



ORIGINAL

RECEIVED

BEFORE THE ARIZONA CORPORATION COMMISSION

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

2004 JAN 21 P 2:41

MