorized to bind Qwest, confirming that Qwest is in full compliance with each and every term of this Assurance, including but not limited to:

a. The name, address, and telephone number of each consumer to whom Qwest mailed a letter containing the text attached hereto as "Exhibit A" pursuant to the terms of this Assurance;

b. The amount of the refund check or bill credit provided to each such consumer;

c. The name, address, and telephone number of each consumer to whom Qwest mailed a letter containing the text attached hereto as "Exhibit B" pursuant to the terms of this Assurance;

d. The amount of the refund check or bill credit provided to each such consumer;

e. The name, address, and telephone number of each consumer to whom Qwest mailed a letter containing the text attached hereto as "Exhibit C" pursuant to the terms of this Assurance; and

f. The amount of the refund check or bill credit provided to each such consumer.

VII.

Record Retention

43. IT IS FURTHER UNDERSTOOD AND AGREED that in order to assure compliance with this Assurance, Qwest shall keep, for a period of twenty-four (24) months from the execution of this Assurance, the following records relating to Qwest's promotion of retail telecommunications services in New York State:

a. Copies of all versions of letters of authorization, print and electronic media advertising materials, telemarketing scripts and direct mail promotional and solicitation materials;

b. The name and last known address of each consumer who purchases retail telecommunications services from Qwest in New York State, the date of activation, the service provided, and the date of termination (if any); and

c. Written business record documentation with regard to the handling of oral and written consumer complaints and/or requests for telephone bill credits or refunds from New York State consumers, including maintaining: (1) a copy of all written complaints or requests for refunds or telephone bill credits received from a New York State consumer, (2) a record of all such complaints or requests for refunds or telephone bill credits, including the name and address of the consumer from whom each complaint or request for refund or telephone bill credit was received and the amount of refund or telephone bill credit requested, and (3) Qwest's responses to all such complaints and requests for refunds or telephone bill credit.

Qwest shall promptly make such records, complaints, requests and responses available for review by the Attorney General, upon request by the Attorney General, and shall provide to the Attorney General copies of these and such other documents as the Attorney General shall from time to time determine are necessary to assure compliance with this Assurance.

VIII.

Performance Bond

44. **IT IS FURTHER UNDERSTOOD AND AGREED** that if the Attorney General believes that Qwest has violated any provision of this Assurance, in addition to any other remedies provided therein or otherwise under law, petitioners may apply to a Court of competent jurisdiction on five (5) days notice to Qwest, and if the Court finds that Qwest has violated this Assurance, the Court may enter, as it deems appropriate, an order permanently enjoining Qwest from engaging in the business of providing or offering to provide retail telecommunications services in New York State, unless and until Qwest files with the Attorney General a performance bond by a surety or bonding company licensed by and in good standing with the New York State Department of Insurance and in a sum sufficient to guarantee that Qwest will comply with the provisions of this Assurance, but in no event shall the sum be less than five hundred thousand dollars (\$500,000).

IX.

Private Rights

45. **IT IS FURTHER UNDERSTOOD AND AGREED** that nothing contained in this Assurance shall be construed to deprive any consumer or other person or entity of any private right under the law.

X.

Rights Reserved

46. IT IS FURTHER UNDERSTOOD AND AGREED by Qwest that the execution of this Assurance shall not bar the imposition of injunctive or other relief for any violation, other than the acts alleged in this Assurance, of GBL §§ 349 or 350,

Executive Law, § 63(12), or FCC regulations by Qwest in the transaction of any business in New York State, nor shall it bar the Attorney General from proceeding against Qwest for other violations of law. By accepting this Assurance the Attorney General agrees not to institute legal action against Qwest concerning the acts alleged in this Assurance.

XI.

Enforcement

47. IT IS FURTHER UNDERSTOOD AND AGREED that any violation of the terms of this Assurance shall constitute prima facie evidence of violation of the applicable law in any civil action or proceeding thereafter commenced against Qwest by the Attorney General.

XII.

Nonapproval

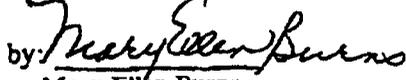
48. IT IS FURTHER UNDERSTOOD AND AGREED that the acceptance of this Assurance by the Attorney General shall not be deemed approval by the Attorney General of any of Qwest's business practices, and Qwest shall make no representation to the contrary.

Qwest enters into this Assurance without admitting that it has violated any federal, State or local law, code, or regulation.

WHEREFORE, the following signatures are affixed hereto this
18th day of September, 1999.

ELIOT SPITZER

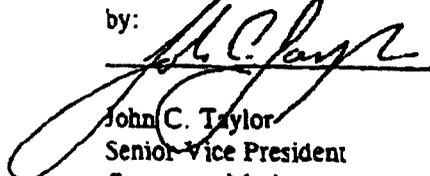
Attorney General of the
State of New York

by: 
Mary Ellen Burns
Assistant Attorney General
in charge
Bureau of Telecommunications
and Energy


Jill Ellen Sandford
Assistant Attorney General
of counsel

**QWEST COMMUNICATIONS
CORPORATION**

by:


John C. Taylor
Senior Vice President
Consumer Markets

CORPORATE ACKNOWLEDGMENT

STATE OF VIRGINIA)
 : ss
COUNTY OF ARLINGTON)

John C. Taylor, being duly sworn, deposes and says:

I am Senior Vice President—Consumer Markets of Qwest Communications Corporation, respondent described in and which executed the foregoing Assurance of Discontinuance. I have executed the aforesaid instrument with the consent and authority of Qwest Communications Corporation, LCI International Telecom Corp. d/b/a Qwest Communications Services, Phoenix Network Inc., and USLD Communications Inc., and those responsible for the acts of said entity and duly acknowledge same.



Sworn to before me this 2nd
day of September, 1999


Notary Public

My Commission Expires May 31, 2003

EXHIBIT A

[Date]

Dear Qwest Customer:

Pursuant to an agreement with the Attorney General of the State of New York, Eliot Spitzer, we are writing to confirm the following terms and conditions of your long distance service with Qwest:

Monthly fee: \$ 4.95 (waived for the first month of service).

State-to-state rate: 9c per minute

Instate rate for calls within New York: 10c per minute

Additionally, under the Fly Free America promotion offered to you when you switched your service to Qwest, you will receive two free airline tickets after staying with Qwest long distance service for 60 days. When you use these airline tickets, you must stay at one of the participating hotels for a minimum number of nights at the regular published rate found in the Pricing Guide. If you have not already received the Pricing Guide, one will be forwarded to you shortly.

If you believe the terms specified in this letter differ from what you were offered when you initially switched your service to Qwest, you may be entitled to credits. If so, please contact us at 800-267-8915 by [date—30 days from letter].

Yours truly,

Qwest Communications Corporation

EXHIBIT B

[Date]

Dear former Qwest Customer:

Pursuant to an agreement with the Attorney General of the State of New York, Elliot Spitzer, we are writing to confirm the following terms and conditions of your former long distance service with Qwest:

Monthly fee: \$ 4.95 (waived for the first month of service)

State-to-state rate: 9¢ per minute

Instate rate for calls within New York: 10¢ per minute

Additionally, under the Fly Free America promotion offered to you when you switched your service to Qwest, you were offered two free airline tickets after staying with Qwest long distance service for 60 days and were required to stay at one of the participating hotels for a minimum number of nights at the regular published rate when you used these airline tickets.

Our records indicate that you have disconnected your service with Qwest. If you believe the terms specified in this letter differ from what you were offered when you initially switched your service to Qwest, you may be entitled to credits. If so, please contact us at 800-267-8915 by [date--30 days from letter].

Yours truly,

Qwest Communications Corporation

EXHIBIT C

[Date]

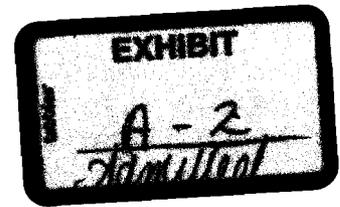
Dear [Customer name]:

We have completed our review of the issues raised in your complaint. Pursuant to an agreement with the Attorney General of the State of New York, Eliot Spitzer, we are [issuing a bill credit to your account/enclosing a check] in the amount of [amount] representing refunds for [Qwest's \$4.95 monthly service fee billed to your account and/or the difference between Qwest's advertised state-to-state rate of 9¢ per minute and its instate rate of 10¢ per minute, which you were billed for your calls within New York].

If you have any further questions, please contact us at 800-267-8915.

Yours truly,

Qwest Communications Corporation



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AZ CORP COMMISSION
DOCUMENT CONTROL

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BEFORE THE ARIZONA CORPORATION COMMISSION

- MARC SPITZER
Chairman
- WILLIAM MUNDELL
Commissioner
- JEFF HATCH-MILLER
Commissioner
- MIKE GLEASON
Commissioner
- KRISTIN MAYES
Commissioner

IN THE MATTER OF QWEST
COMMUNICATIONS CORPORATION'S
APPLICATION AND PETITION FOR
CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE INTRASTATE
TELECOMMUNICATIONS SERVICES

DOCKET NO. T-02811B-04-0313

**SUPPLEMENT TO APPLICATION AND
PETITION**

Qwest Communications Corporation ("QCC") hereby supplements its Application and Petition for Certificate of Convenience and Necessity to Provide Intrastate Telecommunications Services (the "Application") under A.A.C. R14-2-1105.

I. Introduction and Background

On April 23, 2004, QCC filed an Application and Petition for Certificate of Convenience and Necessity to Provide Intrastate Telecommunications Services (the "Application"), under A.A.C. R14-2-1105. In the Application, QCC indicates that the types of telecommunications services it wants to provide are resold long distance, resold local exchange, facilities-based long distance, and facilities-based local exchange services.

QCC already holds a certificate of convenience and necessity ("CC&N") for facilities-based long distance, which was granted by the Arizona Corporation Commission ("Commission") in Decision 66612. QCC included facilities-based long distance in the Application only in an effort to be clear that QCC does not intend to surrender its existing authorization by applying for additional categories of authorization.

1 Further, QCC has previously held a CC&N to provide resold long distance
2 services. That CC&N was granted by the Commission on May 22, 1998, in Decision No.
3 60898. However, that CC&N was revoked by the Commission without explanation in
4 Decision 66612, when QCC was granted its facilities-based long distance CC&N. That
5 Decision does not recite any findings with respect to the revocation, and QCC
6 respectfully submits that the resold long distance CC&N was revoked through a mistake
7 or a misunderstanding.¹

8 The Arizona Corporation Commission Staff ("Staff") has issued five sets of data
9 requests to QCC in this matter. With exception of the fifth set of data requests which was
10 issued on December 8, 2004, for which responses are not yet due, all data requests have
11 been answered by QCC.

12 Seven months have elapsed from the date the Application was filed. The Staff has
13 neither notified QCC that the Application is administratively complete nor deficient. No
14 requests have been made for extended time frames for administrative completeness
15 review, for substantive review or for overall time-frame. Based upon these facts, the
16 Application is deemed administratively complete by operation of law.²

17
18 ¹ QCC's November 8, 2001 application for facilities based authority indicated that it was an
19 application to "Amend its Existing CC&N to **include** Facilities Based Services." Nowhere in
20 this application or in any other filing did QCC indicate that it wanted to have its certificate to
offer resold long distance services cancelled. Had QCC intended to discontinue offering resold
services, it would have had to have made an application to do so under A.A.C. R14-2-1107.

21 ² Because more than 30 calendar days have elapsed since the Application was filed, and the Staff
22 has not notified QCC of administrative sufficiency, the Application is deemed administratively
23 complete by operation of law. The Commission's Rules specify time-frames for processing
24 applications for CC&Ns. A.A.C. R14-2-510 (E)(2) provides that Staff shall notify the applicant
in writing that the application is either complete or deficient within 30 calendar days after receipt
of the application. A.A.C. R14-2-510(E)(6) states that the administrative completeness review
time frame for purposes of A.R.S 41-1072 et seq., is 30 calendar days. That statute provides as
follows:

25 If an agency does not issue a written notice of administrative completeness
26 or deficiencies within the administrative completeness review time frame, the
(footnote continued on next page)

1 There are no intervenors in this matter.

2 Based upon informal discussions with Staff and the nature of the questions asked
3 by Staff in its data requests, it appears that Staff is somehow troubled over the scope of
4 the service area, and the range of services that QCC may someday provide, despite the
5 fact that numerous competitive carriers have previously been granted state-wide operating
6 authority without limitation on the scope of services they may provide. In a good faith
7 effort to narrow the focus of the services in an attempt to facilitate faster consideration of
8 the Application, which at that time had been on file for 5 months, by letter to the Staff
9 dated September 20, 2004 (the "September 20 Letter")³ QCC communicated to the Staff
10 Qwest's then-current business intentions. Those intentions would have made limited use
11 of the requested CC&N.

12 However, in an informal meeting Staff cautioned QCC that Staff interprets two
13 recent orders of the Commission granting Certificates of Convenience and Necessity
14 ("*Onfiber*" and "*Computer Technology*")⁴ as precedent supporting a new proposition that
15 a CC&N shall only authorize the carrier to provide those services with respect to which

16 _____
17 (footnote continued from previous page)

18 application is deemed administratively complete. If an agency issues a timely
19 written notice of deficiencies, an application shall not be complete until all
20 requested information has been received by the agency.²

21 No notice having been issued by Staff, the Application must be deemed administratively
22 complete.

23 ³ A copy of the September 20 Letter is attached marked as Attachment A.

24 ⁴ Opinion and Order, Decision No. 67062, *In the Matter of the Application of Onfiber Carrier*
25 *Services, Inc. for a Certificate of Convenience and Necessity to Provide Competitive Facilities-*
26 *Based Local Exchange and Long Distance Telecommunications Services in Arizona*, Docket No.
T-03874A-03-0766, entered June 25, 2004; and Opinion and Order, Decision No. 67123, *In the*
Matter of the Application of Computer Technology Corporation for a Certificate of Convenience
and Necessity to Provide Competitive Facilities-Based Local Exchange and Long Distance
Telecommunications Services in Arizona, Docket No. T-04221A-03-0832, entered July 14, 2004.

1 the carrier submitted tariffs in its CC&N application.

2 In the light of Staff's view that a CC&N must be limited to only those
3 telecommunications services for which the carrier furnished a tariff in its CC&N
4 application, the September 20 Letter and QCC's attempts to narrow the focus of services
5 have raised the risk that QCC will be granted an extremely limiting CC&N. QCC does
6 not agree with Staff's interpretations of *Onfiber* and *Computer Technology*,⁵ and submits
7 that there is no rule or case decided by a court or by the Commission which compels such
8 a result. However, QCC can ill-afford protracted litigation of that question, and the risk
9 that its flexibility to do business will be circumscribed by a limited CC&N. These
10 interpretations of the CC&N rules are very problematic to QCC because of the potential
11 for undue regulatory lag as the needs of the business evolve. QCC expects that it will
12 want to provide services other than the limited set of services discussed in the September
13 20 Letter. As QCC stated in the September 20 Letter:

14 Eventually, however, QCC's CLEC operations are expected to offer
15 a wider array of more traditional local exchange services to business
16 customers. . . . In any event, as Qwest offers more products and services,
they will be appropriately tariffed consistent with Arizona laws and
regulations.

17
18 ⁵ QCC believes that an interpretation that limits CC&Ns to the tariffs filed with the CC&N
19 application will be impossibly burdensome and extremely uneconomic. For example, an
20 applicant which includes a tariff to provide non-switched services would have to amend its
21 CC&N before it could provide switched services. If this thinking is taken to its logical
22 conclusion, an applicant which includes a tariff to provide business voice service, and is granted
a CC&N limited to that service, would have to amend its CC&N before it could provide
residential voice service. This rationale would have directly impacted carriers like AT&T and
MCI (and presumably dozens of others), since both of them offered only business local exchange
services for a period of nearly 6 years after obtaining their CC&Ns, before offering residential
local exchange service.

23 QCC also respectfully submits that the interpretation Staff places on the *Onfiber* and *Computer*
24 *Technology* cases raises serious equal protection concerns. As the Commission is well aware,
25 dozens of carriers have been granted CC&Ns that were not limited to the services for which
tariffs were proposed in the application. So far as QCC is aware, these previously certificated
26 carriers are free to add services without amending the CC&N.

1 While QCC does not agree with the interpretations that would result in restricted
2 CC&Ns, in the dynamic business of telecommunications QCC cannot accept the risk of a
3 restricted grant. Therefore, Qwest is supplementing its Application and Petition to
4 include more services.

5 II. Supplement to Application

6 A. For the reasons stated above, QCC hereby supplements Section A-9 of its
7 Application and Petition by adding a new proposed Local Exchange Services QCC
8 Arizona Tariff No. 3, which includes but is not limited to the following business services:
9 Basic Local Voice Service; Direct-Inward-Dialing Services; Custom Calling Services;
10 Hunting Services; Directory Listing Services; Local Operator Services; Local Directory
11 Assistance Service; Screening and Restriction Services; Caller Identification Blocking
12 Options; intraLATA, intraexchange private line services; Customer Premises Wire and
13 Maintenance Plans; and ISDN PRI services. This tariff is included in the Application by
14 the Supplemental Attachment B which is appended hereto.

15 B. QCC hereby revises Section A-9(1)—(5) of its Application and Petition, as
16 follows:

17 1. The proposed rates and charges for each service are included in the
18 Tariff Price List—Sections 3, 5, 6, 10, 12, and 14.

19 2. Tariff Maximum Rates are located in Sections 3, 5, 6, 10, 12, and 14
20 of the Tariff. The prices to be charged are the same as those contained in the price list
21 referenced in subpart 1.

22 3. General Terms and Conditions are located in Section 2, pages 3-19.
23 Additional terms and conditions associated with specific services and offerings are
24 located in the corresponding section of the tariff for each such service or offering.

25 4. Deposits, Advances, and/or Prepayments are described in Section 2,
26 page 13.

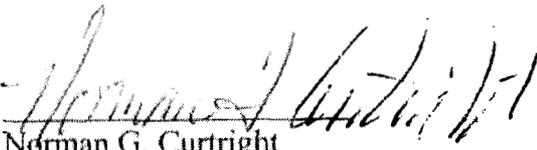
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5. The proposed fee fro returned checks is in Section 2, page 12.

C. QCC withdraws the Exchange Service Tariff QCC Arizona Tariff No. 3, which only offered Exchange Access Facilities, and which was included in its original Application.

Further, Qwest withdraws the statements made in the September 20 Letter.

RESPECTFULLY SUBMITTED this 17th day of December, 2004.

By 
Norman G. Curtright
Corporate Counsel
QWEST CORPORATION
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¹³
ORIGINAL + 15 copies filed this
17th day of December, 2004:

Docket Control
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COPY delivered this ___ day of December, 2004:

Maureen Scott
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1 Phoenix, AZ
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3 Utilities Division
4 ARIZONA CORPORATION COMMISSION
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Attachment A



Qwest Communications
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Phone (602) 830-2187
Facsimile (602) 235-3107

Norman G. Curtright
Corporate Counsel

September 20, 2004

Maureen A. Scott, Esq.
Arizona Corporation Commission
Legal Division
1200 West Washington Street
Phoenix, AZ 85007

Re: Qwest Communications Corporation – Provision of Services in Arizona
Docket No. T-02811B-04-0313

Dear Ms. Scott:

In conversations several weeks ago, you mentioned that if Qwest Communications Corporation ("QCC") would clarify its plans to provide its services in Arizona, it could save the Staff, and therefore Qwest, much time and effort. I write to hopefully address your concerns and answer your questions.

QCC presently plans, and has therefore provided tariffs for, only one local exchange service (as you know, QCC already provides several interexchange services). That product provides access from the local exchange to frame relay and asynchronous transfer mode ("ATM") services offered by several carriers. The service is not a mass market offering, and will be done on an individual contract basis ("ICB") (this is why responding to the Staff's data requests seeking maximum tariff rates was impossible).

Eventually, however, QCC's CLEC operations are expected to offer a wider array of more traditional local exchange services to business customers. QCC does not currently anticipate, however, offering residential local exchange services or marketing its local exchange services to residential customers in QC's existing territory. In any event, as Qwest offers more products and services, they will be appropriately tariffed consistent with Arizona laws and regulations.

The primary thrust of QCC's business plan is to market its services to businesses that desire a single provider of local exchange and intra- and inter-LATA interexchange services. It is common for medium and large businesses as well as governmental entities to seek a single solution for their total telecommunications needs – data, local and long distance – from a single carrier. Such customers seek the convenience of "one stop shopping" and a single, integrated bill. Presently, neither QCC nor QC can submit a responsive bid or present an offer to meet these customers' needs. QCC cannot provide local exchange services, and QC cannot provide interLATA services. As a result, in many cases, and in increasing numbers, these customers are not customers of QC or QCC.

Maureen A. Scott, Esq.
September 20, 2004
Page 2

Thus, QCC does not seek to divert customers away from QC. To the contrary, QCC seeks CLEC certification primarily to compete for customers presently served by other CLECs, often simply due to organizational and certification advantages many CLECs have, particularly where those CLECs are affiliated with IXCs. Thus, because QCC's scope of authority to provide CLEC services in Arizona presently is limited, so are QCC's opportunities to compete against other national providers, such as AT&T and MCI. We believe that full CLEC certification for QCC will provide Arizona businesses and governmental entities with an additional choice for their total telecommunications purchases, which helps those customers, increases competition, and serves the public interest.

We hope the Commission and the Staff agree. If you have further questions or if I can clear up any of the points in this letter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Norman G. Curtright". The signature is written in a cursive style with a large, stylized initial "N".

Norman G. Curtright

NGC/bjs

Attachment B

Supplementing Section A-9 of the Application and Petition

**Qwest Communications Corporation
Local Exchange Services**

Arizona Tariff No. 3

Title Page
Release 1
Effective: }

Issued: {

TERMS, CONDITIONS, RATES AND CHARGES

Applying to the provision of

LOCAL EXCHANGE SERVICES

in the State of

ARIZONA

Issued: {

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Qwest Communications Corporation
Local Exchange Services

Arizona Tariff No. 3
SECTION 1
Page 1
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Effective: }

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1. APPLICATION AND REFERENCE

1.1 APPLICATION OF TARIFF

This Tariff contains the regulations, terms, conditions, rates and charges applicable to intrastate exchange and network services and equipment furnished by Qwest Communications Corporation, hereinafter referred to as the Company.

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Local Exchange Services**

**Arizona Tariff No. 3
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1. APPLICATION AND REFERENCE

1.4 TARIFF FORMAT

1.4.1 LOCATION OF MATERIAL

A. Section 1 provides the following for all of the sections in this Tariff.

- Subject Index - an alphabetical listing to find the desired section.
- Table of Contents - a numerical listing to find the desired section and page.

B. Obsolete Service Offerings

Obsolete service offerings are identified in the Tariff by adding 100 to the current section number, i.e., obsolete items from Section 5, Exchange Services, will be found in Section 105, Obsolete Exchange Services. This section is then filed behind Section 5.

1.4.2 OUTLINE STRUCTURE

The Tariff uses nine levels of indentations known as Tariff Information Management (TIM) Codes, as outlined below:

LEVEL	APPLICATION	EXAMPLE
1	Section Heading	1. APPLICATION AND REFERENCE
2	Sub Heading	1.4 TARIFF FORMAT
3	Sub Heading	1.4.1 LOCATION OF MATERIAL
4	Sub Heading/Tariff Text	A. Text
5	Sub Heading/Tariff Text	1. Text
6	Sub Heading/Tariff Text	a. Text
7	Sub Heading/Tariff Text	(1) Text
8	Sub Heading/Tariff Text	(a) Text
9	Footnotes	[1] Text

Issued: {

1. APPLICATION AND REFERENCE

1.4 TARIFF FORMAT (Cont'd)

1.4.3 RATE TABLES

Within rate tables, four types of entries are allowed:

- Rate Amount

The rate amount indicates the dollar value associated with the service.

- A dash "-"

The dash indicates that there is no rate for the service or that a rate amount is not applicable under the specific column header.

- A footnote designator "[1]"

The footnote designator indicates that further information is contained in a footnote.

- ICB

The acronym "ICB" indicates that the product/service is rated on an individual case basis.

Issued: {

1. APPLICATION AND REFERENCE

1.5 EXPLANATION OF CHANGE SYMBOLS

SYMBOL	EXPLANATION
(C)	To signify changed term or condition
(D)	To signify discontinued material
(I)	To signify rate increase
(M)	To signify material moved from or to another part of the Tariff with no change, unless there is another change symbol present
(N)	To signify new material
(R)	To signify rate reduction
(T)	To signify a change in text but no change in rate, term or condition

Issued: {

1. APPLICATION AND REFERENCE

1.6 EXPLANATION OF ABBREVIATIONS

ACD	- Automatic Call Distributor
ACT	- Automatic Call Transfer
AIOD	- Automatic Identified Outward Dialing
ALI	- Automatic Location Identification
ANI	- Automatic Number Identification
AR	- Alternate Routing
ARS	- Automatic Route Selection
BNS	- Bill Number Screening
CCSA	- Common Control Switching Arrangement
CDAR	- Customer Dialed Account Recording
CMS	- Centrex/CENTRON Management System
CNCC	- Customer Network Control Center
CO	- Central Office
Cont'd	- Continued
CPE	- Customer Premises/Provided Equipment
dB	- Decibel
DC	- Direct Current
DID	- Direct-Inward-Dialing
DMS	- Data Management System
DR	- Default Routing
DSS	- Digital Switched Service
ENI	- Extended Network Interface
EPSCS	- Enhanced Private Switched Communication Service
EPN	- Emergency Preparedness Network
ESN	- Emergency Service Number
ESS	- Electronic Switching System
FCC	- Federal Communications Commission
FCO	- Foreign Central Office
FX	- Foreign Exchange
Hz	- Hertz
IC	- Interexchange Carrier
ICB	- Individual Case Basis
ISDN	- Integrated Services Digital Network
kbps	- Kilobits per Second
kHz	- kilohertz
LATA	- Local Access and Transport Area
mHz	- megahertz
MTS	- Message Telecommunications Service
MWI	- Message Waiting Indication

Issued: {

1. APPLICATION AND REFERENCE

1.6 EXPLANATION OF ABBREVIATIONS (Cont'd)

NAR	-	Network Access Register
NAS	-	Network Access Service
NPA	-	Numbering Plan Area
OCC	-	Other Common Carrier
PBX	-	Private Branch Exchange
PRI	-	Primary Rate Interface
QCC	-	Qwest Communications Corporation
RSP	-	Rate Stability Plan
SR	-	Selective Routing
SRA	-	Selective Routing Arrangement
TDRS	-	Traffic Data Report Service
TSP	-	Telecommunications Service Priority
UCD	-	Uniform Call Distributor
V & H	-	Vertical and Horizontal
VMS	-	Voice Messaging Service
VTPP	-	Variable Term Payment Plan

Issued: {

1. APPLICATION AND REFERENCE

1.7 TRADEMARKS, SERVICE MARKS AND TRADE NAMES

Marks are identified in text throughout this document in all caps and italics, e.g., *QWEST TOTAL ADVANTAGE* Service.

MARK	OWNER
DID®	Qwest Communications International Inc.
NO SOLICITATION SM	Qwest Communications International Inc.
QWEST®	Qwest Communications International Inc.
QWEST iQ NETWORKING TM	Qwest Communications International Inc.
QWEST TOTAL ADVANTAGE TM	Qwest Communications International Inc.
SECURITY SCREEN TM	Qwest Communications International Inc.

Issued: {

2. GENERAL REGULATIONS – CONDITIONS OF OFFERING

2.1 DEFINITIONS

Accessories

Devices which are mechanically attached to, or used with, the facilities furnished by the Company and which are independent of, and not electrically, acoustically, or inductively connected to, the communications path of the telecommunications system.

Authorized User

A person, firm, corporation or other entity that either is authorized by the Customer to use local exchange services or is placed in a position by the Customer, either through acts or omissions, to use local exchange services.

Company

Refers to Qwest Communications Corporation, which is the issuer of this Tariff.

CPE

CPE is customer provided premises equipment, software and other materials.

Customer

Any person, firm, partnership, corporation, municipality, cooperative organization, governmental agency or other entity to whom the Company agrees to furnish communications service under the provisions and regulations of this Tariff.

Individual Case Basis

A service arrangement in which the regulations, rates and charges are developed based on the specific circumstances of the Customer's situation for a specific service application.

Nonrecurring Charges

The one-time initial charges for services or facilities, including but not limited to charges for construction, installation, administrative or special fees, for which the Customer becomes liable at the time the Service Order is made or executed.

Issued: {

2. GENERAL REGULATIONS – CONDITIONS OF OFFERING

2.1 DEFINITIONS (Cont'd)

Recurring Charges

The monthly charges to the Customer for services, facilities and equipment, which continue for the agreed upon duration of the service.

Service Address

The service address is the location where the Customer receives the Company provided service.

Service Commencement Date

The first day following the date on which the Company notifies the Customer that the requested service or facility is available for use, unless extended by the Customer's refusal to accept service which does not conform to standards set forth in the Service Order or this Tariff, in which case the Service Commencement Date is the date of the Customer's acceptance of service. The parties may mutually agree on a substitute Service Commencement Date. A Customer may not unreasonably refuse to accept service.

Standard Network Interface

The point of connection between the Customer and the Company's services which are located at the Customer's premises at a place deemed necessary by the Company in order to insure transmission quality and which is readily accessible to the Customer.

Issued: {

2. GENERAL REGULATIONS – CONDITIONS OF OFFERING

2.2 ESTABLISHING AND FURNISHING SERVICE

2.2.1 APPLICATION FOR SERVICE

A. Refusal

The Company reserves the right to refuse an application for service made by a present or former Customer who is indebted to the Company for service previously furnished, until the indebtedness is satisfied. The Company may refuse to furnish or may deny service to any person, business or entity on whose premises exists any telecommunications related facility which shows any evidence of tampering, manipulating, or operation, or use of any device whatsoever, for the purpose of obtaining service without payment of the charges applicable to the service rendered. The Company may refuse to offer service where, in the Company's judgment, a service cannot reasonably be made available to a Customer.

B. Cancellations and Deferrals

When the Company advises a Customer that ordered services are available on the requested due date, and the Customer is unable or unwilling to accept service at that time, the facilities will be held available for the Customer for a 30 calendar day grace period. If after 30 calendar days the Customer still has not accepted service, the Customer will be contacted and regular monthly billing for the ordered service shall begin if the Customer requests that facilities continue to be held for their future use. Otherwise the facilities will be released for other service order activity, and cancellation charges (non-recurring charges that would have applied had the service been installed) shall be applied.

C. Use of Service

1. Limitation on Use

Service is furnished to the Customer for use only by the Customer or by employees or representatives of the Customer or by other users authorized by the Customer.

When the general service to the public is impaired or in the Company's opinion is reasonably likely to be impaired by a Customer's use of exchange service, the Company shall have the right to require the Customer to contract for and properly maintain as many additional access lines as are needed to adequately serve the Customer's requirements, or to discontinue the service of the Customer in question.

Issued: {

2. GENERAL REGULATIONS – CONDITIONS OF OFFERING

2.2 ESTABLISHING AND FURNISHING SERVICE (Cont'd)

2.2.2 OBLIGATION TO FURNISH SERVICE

- A. Facilities and lines furnished by or through the Company on the premises of a Customer, authorized user or agent of the Customer are the property of the Company and are provided upon the condition that such facilities and lines must be installed, relocated, rearranged and maintained by the Company, and that the Company's employees and agents may enter said premises at any reasonable hour to test and inspect such facilities and lines in connection with such purposes, or upon termination or cancellation of the service, to remove such facilities and lines.
- B. The Company's obligation to furnish service or to continue to furnish service is dependent on its ability to obtain, retain and maintain suitable rights and facilities, and to provide for the installation of those facilities required incident to the furnishing and maintenance of that service.
- C. The Company's obligation to furnish service or to continue to furnish service is dependent on the Customer's prompt payment record with the Company and its actual payments for existing service. For a new Customer, it is based on credit worthiness, which will be determined in an equitable and nondiscriminatory manner.

2.2.3 LIMITED COMMUNICATION

The Company reserves the right to limit use of communication services when emergency conditions cause a shortage of facilities.

2.2.4 PAYMENT ARRANGEMENTS

The Customer is responsible for payment of all charges for services furnished by the Company to the Customer and/or authorized users. This responsibility is not changed by virtue of any use, misuse, or abuse of the Customer's service or Customer-provided equipment or facilities by third parties, including, without limitation, the Customer's employees or the public.

Issued: {

2. GENERAL REGULATIONS – CONDITIONS OF OFFERING

2.2 ESTABLISHING AND FURNISHING SERVICE (Cont'd)

2.2.5 SPECIAL SERVICES

A. Work On Customer's Premises

It is contemplated that all work on Customers' premises can be performed during regular working hours. If a Customer requests that work be performed during hours which results in overtime or premium rates of pay, a charge may apply in addition to other rates and charges which may be applicable, based on the amount of overtime or premium time required.

It is also contemplated that all installation, removals, service connections, moves and changes requested by a Customer be performed without the Company incurring unusual costs. If a Customer requests that work be performed in a special manner or at a special time which results in unusual costs, a charge equal to the amount of unusual costs may apply in addition to other applicable rates and charges.

B. Special Arrangements

1. The rates and charges quoted in this Tariff contemplate the use of standard arrangements, that is, the arrangement normally used by the Company to provide the type of service involved.
2. For special service arrangements to be provided by this Company, and not specifically covered in this Tariff, monthly rates and the one-time charges, such as installation, nonrecurring and construction charges will apply based on the circumstances in each case.
3. These special equipment and service items will be provided whenever, in the judgment of the Company, there is a valid reason for providing the service requested. In such cases, the Company reserves the right to require an initial contract period longer than 1 month at the same location.

C. Special Promotions

The Company may, from time to time, offer promotional programs for its services which may include waiving or reducing the applicable rates and charges for the promoted service. The promotional offerings may be limited as to the duration, the date, and times of the offerings and the locations where the offerings are made or other reasonable limitations. The Company may also offer incentives, benefits or gifts to Customers to encourage the purchase or retention of any such service or product.

Issued: {

2. GENERAL REGULATIONS – CONDITIONS OF OFFERING

2.2 ESTABLISHING AND FURNISHING SERVICE

2.2.5 SPECIAL SERVICES (Cont'd)

D. Trials

The Company may offer, from time to time, limited trials for services which may include the waiving or reducing of all rates and charges for the service that is the subject of the trial and for services that are provided as part of the trial. Trials will be intended to test new potential services or new marketing approaches for services. The location, duration, date and times of a trial may be limited by the Company. The Company may terminate such trials in its reasonable discretion.

Issued: {

2. GENERAL REGULATIONS – CONDITIONS OF OFFERING

2.2 ESTABLISHING AND FURNISHING SERVICE
2.2.5 SPECIAL SERVICES (Cont'd)

E. Competitive Response Programs

1. Business Competitive Response Program

a. Description

The Business Competitive Response Program is an offering to business Customers who qualify under one of the following categories below. In accordance with the terms of this program and based on its reasonable discretion, the Company may offer incentive(s) to potential, current or prior business Customers, who:

- return to the Company from a competing telecommunications provider, or
- are potential new Qwest business Customers, or
- request to have one or more products disconnected and who decide to retain the product(s) after having been informed of the product(s) benefits.

b. Terms and Conditions

- (1) The Company will determine periods and provisions of the offer, pending Commission approval.
- (2) Qualifying business Customers are required to have a satisfactory credit rating.
- (3) Business Customers will receive the incentive(s) only in connection with services that are reestablished or established upon their initial return to the Company.
- (4) For some services, business Customers are required to sign a contract in order to receive the incentive(s).
- (5) Business Customers who receive the incentive(s) are required to remain with the Company for a minimum of one year or to the renewed term length; to the extent the Customer terminates service early, the Customer will be rebilled for all incentives received.
- (6) The Company reserves the right to discontinue this offer at any time.

Issued: {

2. GENERAL REGULATIONS – CONDITIONS OF OFFERING

2.2 ESTABLISHING AND FURNISHING SERVICE

2.2.5 SPECIAL SERVICES

E.1. (Cont'd)

c. Rates and Charges

- (1) Customers who qualify under the Terms and Conditions of this Tariff may be offered one of the following on selected products, as determined by the Company:
 - A waiver of an amount up to 100% of the current business nonrecurring charge(s), or
 - A waiver of up to three months of the recurring rates, or
 - A waiver of an amount up to 100% of the current business nonrecurring charge(s) and up to three months of the recurring rates, or
 - A benefit or consideration offered or provided that is not associated with a service or product offered by the Company such as CPE, merchandise, or discounts on merchandise offered by others, gift certificates, gift cards, or otherwise and with a retail value not to exceed the sum of c., above.
- (2) Waiver amounts are calculated based on the first month's nonrecurring charge(s) and monthly rate(s). The total waived amount will not exceed the total nonrecurring charge(s) plus three months service of the monthly rate(s).
- (3) The Company may also provide an additional reasonable reward after a period of time or on an anniversary date to recognize the continued retention of the Customer.

F. Individual Case Basis

Services and arrangements may be developed on an individual case basis in response to requests of the Customer, or in response to competitive situations, for unique services or arrangements or for unique or specially-bid pricing. Rates and charges associated with such services or arrangements may differ from those for the basic services and arrangements identified in this Tariff.

Issued: {

2. GENERAL REGULATIONS – CONDITIONS OF OFFERING

2.2 ESTABLISHING AND FURNISHING SERVICE (Cont'd)

2.2.6 TERMINATION OF SERVICE

A. Initial Service Periods

1. The initial service period for service and facilities is one month (30 days), except as otherwise specified.
2. Initial service periods for service or facilities of any class will be greater than those specified herein whenever that is required in order for the Company to protect itself from making an unwarranted investment because the Customer's location or the character of the service required is such that upon termination of the Customer's contract the facilities which have been constructed or installed to render the service are not likely to be useful for furnishing service to any other Customer.
3. Service may be terminated prior to the expiration of the initial service period upon payment of all charges due for service which has been furnished plus the termination charges as specified in this Tariff, or in the terms of the service agreement. In the case of service for which the initial period is one month, the charges due are for the balance of the month.

B. Termination Liability/Waiver Policy

Services provided via service agreements may include the Termination Liability/Waiver Policy. This policy applies only to services that specifically reference this Termination Liability/Waiver Policy as described in the Tariff.

1. Minimum Billing Level will be established for use in calculating discontinuance charges. The Minimum Billing Level is 100% percent of the total monthly rates for the service provided under the terms of the Customer's service agreement, unless otherwise specified.
2. Minimum Service Period is the period of time that the factor of the Termination Liability Charge would apply.

Issued: {

2. GENERAL REGULATIONS – CONDITIONS OF OFFERING

2.2 ESTABLISHING AND FURNISHING SERVICE

2.2.6 TERMINATION OF SERVICE

B. Termination Liability/Waiver Policy (Cont'd)

3. If the Customer chooses to completely discontinue service, at any time during the term of the agreement, a termination charge will apply, unless the Customer satisfies the conditions specified in the Waiver Policy. The termination charge is 100% of the rates for the Minimum Service Period, if applicable, plus the Minimum Billing Level multiplied by the termination liability percentage of 50% or the rate specified in the service agreement, for the remaining term of the agreement.[1]
4. If the Customer discontinues a portion of their service, and that causes the Customer's monthly billing level to fall below the Minimum Billing Level of the agreement, a termination charge will apply to the portion of the service agreement that is below the Minimum Billing Level.
5. Waiver Policy

A termination charge will be waived when the Customer discontinues their contracted service(s), provided all of the following conditions are met:

- The Customer signs a new service agreement for any other Company provided service(s);
- Both the existing and the new service(s) are provided solely by the Company;
- The order to discontinue the existing service(s) and the order to establish the new service(s) are received by the Company at the same time;
- The new service(s) installation must be completed within thirty calendar days of the disconnection of the old service(s), unless the installation delay is caused by the Company;
- The total value of the new service agreement(s), excluding any special construction charges and any other nonrecurring charges, is equal to or greater than 100% of the remaining value of the existing agreement(s);
- A new minimum service period goes into effect when the new service agreement term begins;

[1] For example: Customer disconnecting in month 12 of a 36 month agreement with MRC of \$100. Termination charge is \$100 (minimum billing level) x 24 months (minimum service period) x 50% (Termination Liability Percentage) = \$1,200.

Issued: {

2. GENERAL REGULATIONS – CONDITIONS OF OFFERING

2.2 ESTABLISHING AND FURNISHING SERVICE

2.2.6 TERMINATION OF SERVICE

B.5. (Cont'd)

- The Customer agrees to pay any previously billed, but unpaid recurring, and any outstanding nonrecurring charges. The charges cannot be included as part of the new service agreement;
- All applicable nonrecurring charges will be assessed for the new contracted service(s).

2.3 PAYMENT FOR SERVICE

2.3.1 CUSTOMER RESPONSIBILITY

The Customer is responsible for payment of all charges for facilities and services furnished to the Customer, including charges for services originated, terminated, or accepted, at such facilities.

2.3.2 PAYMENT OF BILLS

A. Charges Due

Charges for local exchange service and facilities are billed in advance. Payment is due upon receipt of bill. All bills are payable by any means mutually acceptable to the Customer and the Company. Failure to receive a bill does not exempt the Customer from prompt payment of their account. The Customer is held responsible for all charges for local exchange service and facilities furnished at the Customer's request.

The Company shall utilize credit policies and reasonable and equitable methods in its debt collection practices as specified by state and federal government regulations.

Issued: {

2. GENERAL REGULATIONS – CONDITIONS OF OFFERING

**2.3 PAYMENT FOR SERVICE
2.3.2 PAYMENT OF BILLS (Cont'd)**

B. Returned Payment Charge

A returned payment charge may apply to the Customer's account for each occasion that a check, bank draft, or an electronic funds transfer item is returned to the Company for the reason for insufficient funds or no account.

CHARGE

- Returned Payment Charge \$25.00

C. Late Payment Charge

1. A late payment charge of 1.5% may apply to all billed balances which are not paid by the billing date shown on the next bill, unless the balance is \$15.00 or less.
2. Collection procedures, temporary disconnection of service, and the requirements for deposit are unaffected by the application of a late payment charge.

Issued: {

2. GENERAL REGULATIONS – CONDITIONS OF OFFERING

2.3 PAYMENT FOR SERVICE (Cont'd)

2.3.3 CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

A. Deposits From Applicants for Service and Present Customers

1. Subject to special provisions as may be set forth herein, any applicant or Customer whose financial responsibility is not established to the satisfaction of the Company may be required to provide a deposit to the Company. The deposit will bear simple interest, if required by state laws or regulations.
2. The payment of a deposit shall in no way relieve the applicant or Customer from complying with the Tariff rules and regulations for the prompt payment of bills on presentation.

B. Advance Payment

To safeguard its interests, the Company may require the Customer to make an advance payment before services and facilities are furnished. The amount of the advance payment will be determined on a case by case basis and will conform to applicable commission regulations.

Issued: {

2. GENERAL REGULATIONS – CONDITIONS OF OFFERING

2.4 LIABILITY OF THE COMPANY

- A. The Company shall be indemnified and held harmless by any subscriber, user or by any other entity against claims for libel, slander or the infringement of copyright arising from the material transmitted over its services; and against all other claims arising out of any act or omission of a subscriber or of any other entity in connection with the services provided by the Company.
- B. The Company is not liable for any act or omission of any entity furnishing facilities or services connected with or provided in conjunction with the services of the Company.
- C. The Company shall not be liable for any personal injury, or death of any person or person, and for any loss or damage sustained by reason of acts, mistakes, omissions, errors or defects in providing its services, whatever shall be the cause which is not the direct result of the Company's gross negligence or willful misconduct.
- D. Except as otherwise provided herein, no liability for indirect, incidental or consequential damages shall attach to the Company, its agents, servants or employees, for damages or costs arising from errors, mistakes, omissions, interruptions, failures, delays, or defects or malfunctions of equipment or facilities, in the course of establishing, furnishing, maintaining, rearranging, moving, terminating, or changing the service or facilities (including the obtaining or furnishing of information in respect thereof or with respect to the Customer or users of the service or facilities) in the absence of willful and wanton conduct or gross negligence, whether a claim for such liability is premised upon breach of contract, breach of warranty, fulfillment of warranty, negligence, strict liability, misrepresentation, fraud, or any other theories of liability.
- E. The Company shall not be liable for any failure of performance due to causes beyond its control, including, without limitation, acts of God, fires, floods or other catastrophes, national emergencies, insurrections, riots or wars, strikes, lockouts, work stoppage or other labor difficulties, acts or omissions of other telecommunications carriers or service providers, and any law, order, regulation or other action of any governing authority or agency thereof.

Issued: {

2. GENERAL REGULATIONS – CONDITIONS OF OFFERING

2.4 LIABILITY OF THE COMPANY (Cont'd)

- F. The Company shall not be liable to a Customer or service user or any other person, firm, entity, for any failure to perform its obligations under this Tariff due to any cause or causes beyond its reasonable control, which is not the direct result of the Company's gross negligence or willful misconduct.
- G. The remedies set forth herein shall not be exclusive and the Company at all times shall be entitled to all rights available to it under either law or equity.

Issued: {

2. GENERAL REGULATIONS – CONDITIONS OF OFFERING

2.5 SPECIAL TAXES, FEES, CHARGES

Any sales, use, privilege, excise, franchise or occupation tax, costs of furnishing service without charge or similar taxes or impositions now or hereafter levied by the Federal, State, or Local government or any political subdivision or taxing authority thereof may be billed by the Company to its local exchange Customers on a pro rata basis in the areas wherein such taxes, impositions or other charges shall be levied against the Company, or may require collection of such taxes, fees and charges by the Company.

Issued: {

2. GENERAL REGULATIONS – CONDITIONS OF OFFERING

2.6 QWEST TOTAL ADVANTAGE

A. General Description

QWEST TOTAL ADVANTAGE is a suite of business communications services offering flat rates based on term and minimum usage commitments. *QWEST TOTAL ADVANTAGE* is designed for new businesses with monthly revenue between \$500.00 to \$75,000.00 or annual revenue between \$6,000.00 to \$900,000.00 of Contributory and Discounted Services. It is available on a month-to-month basis, one-year, two-year, or three-year term commitments. The terms have commitment levels as set forth below.

B. Terms and Conditions

In addition to the terms and conditions following, services are also governed by the terms and conditions contained in the Qwest Communications Corporation Rates and Services Schedule Interstate No. 3.

1. Minimums

- a. There is either a minimum monthly usage commitment per month (Minimum Monthly Commitment) or, an annual minimum usage commitment per twelve-month period for all Customers.
- b. If, during any Annual Period of the term, the Customer's total usage of *QWEST TOTAL ADVANTAGE* Service falls below the Annual Minimum Commitment, the Customer will be billed the actual amount for the service plus the difference between the Customer's Annual Revenue and the Annual Minimum Commitment. For Customers who sign a one, two or three-year Annual Minimum Commitment term, the Annual Period will begin on the first day of the second billing cycle following the Customer's enrollment for service.
- c. If a Customer selecting a Monthly Minimum Commitment has billed usage charges less than the required Monthly Minimum Commitment during any month's invoice, the Customer will be required to pay the difference between the Monthly Minimum Commitment and the actual billed charges. For Customers who sign a one, two, or three-year term commitment, this requirement will be applied with the fourth full month's invoice.

Issued: { _____

2. GENERAL REGULATIONS – CONDITIONS OF OFFERING

2.6 QWEST TOTAL ADVANTAGE

B. Terms and Conditions (Cont'd)

2. Renewals

- a. Either the Customer or Qwest may terminate the term commitment at the end of the initial term by providing not less than thirty days written notice. The Customer's notice of termination must be sent to:

Qwest Communications Corp.
Attention: Uniontown Service Center
GBM Disconnects
P.O. Box 698
Uniontown, PA 15401

- b. If written notification is not submitted to Qwest at least thirty days prior to the expiration of the term commitment, and Qwest has not given notice of termination to the Customer, this term commitment will automatically renew. The renewed term commitment will be based on the same terms, conditions, monthly commitment level and initial term, and at the tariffed rates in effect at the time of such renewal.
- c. The Customer may at any time after the expiration of the initial term, terminate the term commitment by providing not less than thirty days written notice to the address above.

Issued: {

2. GENERAL REGULATIONS – CONDITIONS OF OFFERING

2.6 QWEST TOTAL ADVANTAGE

B. Terms and Conditions (Cont'd)

3. Early Termination Charges

- a. Customers who terminate their monthly term commitment prior to the completion of the initial term and do not provide written notification to Qwest, will be billed and required to pay termination charges calculated using the following method:
- Taking the number of full months remaining in the current Annual Period in which the Customer terminates the agreement, multiplied by the Monthly Usage Minimum, plus,
 - 35% of the Monthly Usage Minimum, multiplied by the number of months, if any, remaining in the then-effective term, (other than the number of months referenced in the preceding paragraph), plus,
 - any applicable third-party early termination or related charges or penalties incurred by Qwest as a result of the Customer's early termination.
- b. Customers who terminate their annual term commitment prior to the completion of the initial term and do not provide written notification to the Company, will be billed and required to pay termination charges calculated using the following method:
- Taking the Minimum Annual Commitment less the actual Annual Revenue generated during the Annual Period in which the Customer terminates the enrollment, plus,
 - 35% of the Annual Minimum Commitment, multiplied by the number of Annual Periods remaining in the then-effective term, (other than the Annual Period referred to in the section immediately preceding) if any, plus,
 - Any applicable third-party early termination or related charges or penalties incurred by the Company as a result of the Customer's early termination.

Issued: { _____ }

3. SERVICE CHARGES

3.1 MISCELLANEOUS NONRECURRING CHARGES

3.1.1 NONRECURRING CHARGES

A. Description

A nonrecurring charge is a one-time charge made under certain conditions to customer-initiated requests to install, move, or change telephone service.

Nonrecurring charges, where applicable, are specified with services as stated in each section of this Tariff unless otherwise specified or included in this section.

B. Rates and Charges

1. Nonrecurring charges apply to:

- a. Establish or change billing name responsibility subsequent to the initial installation of service and is in addition to directory listing charges, if applicable.

**CHANGE OF RESPONSIBILITY
MAXIMUM
CHARGE**

- Per service order \$17.00

- b. Add or change features or services (where appropriate).

**SERVICE CHANGE
MAXIMUM
CHARGE**

- Per Service Order \$55.00

Issued: {

3. SERVICE CHARGES

3.1 MISCELLANEOUS NONRECURRING CHARGES

3.1.1 NONRECURRING CHARGES

B. Rates and Charges (Cont'd)

2. Nonrecurring charges do not apply to:
 - a. Move or change a customer's telephone service if required or initiated by the Company.
 - b. Install, move, or change telephone service located on a customer's premises but used exclusively by the Company for maintenance or training activities.
 - c. The "from" portion of work involved in a transfer of service from one premises to another.

Issued: {

3. SERVICE CHARGES

3.1 MISCELLANEOUS NONRECURRING CHARGES (Cont'd)

3.1.2 EXPEDITED ORDER CHARGE

Customers may request a service date that is prior to the standard interval service date as determined by the Company. If the Company agrees to provide the service on an expedited basis, an Expedite Charge will apply as determined on an individual case basis. The customer will be notified of the Expedite Charge prior to the order being issued.

**Qwest Communications Corporation
Local Exchange Services**

**Arizona Tariff No. 3
SECTION 4
Page 1
Release 1
Effective: }**

Issued: {

4. RESERVED FOR FUTURE USE

Issued: {

5. EXCHANGE SERVICES

5.1 EXCHANGE AND SERVICE AREAS

The Company's exchanges and local calling areas are the same as those shown in the tariffs of Qwest Corporation in Arizona and/or other Incumbent Local Exchange Carriers (ILECs) that serve the same exchanges as the Company. The Company shall provide service in the exchanges where facilities are available.

Issued: {

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. Monthly Increment Per Access Line

EXCHANGE ZONE NUMBER	MAXIMUM EXCHANGE ZONE INCREMENT	USOC RATE VARIATION
1	\$2.00	U1
2	6.00	U2

Issued: {

5. EXCHANGE SERVICES

5.2 LOCAL EXCHANGE SERVICE

A. General

1. Definition

Local Exchange Service

Local Exchange Service provides a Customer with the ability to connect to the Company's switching network which enables the Customer to:

- place or receive calls to any calling station in the local calling area, as set forth in this Tariff;
- place or receive calls to/from other stations on or connected to the Public Switched Telephone Network;
- access 911/E911 emergency services where available;
- access the interexchange carrier selected by the Customer for interLATA, intraLATA, interstate or international calling;
- access Operator Services;
- access Directory Assistance;
- place or receive calls to toll-free telecommunications services such as 800/888 telephone numbers;
- access Telecommunication Relay Service;
- access other services authorized by the State Commission and the Federal Communications Commission.

The Company's service cannot be used to originate calls to other telephone companies' caller-paid information services (e.g. 900, 976). Calls to those numbers and other numbers used for caller-paid information services will be blocked by the Company's switch. If the Customer chooses to have their line unblocked, the Customer will be responsible for all charges associated with caller-paid information services.

2. The General Terms and Conditions of this Tariff apply to all exchanges except as otherwise provided herein.
3. Local Exchange Service rates apply for each local exchange access line. All rates include touch-tone.

Issued: {

5. EXCHANGE SERVICES

5.2 LOCAL EXCHANGE SERVICE (Cont'd)

5.2.1 BUSINESS BASIC LOCAL VOICE SERVICE

A. Description

1. Business Basic Local Voice Service is an exchange service which provides a Customer with a single, analog, voice-grade communication channel for telephones, key systems, modems, and other devices to access the Public Switched Telephone Network, for which a specified rate is charged regardless of the amount of local usage.
2. Business Basic Local Voice Service is available to Customers who enter into a service agreement.
3. Qwest reserves the right to limit the locations where Business Basic Local Voice Service will be offered.

Issued: {

5. EXCHANGE SERVICES

5.2 LOCAL EXCHANGE SERVICE

5.2.1 BUSINESS BASIC LOCAL VOICE SERVICE (Cont'd)

B. Rates and Charges

Nonrecurring charges, as shown below, apply for the installation, connecting or moving telephone service. See 3.1.1 for application of other nonrecurring charges.

The recurring rates shown below do not include EAS charges found in 5.1.1.

If Qwest continues to provide service after the expiration of the Customer's term without a further agreement, the Customer's monthly term recurring rate shall continue to apply until the Customer enters into a new service agreement.

The following charges apply when a Customer chooses to purchase just the Business Basic Local Voice Service:

	MAXIMUM NONRECURRING CHARGE	MAXIMUM MONTHLY RATE
• Business Basic Local Voice Service		
- Month to Month	\$ 85.00	\$ 75.00

Issued: {

5. EXCHANGE SERVICES

5.2 LOCAL EXCHANGE SERVICE

5.2.1 BUSINESS BASIC LOCAL VOICE SERVICE

B. Rates and Charges (Cont'd)

The following charges apply when a Customer chooses to purchase one or more Qwest services, which can include Qwest Long Distance, *QWEST iQ NETWORKING™* and Internet Access, Qwest Communications Private Line Service:

	MAXIMUM NONRECURRING CHARGE	MAXIMUM MONTHLY RATE
• Business Basic Local Voice Service		
- Month to Month	\$ 85.00	\$ 75.00

Issued: {

5. EXCHANGE SERVICES

5.3 PRIVATE BRANCH EXCHANGE (PBX) TRUNKS

5.3.4 DIRECT-INWARD-DIALING (DID) SERVICE

A. Description

DID Service provides the Customer with Direct Inward Dialing on designated voice-grade communications channels. DID Service is to be used in connection with the Customer's Private Branch Exchange (PBX) system. Dialed digits are transmitted for all incoming calls thereby allowing the Customer's PBX system to route incoming calls directly to individual stations by Customer-assigned DID telephone number.

B. Terms and Conditions

1. One primary directory listing in the main directory of the serving CO is provided for each Customer account. An additional listing of each *DID* number may be provided subject to the terms, conditions, rates and charges as specified in 5.7.1.
2. The provision of this feature requires that the customer subscribe to a sufficient number of trunk facilities to adequately handle the volume of incoming calls.
3. Sequential numbers may be assigned if blocks of numbers are available and at the discretion of the Company. Rates and charges associated with sequential numbers are specified in C., following.
4. *DID* Service is offered with switching vehicles served by trunk service. Answer supervision is required from the customer's switching vehicle.

Issued: {

5. EXCHANGE SERVICES

5.3 PRIVATE BRANCH EXCHANGE (PBX) TRUNKS

5.3.4 DIRECT-INWARD-DIALING (DID) SERVICE (Cont'd)

C. Rates and Charges

1. DID Telephone Numbers

	MAXIMUM NONRECURRING CHARGE	MAXIMUM MONTHLY RATE
a. Nonsequential telephone number, each	\$ 2.00	\$0.30
b. DID block of twenty sequential telephone numbers, per block	40.00	6.00

Issued: {

5. EXCHANGE SERVICES

5.3 PRIVATE BRANCH EXCHANGE (PBX) TRUNKS
5.3.4 DIRECT-INWARD-DIALING (DID) SERVICE (Cont'd)

D. Optional Features

1. *DID* Trunk Queuing

a. Description

DID Trunk Queuing is an arrangement whereby incoming calls that are placed to station lines within a *DID* system can be held in queue if all trunks between the central office switch and the customer's PBX are busy. Calls in queue will be held in their order of arrival until a trunk becomes available. Calls in queue are served on a first-in first-out basis. Calls held in queue will hear ringing until answered.

b. Terms and Conditions

- (1) The provision of this feature requires that the customer subscribe to a sufficient number of facilities to adequately handle the volume of incoming calls.

Issued: {

5. EXCHANGE SERVICES

5.3 PRIVATE BRANCH EXCHANGE (PBX) TRUNKS

5.3.4 DIRECT-INWARD-DIALING (DID) SERVICE

D.1. (Cont'd)

c. Rates and Charges

	MAXIMUM NONRECURRING CHARGE	MAXIMUM MONTHLY RATE
• Queuing		
- Per DID Station number equipped	\$ 5.00	\$ 0.50
- Per queue group	350.00	-
- Per queue slot in group	-	30.00
- Change in quantity of queue slots in queue group, per group	200.00	-

Issued: {

5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES

5.4.3 CUSTOM CALLING SERVICES

A. Description

Anonymous Call Rejection

Anonymous Call Rejection prevents incoming calls marked private or anonymous from being completed. Anonymous Call Rejection is placed on the customer's line in the "off" condition. The customer must activate and deactivate the feature by dialing a code.

Calls marked private or anonymous are those calls on which per call blocking or permanent per line blocking has been activated in order to prevent name and telephone number information from passing to the called party. Blocked calls are routed to an announcement that states that the customer does not accept private or anonymous calls and provides further direction to the caller on how to unblock the call.

Call Forwarding - Busy Line

Allows a customer to have incoming calls forwarded to another predetermined number if the called number is busy.

Call Forwarding - Busy Line/Don't Answer

Allows a customer to have incoming calls forwarded to another predetermined number if the called number is busy or if the customer does not answer after a preset number of ringing cycles.

Call Forwarding/Don't Answer

Allows a customer to have an incoming call forwarded to another number within the same central office switch if the customer does not answer after a preset number of ringing cycles.

Issued: {

5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES

5.4.3 CUSTOM CALLING SERVICES

A. Description (Cont'd)

Call Forwarding-Variable

Offers the automatic redirection of incoming calls to any alternate telephone number. The alternate telephone number is selected by the subscriber, from the subscriber's service location, as well as deactivation of the forwarding, from that same serving location.

Call Rejection

Enables a customer to reject call attempts from up to 15 numbers of calling parties by dialing a code and the telephone numbers of calls to be rejected. Any call attempts to the customer from these numbers will be prevented from terminating to the customer and will instead be connected to an announcement informing the caller that the call is not presently being accepted by the called party. A customer may also reject future calls from the most recent call received by dialing a code after completing the call.

Call Trace

Allows a called party to initiate an automatic trace of the last call received. Call Trace is available on a usage basis only. After receiving the call which is to be traced, the customer dials a code and the traced telephone number is automatically sent to the Company for further action. The customer originating the trace will not receive the traced telephone number. The results of a trace will be furnished only to legally constituted law enforcement agencies or authorities upon proper request by them. The company is not liable for damages if, for any reason, the Call Trace attempt is not successful.

Call Transfer

Enables a customer to transfer an incoming call to a third party or add a third party to an existing call, forming a three party connection, and then to leave the connection without disconnecting the call.

Issued: {

5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES

5.4.3 CUSTOM CALLING SERVICES

A. Description (Cont'd)

Call Waiting

Provides a tone/signal to a customer that has a call in progress, that another call has been placed to that customer's telephone number. The customer may elect to hold the first call, by use of the switchhook, and answer the second call; as well as alternate between calls by pressing the switchhook. The customer may elect not to respond to the signal, and continue the original call.

Call Waiting may be deactivated prior to making an outgoing call, (or during a call if the customer has Three-Way Calling).

Caller Identification - Name and Number

Allows for the automatic delivery of a calling party's name and telephone number (including nonpublished and nonlisted telephone numbers) to the called customer, which gives the called customer an opportunity to decide whether to answer the call immediately or not. The name and number are displayed on customer provided equipment.

The name displayed shall be the name associated with the calling telephone number as shown on the Company's records. The Company, in its discretion, may abbreviate or limit that name for display purposes. The Company does not assure name accuracy, and it shall not be liable to any party for errors, omissions or mistakes. The Company's sole and only obligation shall be to reasonably correct errors in names when notified in writing of such errors.

Continuous Redial

Allows a customer to dial a code that will cause the feature to automatically redial the last number the customer dialed. If the called number is busy, the feature will redial the called number for a limited period of time. A tone alerts the customer when the called number becomes available. This service is available on a usage or subscription basis.

Issued: {

5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES

5.4.3 CUSTOM CALLING SERVICES

A. Description (Cont'd)

Dial Lock

Allows a customer the ability to manage their outbound calls (local, local long distance, and toll) by selectively blocking different types of calls placed from their line. This service will allow blocking to: all non-emergency local calls; long distance calls; international calls; operator assisted; toll free; information services; and directory assistance calls. The customer will select the types of calls they wish to have blocked. Customers may override the blocking at anytime through a personalized assigned PIN code.

Do Not Disturb

Allows a customer to prevent the ringing of their telephone. When the feature is activated, callers hear a customer selected greeting indicating that the customer is not available. If the customer has messaging service the caller may stay on the line and leave a message.

Easy Access

Allows a customer to place a call to a predetermined telephone number by dialing an abbreviated two-digit code. The dialing code is *98.

Hot Line Service

Allows a customer to establish a switched connection to a predetermined number when the customer's telephone goes off-hook. No dialing is required and the call is processed automatically to the predetermined telephone number.

Last Call Return

Allows a customer to dial a code that will cause the feature to automatically redial the number of the last incoming call to that line, whether the call was answered or not. The customer does not have to know the number of the calling party. If the called number is busy, the feature will redial the called number for a limited period of time. A tone alerts the customer when the called line is available. This service is available on a usage or subscription basis.

Issued: {

5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES

5.4.3 CUSTOM CALLING SERVICES

A. Description (Cont'd)

NO SOLICITATION

Allows a customer to deter sales and telemarketing calls received by the customer. This is accomplished via a recorded message which informs the caller that the customer does not accept telephone solicitations, and asks solicitors to hang up and to place the called party on the solicitors "do-not-call" list.

Priority Call

Allows a customer to assign a maximum of 15 callers' telephone numbers to a special list. The customer will hear a distinctive ring at their location, when calls are received from callers' telephone numbers on that list.

Remote Access Forwarding

Allows all incoming calls to be forwarded to another telephone number. It allows the customer to remotely change the termination of their incoming calls. From any tone signaling telephone, the customer can activate, deactivate, or change the destination number.

Scheduled Forwarding

Allows all incoming calls to be forwarded to another telephone number. It allows a customer to remotely change the termination of their incoming calls and base the termination upon a time schedule. From any tone signaling telephone, the customer can activate, deactivate, or change the times, days and destination numbers.

SECURITY SCREEN

Provides the customer with the ability to screen private and unidentified calls that are placed to their number. A customer who subscribes to *SECURITY SCREEN* must also subscribe to Caller Identification – Name and Number.

Selective Call Forwarding

Allows a customer to specify a special list of a maximum of 15 telephone numbers. Incoming calls placed to the customer from telephone numbers on that list will automatically be forwarded to a predefined telephone number. All other calls will be handled normally.

Issued: {

5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES

5.4.3 CUSTOM CALLING SERVICES

A. Description (Cont'd)

Selective Call Waiting

Includes the Call Waiting functionality and, in addition, allows the customer to establish and modify a list of telephone numbers that trigger the Call Waiting tone when the customer's line is in use. Calls from telephone numbers not on the list, or calls from unidentified callers will either hear busy tone when the customer's line is busy or if the customer subscribes to Voice Mail service, the call will be routed to the customer's mailbox.

Speed Calling

Offers the customer storage of frequently called numbers, with the ability to dial the stored numbers by depressing one or two digits, rather than entire telephone numbers. Speed Calling is customer programmable, for either 8 or 30 telephone numbers, offering the customer access to change the stored list whenever it is convenient for the customer, and without service order activity.

Three-Way Calling

Offers the capability to add a third party to an existing call, by depressing the switchhook. This service is available on a usage or subscription basis.

Issued: {

5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES

5.4.3 CUSTOM CALLING SERVICES (Cont'd)

B. Terms and Conditions

1. Custom Calling products are available to individual line business customers that have their service provided from a central office equipped to provide Custom Calling. Individual Custom Calling Services will be provided where technically and economically feasible and where the Company determines sufficient demand exists to warrant the provision of the service(s).
2. Due to technical limitations, customers who subscribe to Call Transfer and Speed Calling-8 number capacity will only have 6-number capacity available for their use.
3. The predetermined number associated with Hot Line Service cannot be changed except through the issuance of a service order.
4. A line equipped with Hot Line Service is totally dedicated to operate in the manner outlined herein. There is no ability to operate the line in any other manner. For example, calls to 911 or other emergency numbers cannot be placed from a line equipped with Hot Line Service.
5. A line equipped with Hot Line Service can be used for incoming calls, but cannot initiate outgoing calls except to the predetermined number.
6. When one or more Custom Calling features are installed or changed on the same line at the same time, only one nonrecurring charge will apply. If the nonrecurring charges are different, the highest charge applies.
7. 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. Customers may request the removal of these services at any time, at no charge.

Issued: {

5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES

5.4.3 CUSTOM CALLING SERVICES (Cont'd)

C. Rates and Charges

1. The following rates and charges apply for Custom Calling Services. The nonrecurring charge and/or monthly rate may be waived during the term of a promotion, for existing or new customers. The terms of the promotion shall be determined by the Company.

a. Per individual line equipped with:

	MAXIMUM NONRECURRING CHARGE	MAXIMUM MONTHLY RATE
• Anonymous Call Rejection	\$10.00	\$2.00
• Call Forwarding		
- Busy Line	10.00	5.00
- Busy Line/Don't Answer	10.00	10.00
- Don't Answer	10.00	7.00
- Variable	10.00	8.60
• Call Rejection	10.00	8.00
• Call Transfer	10.00	11.00
• Call Waiting	10.00	14.00
• Caller Identification - Name and Number	10.00	14.90
• Continuous Redial	10.00	6.00
• Dial Lock	10.00	6.90
• Do Not Disturb	10.00	6.90
• Easy Access	10.00	1.96
• Hot Line	10.00	3.50
• Last Call Return	10.00	5.00

Issued: {

5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES

5.4.3 CUSTOM CALLING SERVICES

C.1.a. (Cont'd)

	MAXIMUM NONRECURRING CHARGE	MAXIMUM MONTHLY RATE
• <i>NO SOLICITATION</i>	\$10.00	\$12.90
• Priority Call	10.00	6.00
• Remote Access Forwarding	10.00	14.50
• Scheduled Forwarding	10.00	16.50
• <i>SECURITY SCREEN</i>	10.00	5.40
• Selective Call Forwarding	10.00	6.00
• Selective Call Waiting	10.00	15.00
• Speed Calling - 8	10.00	5.00
• Speed Calling - 30	10.00	8.00
• Three-Way Calling	10.00	7.00

Issued: {

5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES

5.4.3 CUSTOM CALLING SERVICES

C. Rates and Charges (Cont'd)

	MAXIMUM CHARGE
2. Custom Calling Services, per occurrence	
• Call Trace, per activation	\$4.00
• Usage Basis Continuous Redial, per activation[1,2]	1.50
• Usage Basis Last Call Return, per activation[1,2]	1.50
• Usage Basis Three-Way Calling, per activation[1,2]	1.50

[1] Monthly rate does not apply to customers using the service on a per activation basis.

[2] Maximum rate charged per feature is \$12.00 in any one month.

Issued: {

5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES (Cont'd)

5.4.10 CUSTOM RINGING SERVICE

A. Description

Custom Ringing Service (Custom Ringing) is a central office based service which provides up to three distinctive ringing codes on incoming calls, using one individual access line. The distinctive ringing codes are achieved by assigning up to 3 additional telephone numbers to the access line.

B. Terms and Conditions

1. Custom Ringing Service is provided with individual exchange access lines and may be unavailable with some services due to technical limitations.
2. Custom Ringing numbers are subject to a minimum service period of one month.
3. When the customer's access line is equipped with Call Waiting, and the line is busy, incoming calls will generate a distinctive Call Waiting tone at no additional charge.

Issued: {

5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES

5.4.10 CUSTOM RINGING SERVICE

B. Terms and Conditions (Cont'd)

4. When the customer's access line is equipped with Call Forwarding-Variable, the customer can choose one of the following options:

- Have Call Forwarding-Variable only on the access line number.
- Have all Custom Ringing numbers forwarded with the access line number.

This choice is made, or changed, at the time the customer places an order with the Company. Call Forwarding rates apply only to the access line number. Distinctive ringing will not be heard at the forwarded location.

C. Rates and Charges

1. The nonrecurring charge and/or monthly rate will not apply to existing customers who subscribe to Custom Ringing during the term of a Custom Ringing promotion.
2. When, at the request of the customer, additions or changes are made to the Call Forwarding options the Call Forwarding nonrecurring charge applies. If a customer requests changes or additions to their telephone number, the Change of Telephone Number nonrecurring charge applies as specified in 3.1.1.
3. The charge to change a Custom Ringing number to the access line number is the same as the Change of Telephone Number nonrecurring charge specified in 3.1.1.
4. The nonrecurring charge shall apply to change the ringing pattern associated with Custom Ringing.
5. When one or more of the Custom Ringing numbers are installed or changed on the same line at the same time, only one nonrecurring charge will apply for business customers.

Issued: {

5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES

5.4.10 CUSTOM RINGING SERVICE

C. Rates and Charges (Cont'd)

6. The following rates and charges apply per individual line equipped, in addition to all other rates and charges applicable to the associated line.

	USOC	MAXIMUM NONRECURRING CHARGE	MAXIMUM MONTHLY RATE
• Custom Ringing			
- First additional number		\$10.00	\$13.90
- Second additional number		10.00	9.50
- Third additional number		10.00	9.50

Issued: {

5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES (Cont'd)

5.4.11 HUNTING SERVICE

A. Description

This is an optional arrangement available to customers with two or more individual line or trunk services. Where facilities permit, such lines/trunks will be arranged so that incoming calls to a busy line/trunk will overflow to other available lines/trunks for that customer. The following types of hunting arrangements are available: series and multiline (basic hunting), circular and preferential.

B. Rates and Charges

1. The rate for each individual line/trunk arranged for Hunting Service is in addition to the regular access line/trunk rate.
2. The nonrecurring charge applies to establish, change to or from or to rearrange Hunting Service, except when changing from series to multiline or vice versa.
3. The following rates and charges are for each access line/trunk arranged for Hunting Service.

	MAXIMUM NONRECURRING CHARGE	MAXIMUM MONTHLY RATE
• Per line or trunk	\$10.00	\$8.00

Issued: {

5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES

5.4.11 HUNTING SERVICE (Cont'd)

C. Optional Features

1. Circular Hunt

a. Description

Circular Hunt is an option of Hunting Service that allows for hunting to start at the dialed number and continues in ascending order to the last number in the hunt group. Hunting then proceeds to the first number of the hunt group and continues thru the group until an idle line is reached or the number just preceding the dialed number is reached.

b. Rates and Charges

The rates and charges for Circular Hunt are in addition to the rates and charges for Hunting Service. Only one nonrecurring charge will apply when both are ordered at the same time, for the same customer, on the same line.

	MAXIMUM NONRECURRING CHARGE	MAXIMUM MONTHLY RATE
• Per hunt group	\$10.00	\$5.00

Issued: {

5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES

5.4.11 HUNTING SERVICE

C. Optional Features (Cont'd)

2. Preferential Hunt

a. Description

Preferential Hunt is an option of Hunting Service that enables incoming calls to a specific number within a hunt group to hunt over a unique hunting sequence of lines within the hunting group. The unique hunting sequence is other than that encountered when a caller dials the first telephone number in the hunt group.

b. Rates and Charges

The rates and charges for Preferential Hunt are in addition to the rates and charges for Hunting Service. Only one nonrecurring charge will apply when both are ordered at the same time, for the same customer, on the same line.

	MAXIMUM NONRECURRING CHARGE	MAXIMUM MONTHLY RATE
• Each line arranged	\$10.00	\$1.50

Issued: {

5. EXCHANGE SERVICES

5.7 DIRECTORY SERVICES

5.7.1 LISTING SERVICES

A. Description

Services whereby the Company arranges for the handling and appearance of the Customer's main billing telephone number in the directory(ies) provided by the dominant Local Exchange Carrier in the service area and/or in the Qwest Directory Assistance records.

B. Definitions

1. Primary Listing

A Primary Listing contains the name of the person, or firm under which business is regularly conducted, as well as the address and telephone number of the person or firm. This listing is provided as a part of, and is included in the monthly recurring rate for telephone service.

2. Additional Listing

- a. An Additional Listing is any listing of a name or information in connection with a Customer's access line number beyond that to which the Customer is entitled in connection with the Customer's regular service.

Issued: {

5. EXCHANGE SERVICES

5.7 DIRECTORY SERVICES

5.7.1 LISTING SERVICES

B.2. (Cont'd)

b. Additional Listings include the following options:

- (1) Individual names of those entitled to the use of the Customer's service under the provisions of Section 2 of this Tariff.
- (2) Foreign Listing – Where available, a listing in a telephone directory which is not in the Customer's immediate calling area. The Customer will be charged the rate specified in the tariff published by the specific local exchange carrier providing the Foreign Listing.
- (3) Alternate Call Listing – Where available, Alternate Call Listings refer callers to another telephone number during specific periods of time or when the Customer's telephone is not answered. The Customer must provide written verification that the alternate telephone number is authorized to accept calls.
- (4) Cross Reference Listing – A listing of the name of the person or firm by which the Customer is commonly known to the public. It includes a reference to the Customer's Primary Listing as described in B.1. Cross Reference Listings may include the Customer's telephone number.

3. Nonpublished Listing

The omission or deletion of the Customer's telephone number from the Qwest Directory Assistance records and the omission and deletion of the Customer's complete Primary Listing from the dominant Local Exchange Carrier's telephone directories.

4. Nonlisted Listing

The omission or deletion of the Customer's complete Primary Listing from the dominant Local Exchange Carrier's telephone directories. Such listings will appear in Qwest's Directory Assistance records and will be provided to the general public.

Issued: {

5. EXCHANGE SERVICES

5.7 DIRECTORY SERVICES

5.7.1 LISTING SERVICES (Cont'd)

C. Terms and Conditions

1. The Company reserves the right to limit the length of any listing in the directory by the use of abbreviations when, in its judgment, the clearness of the listing or the identification of the Customer is not impaired.
2. The Company reserves the right to determine the propriety of any listing and may refuse or withdraw any listing upon notification to the Customer.
3. In addition, listings must meet the requirements set forth by the directory publisher. The Company, upon notification to the Customer, will withdraw any listing which is found to be in violation of the requirements of the directory publisher.
3. In order for listings to appear in an upcoming directory, the Customer must furnish the listing to the Company in time for the Company to meet the publishing schedule as set forth by the directory publisher.
4. The Company, in accepting listings will not assume responsibility for the result of the publication of such listing in the directories of the dominant Local Exchange Carrier, nor will the Company be a party to controversies arising between Customers or others as a result of such publication.

Issued: {

5. EXCHANGE SERVICES

5.7 DIRECTORY SERVICES

5.7.1 LISTING SERVICES (Cont'd)

D. Rates and Charges

1. The appropriate nonrecurring charge specified in this section applies to each:
 - Change in Primary Listing other than when the Customer moves to a new address;
 - Additional Listing established or changed;
 - Change to Nonpublished Listing other than when the Customer moves to a new address;
 - Change to Nonlisted Listing other than when the Customer moves to a new address;
2. Listing Rates and Charges

	MAXIMUM NONRECURRING CHARGE	MAXIMUM MONTHLY RATE
• Change in Primary Listing	\$10.00	-
• Additional Listings, each	10.00	\$5.00
• Nonpublished Listing	10.00	3.10
• Nonlisted Listing	10.00	2.40

Issued: {

6. OPERATOR SERVICES

6.1 GENERAL

- A. This section sets forth the rates and charges applicable to the Company's local Operator Assisted Service offerings. The total charge for each completed operator assisted call consists of the following charge elements:
1. A one-time fixed operator service charge added to the first minute of each operator service call, which will be dependent on the type of billing selected (i.e., Calling Card, Third Party), and/or the completion restriction selected (i.e., Person-to-Person);
 2. A usage charge dependent on the duration, distance, and time of day of the call. The usage charge element is specified as duration, with a minimum charge for each call of one minute, and with fractional minutes of use thereafter counted as full minutes.

Issued: {

6. OPERATOR SERVICES

6.1 GENERAL (Cont'd)

6.1.1 DEFINITIONS OF TERMS

Automated Collect

Collect Calls that are handled on an automated basis such that they do not require intervention by an attended operator position (i.e. "live" operator) to complete (also known as 0++ Collect Calls).

0++ (Automated)

Calling Card, Collect and Bill to Third Party calls which are handled on an automated basis such that they do not require intervention by an attended operator position (i.e. "live" operator) to complete.

0+- (Partially Assisted)

Calling Card, Person-to-Person, Bill to Third Party, Station-to-Station, and/or Collect Calls placed by Users dialing 0+ (area code) + (exchange) + (line number). An attended operator position (i.e. "live" operator) is required to obtain billing information from the User.

0-- (Fully Assisted)

Calling Card, Person-to-Person, Bill to Third Party, Station-to-Station, and/or Collect calls placed by Users dialing 0 without also entering a valid (area code) + (exchange) + (line number). An attended operator position (i.e. "live" operator) is required to obtain the (area code) + (exchange) + (line number) as well as the billing information from the User.

Issued: {

6. OPERATOR SERVICES

6.1 GENERAL

6.1.1 DEFINITION OF TERMS (Cont'd)

Operator Assisted Calls

Calls requiring assistance for completion, usually by dialing 0+ (area code) + (exchange) + (line number); with all subsequent dialing being performed by Operator Services (0--). The following are examples of calls normally placed in this manner:

- Calling Card Calls

Calls for which charges are billed, not to the originating telephone number, but to a telephone calling card issued either by a local exchange or long distance telephone company for this purpose. At the caller's option, and depending upon the services available at a particular location, calling card calls may entail intervention of an attended operator position (i.e., a "live" operator) or may be made on an "automated" basis. The latter are termed "Customer Dialed Calling Card Calls" for purposes of this Tariff.

- Collect Calls

Calls for which charges are billed not to the originating telephone number, but to the destination or termination telephone number.

- Person-to-Person Calls

Calls which are placed under the stipulation that the caller will speak only to a specific called party.

- Station-to-Station Calls

Calls for which charges are billed to the originating telephone number.

- Third Party Calls

Calls for which charges are billed, not to the originating telephone number, but to a third party telephone number which is neither the originating nor the terminating telephone number.

Issued: {

6. OPERATOR SERVICES

6.1 GENERAL

6.1.1 DEFINITION OF TERMS (Cont'd)

Operator Services

The operators, activities, equipment or services necessary to process Operator Assisted Calls.

Operator Surcharge

A non-usage (fixed) charge, which is added to a usage charge in calculating the total tarified charges due for a completed Operator Assisted Call.

Service Area

The Qwest Service Area includes the entire State of Arizona.

Service Offering

The operator assisted services of Qwest consist of the provision of collect, approved telephone company calling card, billed to a third number (third party) and Person-to-Person call services provided to users.

Time Increments

Rates are applied in whole unit increments of 60 seconds.

Time of Day

Rates are as follows:

Day	8 AM - 5 PM[1]	Monday through Friday
Evening	5 PM - 11 PM[1]	Sunday through Friday
Night/Weekend	11 PM - 8 AM[1]	Sunday through Friday, and all day Saturday
	8 AM - 5 PM[1]	Sunday

Usage Charge

A charge assessed on a per minute basis in calculating a portion of the charges due for a completed Operator Assisted Call.

[1] To, but not including, the times shown.

Issued: {

6. OPERATOR SERVICES

6.1 GENERAL

6.1.1 DEFINITION OF TERMS (Cont'd)

User

The calling party utilizing the services of the Company, and having responsibility for the payment of charges, unless that responsibility has been accepted by others, such as in the case of Collect and Bill to Third Party calls.

6.1.2 TERMS AND CONDITIONS

A. Responsibilities of the User

1. The user is responsible for payment of the charges set forth in this Tariff unless the responsibility for such payment has been accepted by the called party, a third party, or a subscriber.
2. The user is responsible for compliance with the applicable regulations set forth in this Tariff.
3. The user is responsible for establishing its identity as often as necessary during the course of a call.
4. The user is responsible for identifying the station, party, or person with whom communications is desired and/or made at the called number.

B. Calculation of Distance

Usage charges for all mileage sensitive products are based on the airline distance between rate centers associated with the originating and terminating points of the call. The airline mileage between rate centers is determined by applying the formula below to the vertical and horizontal coordinates associated with the rate centers involved. Qwest uses the rate centers and associated vertical and horizontal coordinates that are produced by Telcordia in their NPA-NXX V & H Coordinates Tape and NECA Tariff F.C.C. No. 4.

$$\text{Formula} = \sqrt{\frac{(V_1 - V_2)^2 + (H_1 - H_2)^2}{10}}$$

Issued: {

6. OPERATOR SERVICES

6.1 GENERAL (Cont'd)

6.1.3 BILLING OF CALLS

A. Collect, Calling Card, and Charge Third Party Calls

Charges for calls of this type will be included on the user's or called or third party's regular home or business telephone bill pursuant to billing and collection agreements established by Qwest for its intermediary with the applicable telephone company.

B. Billing of Calls

1. Billing for calls placed over the Qwest network is based in part on the duration of the call. Timing of each call begins as specified below, and ends when the called party hangs up. Billing is in one-minute increments, and no customer will be billed for an uncompleted call.
 - a. Collect Calls – Timing begins when the called party accepts the responsibility for payment.
 - b. Person-to-Person Calls (other than Collect) – Timing begins when the designated party comes on the line, or when the caller agrees to speak with a substitute party.
 - c. All Other Calls – Timing begins when the switch determines the call has been answered by utilizing standard industry methods generally in use for ascertaining answer, and if a call exceeds 18 seconds in duration.

Issued: {

6. OPERATOR SERVICES

6.2 OPERATOR SERVICES OFFERINGS

6.2.1 RATES AND CHARGES FOR OPERATOR ASSISTED CALLS

1. The following rates and charges are applicable to operator assisted calls processed by the Company.

- a. Operator Surcharges

Operator surcharges vary depending upon the billing option selected by the caller. The one time operator surcharge will be added to the first minute of each operator assisted call. This surcharge is in addition to the per minute usage charges.

	MAXIMUM CHARGE	
	TOLL	LOCAL
Calling Card – Automated (0++)	\$ 4.00	\$ 4.00
Calling Card – Partially Assisted (0+-)	6.00	6.00
Calling Card – Fully Assisted (0--)	6.00	6.00
Bill to Third Party – Automated (0++)	4.60	4.60
Bill to Third Party – Partially Assisted (0+-)	7.60	7.60
Bill to Third Party – Fully Assisted (0--)	7.60	7.60
Collect – Automated (0++)	4.60	4.60
Collect – Partially Assisted (0+-)	7.60	7.60
Collect – Fully Assisted (0--)	7.60	7.60
Person to Person – Partially Assisted (0+-)	9.00	9.00
Person to Person – Fully Assisted (0--)	12.00	12.00
Station to Station – Partially Assisted (0+-)	4.60	4.60
Station to Station – Fully Assisted (0--)	7.60	7.60

Issued: {

6. OPERATOR SERVICES

6.2 OPERATOR SERVICES OFFERINGS

6.2.1 RATES AND CHARGES FOR OPERATOR ASSISTED CALLS (Cont'd)

b. Operator Per Minute Usage Charges

The following are the per minute usage charges that the customer will incur when using the Company's Operator Services. These charges will apply in addition to the applicable operator surcharge:

MAXIMUM
TOLL
USAGE CHARGE

Mileage Band	DAY		EVENING		NIGHT/WEEKEND	
	Initial Minute	Add'l Minute	Initial Minute	Add'l Minute	Initial Minute	Add'l Minute
0-9999	\$.5200	\$.5200	\$.5200	\$.5200	\$.5200	\$.5200

Issued: {

6. OPERATOR SERVICES

6.2 OPERATOR SERVICES OFFERINGS (Cont'd)

6.2.2 OPERATOR VERIFICATION/INTERRUPT SERVICE

A. Description

Customers may obtain assistance in determining if a called line is in use (herein called verification) or in interrupting a communication in progress due to an urgent or emergency situation (herein called interrupt) by calling the "0" operator.

B. Terms and Conditions

1. Verification

A charge applies each time the operator verifies a called line.

2. Interrupt

A charge applies each time an operator interrupts a communication that is in progress on the called line.

3. Verification and Interrupt Service is furnished where and to the extent that facilities permit.

Issued: {

6. OPERATOR SERVICES

6.2 OPERATOR SERVICES OFFERINGS

6.2.2 OPERATOR VERIFICATION/INTERRUPT SERVICE

B. Terms and Conditions (Cont'd)

4. The customer shall indemnify and save the Company harmless against all claims that may arise from either party to the interrupted call or any person.
5. If an operator both verifies the condition of the line and interrupts communication on the same request, the interrupt charge only applies.
6. The charge for interrupt applies whenever the operator interrupts the communication even though one or the other parties interrupted refuses to terminate the communication in progress.
7. Charges for Verify/Interrupt Service may be billed to a calling card, Billed to Third Party, or Station to Station. Charges may not be billed on a collect basis.
8. The charges for Verify/Interrupt Service are in addition to any applicable rates, i.e., operator assistance charges or calling card message charges. Time-of-day discounts or unused Directory Assistance or Message Rate Service allowance will not be applied against these charges.
9. If, as a result of interrupt the line is cleared, and, at the calling party's request, the operator completes the call, the applicable operator assistance charges, and/or calling card message charges apply in addition to the interrupt charges.
10. The verify charge will not apply if the number verified is not in use and the operator completes the call. See 6.2.1 for applicable operator assistance charges.
11. No verification or interrupt charge will apply if the requesting customer identifies that the call is from an authorized Public Emergency Agency. An authorized Public Emergency Agency is defined as a government agency which is operated by the Federal, State or local government and has the capability and legal authority to provide prompt aid to the public in emergency situations.

Issued: {

6. OPERATOR SERVICES

6.2 OPERATOR SERVICES OFFERINGS

6.2.2 OPERATOR VERIFICATION/INTERRUPT SERVICE

B. Terms and Conditions (Cont'd)

12. No charge will apply when the operator encounters a trouble condition or has reason to believe a trouble condition exists.
13. Requests which originate from stations equipped with *CUSTOMNET* Service will be completed and billed subject to applicable screening restrictions in addition to the regulations specified herein.
14. Person-to-person service is not offered.

C. Charges

MAXIMUM CHARGE

- | | |
|-----------------------------|---------|
| • Verification, per request | \$ 6.00 |
| • Interrupt, per request | 12.00 |

Issued: {

6. OPERATOR SERVICES

6.2 OPERATOR SERVICES OFFERINGS (Cont'd)

6.2.3 DIRECTORY ASSISTANCE SERVICE

A. Directory Assistance

1. Description

- a. Local Directory Assistance service allows customers to obtain listing information, which is comprised of a name, ZIP Code and/or address and telephone number.
- b. The charges set forth, following, apply when customers of the Company request assistance in determining listing information for:
 - A person who is located in the same local service area, or
 - A person who is not located in the same local service area but who is located within the state for which the Company furnishes Centralized Directory Assistance Service.
- c. If a customer abuses or fraudulently uses Directory Assistance service, the appropriate Directory Assistance charges may be assessed on that customer's telephone account.
- d. A caller may request a maximum of two listings for each call to Directory Assistance. The rates apply whether or not the customer secures any requested information.
- e. Call completion is provided without additional charge for calls within the LATA where facilities permit. When two listings are requested from Directory Assistance, only the second listing can be completed. However, intraLATA long distance or local message charges apply if applicable. Appropriate service charges listed in 6.2.1 apply in addition to the Directory Assistance Service charge.

Issued: {

6. OPERATOR SERVICES

6.2 OPERATOR SERVICES OFFERINGS

6.2.3 DIRECTORY ASSISTANCE SERVICE

A. Directory Assistance (Cont'd)

2. Charges

- a. In locations where the customer has the capability to direct dial Directory Assistance but chooses to place the call as a mechanized or operator-assisted customer-dialed calling card call or operator-assisted station-to-station call, the appropriate charge, specified in 6.2.1, applies in addition to the Directory Assistance charge.

MAXIMUM CHARGE

- Each call dialed directly by customer \$2.50

- b. The service is furnished subject to the condition that there will be no abuse or fraudulent use of the service. Abuse or fraudulent use of the service includes the obtaining, or attempting to obtain, or assisting another to obtain or to attempt to obtain Directory Assistance service, by rearranging, tampering, with, or making connection with any facilities of the Company, or by any trick, scheme, false representation, or false credit device, or by or through any other fraudulent means or device whatsoever, with attempt to avoid payment, in whole or in part, of the regular charge for such service. In addition to any other action authorized by this Tariff, the Company may, in such cases of abuse or fraudulent use, assess appropriate Directory Assistance charges on the customer's regular telephone account.

Issued: {

6. OPERATOR SERVICES

6.2 OPERATOR SERVICES OFFERINGS

6.2.3 DIRECTORY ASSISTANCE SERVICE (Cont'd)

B. National Directory Assistance Service

1. Description

National Directory Assistance Service is provided to customers of the Company for the purpose of obtaining listing information, which is comprised of a name, ZIP Code and/or address and telephone number, for individuals or businesses who are located outside the customer's local Directory Assistance service area.

2. Terms and Conditions

- a.. If a customer dials Directory Assistance for the purpose of obtaining a National Directory Assistance listing and also asks for a listing within their local Directory Assistance service area, the appropriate Directory Assistance charges apply.
- b. A maximum of two requested listings are allowed per call. The rates apply whether or not the customer secures any requested information.
- c. This service may be alternately billed. Appropriate service charges listed in 6.2.1 apply, in addition to the National Directory Assistance charge.

Issued: {

6. OPERATOR SERVICES

6.2 OPERATOR SERVICES OFFERINGS

6.2.3 DIRECTORY ASSISTANCE SERVICE

B. National Directory Assistance Service (Cont'd)

3. Charges

- a. In locations where the customer has the capability to direct dial National Directory Assistance but places a call to the National Directory Assistance service attendant via an operator, the operator handled service charges listed in 6.2.1, apply in addition to the following Directory Assistance Charge.

MAXIMUM CHARGE

- | | |
|---|--------|
| • Each call dialed directly by customer | \$2.50 |
|---|--------|

Issued: {

7. RESERVED FOR FUTURE USE

Issued: {

8. RESERVED FOR FUTURE USE

Issued: {

9. RESERVED FOR FUTURE USE

Issued: {

10. MISCELLANEOUS SERVICE OFFERINGS

10.4 SCREENING/RESTRICTION SERVICES

10.4.4 TOLL RESTRICTION

A. Description

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.

B. Terms and Conditions

1. This service is offered, subject to the availability of existing CO facilities, to individual line residence, individual line business and dial switching type customers.
2. Provision of Toll Restriction does not alleviate customer responsibility for completed toll calls.
3. Subscription to services that incorporate Toll Restriction may prevent the completion of 1-plus local calls.
4. Toll Restriction may include Billed Number Screening.
5. Toll Restriction is available to Lifeline customers without charge.

C. Rates and Charges

	MAXIMUM NONRECURRING CHARGE	MAXIMUM MONTHLY RATE
• Per line or trunk arranged	\$55.00	\$10.00

Issued: {

10. MISCELLANEOUS SERVICE OFFERINGS

10.4 SCREENING/RESTRICTION SERVICES (Cont'd)

10.4.6 900 SERVICE ACCESS RESTRICTION

A. Description

900 Service Access Restriction enables business exchange access line customers to prohibit dialing of calls with the 900 prefix. Customers who choose to restrict 900 Service will also be restricted from calling ScoopLine Service calls with the prefix of 976 and 676.

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. No charge applies to remove 900 Service Access Restriction.

C. Rates and Charges

	MAXIMUM NONRECURRING CHARGE	MAXIMUM MONTHLY RATE
• 900 Service Access Restriction, per line	\$25.00	\$25.00

Issued: {

10. MISCELLANEOUS SERVICE OFFERINGS

10.4 SCREENING/RESTRICTION SERVICES (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.

C. Rates and Charges

	MAXIMUM NONRECURRING CHARGE	MAXIMUM MONTHLY RATE
• Per line arranged	\$25.00	\$0.20

Issued: {

10. MISCELLANEOUS SERVICE OFFERINGS

10.7 CALLER IDENTIFICATION BLOCKING OPTIONS

10.7.1 CALLER IDENTIFICATION BLOCKING - PER CALL

A. Description

Enables a customer to control the disclosure of his/her name and/or telephone number to a subscriber of Caller Identification (where technically feasible) by temporarily changing the public/private status indicator of the telephone number. A customer must dial a code before each call to change the indicator from public to private. "Public status" allows delivery of the name and/or telephone number. "Private status" prevents delivery of the name and/or telephone number. Per Call Blocking is provided at no charge.

B. Rates and Charges

**MAXIMUM
MONTHLY
RATE**

- Per Call

—

10.7.2 CALLER IDENTIFICATION BLOCKING - PER LINE

A. Description

Provides a permanent private indicator on a customer's line. Once blocking is established on the customer's line, the private status can be deactivated by the customer by dialing a code, *82 (or 1182 on rotary phones), before each call, to change the indicator from private to public. This one call unblock allows the name and/or number to be sent for that one call only.

If a line is equipped with per line blocking, the name and number of that line will not be delivered to any subscriber of Caller ID. Poison control centers, hospitals, medical centers and others who might use Caller ID will not be able to identify callers with per line blocking who need assistance. 911 is not affected.

Issued: {

10. MISCELLANEOUS SERVICE OFFERINGS

10.7 CALLER IDENTIFICATION BLOCKING OPTIONS

10.7.1 CALLER IDENTIFICATION BLOCKING – PER LINE (Cont'd)

B. Rates and Charges

1. Customers who choose per line blocking for the first time will not be charged the nonrecurring charge.
2. After the first time, customer requesting per line blocking will pay a nonrecurring charge for each line equipped with per line blocking.
3. Per line blocking will be provided free to law enforcement and domestic violence agencies and individual victims of domestic violence upon request.

	MAXIMUM NONRECURRING CHARGE	MAXIMUM MONTHLY RATE
• First Time, per line	-	-
• Subsequent, per line	\$21.90	-

Issued: {

10. MISCELLANEOUS SERVICE OFFERINGS

10.10 MISCELLANEOUS CENTRAL OFFICE SERVICES

10.10.2 MESSAGE WAITING INDICATION

A. Audible

1. Description

Message Waiting Indication - Audible is a feature whereby subscribing customers will hear an audible interrupted tone, when lifting the receiver, giving an indication of a message waiting for the client in the client's Voice Messaging Service mailbox. The tone will continue until the message has been retrieved.

2. Terms and Conditions

- a. Each customer subscribing to Message Waiting Indication - Audible must have their line programmed to accept Message Waiting Indication - Audible.

3. Rates and Charges

- a. The rates and charges for this service are in addition to all rates and charges for the associated underlying service.
- b. The nonrecurring charge to change the service is the same as the charge to install it.
- c. Only one nonrecurring charge will apply when Message Waiting Indication and Custom Calling features are ordered at the same time, for the same customer, on the same line.

	MAXIMUM NONRECURRING CHARGE	MAXIMUM MONTHLY RATE
• Each line arranged-	\$26.00	\$0.50

Issued: {

11. RESERVED FOR FUTURE USE

Issued: {

12. PRIVATE LINE SERVICES

12.1 PRIVATE LINE SERVICES

Private Line Services provide a transmission path on an intraLATA, intraexchange basis between two or more customer-designated premises. The locations can be single-customer buildings or multi-tenant units.

12.1.1 SERVICE TYPES

DS1

A channel for point to point two-way transmission at a speed of 1.544 Mbps per second.

12.1.2 RATE CATEGORIES

A. Port

The Port provides for the communications path between the Demarcation Point at the customer designated premises, and the Serving Wire Center of that premises. One Port charge applies per DS1 terminated at the Demarcation Point. This charge will apply even if the customer designated premises and the Serving Wire Center are collocated in the same building.

B. Mileage

Mileage provides for the transmission facilities between the Serving Wire Centers associated with two customer designated locations. Mileage is portrayed in V & H mileage. There are two elements that apply for each band i.e., a fixed rate and a per mile rate. Mileage is measured by airline miles between Serving Wire Centers via the V and H Coordinates Method, as set forth in the National Exchange Carrier Association Tariff F.C.C. No. 4.

C. Optional Features and Functions

Optional features and functions are available where determined by the Company to be technically feasible.

Issued: {

12. PRIVATE LINE SERVICES

12.1 PRIVATE LINE SERVICES

12.1.3 TERMS AND CONDITIONS

The terms and conditions specified in the Company Private Line Service Agreement apply in addition to those specified following:

A. Availability

1. Private Line Service is available 24 hours per day, 7 days a week.
2. Private Line Service can only be provided where suitable facilities are available.
3. Where suitable facilities are unavailable for provisioning of the service, but where the Company may provide service, special construction of the facilities may be necessary and Special Construction charges may apply.

B. Payment Options

Private Line Service is offered on One-year, Three-year or Five-year contract terms.

C. Minimum Service Period

The minimum service term for Private Line Service is one year.

D. Individual Case Basis (ICB) Pricing Arrangements

ICB pricing may be available to customers, based on (but not limited to) network availability, quantity of service, length of term or competitive bid for service. The pricing will be determined on a case-by-case basis, but applied in a non-discriminatory way for all eligible customers.

Issued: {

12. PRIVATE LINE SERVICES

12.1 PRIVATE LINE SERVICES

12.1.3 TERMS AND CONDITIONS (CONT'D)

E. Service Agreements

1. At the end of the Service Agreement, the customer has the following options.

- The customer may renew the service under a new Service Agreement. Early Termination applies to the new Service Agreement.
- The customer may continue service at the rates that were in effect in the expired Service Agreement. The contract will automatically renew at the same rates for one year terms. Early Termination applies to the new Service Agreement.
- The customer may discontinue the service. Should the customer discontinue service after the initial Service Agreement term has expired, Early Termination charges do not apply.

2. Early Termination

If the customer chooses to completely discontinue contracted service, at any time during the term of the Service Agreement, a termination charge may apply. The termination charge is 100% of the recurring rates for the Minimum Service Term, if applicable, plus the monthly recurring rates multiplied by 30%, for the remaining number of months in the Service Agreement.

- For example, if the customer discontinues service after 6 months of a 3-year (36 month) agreement, with a 1-year (12 months) Minimum Service Term, the Termination Charge will be 100% of the monthly recurring rates for the remaining 6 months of the Minimum Service Term, plus the monthly recurring rates multiplied by 30%, multiplied by 24 months.
- If the customer discontinues service after 17 months of a 3-year (36 month) agreement, and the Minimum Service Term has been satisfied, the termination charge will be the monthly recurring rates multiplied by 30%, multiplied by 19 months.

Issued: {

12. PRIVATE LINE SERVICES

12.1 PRIVATE LINE SERVICES

12.1.3 TERMS AND CONDITIONS (CONT'D)

F. Special Construction

1. General

The terms, conditions, rates and charges for Special Construction are determined in accordance with Company Practices.

All rates and charges quoted in other sections of this Tariff provide for the furnishing of service when suitable facilities are available or where the construction of the necessary facilities does not involve unusual costs.

2. Conditions for Special Construction

- a. Special Construction is required when a customer requests service and one or more of the following conditions exist:
- b. The facilities to provide services are not available and, at the request of the customer, the Company constructs or has constructed facilities to provide the services for the customer and there is no other requirement for the facilities so constructed.
- c. At the request of the customer, the Company constructs or has constructed facilities of a type other than that which they would normally furnish in order to provide services for the customer.
- d. In order to comply with requirements specified by the customer, construction by the Company involves a routing of facilities other than that which they would normally utilize to provide services for the customer.
- e. At the request of the customer, the Company constructs or has constructed a greater quantity of facilities than that which they would otherwise construct in order to fulfill the customer's initial requirements for services.
- f. The facilities to provide services are not available and, at the request of the customer, the Company expedites construction of the facilities at greater expense than would otherwise be incurred.
- g. The facilities to provide services are not available and, at the request of the customer, the Company constructs or has constructed temporary facilities to provide services for the period during which the permanent facilities are under construction.

Issued: {

12. PRIVATE LINE SERVICES

12.1 PRIVATE LINE SERVICES

12.1.4 RATES AND CHARGES

A. DS1 Service

1. One-Year, Three-Year or Five-Year Contract

	MAXIMUM NONRECURRING CHARGE	MAXIMUM MONTHLY RATE
a. Port, per termination	\$680.00	\$300.00
b. Mileage		
• Fixed	570.00	500.00
• Per Mile	-	34.00
c. Optional Features and Functions		

Optional features and functions associated with DS1 Service will be provided on an Individual Case Basis (ICB).

Issued: {

13. CUSTOMER PREMISES WIRE AND MAINTENANCE PLANS

13.2 PREMISES WORK CHARGES

13.2.1 NETWORK PREMISES WORK CHARGES

A. Description

Network Premises Work Charges are charges billed to the customer for work performed by a Company employee or representative for work done on the Company side of the network interface.

B. Terms and Conditions

1. Network Premises Work Charges will apply to move, change, or modify the access line or access line termination on the customer's premises when requested by the customer.
2. Network Premises Work Charges do not apply to the following work:
 - To move or change a customer's telephone service if required or initiated by the Company.
 - To install, move, or change telephone service located on a customer's premises but used exclusively by the Company for maintenance or training activities.
 - Disconnection of access line services providing no other work subject to Network Premises Work Charges is involved.
 - Repair service except as stated otherwise.
3. Network Premises Work Charges apply for a visit to the customer's premises which is required because of a move of network facilities by the customer in violation of the regulations.
4. Premises work required to establish or reestablish network access to the premises is not subject to Network Premises Work Charges.
5. Only one initial Network Premises Work Charge applies when:

For Company reasons, more than one Company technician is involved in performing billable premises work on the same service order.

Additional Network Premises Work Charges will be calculated by totaling the remaining billable work time performed by all technicians.

Issued: {

13. CUSTOMER PREMISES WIRE AND MAINTENANCE PLANS

13.2 PREMISES WORK CHARGES

13.2.1 NETWORK PREMISES WORK CHARGES

B. Terms and Conditions (Cont'd)

6. The initial Network Premises Charge, as well as additional Network Premises Work Charges, will apply if applicable, for the first and subsequent move of network equipment, drop wire, entrance facilities, etc., on the customer's premises, made at the customer's request, as a result of the customer's remodeling/redecorating or any other customer activity requiring the first and subsequent visit for moves.

C. Charges

1. Network Premises Work Charges - each 15 minutes or fraction thereof of billable premises work.

	MAXIMUM NONCOMPLEX	MAXIMUM COMPLEX
--	-----------------------	--------------------

- Schedule I

Applicable to work performed during regularly scheduled business hours.

- Initial Premises Work Charge

First 15-minute increments or fraction thereof, of billable premises work

\$63.00

\$112.00

- Additional Premises Work Charge

Each additional 15-minute increment, or fraction thereof, of billable premises work

27.00

27.00

Issued: {

13. CUSTOMER PREMISES WIRE AND MAINTENANCE PLANS

13.2 PREMISES WORK CHARGES

13.2.1 NETWORK PREMISES WORK CHARGES

C.1. (Cont'd)

	MAXIMUM NONCOMPLEX	MAXIMUM COMPLEX
• Schedule II		
Applicable to work performed at hours other than Schedule I, excluding Sundays and holidays.		
- Initial Premises Work Charge		
First 15-minute increments or fraction thereof, of billable premises work	\$63.00	\$112.00
- Additional Premises Work Charge		
Each additional 15-minute increment, or fraction thereof, of billable premises work	30.00	30.00

Issued: {

13. CUSTOMER PREMISES WIRE AND MAINTENANCE PLANS

13.2 PREMISES WORK CHARGES

13.2.1 NETWORK PREMISES WORK CHARGES

C.1. (Cont'd)

	MAXIMUM NONCOMPLEX	MAXIMUM COMPLEX
• Schedule III		
Applicable to work performed on Sundays and Holidays		
- Initial Premises Work Charge		
First 15-minute increments or fraction thereof, of billable premises work	\$63.00	\$112.00
- Additional Premises Work Charge		
Each additional 15-minute increment, or fraction thereof, of billable premises work	40.00	40.00

2. Holidays subject to Schedule III Charges are:

HOLIDAYS	DAY OBSERVED
New Year's Day	January 1
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
Thanksgiving Day	Fourth Thursday in November
Christmas Day	December 25

Issued: {

13. CUSTOMER PREMISES WIRE AND MAINTENANCE PLANS

13.4 BUSINESS MAINTENANCE PLANS

A. General

Business Wire Maintenance Service provides for inside wire maintenance, trouble isolation and repair services for business customers as specified below.

B. Terms and Conditions

1. Business Wire Maintenance Service is subject to a minimum billing period of one month.
2. Coverage of this plan will commence for all new wire maintenance customers without delay on the completion date of a service order as noted on the customer's service record. However, the Plan does not cover trouble which exists prior to establishing telephone service or prior to establishing the Plan. Existing wire maintenance customers moving to a different address may subscribe to the plans without delay; however, at least one jack must be working at the time the service is established.

C. Business Wire Maintenance Service

1. Description

Business Wire Maintenance Service provides for the following:

- Noncomplex coverage which includes isolation and maintenance of the inside wire and jacks within the individual business suite. If possible, the Company will cut to clear in riser or intrabuilding cable.
- Complex coverage which includes isolation and maintenance of the inside wire from the inside terminal or MPOP to the common equipment jack. If possible, the Company will cut to clear in riser or intrabuilding cable.

Issued: {

13. CUSTOMER PREMISES WIRE AND MAINTENANCE PLANS

13.4 BUSINESS MAINTENANCE PLANS (Cont'd)

D. Rates and Charges

	MAXIMUM MONTHLY RATE
• Business Wire Maintenance Service	
- Per line, per circuit termination, or per PBX trunk, each	\$12.50

Issued: {

14. INTEGRATED SERVICES DIGITAL NETWORK

14.1 PRIMARY RATE SERVICE OFFERINGS

14.1.1 LOCAL ISDN PRI SERVICE

A. Description

Prime Voice (ISDN PRI) - Integrated Services Digital Network Primary Rate Interface (ISDN PRI) is a digital business service that provides PBX equipment and host computer access to a wide variety of switched services. These switched services include circuit switched voice (local calling, Message Toll Service, 800 and circuit switched data). Each Prime Voice will allow connection of the aforementioned services via a single central office connection. This service allows PBX equipment and host computer type devices to connect to central office services in bulk quantity, rather than on a line by line or service by service basis. Local usage rates are as specified within Section 6 of this Tariff.

Each Prime Voice connection provides access from a Customer premises to the Company's circuit switched voice and circuit switched data via a 1.544 Mbps central office port termination and a 1.544 Mbps Digital Local Loop to the Customers premises. The Digital Local Loop is a DS1 with Clear Channel Capability. The central office port connection is provided in base capacities of twenty-three 64 Kbps "B" channels and one 64 Kbps "D" channel (23B+D). The "D" channel is used for out-of-band signaling and control of the "B" channels. Where technology permits, "D" channels can be shared by multiple ISDN PRI's for the same Customer. "B" channels can be dedicated to each circuit switched voice and circuit switched data service by type or they can be shared among service types by using the call by call feature.

All Customer Provided Equipment is the responsibility of the customer.

B. Definitions

"B" Channel - "B" Channel (Bearer Channel) is a 64 Kbps digital channel capable of transporting circuit switched voice and circuit switched data.

"D" Channel - "D" Channel (Delta Channel) is a 64 Kbps digital channel used to transport signaling and control the B channels.

Out of Band Signaling - Out of Band Signaling is signaling that is separated from the channel carrying the circuit switched voice and data services.

Call by Call for Trunk Groups - Allows the circuit switched voice and data services enabled on the ISDN PRI to share "B" channels and arrange them as a single trunk group. This allows incoming and outgoing circuit switched voice and data calls to utilize "B" channels on a call by call basis. Without this capability, each service will have a dedicated "B" channel.

Issued: {

14. INTEGRATED SERVICES DIGITAL NETWORK

14.1 PRIMARY RATE SERVICE OFFERINGS

14.1.1 LOCAL ISDN PRI SERVICE

B. Definitions (Cont'd)

Incoming Calling Line Identification - All calling numbers presented to the services working on ISDN PRI can be delivered to the Customer's CPE, including calls made to Direct Inward Dialing Service telephone numbers. This feature is optioned on a per ISDN PRI Port basis only and is offered in appropriately equipped central offices.

Clear Channel Capability - The "B" channels on the ISDN PRI are clear, since all signaling and control functions are handled by the "D" channel. This allows all 64 kbps on each "B" channel to be used for Customer information over the ISDN PRI connection. Calls over the network may be either by 56 kbps or 64 kbps depending on the public network in place between the ISDN PRI and the distant end of the call.

Digital Voice Transmission - All voice calls are transmitted using digital signaling.

Channel Configuration - Allows some or all B Channels to be dedicated to exchange and MTS, DID, or 800 Services. Multiple dedicated trunk groups can be established on the same Primary port or group of Primary ports.

Direct Inward Dialing Signal - Permits incoming dialed calls from the exchange network to reach a specific number serviced by Customer-premises equipment (CPE) without the assistance of an attendant. It also provides for the unique identification of the call based on digits sent to the CPE by the central office. The central office will outpulse digits to the CPE which can further process the calls as desired.

Equal Access - Allows the Customer to preselect an Intra and Interexchange Carrier for each circuit switched voice or circuit switched data trunk group. The carrier designation can be changed for applicable charges as shown in Section 3, Presubscription-2 (PIC) of this Tariff. Need to verify Section 3 is included.

Calling Number Delivery - Standard feature which allows for the end user to receive caller ID information.

Called Number Delivery - Standard feature which allows for the transmitting station user's number over D-channel.

Issued: {

14. INTEGRATED SERVICES DIGITAL NETWORK

14.1 PRIMARY RATE SERVICE OFFERINGS

14.1.1 LOCAL ISDN PRI SERVICE

B. Definitions (Cont'd)

Circuit-Switched Data Connection - A Circuit-Switched Data Connection is a central office translation that provisions 23 or 24 B-channels on a Prime Voice T1 facility. All B-channels are dedicated with 2-way operation and have access to the exchange network. Incoming calls are restricted to circuit-switched data or video.

ISDN Trunk Connection - An ISDN Trunk Connection (TC) is a central office translation that provisions each B-channel in a Prime Voice (ISDN). The TC allows access to the exchange network. One ISDN Trunk Connection is required for each B-channel used in a PRI.

- Call-By-Call Prime Voice (ISDN PRI)

The Prime Voice B-channels are configured to support inward and outward call flexibility predetermined by the customer's traffic flow.

- Dedicated Prime Voice (ISDN PRI)

Each B-channel is dedicated to inward, outward, or 2-way traffic.

Network Connection - The network connection provides switching to the local exchange and toll networks, and includes the channel trunk-side configuration for the entire DS1 facility.

Calling Number Identification - This feature displays the call identification information and the calling party's DN (including nonpublished and nonlisted DNs) prior to the call being answered. Callers have the ability to inhibit the display of calling party information to the terminating number.

Calling Number Identification Blocking-All Calls - All outgoing calls will be blocked for Prime Voice customers where technically feasible as determined by the Company.

Direct Inward/Outward Dialing - Allows station users to place or receive calls by-passing the attendant.

Circuit-Switched Data - Allows the transmission of circuit-switched data on a voice channel.

2B Channel Transfer - 2B Channel Transfer allows the transfer of two independent calls when both calls have been answered or when one call has been answered and one call is alerting. Notification of transfer is given to transferred users.

Issued: {

14. INTEGRATED SERVICES DIGITAL NETWORK

14.1 PRIMARY RATE SERVICE OFFERINGS

14.1.1 LOCAL ISDN PRI SERVICE

B. Definitions (Cont'd)

ISDN Redirecting Number Delivery (RND) - RND provides not only the original calling number, but one or more numbers from which a call was redirected. If a call is redirected multiple times, both the first and the last redirecting numbers will be delivered. On calls forwarded, a redirecting reason is also provided to the RND subscriber indicating why a call was forwarded, e.g., the Call Forwarding Variable, Call Forwarding Busy, or Call Forwarding Don't Answer feature was active. When a call is forwarded multiple times, the first and last redirecting reasons will be provided to the RND subscriber.

C. Terms and Conditions

1. Each Prime Voice (ISDN PRI) consists of one T1 facility and one Service Configuration. A customer may request more than one PRI per premises.
2. Terms, conditions, rates and charges, as described for Prime Voice (ISDN PRI), are in addition to the regular rates and charges for the service with which Prime Voice is associated.
3. Some services are not available and/or compatible with Prime Voice (ISDN PRI).
4. The PRI facility for all channels may be provisioned on an existing or new T3 facility.
5. Prime Voice customers must subscribe to a minimum of one 23B+D Service Configuration.
6. *DID* numbers associated with PRI are found in 5.3.4. A *DID* Trunk Termination, also found in 5.3.4, is required for each inward or 2-way B-channel TC in a PRI. Need to verify 5.3.4.
7. Circuit-Switched Data Prime Voice (ISDN PRI) PRI is only intended for data calls, including video.
8. Cancellation Of Application For Service
 - a. A customer may cancel an order for the installation of service at any time prior to notification by the Company that service is available for the customer's use. The cancellation date is the date the Company receives written or verbal notice from the customer that the order is to be cancelled. Cancellation charges will apply.

Issued: {

14. INTEGRATED SERVICES DIGITAL NETWORK

14.1 PRIMARY RATE SERVICE OFFERINGS

14.1.1 LOCAL ISDN PRI SERVICE

C.8. (Cont'd)

- b. When a customer cancels an order for the discontinuance of service, no charges apply.
- c. A request for cancellation after completion of an installation will be treated as a discontinuance of service.

Issued: {

14. INTEGRATED SERVICES DIGITAL NETWORK

14.1 PRIMARY RATE SERVICE OFFERINGS

14.1.1 LOCAL ISDN PRI SERVICE (Cont'd)

D. Rates and Charges

1. Stand Alone Service - service configurations:

In-Only, Out-Only, or Two-way, 23B+D, and/or 23B + Backup D, and/or 24B,
T-1 facility and Common Equipment with 24 channels:

	MAXIMUM NONRECURRING CHARGE	MAXIMUM MONTHLY RATE
- Monthly Rate	\$1,000.00	\$1,400.00
- 1-Year Plan	500.00	1,325.00
- 2-Year Plan	500.00	1,250.00
- 3-Year Plan	500.00	1,175.00

In-Only, Out-Only, or Two-way, 23B+D, and/or 23B + Backup D, and/or 24B,
T-1 facility and Common Equipment provisioned on a DS3 facility:

	MAXIMUM NONRECURRING CHARGE	MAXIMUM MONTHLY RATE
- Monthly Rate	\$1,000.00	\$1,350.00
- 1-Year Plan	500.00	1,275.00
- 2-Year Plan	500.00	1,200.00
- 3-Year Plan	500.00	1,125.00

Issued: {

14. INTEGRATED SERVICES DIGITAL NETWORK

14.1 PRIMARY RATE SERVICE OFFERINGS

14.1.1 LOCAL ISDN PRI SERVICE

D. Rates and Charges (Cont'd)

2. When Buying Other Qwest Products[1] - service configurations:

In-Only, Out-Only, or Two-way, 23B+D, and/or 23B + BackUp D, and/or 24B, T-1 facility and Common Equipment:

	MAXIMUM NONRECURRING CHARGE	MAXIMUM MONTHLY RATE
- Monthly Rate	\$1,000.00	\$1,250.00
- 1-Year Plan	500.00	1,175.00
- 2-Year Plan	500.00	1,100.00
- 3-Year Plan	-	1,025.00

In-Only, Out-Only, or Two-way, 23B+D, and/or 23B + BackUp D, and/or 24B, T-1 facility and Common Equipment provisioned on a DS3 facility:

	MAXIMUM NONRECURRING CHARGE	MAXIMUM MONTHLY RATE
- Monthly Rate	\$1,000.00	\$1,200.00
- 1-Year Plan	-	1,125.00
- 2-Year Plan	-	1,100.00
- 3-Year Plan	-	1,025.00

[1] Other products include: Qwest Long Distance, any *QWEST iQ NETWORKING*, Qwest Private Line Service or Qwest Frame Relay or ATM service

Issued: {

14. INTEGRATED SERVICES DIGITAL NETWORK

14.1 PRIMARY RATE SERVICE OFFERINGS

14.1.1 LOCAL ISDN PRI SERVICE

D. Rates and Charges (Cont'd)

3. Nonrecurring charges apply as follows:

	MAXIMUM NONRECURRING CHARGE
• All miscellaneous Line changes or trunk group rearrangements, or rearrangements of facilities, per facility	\$ 50.00
• Cancellation Charge	1,500.00
• Rollover Charge	
- Move existing DS1 to DS3 on vacant channels	325.00
• Moving current customer T1 facility	
- Within same central office	500.00
- Outside current central office	1,000.00

4. Additional Features and Capabilities:

	MAXIMUM MONTHLY RATE	MAXIMUM NONRECURRING CHARGE
• Clear channel (per Digital Local Loop)	\$ 0.00	\$350.00
• T1/PRI Reconfiguration Charge	0.00	75.00
• System Intercommunication Service, per Trunk Group	35.00	150.00
• Network Ring Again, Per ISDN PRI equipped	75.00	400.00
• Network Name Display, Per ISDN PRI equipped	75.00	400.00
• Back Up "D" Channel, each	120.00	200.00

Issued: {

14. INTEGRATED SERVICES DIGITAL NETWORK

14.1 PRIMARY RATE SERVICE OFFERINGS

14.1.1 LOCAL ISDN PRI SERVICE

D.4. (Cont'd)

	MAXIMUM NONRECURRING CHARGE	MAXIMUM MONTHLY RATE
• Dedicated		
- Inward[1]	\$ 75.00	\$ 23.00
- Outward	75.00	23.00
- 2-Way[1]	75.00	23.00
• Circuit-Switched Data Connection, per T1 facility		
- 23B data only channels	1,265.00	1,450.00
- 24B data only channels	1,340.00	1,500.00
• Optional Features, per T1 facility		
- 2B Channel Transfer	100.00	25.00
- ISDN Calling Name Delivery	175.00	20.00
- ISDN Redirecting Number Delivery	55.00	7.00

[1] Requires a *DID* trunk circuit termination. See 5.3.4 for terms and conditions, rates charges applicable to Direct-Inward-Dialing (*DID*) Service.

Issued: {

15. RESERVED FOR FUTURE USE

Qwest Communications Corporation
Local Exchange Services

Arizona Tariff No. 3
SECTION 16
Page 1
Release 1
Effective: }

Issued: {

16. RESERVED FOR FUTURE USE



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BEFORE THE ARIZONA CORPORATION COMMISSION

- JEFF HATCH-MILLER
Chairman
- MARC SPITZER
Commissioner
- WILLIAM MUNDELL
Commissioner
- MIKE GLEASON
Commissioner
- KRISTIN MAYES
Commissioner

IN THE MATTER OF QWEST
COMMUNICATIONS CORPORATION'S
APPLICATION AND PETITION FOR
CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE INTRASTATE
TELECOMMUNICATIONS SERVICES

DOCKET NO. T-02811B-04-0313

NOTICE OF ERRATA

Qwest Communications Corporation ("QCC") hereby files this Notice of Errata in the above-referenced matter. On December 17, 2004, QCC filed a Supplement to its Application and Petition. The tariff pages submitted as Supplemental Attachment B were incomplete. Accordingly, Qwest submits the following tariff pages to correct the information omitted from the Supplement to Application and Petition.

RESPECTFULLY SUBMITTED this 12th day of January, 2005.

By *Timothy Berg*
Timothy Berg

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ORIGINAL +13 copies filed this
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Phoenix, AZ

COPY delivered this 12th day of January, 2005:

Maureen Scott
Legal Division
ARIZONA CORPORATION COMMISSION
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Phoenix, AZ

Earnest Johnson
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, AZ

George P. Pugh

1625405/67817.180

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2. GENERAL REGULATIONS – CONDITIONS OF OFFERING

2.3 PAYMENT FOR SERVICE

2.3.2 PAYMENT OF BILLS

A. Returned Payment Charge

A returned payment charge may apply to the Customer's account for each occasion that a check, bank draft, or an electronic funds transfer item is returned to the Company for the reason for insufficient funds or no account.

	CHARGE
• Returned Payment Charge	\$25.00

Issued: {

3. SERVICE CHARGES

3.1 MISCELLANEOUS NONRECURRING CHARGES

3.1.1 NONRECURRING CHARGES

A. Description

Nonrecurring charges, where applicable, are specified with services as stated in each section of this Price List unless otherwise specified or included in this section.

B. Rates and Charges

1. Nonrecurring charges apply to:

- a. Establish or change billing name responsibility subsequent to the initial installation of service and is in addition to directory listing charges, if applicable.

**CHANGE OF RESPONSIBILITY
CHARGE**

- Per service order \$ 8.50

- b. Add or change features or services (where appropriate).

**SERVICE CHANGE
CHARGE**

- Per Service Order \$30.00

Issued: {

3. SERVICE CHARGES

3.1 MISCELLANEOUS NONRECURRING CHARGES

3.1.1 NONRECURRING CHARGES

B. Rates and Charges (Cont'd)

2. Nonrecurring charges do not apply to:
 - a. Move or change a customer's telephone service if required or initiated by the Company.
 - b. Install, move, or change telephone service located on a customer's premises but used exclusively by the Company for maintenance or training activities.
 - c. The "from" portion of work involved in a transfer of service from one premises to another.

Issued: {

3. SERVICE CHARGES

3.1 MISCELLANEOUS NONRECURRING CHARGES (Cont'd)

3.1.2 EXPEDITED ORDER CHARGE

Customers may request a service date that is prior to the standard interval service date as determined by the Company. If the Company agrees to provide the service on an expedited basis, an Expedite Charge will apply as determined on an individual case basis. The customer will be notified of the Expedite Charge prior to the order being issued.

Issued: {

5. EXCHANGE SERVICES

5.1 EXCHANGE AND SERVICE AREAS

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 of the QCC Arizona Tariff No. 3.
2. Monthly Increment Per Access Line

EXCHANGE ZONE NUMBER	EXCHANGE ZONE INCREMENT	RATE VARIATION
1	\$1.25	U1
2	3.50	U2

Issued: {

5. EXCHANGE SERVICES

5.2 LOCAL EXCHANGE SERVICE

5.2.1 BUSINESS BASIC LOCAL VOICE SERVICE

A. Terms and Conditions

Refer to 5.2 of the QCC Arizona Tariff No. 3 for terms, conditions, and application of rates and charges.

B. Rates and Charges

Nonrecurring charges, as shown below, apply for the installation, connecting or moving telephone service. See 3.1.1 of the Arizona Price List No. 3 for application of other nonrecurring charges.

The recurring rates shown below do not include zone charges found in 5.1.6 of the Arizona Tariff No. 3.

The following charges apply when a Customer chooses to purchase just the Business Basic Local Voice Service:

	NONRECURRING CHARGE	MONTHLY RATE
• Business Basic Local Voice Service	\$55.00	\$45.00

Issued: {

5. EXCHANGE SERVICES

5.2 LOCAL EXCHANGE SERVICE

5.2.1 BUSINESS BASIC LOCAL VOICE SERVICE

B. Rates and Charges (Cont'd)

The following charges apply when a Customer chooses to purchase one or more Qwest services, which can include Qwest Long Distance, *QWEST iQ NETWORKING* and Internet Access, Qwest Communications Private Line Service:

	NONRECURRING CHARGE	MONTHLY RATE
• Business Basic Local Voice Service	\$46.75	\$33.40

Issued: {

5. EXCHANGE SERVICES

5.3 PRIVATE BRANCH EXCHANGE (PBX) TRUNKS

5.3.4 DIRECT-INWARD-DIALING (DID) SERVICE

A. Terms and Conditions

Refer to 5.3.4 of the QCC Arizona Tariff No. 3 for terms, conditions, and application of rates and charges.

B. Rates and Charges

1. DID Telephone Numbers

	NONRECURRING CHARGE	MONTHLY RATE
a. Nonsequential telephone number, each	\$ 1.00	\$0.15
b. DID block of twenty sequential telephone numbers, per block	20.00	3.00

2. DID Trunk Queuing

• Queuing

- Per DID Station number equipped	\$ 2.50	\$ 0.25
- Per queue group	175.00	-
- Per queue slot in group	-	15.00
- Change in quantity of queue slots in queue group, per group	100.00	-

Issued: {

5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES (Cont'd)

5.4.3 CUSTOM CALLING SERVICES

A. Terms and Conditions

Refer to 5.4.3 of the QCC Arizona Tariff No. 3 for terms, conditions, and application of rates and charges.

B. Rates and Charges

1. The following rates and charges apply for Custom Calling Services. The nonrecurring charge and/or monthly rate may be waived during the term of a promotion, for existing or new customers. The terms of the promotion shall be determined by the Company.

a. Per individual line equipped with:

	NONRECURRING CHARGE	MONTHLY RATE
• Anonymous Call Rejection	—	\$0.00
• Call Forwarding		
- Busy Line	—	2.50
- Busy Line/Don't Answer	—	5.00
- Don't Answer	—	3.50
- Variable	—	4.30
• Call Rejection	—	4.00
• Call Transfer	—	5.50
• Call Waiting	—	7.00
• Caller Identification - Name and Number	—	7.45
• Continuous Redial	—	3.00
• Dial Lock	—	3.45
• Do Not Disturb	—	3.45
• Easy Access	—	0.73
• Hot Line	—	1.75
• Last Call Return	—	2.50

Issued: {

5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES

5.4.3 CUSTOM CALLING SERVICES

B.1.a. (Cont'd)

	NONRECURRING CHARGE	MONTHLY RATE
• <i>NO SOLICITATION</i>	-	\$6.45
• Priority Call	-	\$3.00
• Remote Access Forwarding	-	7.25
• Scheduled Forwarding	-	8.25
• <i>SECURITY SCREEN</i>	-	2.70
• Selective Call Forwarding	-	3.00
• Selective Call Waiting	-	7.50
• Speed Calling - 8	-	2.50
• Speed Calling - 30	-	4.00
• Three-Way Calling	-	3.50

Issued: {

5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES

5.4.3 CUSTOM CALLING SERVICES

B. Rates and Charges (Cont'd)

	CHARGE
2. Custom Calling Services, per occurrence	
• Call Trace, per activation	\$2.00
• Usage Basis Continuous Redial, per activation[1,2]	0.75
• Usage Basis Last Call Return, per activation[1,2]	0.75
• Usage Basis Three-Way Calling, per activation[1,2]	0.75

[1] Monthly rate does not apply to customers using the service on a per activation basis.

[2] Maximum rate charged per feature is \$6.00 in any one month.

Issued: {

5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES

5.4.10 CUSTOM RINGING SERVICE

A. Terms and Conditions

Refer to 5.4.10 of the QCC Arizona Tariff No. 3 for terms, conditions, and application of rates and charges.

B. Rates and Charges

1. The nonrecurring charge and/or monthly rate will not apply to existing customers who subscribe to Custom Ringing during the term of a Custom Ringing promotion.
2. When, at the request of the customer, additions or changes are made to the Call Forwarding options the Call Forwarding nonrecurring charge applies. If a customer requests changes or additions to their telephone number, the Change of Telephone Number nonrecurring charge applies as specified in 3.1.1.
3. The charge to change a Custom Ringing number to the access line number is the same as the Change of Telephone Number nonrecurring charge specified in 3.1.1.
4. The nonrecurring charge shall apply to change the ringing pattern associated with Custom Ringing.
5. When one or more of the Custom Ringing numbers are installed or changed on the same line at the same time, only one nonrecurring charge will apply for business customers.
6. The following rates and charges apply per individual line equipped, in addition to all other rates and charges applicable to the associated line.

	USOC	NONRECURRING CHARGE	MONTHLY RATE
• Custom Ringing			
- First additional number		-	\$6.95
- Second additional number		-	4.75
- Third additional number		-	4.75

Issued: {

5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES

5.4.11 HUNTING SERVICE

A. Rates and Charges

1. The rate for each individual line/trunk arranged for Hunting Service is in addition to the regular access line/trunk rate.
2. The nonrecurring charge applies to establish, change to or from or to rearrange Hunting Service, except when changing from series to multiline or vice versa.
3. The following rates and charges are for each access line/trunk arranged for Hunting Service.

	NONRECURRING CHARGE	MONTHLY RATE
• Per line or trunk	-	\$4.00

Issued: {

5. EXCHANGE SERVICES

5.4 PREMIUM EXCHANGE SERVICES

5.4.11 HUNTING SERVICE (Cont'd)

C. Optional Features

1. Circular Hunt

a. Rates and Charges

The rates and charges for Circular Hunt are in addition to the rates and charges for Hunting Service. Only one nonrecurring charge will apply when both are ordered at the same time, for the same customer, on the same line.

	NONRECURRING CHARGE	MONTHLY RATE
• Per hunt group	—	\$2.50

2. Preferential Hunt

a. Rates and Charges

The rates and charges for Preferential Hunt are in addition to the rates and charges for Hunting Service. Only one nonrecurring charge will apply when both are ordered at the same time, for the same customer, on the same line.

	NONRECURRING CHARGE	MONTHLY RATE
• Each line arranged	—	\$0.75

Issued: {

5. EXCHANGE SERVICES

5.7 DIRECTORY SERVICES

5.7.1 LISTING SERVICES

A. Terms and Conditions

Refer to 5.7.1 of the QCC Arizona Tariff No. 3 for terms, conditions, and application of rates and charges.

B. Rates and Charges

1. The appropriate nonrecurring charge specified in this section applies to each:

- Change in Primary Listing other than when the Customer moves to a new address;
- Additional Listing established or changed;
- Change to Nonpublished Listing other than when the Customer moves to a new address;
- Change to Nonlisted Listing other than when the Customer moves to a new address;

2. Listing Rates and Charges

	NONRECURRING CHARGE	MONTHLY RATE
• Change in Primary Listing	-	-
• Additional Listings, each	-	\$2.50
• Nonpublished Listing	-	1.55
• Nonlisted Listing	-	1.20

Issued: {

6. OPERATOR SERVICES

6.1 GENERAL

RESERVED FOR FUTURE USE

Issued: {

6. OPERATOR SERVICES

6.2 OPERATOR SERVICES OFFERINGS

6.2.1 RATES AND CHARGES FOR OPERATOR ASSISTED CALLS

A. Terms and Conditions

Refer to 6.1 of the QCC Arizona Tariff No. 3 for terms and conditions.

B. Rates and Charges

1. The following rates and charges are applicable to operator assisted calls processed by the Company.

- a. Operator Surcharges

Operator surcharges vary depending upon the billing option selected by the caller. The one time operator surcharge will be added to the first minute of each operator assisted call. This surcharge is in addition to the per minute usage charges.

	CHARGE	
	TOLL	LOCAL
Calling Card – Automated (0++)	\$2.00	\$2.00
Calling Card – Partially Assisted (0+-)	3.00	3.00
Calling Card – Fully Assisted (0--)	3.00	3.00
Bill to Third Party – Automated (0++)	2.30	2.30
Bill to Third Party – Partially Assisted (0+-)	3.80	3.80
Bill to Third Party – Fully Assisted (0--)	3.80	3.80
Collect – Automated (0++)	2.30	2.30
Collect – Partially Assisted (0+-)	3.80	3.80
Collect – Fully Assisted (0--)	3.80	3.80
Person to Person – Partially Assisted (0+-)	4.50	4.50
Person to Person – Fully Assisted (0--)	6.00	6.00
Station to Station – Partially Assisted (0+-)	2.30	2.30
Station to Station – Fully Assisted (0--)	3.80	3.80

Issued: {

6. OPERATOR SERVICES

6.2 OPERATOR SERVICES OFFERINGS

6.2.1 RATES AND CHARGES FOR OPERATOR ASSISTED CALLS (Cont'd)

b. Operator Per Minute Usage Charges

The following are the per minute usage charges that the customer will incur when using the Company's Operator Services. These charges will apply in addition to the applicable operator surcharge:

**TOLL
USAGE CHARGE**

<u>Mileage Band</u>	DAY		EVENING		NIGHT/WEEKEND	
	<u>Initial Minute</u>	<u>Add'l Minute</u>	<u>Initial Minute</u>	<u>Add'l Minute</u>	<u>Initial Minute</u>	<u>Add'l Minute</u>
0-9999	\$.2600	\$.2600	\$.2600	\$.2600	\$.2600	\$.2600

Issued: {

6. OPERATOR SERVICES

6.2 OPERATOR SERVICES OFFERINGS (Cont'd)

6.2.2 OPERATOR VERIFICATION/INTERRUPT SERVICE

A. Terms and Conditions

Refer to 6.2.2 of the QCC Arizona Tariff No. 3 for terms, conditions, and application of rates and charges.

B. Rates and Charges

	CHARGE
• Verification, per request	\$3.00
• Interrupt, per request	\$6.00

Issued: {

6. OPERATOR SERVICES

6.2 OPERATOR SERVICES OFFERINGS (Cont'd)

6.2.3 DIRECTORY ASSISTANCE SERVICE

A. Directory Assistance

1. Terms and Conditions

Refer to 6.2.3 of the QCC Arizona Tariff No. 3 for terms, conditions, and application of rates and charges.

2. Charges

- a. In locations where the customer has the capability to direct dial Directory Assistance but chooses to place the call as a mechanized or operator-assisted customer-dialed calling card call or operator-assisted station-to-station call, the appropriate charge, specified in 6.2.1, applies in addition to the Directory Assistance charge.

CHARGE

- Each call dialed directly by customer \$1.25

Issued: {

6. OPERATOR SERVICES

6.2 OPERATOR SERVICES OFFERINGS

6.2.3 DIRECTORY ASSISTANCE SERVICE (Cont'd)

B. National Directory Assistance Service

1. Terms and Conditions

Refer to 6.2.3 of the QCC Arizona Tariff No. 3 for terms, conditions, and application of rates and charges.

2. Charges

- a. In locations where the customer has the capability to direct dial National Directory Assistance but places a call to the National Directory Assistance service attendant via an operator, the operator handled service charges listed in 6.2.1, apply in addition to the following Directory Assistance Charge.

CHARGE

- Each call dialed directly by customer \$1.25

Issued: {

10. MISCELLANEOUS SERVICE OFFERINGS

10.4 SCREENING/RESTRICTION SERVICES

10.4.4 TOLL RESTRICTION

A. Terms and Conditions

Refer to 10.4.4 of the QCC Arizona Tariff No. 3 for terms and conditions.

B. Rates and Charges

	NONRECURRING CHARGE	MONTHLY RATE
• Per line or trunk arranged	\$27.50	\$5.00

Issued: {

10. MISCELLANEOUS SERVICE OFFERINGS

10.4 SCREENING/RESTRICTION SERVICES (Cont'd)

10.4.6 900 SERVICE ACCESS RESTRICTION

A. Terms and Conditions

Refer to 10.4.6 of the QCC Arizona Tariff No. 3 for terms and conditions.

B. Rates and Charges

	NONRECURRING CHARGE	MONTHLY RATE
• 900 Service Access Restriction, per line	—	—

10.4.7 BLOCKING FOR 10XXX1+/10XXX011+

A. Terms and Conditions

Refer to 10.4.7 of the QCC Arizona Tariff No. 3 for terms and conditions.

B. Rates and Charges

	NONRECURRING CHARGE	MONTHLY RATE
• Per line arranged	\$3.00	\$0.10

Issued: {

10. MISCELLANEOUS SERVICE OFFERINGS

10.7 CALLER IDENTIFICATION BLOCKING OPTIONS

10.7.1 CALLER IDENTIFICATION BLOCKING - PER CALL

A. Rates and Charges

**MONTHLY
RATE**

- Per Call

-

10.7.2 CALLER IDENTIFICATION BLOCKING - PER LINE

A. Rates and Charges

1. Customers who choose per line blocking for the first time will not be charged the nonrecurring charge.
2. After the first time, customer requesting per line blocking will pay a nonrecurring charge for each line equipped with per line blocking.
3. Per line blocking will be provided free to law enforcement and domestic violence agencies and individual victims of domestic violence upon request.

**NONRECURRING
CHARGE MONTHLY
RATE**

- First Time, per line

-

-

- Subsequent, per line

\$10.95

-

Issued: {

10. MISCELLANEOUS SERVICE OFFERINGS

10.10 MISCELLANEOUS CENTRAL OFFICE SERVICES (Cont'd)

10.10.2 MESSAGE WAITING INDICATION

A. Terms and Conditions

Refer to 10.10.2 of the QCC Arizona Tariff No. 3 for terms and conditions.

B. Rates and Charges

- a. The rates and charges for this service are in addition to all rates and charges for the associated underlying service.
- b. The nonrecurring charge to change the service is the same as the charge to install it.
- c. Only one nonrecurring charge will apply when Message Waiting Indication and Custom Calling features are ordered at the same time, for the same customer, on the same line.

	NONRECURRING CHARGE	MONTHLY RATE
• Audible, each line arranged-	\$13.00	\$0.25

Issued: {

12. PRIVATE LINE SERVICES

12.1 PRIVATE LINE SERVICES

12.1.1 RATES AND CHARGES

A. DS1 Service

1. One-Year, Three-Year or Five-Year Contract

	NONRECURRING CHARGE	MONTHLY RATE
a. Port, per termination	\$340.00	\$150.00
b. Mileage		
• Fixed	285.00	250.00
• Per Mile	-	17.00
c. Optional Features and Functions		

Optional features and functions associated with DS1 Service will be provided on an Individual Case Basis (ICB).

Issued: {

13. CUSTOMER PREMISES WIRE AND MAINTENANCE PLANS

13.2 PREMISES WORK CHARGES

13.2.1 NETWORK PREMISES WORK CHARGES

A. Terms and Conditions

Refer to 13.2.1 of the QCC Arizona Tariff No. 3 for terms and conditions.

B. Charges

1. Network Premises Work Charges - each 15 minutes or fraction thereof of billable premises work.

NONCOMPLEX COMPLEX

• Schedule I

Applicable to work performed during regularly scheduled business hours.

- Initial Premises Work Charge

First 15-minute increments or fraction thereof, of billable premises work

\$31.50

\$56.00

- Additional Premises Work Charge

Each additional 15-minute increment, or fraction thereof, of billable premises work

13.50

13.50

Issued: {

13. CUSTOMER PREMISES WIRE AND MAINTENANCE PLANS

13.2 PREMISES WORK CHARGES

13.2.1 NETWORK PREMISES WORK CHARGES

B.1. (Cont'd)

	NONCOMPLEX	COMPLEX
• Schedule II		
Applicable to work performed at hours other than Schedule I, excluding Sundays and holidays.		
- Initial Premises Work Charge		
First 15-minute increments or fraction thereof, of billable premises work	\$31.50	\$56.00
- Additional Premises Work Charge		
Each additional 15-minute increment, or fraction thereof, of billable premises work	15.00	15.00

Issued: {

13. CUSTOMER PREMISES WIRE AND MAINTENANCE PLANS

13.2 PREMISES WORK CHARGES

13.2.1 NETWORK PREMISES WORK CHARGES

B.1. (Cont'd)

	NONCOMPLEX	COMPLEX
• Schedule III		
Applicable to work performed on Sundays and Holidays		
- Initial Premises Work Charge		
First 15-minute increments or fraction thereof, of billable premises work	\$31.50	\$56.00
- Additional Premises Work Charge		
Each additional 15-minute increment, or fraction thereof, of billable premises work	20.00	20.00

2. Holidays subject to Schedule III Charges are:

HOLIDAYS	DAY OBSERVED
New Year's Day	January 1
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
Thanksgiving Day	Fourth Thursday in November
Christmas Day	December 25

Issued: {

13. CUSTOMER PREMISES WIRE AND MAINTENANCE PLANS

13.4 BUSINESS MAINTENANCE PLANS

A. Terms and Conditions

Refer to 13.4 of the QCC Arizona Tariff No. 3 for terms and conditions.

B. Rates and Charges

	MONTHLY RATE
• Per line, per circuit termination, or per PBX trunk, each	\$6.25

Issued: {

14. INTEGRATED SERVICES DIGITAL NETWORK

14.1 PRIMARY RATE SERVICE OFFERINGS

14.1.1 LOCAL ISDN PRI SERVICE

A. Terms and Conditions

Refer to 14.1.1 of the Qwest Communications Corporation Arizona Tariff No. 3 for terms, conditions, and application of rates and charges.

B. Rates and Charges

Prime Voice (ISDN-PRI) Service Rates and Charges:

1. Stand Alone Service - service configurations:

In-Only, Out-Only, or Two-way, 23B+D, and/or 23B + Backup D, and/or 24B, T-1 facility and Common Equipment with 24 channels:

	NONRECURRING CHARGE	MONTHLY RATE
- Monthly Rate	\$1,000.00	\$1,050.00
- 1-Year Plan	500.00	975.00
- 2-Year Plan	500.00	825.00
- 3-Year Plan	500.00	800.00

In-Only, Out-Only, or Two-way, 23B+D, and/or 23B + Backup D, and/or 24B, T-1 facility and Common Equipment provisioned on a DS3 facility:

	NONRECURRING CHARGE	MONTHLY RATE
- Monthly Rate	\$1,000.00	\$1,050.00
- 1-Year Plan	500.00	975.00
- 2-Year Plan	500.00	825.00
- 3-Year Plan	500.00	800.00

Issued: {

14. INTEGRATED SERVICES DIGITAL NETWORK

14.1 PRIMARY RATE SERVICE OFFERINGS

14.1.1 LOCAL ISDN PRI SERVICE

B. Rates and Charges (Cont'd)

2. When Buying Other Qwest Products[1] - service configurations:

In-Only, Out-Only, or Two-way, 23B+D, and/or 23B + BackUp D, and/or 24B,
T-1 facility and Common Equipment:

	NONRECURRING CHARGE	MONTHLY RATE
- Monthly Rate	\$1,000.00	\$1,050.00
- 1-Year Plan	500.00	975.00
- 2-Year Plan	500.00	825.00
- 3-Year Plan	-	800.00

In-Only, Out-Only, or Two-way, 23B+D, and/or 23B + BackUp D, and/or 24B,
T-1 facility and Common Equipment provisioned on a DS3 facility:

	NONRECURRING CHARGE	MONTHLY RATE
- Monthly Rate	\$1,000.00	\$1,050.00
- 1-Year Plan	-	975.00
- 2-Year Plan	-	800.00
- 3-Year Plan	-	775.00

[1] Other products include: Qwest Long Distance, any *QWEST iQ NETWORKING* and Internet Service, Qwest Private Line Service or Qwest Frame Relay or ATM service

Issued: {

14. INTEGRATED SERVICES DIGITAL NETWORK

14.1 PRIMARY RATE SERVICE OFFERINGS

14.1.1 LOCAL ISDN PRI SERVICE

B. Rates and Charges (Cont'd)

	NONRECURRING CHARGE	MONTHLY RATE
• Dedicated		
- Inward[1]	\$ 75.00	\$ 23.00
- Outward	75.00	23.00
- 2-Way[1]	75.00	23.00
• Circuit-Switched Data Connection, per T1 facility		
- 23B data only channels	1,265.00	1,150.00
- 24B data only channels	1,340.00	1,200.00
• Optional Features, per T1 facility		
- 2B Channel Transfer	100.00	25.00
- ISDN Calling Name Delivery	175.00	20.00
- ISDN Redirecting Number Delivery	55.00	7.00

[1] Requires a *DID* trunk circuit termination. See 5.3.4 for terms and conditions, rates charges applicable to Direct-Inward-Dialing (*DID*) Service.



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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
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IN THE MATTER OF THE
APPLICATION OF QWEST
COMMUNICATIONS CORPORATION
D/B/A QWEST LONG DISTANCE FOR
EXTENSION OF ITS EXISTING
CERTIFICATE OF CONVENIENCE AND
NECESSITY TO INCLUDE AUTHORITY
TO PROVIDE RESOLD AND
FACILITIES-BASED LOCAL
EXCHANGE AND RESOLD LONG
DISTANCE SERVICES IN ADDITION
TO ITS CURRENT AUTHORITY TO
PROVIDE FACILITIES-BASED LONG
DISTANCE SERVICES, AND PETITION
FOR COMPETITIVE CLASSIFICATION
OF PROPOSED SERVICES WIEIHH THE
STATE OF ARIZONA

DOCKET NO. T-02811B-04-0313
SECOND SUPPLEMENT TO
APPLICATION AND PETITION

Qwest Communications Corporation ("QCC") hereby supplements its Application and
Petition for Certificate of Convenience and Necessity in the above-captioned matter (the
"Application") under A.A.C. R14-2-1105.

I. Introduction and Background

1 On April 23, 2004, QCC filed an Application and Petition with the Arizona Corporation
2 Commission ("Commission") requesting that its existing Certificate of Convenience and
3 Necessity ("CC&N") be extended to include the authority to provide resold long distance
4 service, resold local exchange service and facilities-based local exchange service in addition to
5 the facilities-based long distance authority previously granted. The local exchange services for
6 which the CC&N was requested were not limited in scope geographically or by type or category
7 of customer.

8 On December 17, 2004, QCC filed a Supplement to Application and Petition. That filing
9 supplemented Section A-9 of the Application and Petition by adding a new proposed Local
10 Exchange Services QCC Arizona Tariff No. 3, which included the following business services:
11 Basic Local Voice Service; Direct-Inward Dialing Services; Custom Calling Services, Hunting
12 Services; Directory Listing Services, Local Operator Services; Local Directory Assistance
13 Service; Screening and Restriction Services; Caller Identification Blocking Options; IntraLATA,
14 Intraexchange Private Line Services; Customer Premises Wire and Maintenance Plans; and
15 ISDN PRI services. The tariff pages relating to the aforesaid services were also filed, as
16 amended by an errata filing made on January 12, 2005. Again, the local exchange services for
17 which the CC&N was requested were not limited in scope geographically or by type or category
18 of customer.

19 On February 23, 2005, the Commission's Utilities Division Staff ("Staff") filed its Staff
20 report on the revised application. Staff recommended approval of the CC&N with the restriction
21 that the approval should initially be limited to areas outside of the ILEC service area of QCC's
22 affiliate, Qwest Corporation ("QC").

23 Subsequently, QCC and Staff have twice requested that the hearing on the application be
24 postponed in order to allow for the parties to work toward a resolution of disputed issues.
25 Despite numerous efforts to resolve the disputed issues, the parties have not been able to reach
26 stipulations that would work such a resolution. QCC has proposed several variations of revisions

1 it would be willing to make to its application, the most recent of which would modify the request
2 for resold and facilities-based local exchange service in a manner that would limit QCC's CC&N
3 within the QC service area to serve business customers with 4 lines or more. Under that
4 proposal, QCC would only be able to provide resold or facilities based local exchange services to
5 residential customers or small business customers outside of the QC service area.

6 Although QCC and Staff have not been able to reach agreement on the resolution of the
7 matters raised by Staff, QCC is nevertheless willing to modify its Application in the manner
8 outlined above, in the hope that such action will narrow the issues to be tried before the
9 Commission, and perhaps aid in the final resolution of this Application, which is now over a year
10 old.¹

11 Therefore, QCC is filing this Second Supplement to its Application and Petition to
12 *narrow the scope of the requested certificate* for resold and facilities-based local exchange
13 services, by including certain geographic and customer category restrictions. The other portions
14 of its Application, as related to the scope and type of authority, remain the same.

15

16 **II. Supplement to Application**

17

18 A. For the reasons stated above, QCC hereby files its Second Supplement to its
19 Application and Petition, which is attached hereto as Exhibit 1, and incorporated herein by
20 reference (the "Second Supplement"). In Section A-10 of the Second Supplement, QCC requests
21 that its existing CC&N for competitive Facilities Based Long Distance Service be modified to
22 include the following additional services for the geographic areas indicated:

- 23 1. Competitive Resold Long Distance Service on a statewide basis.
- 24 2. Competitive Resold and Facilities Based Local Exchange Service on a statewide basis

25

26 ¹ QCC voluntarily files this Second Supplement, and does so without prejudice to its right to file an application to
broaden the scope of its CC&N in the future.

1 for large business customers and/or accounts with 4 or more switched access lines or
2 their equivalent. For purposes of determining an eligible large business account, all
3 individual locations of a multi-location customer shall be added together to determine
4 whether the 4 switched access lines or their equivalent threshold has been met for a
5 given customer/account.

6 3. Competitive Resold and Facilities Based Local Exchange Service for residence
7 customers and small business customers and/or accounts with three or fewer switched
8 access lines or their equivalent who are located outside QC's service territory.

9 B. In Section A-16 of the Second Supplement QCC states that the affidavit of notice
10 of publication was filed on February 24, 2005.

11 C. In Section A-17 of the Second Supplement, QCC states that it has executed and
12 received approval for an interconnection agreement with QC which is based on QC's Arizona
13 SGAT. The terms of this agreement include provisions for the resale of QC's local exchange
14 service.

15 D. In Section A-18 of the Second Supplement, QCC states that QCC has been
16 approved as a CLEC in the following states: Washington, Oregon, Utah, Montana, Idaho, Iowa,
17 Minnesota, Colorado, Wyoming, North Dakota, South Dakota, Nebraska, and New Mexico.

18 E. In Section C-1 of the Second Supplement, QCC states that it has an approved
19 resale agreement. *See*, Docket No. T-01051B-04-0685. Approved by operation of law on
20 December 20, 2004.

21 F. In Section A-5 of the Second Supplement, the attorney of record for QCC in this
22 proceeding is changed to:

23
24 Norman Curtright
25 Qwest Law Department
26 4041 North Central Avenue, 11th Floor
Phoenix, Arizona 85012
Telephone: (602) 630-2187

1 Fax: (602) 235-3107
2 E-mail: norm.curtright@qwest.com

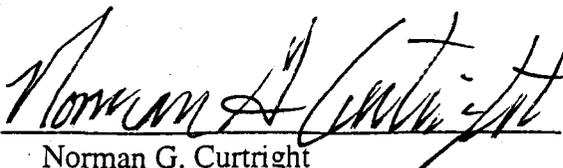
3 G. QCC does not amend the proposed tariffs previously filed as Attachment B; *See*
4 Attachment B as filed on December 17, 2004 and supplemented on January 12, 2005 for QCC's
5 tariff for the Local Exchange Services it plans to offer upon certification. The Second
6 Supplement conforms the updated references in Section A-9 to the appropriate sections of the
7 tariffs contained in Attachment B. This is not a modification to the first Supplement, however.

8
9 **III. The Second Supplement to Application and Petition Presents No Cause for Further**
10 **Postponement or Delay in this Docket**

11 QCC is filing this Second Supplement to its Application and Petition to *narrow the scope*
12 *of the requested certificate* for resold and facilities-based local exchange services, by including
13 certain geographic and customer category restrictions. The other portions of its Application, as
14 related to the scope and type of authority, remain the same. Because the scope of the authority
15 requested is decreasing by this Second Supplement, there is no basis for any postponement or
16 further delay in this Docket.
17

18 RESPECTFULLY SUBMITTED this 16th day of May, 2005.
19

20 QWEST COMMUNICATIONS CORPORATION
21

22
23 By: 
24 Norman G. Curtright
25 4041 N. Central Avenue, Suite 1100
26 Phoenix, AZ 85012
Its Attorney

1 ORIGINAL + 13 copies filed this
16th day of May, 2005:

2 Docket Control
3 ARIZONA CORPORATION COMMISSION
1200 West Washington
4 Phoenix, Arizona

5

6 COPY of the foregoing delivered by hand
this 16th day of May, 2005 to:

7

8 Teena Wolfe, Administrative Law Judge
Hearing Division
9 ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
10 Phoenix, AZ 85007

11 Maureen A. Scott (mscott@cc.state.az.us)
Legal Division
12 ARIZONA CORPORATION COMMISSION
1200 W. Washington St.
13 Phoenix, AZ 85007

14 Ernest Johnson (ernest.johnson@cc.state.az.us)
Director, Utilities Division
15 ARIZONA CORPORATION COMMISSION
1200 W. Washington St.
16 Phoenix, AZ 85007

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EXHIBIT 1

SECOND SUPPLEMENT TO
APPLICATION AND PETITION

ARIZONA CORPORATION COMMISSION

Qwest Communications Corporation's Application and Petition for Certificate of Convenience and Necessity to
Provide Intrastate Telecommunications Services

Mail original plus 13 copies of completed application to: For Docket Control Only:
(Please Stamp Here)

Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007-2927

Please indicate if you have current applications pending
in Arizona as an Interexchange reseller, AOS provider,
or as the provider of other telecommunication services.

Type of Service: _____

Docket No.: _____ Date: _____ Date Docketed: _____

Type of Service: _____

Docket No.: _____ Date: _____ Date Docketed: _____

A. COMPANY AND TELECOMMUNICATION SERVICE INFORMATION

(A-1) Please indicate the type of telecommunications services that you want to provide in Arizona and answer the appropriate numbered items:

- Resold Long Distance Telecommunications Services (Answer Sections A, B).
- Resold Local Exchange Telecommunications Services (Answer Sections A, B, C).
- Facilities-Based Long Distance Telecommunications Services (Answer Sections A, B, D).
- Facilities-Based Local Exchange Telecommunications Services (Answer Sections A, B, C, D, E)
- Alternative Operator Services Telecommunications Services (Answer Sections A, B)

On December 4, 2003, the Arizona Corporation Commission ("ACC") approved Qwest Communications Corporation's ("QCC") request for a Certificate of Convenience and Necessity (CC&N) to provide competitive Facilities Based Long Distance Telephone Services in Decision No. 66612. With this application, QCC is requesting to have its CC&N modified to include Resold Long Distance Service, Resold Local Exchange Service and Facilities Based Local Exchange Service, as further described in the response to question A-10, below, in addition to the competitive Facilities Based Long Distance authority previously granted.

(A-2) The name, address, telephone number (including area code), facsimile number (including area code), e-mail address, and World Wide Web address (if one is available for consumer access) of the Applicant:

Qwest Communications Corporation

1801 California - Suite 5100

Denver, CO 80202

Principal office and business office telephone number: 303-992-1400

Toll Free Customer Service telephone numbers: Residential: 800-860-2255

Business: 800-860-1020

Facsimile number of the Applicant: 1-888-860-1441

E-mail Address: uswpuc@qwest.com (note: this e-mail address is for the Commission's use in communicating with Qwest and should not be disclosed to the public. Individual customers can correspond with Qwest via e-mail at the following address:

<http://www.3.qwest.com/cgi-bin/resoor.efg/php/enduser/home.php>

World Wide Web Address: www.qwest.com

(A-3) The d/b/a ("Doing Business As") name if the Applicant is doing business under a name different from that listed in Item (A-2):

Qwest Communications Corporation does business under the d/b/a Qwest Long Distance for its interexchange business.

(A-4) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Management Contact:

Maureen Arnold David L. Ziegler

Director - Regulatory Assistant Vice President - Public Policy

Qwest Public Policy Qwest Service Corporation

4041 N. Central Avenue, 11th Floor

Phoenix, Arizona 85012

Telephone: (602) 630-82221167

Fax: (602) 235-3107630-5337

E-mail: Maureen.arnold david.l.ziegler@qwest.com

(A-5) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Attorney and/or Consultant:

Timothy Berg Norman Curtright

Fennemore Craig, PC Qwest Law Department

3003-4041 North Central Avenue, Suite-2600 11th Floor

Phoenix, Arizona 85012

Telephone: (602) 916-5421/630-2187

Fax: (602) 916-5621/235-3107

E-mail: tberg@felawnorm.curtright@qwest.com

(A-6) The name, address, telephone number (including area code), facsimile number (including area code), E-mail address of the Applicant's Complaint Contact Person:

Susan McKown

1801 California Street, Suite 450

Denver, Colorado 80202

Telephone: (303) 896-8152

Fax: (303) 965-5555

E-mail: uswpuc@qwest.com

(A-7) What type of legal entity is the Applicant?

Sole proprietorship

Partnership: ___ Limited, ___ General, ___ Arizona, ___ Foreign

Limited Liability Company: ___ Arizona, ___ Foreign

Corporation: ___ "S", X "C", ___ Non-

Domicile: ___ Arizona, X Foreign

Other, specify: _____

(A-8) Please include "Attachment A":

Attachment "A" must include the following information:

1. A copy of the Applicant's Certificate of Good Standing as a domestic or foreign corporation, LLC, or other entity in the State of Arizona.
2. A list of the names of all owners, partners, limited liability company managers (or if a member managed

LLC, all members), or corporation officers and directors (specify).

3. Indicate percentages of ownership of each person listed in A-8.2.

1. Please see Attachment A-1.

2. Please see Attachment A-2.

3. None of the officers or directors of QCC have any direct ownership interest in QCC as QCC is a wholly owned subsidiary of Qwest Services Corporation ("QSC"), which, in turn, is a wholly owned subsidiary of Qwest Communications International Inc. ("QCII"), which is a publicly traded entity on the New York Stock Exchange.

(A-9) Include your Tariff as "Attachment B".

Your Tariff must include the following information:

1. Proposed Rates and Charges for each service offered (reference by Tariff page number). ~~See Section 5.1, Page 1~~ The proposed rates and charges for each service are included in the Tariff Price List – Sections 3, 5, 6, 10, 12, and 14.
2. Tariff Maximum Rate and Prices to be charged (reference by Tariff page number). ~~N.A. Tariff Maximum Rates are located in Sections 3, 5, 6, 10, 12, and 14 of the Tariff. The prices to be charged are the same as those contained in the price list referenced in subpart 1.~~
3. Terms and Conditions Applicable to provision of Service (reference by Tariff page number). ~~See Section 2, pages 1-11 and Section 5.1, page 1. General Terms and Conditions are located in Section 2, pages 3-19. Additional terms and conditions associated with specific services and offerings are located in the corresponding section of the tariff for each such service or offering.~~
4. Deposits, Advances, and/or Prepayments Applicable to provision of Service (reference by Tariff page number). ~~See Section 2.2.7, page 5 and Section 2.3.2, Page 8. Deposits, Advances, and/or Prepayments are described in Section 2, page 13.~~
5. The proposed fee that will be charged for returned checks (reference by Tariff page number). ~~\$10.00—See Section 2.3.2, Page 8. The \$25 proposed fee for returned checks is in Section 2, page 12.~~

~~See Attachment B, as filed on December 17, 2004 and supplemented on January 12, 2005 for QCC's tariff for the Local Exchange Services it plans to offer upon certification. As indicated in the company's responses to A-17 and C-1 in this application, QCC does not have a resale agreement at this time. QCC also does not currently have an interconnection agreement. QCC will file appropriate modifications to this tariff to include other local exchange services at such time as it obtains these agreements. The Commission previously approved QCC's tariff for facilities based long distance services in connection with its Facilities Based Long Distance CC&N in Decision No. 66612. Qwest will file any necessary modifications to its existing long distance tariff to include resold long distance services at such time as it obtains a resale agreement.~~

(A-10) Indicate the geographic market to be served:

Statewide. (Applicant adopts statewide map of Arizona provided with this application).

Other. Describe and provide a detailed map depicting the area.

QCC requests that its existing CC&N for competitive Facilities Based Long Distance Service be modified to include the following additional services for the geographic areas indicated:

1. Competitive Resold Long Distance Service on a statewide basis.
2. Competitive Resold and Facilities Based Local Exchange Service on a statewide basis for large business customers and/or accounts with 4 or more switched access lines or their equivalent. For purposes of determining an eligible large business account, all individual locations of a multi-location customer shall be added together to determine whether the 4 switched access lines or their equivalent threshold has been met for a given customer/account.
3. Competitive Resold and Facilities Based Local Exchange Service for residence customers and small business customers and/or accounts with three or less switched access lines or their equivalent who are located outside QC's service territory.

(A-11) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any formal or informal complaint proceedings pending before any state or federal regulatory commission, administrative agency, or law enforcement agency.

Describe in detail any such involvement. Please make sure you provide the following information:

1. States in which the Applicant has been or is involved in proceedings.
2. Detailed explanations of the Substance of the Complaints.
3. Commission Orders that resolved any and all Complaints.
4. Actions taken by the Applicant to remedy and/or prevent the Complaints from re-occurring.

Requests A-11 and A-12 request similar information on a rather broad scope. In responding to these issues, QCC has conducted a good faith investigation of its organization to obtain responsive information and documents. QCC has made several assumptions in conducting this inquiry and providing these responses, as described in more detail below. For example, to avoid providing information that is not relevant to the application, such as information related to private, domestic, or similar matters unrelated to the provision of telecommunications, QCC interprets the questions as seeking information related to the individual's professional responsibilities. Qwest also interprets the word "involve" as used in the requests as requesting information where an individual is a party to a civil action or the subject of a criminal investigation, and interprets "managers" to identify QCC's officers and directors, not every employee of QCC with supervisory responsibilities.

Much of the information responsive to these inquiries at least at a consolidated level, is contained in Item 3, pages 14-26 of QCII's recently filed consolidated financial statements (Attachment D), and the information disclosed therein is incorporated fully herein by reference.

As a large, nationwide provider of telecommunications services, QCC from time to time has been named in formal and informal complaint proceedings before state and federal commissions with responsibility for telecommunications regulation. QCC interprets this question to require disclosure limited to complaints docketed by state and federal commissions with jurisdiction over telecommunications regulation. QCC does not track each formal or informal complaint filed against it in any centralized system, as many of these complaints involve issues for which QCC is not even the responsible carrier. In many of these cases, complaints involve charges that are billed in accordance with lawful tariffs or otherwise without merit. QCC does track, however, actions or investigations initiated by state or federal utility commissions, attorneys general, or consumer advocate offices, and similar agencies or entities, which are described below.

QCC has settled formal complaint actions or investigations regarding alleged slamming or cramming with the following entities: the Federal Communications Commission, the state utility commissions of Oklahoma,

South Dakota, Kentucky, Tennessee, Texas, and New Jersey, the attorneys general for the states of Arizona, Connecticut, Florida, Idaho, Illinois, Kansas, Minnesota, Missouri, Nevada, New York, Ohio, Oregon, Pennsylvania, and Wisconsin. QCC has also settled "do not call" violation investigations by the New York State Consumer Protection Board and the Florida Department of Agriculture and Services. Additionally, in October 2002, the California Public Utilities Commission fined QCC for alleged incidents of slamming and cramming. QCC filed an appeal in California state court, but the appeal was unsuccessful. Copies of the orders or agreements resolving these matters are attached. Attachment E pertains to A-11 and Attachment F to A-12.

QCC is also in the process of resolving two other proceedings in Oklahoma and Delaware. The Oklahoma proceeding is a formal complaint by the Commission Staff involving allegations of one incident of slamming against QCC. QCC is in the process of negotiating settlement of this complaint with the Oklahoma staff. The Delaware proceeding addressed allegations involving the improper termination of service for 16 customers. QCC is in the process of finalizing a settlement agreement with the Delaware Commission to resolve this matter. Final orders on these two proceedings have not yet been issued.

QCC is also currently cooperating with the attorney general for the state of Missouri regarding certain sales practices, which investigation is ongoing, and is involved in a civil investigation relating to property tax surcharges in North Carolina. QCC is also involved in two pending formal complaints at the FCC; one filed by Touch America, Inc. alleging that QCC and its affiliates violated terms of the U S West, Inc./ Qwest Communications Inc. divestiture order and illegally were providing interLATA services in the former U S West local exchange region.

On or about October 25, 2001, a judgment was entered against QCC in Travis County, Texas (matter number 97-13778) in the amount of \$1,746,446. In the lawsuit giving rise to the judgment, AT&T alleged that during construction of QCC's fiber optic network in the vicinity of Austin, Texas, QCC was responsible and liable for three cuts of AT&T fiber. Subcontractors were held to be liable for approximately \$532,000 of the actual damages, and have paid these amounts. The punitive damages portion of the judgment, \$467,808.91, is currently being appealed to the Texas Supreme Court.

Aside from these matters, QCC, based on its records, has not been the subject of any other formal complaints or investigations by state or federal utility commissions, attorneys general, or consumer advocate offices, and similar agencies or entities, regarding its provisions of telecommunications services during the last five years.

As to officers, directors, and managers of QCC: Mark Evans was named individually in a lawsuit (Civil Case No. 02-RB-464 (PAC), In re Qwest Savings and Retirement Plan ERISA Litigation, In the United States District Court for the District for Colorado), pursuant to which the plaintiffs (participants of the Qwest Retirement Plan (the "Plan")), allege that the members of the Plan's investment committee (the "Investment Committee") (including Mr. Evans, who was on the investment committee) of U S West/Qwest breached their fiduciaries duties by failing "to provide sufficient independent information to participants of the Plan to allow such participants to achieve the stated purpose of the Plan to provide such employees with a voice in the major decisions affecting U S West/Qwest" and "[f]ailing to disclose to participants material information concerning Qwest Fund Shares which they knew or should have known.

Qwest continually implements and reviews procedures and organizations to prevent regulatory or legal violations from occurring or being repeated as described above.

QCC will supplement this information when and/or if it discovers any additional judgments, complaints, or

investigations properly responsive to this inquiry.

(A-12) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any civil or criminal investigation, or had judgments entered in any civil matter, judgments levied by any administrative or regulatory agency, or been convicted of any criminal acts within the last ten (10) years.

Describe in detail any such judgments or convictions. Please make sure you provide the following information:

1. States involved in the judgments and/or convictions.
2. Reasons for the investigation and/or judgment.
3. Copy of the Court order, if applicable.

Please see QCC's response to item A-11, which is incorporated by reference.

(A-13) Indicate if the Applicant's customers will be able to access alternative toll service providers or resellers via 1+101XXXX access.

Yes

No

(A-14) Is applicant willing to post a Performance Bond? Please check appropriate box(s).

For Long Distance Resellers, a \$10,000 bond will be recommended for those resellers who collect advances, prepayments or deposits.

Yes

No

If "No", continue to question (A-15).

For Local Exchange Resellers, a \$25,000 bond will be recommended.

Yes

No

If "No", continue to question (A-15).

For Facilities-Based Providers of Long Distance, a \$100,000 bond will be recommended.

Yes

No

If "No", continue to question (A-15).

For Facilities-Based Providers of Local Exchange, a \$100,000 bond will be recommended.

Yes

No

If "No", continue to question (A-15).

Qwest Long Distance has already posted a \$100,000 bond as a Facilities-Based Long Distance Provider. The bond was posted as part of QCC's application for a Certificate of Convenience and Necessity, Decision No. 66612. The remaining \$135,000 bond will be posted in compliance with the ACC's decision in this proceeding.

Note: Amounts are cumulative if the Applicant is applying for more than one type of service.

(A-15) If No to any of the above, provide the following information. Clarify and explain the Applicant's deposit policy (reference by tariff page number). Provide a detailed explanation of why the applicant's superior financial position limits any risk to Arizona consumers.

Not Applicable

(A-16) Submit copies of affidavits of publication that the Applicant has, as required, published legal notice of the Application in all counties where the applicant is requesting authority to provide service.

~~Publication will be completed subsequent to the filing date of this application and upon assignment of a docket number for inclusion in the legal notice. QCC will supplement this response once it has received the affidavit of publication.~~

QCC's affidavit of Publication was filed with Docket Control on February 24, 2005.

Note: Prior to issuance of the CC&N, the Applicant must complete and submit an Affidavit of Publication Form as Attachment "C". Refer to the Commission's website for Legal Notice Material (Newspaper Information, Sample Legal Notice and Affidavit of Publication).

(A-17) Indicate if the Applicant is a switchless reseller of the type of telecommunications services that the Applicant will or intends to resell in the State of Arizona:

Yes

No

If "Yes", provide the name of the company or companies whose telecommunications services the Applicant resells.

QCC intends to be both a switchless reseller and a facilities based (including switches) provider of telecommunications services that Applicant intends to provide in the State of Arizona. QCC has not yet entered into any resale agreements with any particular providers, executed and received approval for an interconnection agreement with QC which is based on QC's Arizona SGAT. The terms of this agreement include provisions for the resale of QC's local exchange service.

(A-18) List the States in which the Applicant has had an application approved or denied to offer telecommunications services similar to those that the Applicant will or intends to offer in the State of Arizona:

QCC has been approved as a CLEC in the following states: Washington, Oregon, Utah, Montana, Idaho, Iowa, Minnesota, Colorado, and Wyoming, North Dakota, South Dakota, Nebraska, and New Mexico.

QCC has also been approved in the following states, for the following services: Alabama – Facilities based interexchange service, Resold interexchange service; Arkansas – Resold interexchange service; California – Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Connecticut – Resold local exchange service, Resold interexchange service; Delaware – Facilities based local exchange service, Resold local exchange service, Resold interexchange service; District of Columbia – Facilities based local exchange service, Resold local exchange service; Florida – Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Georgia – Facilities based local exchange service, Resold local exchange service.

Facilities based interexchange service, Resold interexchange service; Hawaii – Resold interexchange service; Illinois – Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Indiana – Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Kansas – Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Kentucky – Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Louisiana – Facilities based interexchange service, Resold interexchange service; Maine – Facilities based interexchange service, Resold interexchange service; Maryland – Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Massachusetts – Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Michigan – Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Mississippi – Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Missouri - Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Nevada - Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; New Hampshire - Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; New Jersey - Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; New York - Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; North Carolina - Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Ohio - Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Oklahoma - Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Pennsylvania - Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Rhode Island - Facilities based local exchange service, Resold interexchange service; South Carolina - Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Tennessee - Facilities based local exchange service, Resold interexchange service; Texas - Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Vermont - Facilities based local exchange service, Resold interexchange service; Virginia - Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; West Virginia - Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Wisconsin - Facilities based local exchange service, Resold interexchange service;

(A-19) List the States in which the Applicant currently offers telecommunications services similar to those that the Applicant will or intends to offer in the State of Arizona.

QCC is a certified, facilities based provider of interexchange services and other services in every U.S. state except Alaska.

(A-20) List the names and addresses of any alternative providers of the service that are also affiliates of the telecommunications company, as defined in R14-2-801.

Qwest Corporation: Provides local and intraLATA services.

Qwest LD Corp.: Provides resold interexchange services.

Qwest Wireless, LLC: provides CMRS services.

U S Long Distance, Inc.: Certified provider of the alternative operator services.

The address for all of the above entities is: 1801 California Street, Suite 5100, Denver, Colorado 80202.

B. FINANCIAL INFORMATION

(B-1) Indicate if the Applicant has financial statements for the two (2) most recent years.

Yes

No

If "No," explain why and give the date on which the Applicant began operations.

QCC is a wholly owned subsidiary of Qwest Services Corporation, which in turn is a wholly owned subsidiary of QCII. As such, QCII does not prepare separate financial statements for QCC. Instead, QCC's financial information appears as a consolidated financial statement, together with QCII's other subsidiaries, in QCII's annual Form 10-K filing with the United States Securities and Exchange Commission. QCII's form 10-K filings for the periods ending 12/31/2002 and 12/31/2003 are attached in Attachment D. The information is also separately available on the Securities and Exchange Commission's website or through the Company's website.

(B-2) Include "Attachment D".

Provide the Applicant's financial information for the two (2) most recent years.

1. A copy of the Applicant's balance sheet.
2. A copy of the Applicant's income statement.
3. A copy of the Applicant's audit report.
4. A copy of the Applicant's retained earnings balance.
5. A copy of all related notes to the financial statements and information.

As indicated in the response to Item B-1, QCC is a wholly subsidiary of QSC, which is a wholly owned subsidiary of QCII. As such, QCII does not prepare a separate balance sheet, income statement, audit report, retained earnings statements, or notes to financial statements for QCC. Instead, QCC's financial information appears as a consolidated financial statement, together with QCII's other subsidiaries, in QCII's annual Form 10-K filing with the United States Securities and Exchange Commission. As indicated in response to Item B-1, QCII's Form 10-K filings for the periods ending 12/31/2002 and 12/31/2003 are attached and included in Attachment D. The information is also separately available on the Securities and Exchange Commission's website or through the Company's website.

Note: Make sure "most recent years" includes current calendar year or current year reporting period.

(B-3) Indicate if the Applicant will rely on the financial resources of its Parent Company, if applicable.

Yes, QCC will rely on the financial resources of its parent company, Qwest Services Corporation (QSC). QCC is a wholly owned subsidiary of QSC, which is a wholly owned subsidiary of Qwest Communications International, Inc. (QCII). Funding for QCC is through equity provided by QSC and by financial obligations issued by Qwest Capital Funding, Inc. (QCFI), a separate subsidiary of QCII.

(B-4) The Applicant must provide the following information.

1. Provide the projected total revenue expected to be generated by the provision of telecommunications services to Arizona customers for the first twelve months following certification, adjusted to reflect the maximum rates for which the Applicant requested approval. Adjusted revenues may be calculated as the number of units sold times the maximum charge per unit.
 2. Provide the operating expenses expected to be incurred during the first twelve months of providing telecommunications services to Arizona customers following certification.
 3. Provide the net book value (original cost less accumulated depreciation) of all Arizona jurisdictional assets expected to be used in the provision of telecommunications service to Arizona customers at the end of the first twelve months of operation. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.
 4. If the projected value of all assets is zero, please specifically state this in your response.
 5. If the projected fair value of the assets is different than the projected net book value, also provide the corresponding projected fair value amounts.
1. The projected total revenue to be generated by the provision of these services is \$76,497,192
 2. The projected operating expenses to be incurred in the provision of these services is \$41,973,655.00
 3. The net book value of all Arizona jurisdictional assets to be used in providing these services is \$5,856,615.00.
 4. Not applicable.
 5. QCC estimates that the Projected Fair Value of these assets is \$5,856,615.00

C. RESOLD AND/OR FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(C-1) Indicate if the Applicant has a resale agreement in operation,

Yes

No

If "Yes", please reference the resale agreement by Commission Docket Number or Commission Decision Number.

Docket No. T-01051B-04-0685. Approved by operation of law on December 20, 2004.

D. FACILITIES-BASED LONG DISTANCE AND/OR FACILITIES BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(D-1) Indicate if the Applicant is currently selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services in the State of Arizona. This item applies to an Applicant requesting a geographic expansion of their CC&N:

Yes - F-B Long Distance

No - F-B Local

If "Yes," provide the following information:

1. The date or approximate date that the Applicant began selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services for the State of Arizona.

QCC is currently providing facilities based long distance service in Arizona pursuant to the CC&N granted by the Commission in Decision No. 66612. Qwest began offering these services in Arizona on December 15, 2003.

2. Identify the types of facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services that the Applicant sells in the State of Arizona.

QCC sells switched and dedicated long distance, ATM, Frame Relay, Operator Services, Private Line, and toll free services in Arizona.

If "No," indicate the date when the Applicant will begin to sell facilities-based long distance telecommunications AND/OR facilities-based local exchange telecommunications services in the State of Arizona:

QCC will begin to offer facilities based local exchange service within the State of Arizona once it has received certification from the ACC.

(D-2) Check here if you wish to adopt as your petition a statement that the service has already been classified as competitive by Commission Decision:

Decision # 64178 Resold Long Distance

Decision # 64178 Resold LEC

Decision # 64178 Facilities Based Long Distance pursuant to Decision No. 66612

Decision # 64178 Facilities Based LEC

E. FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(E-1) Indicate whether the Applicant will abide by the quality of service standards that were approved by the Commission in Commission Decision Number 59241:

Yes

No

(E-2) Indicate whether the Applicant will provide all customers with 911 and E911 service, where available, and will coordinate with incumbent local exchange carriers ("ILECs") and emergency service providers to provide this service:

Yes

No

(E-3) Indicate that the Applicant's switch is "fully equal access capable" (i.e., would provide equal access to facilities-based long distance companies) pursuant to A.A.C. R14-2-1111 (A):

Yes

No

I certify that if the applicant is an Arizona corporation, a current copy of the Articles of Incorporation is on file with the Arizona Corporation Commission and the applicant holds a Certificate of Good Standing from the Commission. If the company is a foreign corporation or partnership, I certify that the company has authority to transact business in Arizona. I certify that all appropriate city, county, and/or State agency approvals have been obtained. Upon signing of this application, I attest that I have read the Commission's rules and regulations relating to the regulations of telecommunications services (A.A.C. Title 14, Chapter 2, Article 11) and that the company will abide by Arizona state law including the Arizona Corporation Commission Rules. I agree that the Commission's rules apply in the event there is a conflict between those rules and the company's tariff, unless otherwise ordered by the Commission. I certify that to the best of my knowledge the information provided in this Application and Petition is true and correct.

David Ziegler

(Signature of Authorized Representative)

May 13, 2005

(Date)

David Ziegler

(Print Name of Authorized Representative)

Assistant Vice President - Public Policy

(Title)

SUBSCRIBED AND SWORN to before me this *13th* day of *May*, *2005*

Deborah L. Statt

NOTARY PUBLIC



DEBORAH L. STATT
Notary Public - Arizona
Maricopa County
Expires 03/15/08

My Commission Expires *March 15, 2008*

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



ARIZONA CORPORATION COMMISSION

EXHIBIT
A-5
Admitted

BRIAN C. McNEIL
Executive Secretary
RECEIVED

2005 FEB -2 P 2: 13

AZ CORP COMMISSION
DOCUMENT CONTROL

February 2, 2005

Timothy Berg
FENNEMORE CRAIG, PC
3003 North Central Avenue
Suite 2600
Phoenix, Arizona 85012

RE: QWEST COMMUNICATIONS CORPORATION
DOCKET NO. T-02811B-04-0313

STAFF'S LETTER OF ADMINISTRATIVE COMPLETENESS

Dear Mr. Berg:

This letter is to inform you that your application, received on April 23, 2004, is administratively complete as outlined in Arizona Administrative Code R14-2-1103.

The Arizona Corporation Commission should render a decision within 365 days of the date of this letter, barring any substantial amendments to the filing or extraordinary events.

I am the Staff person assigned to your application. I can be reached at (602) 542-0856, or toll free at (800) 222-7000, if you have any questions or concerns.

Respectfully,

A handwritten signature in cursive script that reads "John F. Bostwick".

John F. Bostwick
Administrative Services Officer II
Utilities Division

CC: Docket Control Center (Original and Thirteen Copies)

Qwest Services Corporation
4041 N. Central Ave. - 11th Floor
Phoenix, Arizona 85012
Office 602-630-8221
Fax 602-235-3107

Reed Peterson
Staff Advocate - Public Policy

February 24, 2005

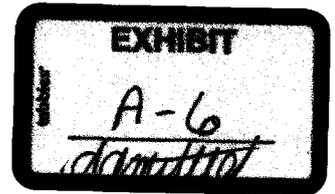
Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

RECEIVED

2005 FEB 24 P 3:14

AZ CORP COMMISSION
DOCUMENT CONTROL

Qwest. 
Spirit of Service



Notice of Filing Certification of Publication

Re: Docket No. T-02811B-04-0313

Dear Sir or Madam:

Pursuant to the Commission's February 1, 2005 Procedural Order, Qwest Communications Corporation (QCC) hereby files the attached affidavit which certifies that the notice requirement contained in the Procedural Order has been met through publication in the Arizona Republic on February 11, 2005.

Please let me know if you have any questions concerning this matter.

Sincerely,

Reed Peterson

Attachment

IN THE MATTER OF THE APPLICATION OF QWEST COMMUNICATIONS CORPORATION D/B/A QWEST LONG DISTANCE FOR EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY TO INCLUDE AUTHORITY TO PROVIDE RESOLD AND FACILITIES-BASED LOCAL EXCHANGE AND RESOLD LONG DISTANCE SERVICES IN ADDITION TO ITS CURRENT AUTHORITY TO PROVIDE FACILITIES-BASED LONG DISTANCE SERVICES, AND PETITION FOR COMPETITIVE CLASSIFICATION OF PROPOSED SERVICES WITHIN THE STATE OF ARIZONA.

Docket No.

T-02811B-04-0313

Qwest Communications Corporation dba Qwest Long Distance ("Applicant"), an affiliate of the incumbent local exchange carrier Qwest Corporation, has filed with the Arizona Corporation Commission ("Commission") an application requesting that its existing Certificate of Convenience and Necessity ("CC&N") be extended to include, in addition to the facilities-based long distance authority previously granted, authority to provide resold long distance service, resold local exchange service, and facilities based local exchange service in the State of Arizona. Applicant would be required by the Commission to provide these services under the rates and charges and terms and conditions established by the Commission.

The application, report of the Commission's Utilities Division Staff, and any written exceptions to the staff report prepared by the applicant will be available for inspection during regular business hours at the offices of the Commission located at 1200 West Washington Street, Phoenix, Arizona 85007, and at Qwest Communications Corporation, 4041 North Central Avenue, 11th Floor, Phoenix, Arizona 85012.

Under appropriate circumstances, interested parties may intervene in the proceedings and participate as a party. You may have the right to intervene in the proceeding, or you may make a statement for the record. Intervention shall be in accordance with A.A.C. R14-3-105, except that all motions to intervene must be filed on or before March 11, 2005. Persons desiring to intervene must file a written motion to intervene with the Commission and send such motion to the Applicant or its counsel and to all parties of record, and which at the minimum, shall contain the following:

1. The name, address, and telephone number of the proposed intervenor and of any party upon whom services of documents is to be made if different than the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding (e.g. a customer of the company, a shareholder of the Applicant, a competitor, etc.).
3. A statement certifying that a copy of the motion to intervene has been mailed to the Applicant or its counsel and to all parties of record in the case.

A.A.C. R14-3-105 shall govern the granting of motions to intervene. The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and making a statement. The hearing is scheduled to commence on March 23, 2005 at 1:30 p.m. at the Arizona Corporation Commission, 1200 West Washington

THE ARIZONA REPUBLIC

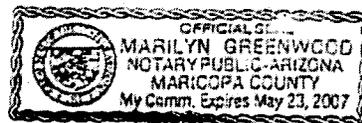
STATE OF ARIZONA }
COUNTY OF MARICOPA } SS.

Melissa Johnson, being first duly sworn, upon oath deposes and says: That she is an advertising account executive of the Arizona Business Gazette, a newspaper of general circulation in the county of Maricopa, State of Arizona, published at Phoenix, Arizona, by Phoenix Newspapers Inc., which also publishes The Arizona Republic, and that the copy hereto attached is a true copy of the advertisement published in the said paper on the dates as indicated.

The Arizona Republic

February 11, 2005

Sworn to before me this
24th day of
February A.D. 2005



Notary Public

Street, Phoenix, Arizona 85007. Please check with the Commission for any changes to the scheduled hearing date.

If you have comments mail them to:
The Arizona Corporation Commission
Attention Docket control

Re: Qwest Communications Corporation d/b/a Qwest
Long Distance

T-028118-04-0313

1200 West Washington Street

Phoenix, Arizona 85007

If you have any questions about this application, or want information on intervention, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request reasonable accommodations such as sign language interpreter, as well as request this document in an alternative format, by contacting Linda Hogan, ADA Coordinator, voice phone number 602-542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

ISSUED February 21, 2005

Issued: {

5. EXCHANGE SERVICES

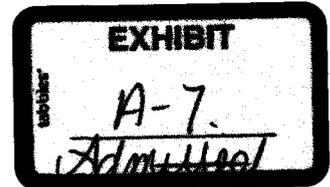
5.2 LOCAL EXCHANGE SERVICE

5.2.1 BUSINESS BASIC LOCAL VOICE SERVICE

B. Rates and Charges (Cont'd)

The following charges apply when a Customer chooses to purchase one or more Qwest services, which can include Qwest Long Distance, *QWEST iQ NETWORKING*TM and Internet Access, Qwest Communications Private Line Service:

	MAXIMUM NONRECURRING CHARGE	MAXIMUM MONTHLY RATE
• Business Basic Local Voice Service		
- Month to Month	\$ 85.00	\$ 75.00



Issued: { _____ }

5. EXCHANGE SERVICES

5.2 LOCAL EXCHANGE SERVICE

5.2.1 BUSINESS BASIC LOCAL VOICE SERVICE

A. Terms and Conditions

Refer to 5.2 of the QCC Arizona Tariff No. 3 for terms, conditions, and application of rates and charges.

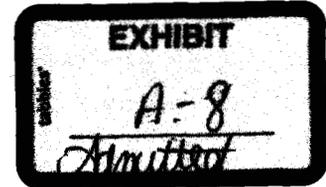
B. Rates and Charges

Nonrecurring charges, as shown below, apply for the installation, connecting or moving telephone service. See 3.1.1 of the Arizona Price List No. 3 for application of other nonrecurring charges.

The recurring rates shown below do not include zone charges found in 5.1.6 of the Arizona Tariff No. 3.

The following charges apply when a Customer chooses to purchase just the Business Basic Local Voice Service:

	NONRECURRING CHARGE	MONTHLY RATE
• Business Basic Local Voice Service	\$55.00	\$45.00



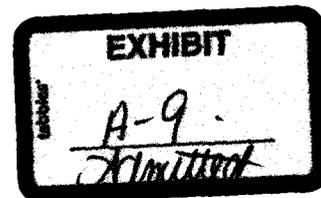
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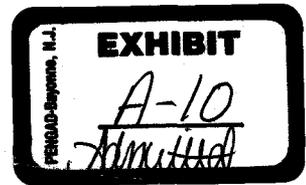
5. EXCHANGE SERVICES

5.2 LOCAL EXCHANGE SERVICE
5.2.1 BUSINESS BASIC LOCAL VOICE SERVICE
B. Rates and Charges (Cont'd)

The following charges apply when a Customer chooses to purchase one or more Qwest services, which can include Qwest Long Distance, *QWEST iQ NETWORKING* and Internet Access, Qwest Communications Private Line Service:

	NONRECURRING CHARGE	MONTHLY RATE
• Business Basic Local Voice Service	\$46.75	\$33.40





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BEFORE THE ARIZONA CORPORATION COMMISSION

JEFF HATCH-MILLER
Chairman
MARC SPITZER
Commissioner
WILLIAM MUNDELL
Commissioner
MIKE GLEASON
Commissioner
KRISTIN MAYES
Commissioner

IN THE MATTER OF THE
APPLICATION OF QWEST
COMMUNICATIONS CORPORATION
D/B/A QWEST LONG DISTANCE FOR
EXTENSION OF ITS EXISTING
CERTIFICATE OF CONVENIENCE AND
NECESSITY TO INCLUDE AUTHORITY
TO PROVIDE RESOLD AND
FACILITIES-BASED LOCAL
EXCHANGE AND RESOLD LONG
DISANCE SERVICES, AND PETITION
FOR COMPETITIVE CLASSIFICATION
OF PROPOSED SERVCIES, AND
PETITON FOR COMPETITIVE
CLASSIFICATION OF PROPOSED
SERVICES WITHIN THE STATE OF
ARIZONA.

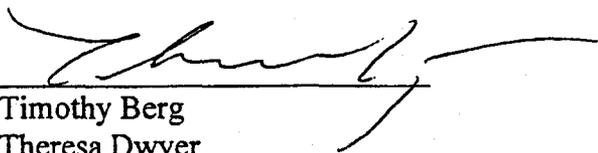
DOCKET NO. T-02811B-04-0313

**NOTICE OF FILING
SUPPLEMENTAL REBUTTAL
TESTIMONY OF MARY FERGUSON
LAFAVE**

Qwest Corporation files herewith the Supplemental Rebuttal Testimony of Mary Ferguson LaFave.

DATED: August 17, 2005

FENNEMORE CRAIG

By: 
Timothy Berg
Theresa Dwyer
3003 North Central Ave., Suite 2600
Phoenix, Arizona 85012-2913
(602) 916-5421
-and-

1 Norman Curtright
2 QWEST CORPORATION
3 4041 N. Central, 11th Floor
4 Phoenix, AZ 85012

Attorneys for Qwest Corporation

5 ORIGINAL +13 copies filed this 17th day
6 of August, 2005:

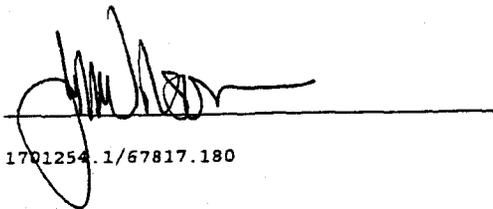
7 Docket Control
8 ARIZONA CORPORATION COMMISSION
9 1200 West Washington
10 Phoenix, AZ

11 COPY delivered this 17th day of August, 2005:

12 Teena Wolfe, Administrative Law Judge
13 ARIZONA CORPORATION COMMISSION
14 1200 West Washington
15 Phoenix, AZ

16 Maureen Scott, Counsel
17 Legal Division
18 ARIZONA CORPORATION COMMISSION
19 1200 West Washington
20 Phoenix, AZ

21 Ernest Johnson, Director
22 Utilities Division
23 ARIZONA CORPORATION COMMISSION
24 1200 West Washington
25 Phoenix, AZ

26 
17Q1254.1/67817.180

BEFORE THE ARIZONA CORPORATION COMMISSION

JEFF HATCH-MILLER

Chairman

MARC SPITZER

Commissioner

WILLIAM A. MUNDELL

Commissioner

MIKE GLEASON

Commissioner

KRISTIN MAYES

Commissioner

**IN THE MATTER THE APPLICATION
OF QWEST COMMUNICATIONS
CORPORATION D/B/A QWEST LONG
DISTANCE FOR EXTENSION OF ITS
EXISTING CERTIFICATE OF
CONVENIENCE AND NECESSITY TO
PROVIDE RESOLD AND FACILITIES
BASED LOCAL EXCHANGE AND
RESOLD LONG DISTANCE SERVICES
IN ADDITION TO ITS CURRENT
AUTHORITY TO PROVIDE FACILITIES
BASED LONG DISTANCE SERVICES,
AND PETITION FOR COMPETITIVE
CLASSIFICATION OF PROPOSED
SERVICES WITHIN THE STATE OF
ARIZONA**

Docket No. T-02811B-04-0313

**SUPPLEMENTAL REBUTTAL TESTIMONY OF
MARY FERGUSON LAFAVE**

ON BEHALF OF

QWEST COMMUNICATIONS CORPORATION

AUGUST 17, 2005

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1

2

I. INTRODUCTION AND PURPOSE OF TESTIMONY

3

4 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

5 A. My name is Mary Ferguson LaFave. I am employed by Qwest Services Corporation.
6 My office is located at 1801 California, 47th Floor, Denver, Colorado 80202.

7

8 **Q. DID YOU PREVIOUSLY PROVIDE TESTIMONY IN THIS PROCEEDING?**

9 A. Yes. Although my direct testimony was not prefiled in written form, I did provide direct
10 testimony in support of this application at the hearing on May 17, 2005.

11

12 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL REBUTTAL TESTIMONY?**

13 A. By Procedural Order issued on July 11, 2005, the ALJ has requested that the parties
14 file testimony to address several questions. I am filing this testimony to respond to
15 ALJ Wolfe's questions, and rebut certain points made by Staff in its Supplemental
16 Direct Testimony filed on August 5, 2005. By this testimony I am also explaining why
17 public interests will be benefited by granting QCC's Application.

18

19 **Q. DO YOU HAVE ANY PRELIMINARY POINTS TO MAKE REGARDING THE ALJ'S**
20 **QUESTIONS AND YOUR TESTIMONY?**

21 A. Yes. I would like to correct any misunderstandings the Commission may have about
22 the Qwest corporate structure. The Applicant in this proceeding is Qwest
23 Communications Corporation, which throughout the proceeding has been designated
24 as "QCC." The ultimate parent corporation is Qwest Communications International
25 Inc., which owns Qwest Services Corporation. Qwest Services Corporation, in turn,
26 owns QCC and Qwest Corporation, which has generally been referred to throughout

1 this proceeding as "QC." Thus, QC and QCC are sister companies in the corporate
2 structure. QC is not the parent company of QCC. Because both QCC and QC are
3 Qwest companies, it is clearer to refer to them as "QCC" and "QC" respectively, rather
4 than to refer to one or the other simply as "Qwest." When I use the name "Qwest"
5 without further description, I am referring to the parent corporation or the Qwest family
6 of companies.

7
8 **II. THE APPLICANT QCC IS A SECTION 272 SEPARATE ENTITY**

9
10 **Q. PLEASE DESCRIBE THE REQUIREMENTS OF A SECTION 272 SEPARATE**
11 **ENTITY.**

12 **A.** A separate affiliate is required by law for a Qwest company to provide originating
13 interLATA services in the QC territories. QC is a Bell Operating Company which is a
14 local exchange carrier under the Telecommunications Act of 1996. As such, QC is
15 prohibited from providing interLATA services. Section 272 requires that such services
16 may only be provided through a separate affiliate which must satisfy several
17 requirements: separate operations, separate books and accounts, separate officers,
18 directors and employees, operate on an arm's length basis with QC, unable to
19 financially encumber QC and makes all transactions with QC available for public
20 inspection. QCC is a business, for-profit corporation formed under the laws of the
21 State of Delaware and operates in accordance with the Section 272 separation
22 requirements described above.

1
2 **III. THE BUSINESS PURPOSE BEHIND THE APPLICATION**
3

4 **Q. WHAT IS THE BUSINESS PURPOSE BEHIND THE APPLICATION AS IT**
5 **CURRENTLY STANDS?**

6 A. I testified about this in my direct examination on May 17, 2005. Section 272 of the Act
7 prohibits QC from providing both local exchange service and interLATA service to
8 customers. Conversely, a section 272 affiliate is not prohibited by law from providing
9 local service. Therefore, the only companies affiliated with a BOC that are permitted
10 by federal law to provide both local and interLATA services are the 272 affiliates,
11 which, in this instance, is QCC. As I testified on May 17, business customers
12 commonly desire to deal with only one provider for all their telecommunications
13 services. If they cannot have that relationship, they often take their business
14 elsewhere. The business purpose behind the Application is to enable the 272 affiliate-
15 -the only Qwest company that may legally be so enabled—to enter the market for both
16 local exchange services and interLATA services.
17

18 **Q. HOW IMPORTANT IS IT TO BUSINESS CUSTOMERS TO BE ABLE TO DEAL**
19 **WITH A SINGLE ENTITY RATHER THAN MULTIPLE ENTITIES?**

20 A. Our experience in the market tells us that it is very important to a substantial part of
21 the enterprise segment.¹ In my testimony given on May 17, I provided several
22 examples. The local example I gave was that of the Request for Proposal that had
23 recently been issued by Arizona Public Service ("APS"). That RFP had the
24 qualification that APS wanted a full suite of services, local and long distance, and that

¹ For purposes of this proceeding, "enterprise customers" are defined as those business customers subscribing to four or more business lines in the aggregate.

1 there be a single provider with a single point of contact and single bill. There was not
2 any company in the Qwest family of companies that could respond. QC was
3 disqualified from that bidding process. In addition, there are companies that have
4 multiple locations nationally that are both in-region and out-of-region that QC cannot
5 serve.

6
7 The enterprise customer segment, in which we include federal, state, and local
8 government, is looking for what we commonly refer to as "one-stop shopping." They
9 want a single entity with which they can do business for all their telecommunications
10 needs, whether local exchange service, ATM and frame data products, long distance,
11 or dedicated Internet access. They want a whole suite of products that are
12 telecommunications-based. They seek service from a single entity, with a single
13 contact and a single bill. They want a single entity to be responsible and accountable
14 for performance.

15
16 **Q. ARE OTHER PROVIDERS LIKE AT&T, MCI, XO OR TIME WARNER SUBJECT TO**
17 **THE SAME DILEMMA THAT IS FACED BY QWEST IN PROVIDING "ONE STOP**
18 **SHOPPING" TO CUSTOMERS?**

19 **A.** No, they are not. Those other companies are not restricted. They can, and do,
20 provide both local and long distance service from the same entity.

21
22 **Q. SINCE THE RULES UNDER SECTION 272 PERMIT JOINT MARKETING**
23 **BETWEEN QC AND QCC, DOESN'T THAT SOLVE THE "ONE-STOP SHOPPING"**
24 **PROBLEM?**

25 **A.** No. While QC and QCC may be able to jointly market their services, proposals made
26 under joint marketing must be divided to reflect what entity is providing which services,

1 giving proper respect to the limitations that each company has by law. Thus joint
2 marketing is not the same as "one stop shopping."
3

4 **IV. THE ENTERPRISE MARKET SEGMENT IS HIGHLY COMPETITIVE; QCC'S**
5 **MARKET FOCUS**
6

7 **Q. PLEASE DESCRIBE THE COMPETITIVE LANDSCAPE IN THE ENTERPRISE**
8 **MARKET.**

9 A. There is fierce competition in Arizona in the enterprise market. For example, as of
10 July 2005, there were 144 providers of telecom services targeting only business
11 customers. As will be discussed more fully below, the Qwest family of companies
12 often cannot compete successfully in the enterprise market because of customer
13 demands, e.g., for a single contract, bill and point of contact.
14

15 **Q. WHERE WILL QCC'S ENTERPRISE CUSTOMERS BE FOUND?**

16 A. An important part of the enterprise market are customers who have nationwide or
17 region-wide locations. Those customers will be a particular focus for QCC, which
18 among the Qwest family of companies is uniquely capable of meeting the customers'
19 total needs. Many of those customers have already left QC, and are now customers
20 of the national competitors such as AT&T and MCI. For example, Mutual of Omaha
21 dismissed the combined QC and QCC response to a nationwide RFP in the first round
22 because we could not satisfy the single bill and single point of contact requirement set
23 forth in the RFP. With regard to other customers in the enterprise segment (those
24 who are in the enterprise category but not national or regional), QCC expects that the
25 customers it will be able to win over are about as likely to be a current customer of a
26 non-Qwest company as they are a QC customer.

1

2

V. OTHER PUBLIC BENEFITS; NATIONAL PUBLIC POLICY

3

4 **Q. BESIDES THE ABILITY TO PROVIDE "ONE STOP SHOPPING," WHAT DOES**
5 **QCC EXPECT TO BE ABLE TO OFFER TO INDUCE LOCAL EXCHANGE**
6 **CUSTOMERS TO SWITCH TO QCC FROM THE CURRENT PROVIDER?**

7 **A.** I cannot overemphasize the importance of one-stop shopping. It is a factor that, all
8 other things being equal, will influence a buying decision and may in some instances
9 be a firm requirement along with such other factors as repair response time and other
10 service level agreements. Those benefits to customers -- giving them exactly what
11 they want -- are entirely consistent with the goals of the Telecommunications Act of
12 1996—which were to benefit the public by providing for a pro-competitive, de-
13 regulatory national policy framework designed to accelerate rapid private sector
14 deployment of advanced telecommunications and information technologies and
15 services to all Americans by opening all telecommunications markets to competition.

16

17 **Q. ARE YOU AWARE OF ANY STATEMENT OF NATIONAL POLICY SUPPORTING**
18 **THE CONCLUSION THAT A 272 AFFILIATE SHOULD BE ALLOWED TO PROVIDE**
19 **LOCAL EXCHANGE SERVICES?**

20 **A.** Yes. In its Section 272 Non-Accounting Safeguards Order, paragraph 315, the FCC
21 concluded as a matter of national policy that regulations prohibiting Bell Operating
22 Company section 272 affiliates like QCC from offering local exchange service do not
23 serve the public interest. The FCC stated that the public policy goals of encouraging
24 competition and innovation in the telecommunications market are served by the
25 increased flexibility that results from the ability of the 272 affiliate to provide both
26 interLATA and local service. The FCC further concluded that there was no basis to

1 conclude that competition in the local market would be harmed if a section 272 affiliate
2 offers local exchange service to the public that is similar to local exchange service
3 offered by the BOC. The safeguards that are in place address concerns of unlawful
4 subsidization, preferential treatment, improper cost allocations, discrimination, and
5 predatory pricing.
6

7 **Q. DO YOU KNOW OF ANY REASONS WHY THE PUBLIC INTEREST QUESTION**
8 **SHOULD BE VIEWED DIFFERENTLY IN ARIZONA?**

9 A. No. I believe that the public interest in Arizona is well served by permitting QC's
10 section 272 affiliate to provide local exchange services and do not know of any
11 reasons why the Arizona situation is different from that found in other states.
12

13 **Q. DOES QCC HAVE THE NECESSARY STATE REGULATORY COMMISSION**
14 **AUTHORIZATIONS TO PROVIDE LOCAL EXCHANGE SERVICES IN OTHER QC**
15 **STATES, BOTH INSIDE AND OUTSIDE OF QC'S LOCAL SERVICE AREAS?**

16 A. Yes. QCC is authorized to provide local exchange service both inside and outside of
17 QC's local service areas in every state in which QC operates, except for Arizona.
18

1 **VI. ARIZONA CORPORATION COMMISSION DECISIONS**

2 **REGARDING NON-BOC LECS**

3
4 **Q. THE STAFF HAS STATED IN THIS PROCEEDING THAT THE COMMISSION HAS**
5 **PREVIOUSLY DENIED THE APPLICATION OF THE AFFILIATES OF OTHER LECS**
6 **TO PROVIDE LOCAL EXCHANGE SERVICE INSIDE THE SERVICE AREA OF THE**
7 **AFFILIATED LEC. PLEASE STATE YOUR VIEW OF THE PUBLIC POLICY**
8 **CONSIDERATIONS OF THOSE OTHER PROCEEDINGS AS CONTRASTED TO**
9 **THE QCC APPLICATION.**

10 **A. We believe that the state's denial of a CC&N to the affiliate of the non-BOC ILECs to**
11 **provide local exchange service inside the ILECs service area is contrary to the goals**
12 **of the Telecommunications Act of 1996 and specifically contrary to Section 253 of the**
13 **Act. Beyond that, however, the situations are strikingly different from this case, and**
14 **for that additional reason should not be held up as the public policy standard in**
15 **Arizona.**

16
17 First, it is important to take into account the demography of Arizona and compare the
18 population centers to the service areas of the different ILECs. It is apparent that the
19 largest market opportunity is inside the QC service area. When Valley Telecom's
20 CLEC affiliate is precluded from providing service to Willcox, it is still able to compete
21 for the opportunity to provide service to 99% of the population of Arizona. Compare
22 that to QCC: If QCC is precluded from serving inside QC's area, QCC is precluded
23 from serving approximately 90% of the Arizona population. The degree of preclusion
24 that is worked on the applicant is slight to the affiliate of the independent telco, but is
25 virtually total to the affiliate of the BOC.

1
2 Second, the independent telephone companies whose affiliates have sought local
3 exchange CC&Ns from this Commission enjoy an exemption from the provisions of
4 Section 251(c). Under the rural exemption, those LECs do not have to open their
5 networks to competitors by providing unbundled network elements, collocation, or
6 resale at wholesale rates. Thus, those independent telephone companies are not
7 facing the same degree or type of competition that QC faces in its service areas. To
8 the extent that the Commission might have looked for a healthy level of competition as
9 a reason to grant a CC&N to an affiliate of an ILEC, there was not likely any significant
10 competition present in those cases. As discussed above, in the case of QC in the
11 enterprise market, there is healthy competition. Therefore, there is a factual
12 difference, in that there is high competition in the case of QC, where there was none in
13 the case of the other ILECs.

14
15 **Q. DOES QCC EMBRACE THE LEVEL OF COMPETITION AS A TEST FOR**
16 **WHETHER THE CC&N SHOULD BE GRANTED TO QCC?**

17 **A.** No, but QCC is aware that Staff believes that the level of competition is relevant.
18 QCC only wishes to point out that, even under the Staff's theory, there is ample
19 competition to provide a justification for granting the limited certificate for QCC.

20
21 **Q. ARE THERE OTHER DIFFERENCES BETWEEN THE CIRCUMSTANCES OF QC**
22 **AS AN ILEC AND OTHER LECs IN ARIZONA THAT JUSTIFY DIFFERENT**
23 **POLICY?**

24
25 **A.** Yes. As I have already stated, because QC is restricted from interLATA service, it
26 cannot provide a total package of local and long distance services. The other ILECs

1 in Arizona do not have any limitations in that regard.

2
3 **VII. AFFILIATED INTEREST WAIVER**

4
5 **Q. PLEASE TURN TO THE ALJ'S FIRST QUESTION, CONCERNING THE**
6 **AFFILIATED INTEREST WAIVER:**

7
8 **"IF STAFF'S RECOMMENDATIONS IN ITS SUPPLEMENTAL STAFF**
9 **REPORT ARE ADOPTED, WHY IS IT UNNECESSARY FOR THE**
10 **COMMISSION TO LOOK AT THE CURRENT WAIVER FROM THE AFFILIATED**
11 **INTERESTS RULES HELD BY QCC'S PARENT QWEST CORPORATION**
12 **("QWEST"), GIVEN THAT QWEST'S COMPETITIVE AFFILIATE WOULD BE**
13 **ALLOWED TO COMPETE HEAD-TO-HEAD FOR QWEST'S REGULATED**
14 **BUSINESS? IN RESPONDING TO THIS QUESTION, THE PARTIES SHOULD**
15 **ADDRESS THE PURPOSE OF THE AFFILIATED INTERESTS RULES, AND**
16 **WHAT THE RISKS AND BENEFITS ARE OF KEEPING THE WAIVER IN**
17 **PLACE."**

18
19 **FIRST, WHAT DO YOU UNDERSTAND TO BE THE PURPOSE OF THE**
20 **AFFILIATED INTEREST RULES?**

21 **A.** I understand that the purpose of the Affiliated Interest Rules is to prevent utilities from
22 endangering their assets through transactions with their affiliates. The Rules do not
23 apply to transactions that do not occur in Arizona and which have no impact on the
24 provision of regulated services in Arizona.

25
26

1 Q. **WHAT DO THE AFFILIATED INTEREST RULES ADDRESS?**

2 A. The operative sections are Rules A.A.C. R14-2-803, 804, and 805. Essentially, Rule
3 803 provides that the Commission be notified of, and approve, of the organization or
4 reorganization of a public utility holding company; Rule 804 requires Commission
5 approval of described affiliate transactions; and Rule 805 imposes certain annual filing
6 requirements of diversification activities and plans. The waiver in question is a limited
7 waiver of Rule 803 only, regarding organization and reorganizations of the holding
8 company and affiliates. The Commission did not waive any requirement of Rules 804
9 and 805.

10

11 Q. **DOES THE PENDING QCC APPLICATION INVOLVE A CHANGE IN THE**
12 **CORPORATE STRUCTURE OF THE QWEST COMPANIES?**

13 A. No. QCC and QC already exist, as I described at the beginning of my testimony.

14 QCC's plans to expand the scope of its operations in Arizona do not require any
15 corporate restructuring.

16

17 Q. **DOES THE PENDING QCC APPLICATION NECESSITATE ANY CHANGES IN**
18 **QC'S CAPITAL STRUCTURE?**

19 A. No. The capital needs of QC, and the current methods of capitalization, will not need
20 to be changed when QCC proceeds with the business that will be authorized by this
21 Application.

22

23 Q. **WILL THERE BE A TRANSFER OF CUSTOMERS AND CUSTOMER REVENUES**
24 **FROM QC TO QCC?**

25 A. No, neither customers nor revenues will be assigned or conveyed from QC to QCC.

26 QC will remain in business and will continue to provide services to any customers who

1 wish to purchase from QC. QCC will compete for customers against other CLECs
2 who are able to meet all of the customer's requirements. When a customer decides to
3 purchase service from QCC, a new provider / subscriber relationship is established.
4

5 **Q. WILL THERE BE A TRANSFER OR LEASE OF OWNERSHIP OF ANY QC ASSETS**
6 **TO QCC?**

7 **A.** No. QC will not lease assets, or transfer ownership of any assets to QCC. QCC will
8 obtain use of QC assets in the same way that any CLEC uses QC assets – by buying
9 interconnection services, special access, collocation, unbundled network elements or
10 services for resale – all upon non-discriminatory terms and conditions available to all
11 CLECs equally.
12

13 **Q. BASED ON WHAT YOU HAVE SAID ABOVE, WILL QCC'S LAUNCH OF ITS NEW**
14 **BUSINESS, AUTHORIZATION FOR WHICH IS SOUGHT BY THIS APPLICATION,**
15 **BE AN EVENT THAT MUST BE REPORTED UNDER RULE 803?**

16 **A.** No. I do not expect a transaction of the type or kind about which notice of intent is
17 required to be given under Rule 803.
18

19 **Q. WHAT DO YOU UNDERSTAND TO BE THE SCOPE OF THE LIMITED WAIVER**
20 **QWEST HOLDS?**

21 **A.** The waiver in question is a limited waiver of Rule 803 only, regarding organization and
22 reorganizations of the holding company and affiliates. Rule 803 provides that the
23 Commission may reject a proposal for organization or reorganization if it determines
24 that it would impair the financial status of the public utility, otherwise prevent it from
25 attracting capital at fair and reasonable terms, or impair the ability of the public utility
26 to provide safe, reasonable and adequate service. Under Commission Decision No.

1 58087 rendered in 1992, the BOC operating company U S West Communications, Inc.
2 ("USWCI") and its ultimate parent company U S WEST, Inc. ("USWI") were granted a
3 limited waiver of A.A.C. R14-2-803. Under the limited waiver, USWI, USWCI, and all
4 affiliates of USWCI not regulated by the Commission were required to file a notice of
5 intent to organize or reorganize a public utility holding company only for those
6 organizations or reorganizations which were likely to: 1) result in increased capital
7 costs to USWCI; 2) result in additional costs allocated to the Arizona jurisdiction; or 3)
8 result in a reduction of USWCI's net operating income. No cumulative threshold or
9 "exempt" amount applied to any organization or reorganization planned by USWCI, its
10 parent USWI, or any affiliate of USWCI that would result in any or all of the three
11 impacts listed above. As part of the waiver, USWCI was required to file annually, at
12 the time it provides the information required by Rule 805, an affidavit from its Chief
13 Executive Officer which lists the transactions for which USWCI, its parent USWI or any
14 affiliate of USWCI not regulated by the Commission, had not filed a notice of intent
15 pursuant to the waiver granted, and which certified that such transactions would not
16 result in either increased capital costs to USWCI, additional costs being allocated to
17 the Arizona jurisdiction, or a reduction of USWCI's net operating income.

18 Subsequently, in 2002 the Commission examined the appropriateness of the limited
19 waiver previously granted in light of the fact that QCC intended to commence
20 provision of competitive interLATA services. In Decision No. 64654, the Commission
21 ordered that the limited waiver of Rule 803 is reaffirmed to apply to QCC, QC, their
22 affiliates and parent Qwest Communications International Inc. with the same terms.
23

24 **Q. HOW DOES RULE 803 APPLY TO QWEST IN LIGHT OF THE WAIVER?**

25 **A.** The Rule states that the Commission may reject a proposal for organization or
26 reorganization if it determines that it would impair the financial status of the public

1 utility, otherwise prevent it from attracting capital at fair and reasonable terms, or
2 impair the ability of the public utility to provide safe, reasonable and adequate service.
3 The Waiver, however, provides that Qwest need not provide advance notice to the
4 Commission unless the reorganizations are likely to have the adverse impacts
5 described above. It appears that the wording used in the waiver is an attempt to be
6 more precise about the types of transactions that would need to be filed under the
7 rule. It is therefore my opinion that the purpose of the waiver is to state that Qwest is
8 not required to file every transaction under the affiliate interest rules. In other words, I
9 believe that the Waiver provides for a *de minimus* exception to the advance reporting
10 and approval requirement.

11
12 **Q. IS THAT ADEQUATE PROTECTION OF THE PUBLIC INTEREST?**

13 A. As the Commission Staff reported in its consideration of the Waiver in Docket No. T-
14 02811B-01-0456, as reported in Decision No. 64654, the partial waiver of the Rules
15 has served as a safety net through which transactions inconsequential to Arizona
16 have passed, while larger transactions with more significant consequences to the
17 Arizona jurisdiction are processed.

18
19 **Q. HOW WOULD THE WAIVER OPERATE IN THE CASE OF QCC'S PROPOSED
20 LOCAL EXCHANGE BUSINESS?**

21 A. As I stated previously, I do not foresee that there will be a proposed transaction of the
22 type or kind about which notice of intent is required to be given under Rule 803.
23 Obviously, the Waiver does not come into play if the underlying rule does not apply.
24 If, there is a reorganization in the future, it will have to be noticed to the Commission if
25 it falls outside the scope of the waiver. In other words, the Waiver will not screen out
26 any requirement to file a transaction for approval if it is one that will impair its financial

1 status, prevent QC from attracting capital at fair and reasonable terms, or impair the
2 ability of the public utility to provide safe, reasonable and adequate service. The
3 Waiver is not a complete waiver from the rule.
4

5 **Q. BASED ON THE FOREGOING DISCUSSION, WHAT SHOULD THE COMMISSION**
6 **DO WITH RESPECT TO THE CURRENT LIMITED WAIVER OF RULE 803?**

7 A. No action should be taken. The QCC Application, in conjunction with the limited
8 Waiver of Rule 803, does not, without an associated reorganization, trigger a Rule 803
9 filing. Should a reorganization which has an impact on QC in Arizona that is more
10 than inconsequential ever become necessary, the Waiver will not relieve QC or QCC
11 from making a filing with this Commission, in advance of consummating the
12 transaction.
13

14 **Q. WHAT OTHER LAWS AND REGULATIONS PROTECT AGAINST THE POTENTIAL**
15 **FOR ABUSE THAT YOU CONSIDER RELEVANT TO THE COMMISSION'S**
16 **CONSIDERATION OF THIS QUESTION?**

17 A. There are a number of specific laws and regulations. The following is not intended to
18 be an exhaustive listing.

- 19 1. The other Affiliated Interest Rules, 804 and 805, are not subject to any waiver.
- 20 2. Slamming rules prohibit a carrier from switching a customer without having
21 customer consent.
- 22 3. Neither QC nor QCC, both of which are public service corporations under
23 Arizona law, may sell, lease, assign, mortgage or otherwise dispose of or
24 encumber the whole or any part of plant, or system *necessary or useful* in the
25 performance of its duties to the public without first having secured from the
26 commission an order authorizing it so to do.

1 or of the limited waiver Qwest has for Rule 803, is necessary or appropriate. If Staff
2 believes, on the other hand, that the Commission's Rule 803 is somehow inadequate,
3 it should petition for a rule modification rather than try to impose a new Rule on Qwest
4 in this CC&N docket.
5

6 **IX. LACK OF RELATIONSHIP BETWEEN THE CONDITIONS STAFF ATTACHES TO**
7 **ITS "ALTERNATIVE RECOMMENDATIONS" AND THE PUBLIC INTEREST**
8 **CONCERNS STAFF IDENTIFIES**
9

10 **Q AT NEARLY EVERY QUESTION IN STAFF'S SUPPLEMENTAL DIRECT**
11 **TESTIMONY, STAFF CONDITIONS ITS SUPPORT OF ITS ALTERNATIVE**
12 **RECOMMENDATION UPON THE REPORTING REQUIREMENTS. DO THE**
13 **REPORTING REQUIREMENTS ADDRESS THE PUBLIC INTEREST CONCERNS**
14 **THAT HAVE BEEN HYPOTHESIZED BY THE STAFF, OR THE QUESTIONS**
15 **ASKED BY THE ALJ?**

16 **A.** The reporting requirements Staff insists are the answer to every public interest
17 concern will not have any effect as a preventive measure to the issues Staff has listed,
18 nor will they provide an accurate measure of the effects of competition.
19

20 As I have previously testified, Staff seeks to impose reporting requirements on both
21 QC and QCC which have not been imposed on any other LEC or competitive carrier.
22 In a competitive environment, which clearly exists in Arizona, individual carriers should
23 not be singled out and subjected to different and burdensome regulatory
24 requirements. There is a fundamental flaw in the Staff's recommended reporting
25 requirement (which in and of itself is discriminatory). Staff concedes that robust
26 competition is at work in the enterprise sector. Staff believes it is well and good when

1 an entity not affiliated with QC takes customers from QC, and Staff does not have any
2 concern about the effects on QC or its ratepayers. However, Staff seems to believe,
3 that in that same competition, it is anti-competitive or somehow otherwise not in the
4 public interest when QCC successfully wins a customer. Staff's reporting
5 requirements are flawed because they will only portray QC customer losses to QCC,
6 with a view toward the next QC rate case, without taking into account that other
7 carriers continue to carve the market, and that any customer that QCC wins would
8 likely have become a customer of some other carrier if QCC had not been in the
9 business. These reporting requirements only track movement of customers from QC
10 to QCC, and do not track movement that goes the other way, or movement that
11 involve a nonaffiliated competitor.

12
13 Furthermore, the Staff's reporting requirements that purport to track movement of
14 customers and revenue from QC to QCC are vague. It is not clear whether the reports
15 it requests in its recommendations 8 b 1-3 are snapshots in time for movements in the
16 previous 6 months, or whether Qwest must track customers' wanderings between QC
17 and QCC for 3 years. Contrary to Staff's earlier testimony, this one-sided reporting
18 does not assess the degree of competitiveness in the market.

19
20 The reporting Staff requests in its recommendations 8 b 1-3 will require a new record-
21 keeping effort. Current systems in Qwest do not have the capability to track in that
22 manner.

23

1 **X. ALTERNATIVES TO THE REPORTING STAFF REQUESTS**

2
3 **Q. ARE THERE ALTERNATIVE DATA COLLECTION PROPOSALS THAT OTHER**
4 **STATE COMMISSIONS HAVE IDENTIFIED THAT ADDRESS THE REGULATORS'**
5 **CONCERNS AND THAT ARE EASIER TO ADMINISTER THAN THE STAFF'S**
6 **PROPOSED REQUIREMENTS IN 8. B 1-3 OF ITS SUPPLEMENTAL STAFF**
7 **REPORT FILED ON MAY 13, 2005?**

8
9 **A. Yes. In 2005, the Iowa Utilities Board opened a rulemaking proceeding, and imposed**
10 **rules applicable to ILECs with CLEC affiliates. Those rules require any ILEC with a**
11 **CLEC affiliate operating in its incumbent territory to file agreements between the ILEC**
12 **and the affiliated CLEC as they are made, and present the following data in the ILEC's**
13 **annual report:**

- 14 a. The number of local numbers ported by the ILEC to nonaffiliated CLECs.
15 b. The number of local numbers ported by the ILEC to its affiliated CLEC.
16 c. The number of unbundled network element loops (UNE-Ls) provided by the
17 ILEC to nonaffiliated CLECs.
18 d. The number of UNE-Ls provided by the ILEC to its affiliated CLEC.
19 e. The number of unbundled network element platforms (UNE-Ps), or their
20 equivalent, provided by the ILEC to nonaffiliated CLECs.
21 f. The number of UNE-Ps, or their equivalent, provided by the ILEC to its
22 affiliated CLEC.
23 g. The number of resale access lines provided by the ILEC to nonaffiliated
24 CLECs.
25 h. The number of resale access lines provided by the ILEC to its affiliated CLEC.
26 i. The number of central office collocation sites provided by the ILEC to

1 nonaffiliated CLECs.

2 j. The number of central office collocation sites provided by the ILEC to its
3 affiliated CLEC.

4

5 Qwest has the capability to track this information without creating costly special
6 tracking.

7

8 **Q. DOES QCC RECOMMEND THE IOWA REPORTING REQUIREMENTS IN THIS**
9 **CASE?**

10 A. Yes. We believe that these are reasonable and achievable requirements if the
11 Commission determines supplemental information about QC sales to QCC and to
12 other CLECs is necessary.

13

14 **Q. PLEASE ADDRESS WHETHER THERE ARE ANY ALTERNATIVES TO STAFF'S**
15 **REQUIREMENT FOR QWEST TO PROVIDE REPORTS FROM THE LERG (STAFF**
16 **SUPPLEMENTAL REPORT, CONDITION 8. B. 5).**

17

18 A. We have spoken directly to representatives of Telcordia, who state that regulatory
19 agencies may have direct access to the LERG. The number of users, frequency of
20 use, and the purpose are evaluated by Telcordia in its determination of whether to
21 allow access, and whether there is a charge. It is not uncommon for Telcordia to
22 provide regulatory agencies with access to the LERG without charge.

23

24

1 **XI. WHY SHOULD QCC BE ALLOWED TO TAKE CUSTOMERS AWAY FROM QC?**

2
3 **Q. PLEASE ADDRESS THE ALJ'S SECOND QUESTION, WHICH IS AS FOLLOWS:**

4
5 **"WHY SHOULD QCC BE ALLOWED TO TAKE CUSTOMERS AND THEIR**
6 **ASSOCIATED REVENUES AWAY FROM QWEST, THE REGULATED**
7 **ENTITY?"**

8
9 **A.** This question makes two incorrect assumptions: (1) that any customer QCC wins will
10 have been a QC customer; and/or (2) that QCC would simply transfer customers from
11 QC. QC will not move its customers and it cannot do so legally. Rather, QCC will
12 compete for a subscriber's business. Customers who want to switch to QCC will be
13 entering a new provider / subscriber relationship, just as would be the case when a
14 non-affiliated provider wins the customer's business.

15
16 QCC should be allowed to take customers from QC and from other carriers because
17 the national and state telecommunications policy favors innovation, customers having
18 the ability to choose among carriers and competition. As I previously testified, the
19 FCC specifically addressed this situation and ruled that permitting a BOC affiliate to
20 provide both interLATA and local services from a single entity will serve the public
21 interest by encouraging deployment of new and innovative services. Any concerns
22 about accounting and discrimination are fully addressed by FCC accounting rules,
23 audits under Section 272 as well as specific non-discrimination rules under Section
24 272

25
26 Implicit in the Staff's argument giving rise to this question are assumptions that the

1 market is static and that QC is a monopoly. Neither assumption is correct. Further,
2 the question does not recognize that the Second Supplement to the Application limits
3 the CC&N request to the enterprise market. Because the enterprise market is
4 competitive, enterprise customers are free to choose from among a number of
5 telecom service providers, and a large number have already chosen providers other
6 than QC. As Staff correctly noted in its supplemental report dated May 13, 2005, the
7 Enterprise market is "a market segment in which it [QC] has diminished presence. Id.
8 p. 3. Staff also concluded in its supplemental report dated May 13, 2005, "The
9 Enterprise Market is highly competitive." Hearing Exhibit S-2, p. 2. Because
10 enterprise customers have left QC, or may freely do so, the question is not whether
11 QCC should be allowed to take customers from QC, but rather whether any Qwest
12 company will be allowed to try to successfully compete in the enterprise market
13 against large well-funded carriers that currently focus on this market segment.

14
15 Whether any Qwest company can successfully compete in the enterprise market
16 depends in significant part on whether any Qwest company can bring to customers the
17 "one stop shopping" that enterprise customers demand and that existing competitors
18 currently offer. Enterprise customers require that their telecom carrier of choice be
19 able to provide a suite of services, including local and interLATA. Because of Section
20 272 limitations applicable only to Bell Operating Companies (QC), unless the CC&N
21 requested by QCC in this docket is granted, no Qwest company is legally allowed to
22 provide the "one stop" total solutions enterprise customers increasingly require.

23

24

1 **XII. QC AND QCC REVENUES FROM A RATEMAKING PERSPECTIVE**

2
3 **Q. PLEASE ADDRESS QUESTION 3 FROM THE ALJ:**

4
5 **“WHAT IS THE DIFFERENCE IN THE WAY QWEST (QC) AND QCC**
6 **REVENUES WOULD BE TREATED FROM A RATEMAKING PERSPECTIVE,**
7 **AND WHAT WILL THE EFFECT OF THE DIFFERENCE BE ON QC’S**
8 **REVENUES AND FUTURE RATES?”**

9
10 **A. QCC's operations will not have any adverse impact on the revenue and financial**
11 *viability of QC differently than the opening of local exchange markets to competition*
12 *has had generally on QC. As noted above, the enterprise market is highly*
13 *competitive, and QC has a diminished presence in that market. A combination of very*
14 *large competitors such as AT&T and MCI, and smaller but aggressive competitors,*
15 *such as McLeod, Time Warner, and XO, are competing for enterprise customers. To*
16 *the extent that those competitors use their own facilities that bypass the QC network*
17 *to provide local exchange service, QC has lost income and suffered stranded*
18 *investment. To the extent that those competitors provide local exchange services to*
19 *their subscribers over the facilities of QC through wholesale service arrangements,*
20 *QC is compensated for that use at rates established or approved by the Arizona*
21 *Corporation Commission.*

22
23 As I testified at the hearing on May 17, 2005, QCC owns and operates a network for
24 its data services and long distance services, and will augment those facilities and
25 connect those facilities to local facilities that QCC might obtain from QC or from
26 another provider. (Examination by ALJ Wolfe of Mary Ferguson Lafave, TR at 94,

1 May 17, 2005). Rather than construct new facilities or purchase facilities from other
2 providers where QC has facilities but QCC does not, QCC will incorporate QC network
3 facilities or services into the QCC network, through purchasing QC retail services at
4 tariff rates, through purchasing QC services for resale, or through purchasing
5 unbundled network elements from QC. In each case, QC is compensated for that use
6 at rates established or approved by the Arizona Corporation Commission. The
7 Commission has found that those rates are just and reasonable, and adequately
8 compensate QC. The premise under which QC's wholesale rates were established
9 was that QC would recover all, but its avoided costs, and would, therefore, be kept
10 financially whole. Therefore, to the extent that QC's retail revenues decrease as a
11 result of competitive losses to QCC, there will also be an anticipated decrease in QC's
12 retail costs or in its long run incremental costs of providing network functions and an
13 increase in QC's wholesale revenues. This equation is no different than what has
14 been occurring in Arizona through thousands of transactions between QC and CLECs
15 since passage of the federal 1996 Telecommunications Act.

16
17 Staff has concluded that the enterprise market is highly competitive. By logical
18 extension, QC's revenues and customer share are not guaranteed or fixed. Failure to
19 permit QCC to compete in the enterprise market will not keep QC's revenues from
20 declining. It will only provide a competitive advantage to providers other than QC or
21 QCC and maximize QC losses to the extent existing QC customers choose to receive
22 service from providers who have invested in their own facilities. To the extent there is
23 a concern about the effect QCC's operations have on QC's financial condition, the
24 appropriate venue would be before the Commission in a future wholesale cost / rates
25 docket, rate case or AFOR proceeding where issues can be addressed on a fact
26 specific basis taking all of the competitive effects into account, not just the

1 consequences of QCC operations. In the meantime, there is no indication in this
2 record or the associated evidence that QC will experience adverse economic
3 consequences from this application being granted.
4

5 **XIII. EFFECTS ON MAINTENANCE**
6

7 **Q. PLEASE RESPOND TO THE ALJ'S FOURTH QUESTION:**
8

9 **"HOW CAN THE COMMISSION INSURE THAT MAINTENANCE AND**
10 **EXPANSION OF QWEST'S INFRASTRUCTURE WILL NOT SUFFER AS A**
11 **RESULT OF ALLOWING QCC TO TAKE CUSTOMERS AND THEIR**
12 **REVENUES AWAY FROM QWEST?"**
13

14 **A.** I would like to address the premise of this question, which seems to imply that, absent
15 QCC's presence in the market, QC's maintenance expenses would either be static, or
16 possibly even increase. This premise is not correct and is not supported by any
17 evidence. QC's maintenance expense is, in part, a function of the number of
18 customers it serves and denial of QCC's CC&N would not guarantee that QC would
19 not lose customers to other providers. It is reasonable to expect that QC's
20 maintenance expenses will decrease as it loses customers to other providers,
21 regardless of whether that provider is QCC or an unaffiliated CLEC.
22

23 As noted above, QC's maintenance of its network will not be affected. There are
24 already two significant means by which QC is compelled to properly maintain its
25 network in Arizona. First, through QC's Service Quality Tariff, the Commission has
26 established a process for dealing with the effects of poor maintenance of QC's

1 network facilities. This tariff provides strong incentives for QC to provide adequate
2 levels of service in Arizona. Declines in QC's performance can result in significant
3 financial penalties and/or credits to customers. Second, the presence of aggressive
4 competitors in the Arizona market will require QC to maintain a high quality of service
5 if it is to compete successfully. This combination of regulatory oversight and
6 competitive pressure should provide adequate assurance that QC will continue to
7 maintain its network.

8
9 **XIV. REPLY TO STAFF'S RESPONSE TO QUESTION 5—CHANGES STAFF**
10 **SUGGESTS TO THE WAIVER?**

11
12 **Q. THE ALJ ASKED THE STAFF TO RESPOND TO THE FOLLOWING QUESTION:**

13
14 **"IF ALL OF STAFF'S RECOMMENDATIONS IN ITS SUPPLEMENTAL STAFF**
15 **REPORT ARE NOT ADOPTED, WHAT CHANGES TO THE EXISTING**
16 **WAIVER WOULD STAFF RECOMMEND, AND WHAT PROCEDURE WOULD**
17 **STAFF PROPOSE FOR EFFECTING ANY RECOMMENDED CHANGES?**

18
19 **HOW DO YOU RESPOND TO THE STAFF'S ANSWER?"**

20 **A.** I certainly applaud the Staff for recognizing the degree of competition in the enterprise
21 market in Arizona, but totally fail to see any nexus between the state of competition in
22 that market and the need for the burdensome and unreasonable data demands it
23 seeks to impose on QC and QCC in the name of being able to quantify any adverse
24 impact on QC and its ratepayers.

25
26 In summary, QCC does not believe that revisiting the waiver is appropriate or

1 necessary. Existing Arizona utility regulation statutes, Arizona Commission and FCC
2 rules related to affiliate transactions and consumer or competitor complaints
3 adequately address any concerns raised by QCC's limited request to operate as a
4 competitive local exchange carrier (CLEC) in Arizona. Further, the pending QCC
5 application for CLEC authority has no effect on Qwest's existing corporate structure.
6 Arizona consumers would in no way benefit from the waiver being further limited or
7 eliminated. The existing waiver does not preclude Arizona Commission review of any
8 future financial transactions between Qwest Corporation (the ILEC) and any
9 prospective affiliated telecommunications service provider. In addition it does not
10 exempt any Qwest company from filing the information currently required in the annual
11 affiliated interest reports of intrastate telecommunications service providers, including
12 both QC and QCC. However, the waiver is necessary to ensure that the public utility
13 and the Arizona Commission are not burdened with review of transactions that do not
14 occur in Arizona; and that have no impact on the provision of regulated services in
15 Arizona. No party to this proceeding has articulated a reason why the existing waiver
16 should be further limited or revoked.

17
18 **XV. ACTIONS BY OTHER STATE REGULATORY AGENCIES**

19
20 **Q. HOW HAVE OTHER STATES ADDRESSED THE CONCERNS RAISED BY STAFF?**

21 **A.** Eleven of the fourteen states in QC's incumbent territory approved QCC's requests for
22 authority or certificates to compete without any restrictions not also applicable to other,
23 non-affiliated CLECs. Two of the fourteen states have addressed concerns similar to
24 those addressed by Staff in this proceeding.
25
26

1 Q. HAVE ANY STATES RESTRICTED QCC FROM SELLING ITS SERVICES TO ANY
2 CONSUMERS, AS STAFF SUGGESTS?

3 A. No. There seems to be some misunderstanding on this point. No state has limited
4 QCC to serving only certain types of consumers or consumers in certain areas, as
5 Staff proposes. Two states, Iowa and Nebraska, have imposed some disclosure and
6 reporting requirements, but in a manner and context far different than that presented
7 here. The states that have enacted disclosure requirements to monitor the
8 competitive effects of affiliated CLECs operating in ILEC territory have done so by
9 rulemakings of general application, not a certificate-specific set of restrictions as Staff
10 proposes here. See my earlier testimony at page , infra.
11
12

13 Q. DID THE NEBRASKA PUBLIC SERVICE COMMISSION ALSO INITIATE AND
14 CONCLUDE A RULEMAKING ON THIS ISSUE IN 2005?

15 A. Yes. The Nebraska Public Service Commission ("NPSC") proposed rules apparently
16 modeled on the Iowa rules,² but it seems the NPSC found even those requirements
17 excessive, as only one of the twelve disclosure requirements adopted in Iowa was
18 even proposed in Nebraska. Mr. Abinah mentions at page 14 of his testimony that
19 "the Nebraska order clearly places reporting obligations on QC even though the CLEC
20 authority was granted to QCC in an application to which QC was not even a party."
21 This statement appears to misread what the Nebraska PSC actually did. In 1998, the
22 Nebraska PSC adopted an order in an investigative docket³ that purported to have
23 statewide and general application. In that order, the Nebraska PSC imposed certain
24 restrictions on the operations of affiliated CLECs in ILEC territory.⁴ QCC applied for a

² Nebraska PSC Docket No. Rule and Regulation 164, Order Opening Docket, March 29, 2005.

³ Nebraska PSC Docket No. C-1839.

⁴ Nebraska PSC Docket No. C-1839, Order Dated December 15, 1998, p. 3-5.

1 certificate in Nebraska in 2004, and the Nebraska PSC granted that application,
2 subject to the restrictions in place from the 1998 order.⁵ In the order granting QCC's
3 certificate, however, the Nebraska PSC invited QCC to initiate a docket of general
4 application requesting that the 1998 order be lifted.⁶ Shortly after QCC initiated such
5 an action, the Nebraska PSC initiated a formal rulemaking proceeding, and pursuant
6 to that proceeding, adopted rules requiring any ILEC with a CLEC affiliate operating in
7 its incumbent territory to file agreements between the ILEC and the affiliated CLEC as
8 they are made, and also to annually file the number of resale access lines provided by
9 the ILEC to its affiliated CLEC.⁷

10
11 **Q. WHAT DO THESE PROCEEDINGS LEAD YOU TO CONCLUDE?**

12 A. There are no formal parties to a rulemaking, contrary to what Mr. Abinah suggests in
13 his testimony. Rulemakings have general application, as to which comment from all
14 members of the public is usually invited. In contrast, in this proceeding, there are
15 formally defined parties. Even so, Staff proposes that the Commission impose
16 requirements on QC, a non-party to this proceeding. Such a result might take fewer
17 steps, but seems to contradict proper procedure. Should this Commission elect to
18 restrict QCC's operations unlike any other state in Qwest's incumbent territory, the
19 Commission should at least follow the procedural example of Nebraska and Iowa, and
20 impose such restrictions by a rulemaking, not through this docket.

21
22 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

23 A. Yes.

⁵ Nebraska PSC Docket No. C-3201, Order Dated December 14, 2004, p. 5.

⁶ *Id.*

⁷ Nebraska PSC Docket No. Rule and Regulation 164, Order Issuing Certificate of Adoption, June 7, 2005.

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLI CATION)
OF QWEST COMMUNICATIONS)
CORPORATION D/B/A QWEST LONG)
DISTANCE FOR EXTENSION OF ITS)
EXISTING CERTIFICATE OF)
CONVENIENCE AND NECESSITY TO)
INCLUDE AUTHORITY TO PROVIDE)
RESOLD AND FACILITIES-BASED)
LOCAL EXCHANGE AND RESOLD LONG)
DISTANCE SERVICES IN ADDITION TO)
ITS CURRENT AUTHORITY TO PROVIDE)
FACILITIES-BASED LONG DISTANCE)
SERVICES, AND PETITION FOR)
COMPETITIVE CLASSIFICATION OF)
PROPOSED SERVICES WITHIN THE)
STATE OF ARIZONA)

STATE OF COLORADO) :
COUNTY OF DENVER)

DOCKET NO. T-02811B-04-0313

AFFIDAVIT OF
MARY F. LAFAVE

SS

Mary F. Lafave, of lawful age being first duly sworn, deposes and states:

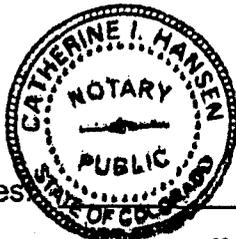
1. My name is Mary F. Lafave. I am Staff Director – Public Policy for Qwest Services Corporation in Denver, Colorado. I have caused to be filed written rebuttal testimony in Docket No. T-02811B-04-0313.
2. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.

Further affiant sayeth not.



Mary F. Lafave

SUBSCRIBED AND SWORN to before me this 12th day of August, 2005.

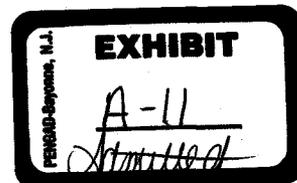




Notary Public

My Commission Expires _____

My Commission Expires July 25, 2008



BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF QWEST CORPORATION'S) DOCKET NO. T-01051B-03-0454
FILING AMENDED RENEWED PRICE)
REGULATION PLAN)

IN THE MATTER OF THE INVESTIGATION OF THE) DOCKET NO. T-00000D-00-0672
COST OF TELECOMMUNICATIONS ACCESS)

SURREBUTTAL TESTIMONY

OF

MICHAEL L. BROSCHE

**ON BEHALF OF THE STAFF OF THE
ARIZONA CORPORATION COMMISSION**

CONFIDENTIAL VERSION

JANUARY 12, 2005

Brosch

1 ignoring how those same high depreciation accruals are causing Arizona Intrastate
2 rate base to decline significantly with each passing year.

3
4 Q. Is there also an omission in the "Arizona Retail Access Lines" graph appearing at
5 page 3 of Mr. Grate's rebuttal?

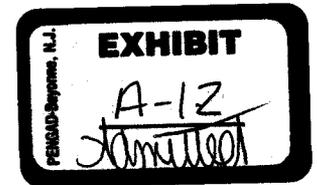
6 A. The confidential graph appears to depict the shift from historically growing access
7 line counts toward declining retail line counts starting in 2001. However, the scaling
8 of the graph tends to visually amplify the apparent trend. Rather than an apparent
9 massive loss of lines, the actual percentage decline is more accurately stated as the
10 confidential figure set forth at Mr. Grate's page 2, line 12. More substantively, the
11 complete omission of wholesale access line counts from the graph obscures the fact
12 that Qwest is collecting considerable new and growing revenues by serving many of
13 its departing retail customers on a wholesale basis. Qwest wholesale access lines
14 have increased by more than xxxxxx lines since early 2001, offsetting some of the
15 retail access line declines recognized in Mr. Grate's graph.⁴

16 **DISALLOWANCE STANDARDS**

17 Q. At page 63 of his Rebuttal, Mr. Grate notes that almost 20 pages of his Direct
18 Testimony were directed toward what he calls the Commission's "Disallowance
19 Standards", and then he states, "In my opinion, some of the standards that have been
20 employed in prior Arizona rate cases provide inadequate protection to investors
21 under current circumstances. The disallowances that are the subject of this portion of
22 my testimony represent ratemaking standards that provide investors inadequate
23 protection." Do you believe the Commission must predetermine any specific
24 "disallowance standards" so as to better protect investor interests?

25 A. No. I am advised by Counsel that the Commission is required to consider and weigh
26 all relevant evidence before determining whether any specific utility-incurred costs
27 are properly included in ratemaking proceedings. In my experience, this process
28 does not require and is not conducive to the application of any rigid, formulistic

4 Confidential Response to Data Request UTI 11-7, Attachment A, comparing January 2001 through



BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF QWEST CORPORATION'S) DOCKET NO. T-01051B-03-0454
FILING AMENDED RENEWED PRICE)
REGULATION PLAN)

IN THE MATTER OF THE INVESTIGATION OF THE) DOCKET NO. T-00000D-00-0672
COST OF TELECOMMUNICATIONS ACCESS)

DIRECT TESTIMONY

OF

MICHAEL L. BROSCHE

**ON BEHALF OF THE STAFF OF THE
ARIZONA CORPORATION COMMISSION**

CONFIDENTIAL VERSION

("Highlighted" Text Denotes Confidential Material)

NOVEMBER 18, 2004

1 general conclusion annual revenue are presently adequate to meet ongoing costs, after
2 adjustment is made to reduce depreciation accrual rates.

3 With respect to competition, it is obvious that Intrastate revenues have
4 declined considerably since the inception of the Plan, due to both volume reductions
5 associated with competition and economic conditions as well as the price reductions
6 implemented pursuant to the Plan. However, Qwest has managed to reduce its cost
7 levels and maintain revenues at levels adequate to produce adequate returns on
8 Intrastate rate base investment on after adjustments to normalize test year
9 information. As noted above, Arizona Intrastate cash flows are strong and more than
10 adequate to service the existing high debt levels reasonably allocated to Arizona.

11
12 Q. In the event the Commission approves continued use of a Price Cap form of
13 regulation for Qwest in the future, should the Company be required to prepare and
14 submit financial information indicating its achieved operating income, rate base and
15 return on investment?

16 A. Yes. Intrastate earnings and revenue requirement data will continue to be useful in
17 future Commission review and modification of Price Cap Plan regulation in Arizona.
18 Therefore, during the term of any renewed Price Cap Plan, I recommend that, the
19 Commission require annual filings each April 1 that report summarized earnings and
20 revenue requirement data for each calendar year. These filings should present
21 detailed test period intrastate earnings and rate base results prepared on a basis of
22 accounting consistent with ratemaking principles established by the Commission,
23 inclusive of the Commission's resolution of the following adjustments that should
24 narrow disputed issues at that time:

- 25 • Imputation of \$72 million of directory revenues
- 26 • Calculation of Depreciation expense/reserves at ACC approved rates
- 27 • Accrual basis accounting for OPEBs (per Carver testimony)
- 28 • Fixed cash working capital amount (per Brosch testimony)
- 29 • SOP 98-01 accounting for software (per Carver testimony)
- 30 • Pension asset in rate base (per Carver testimony)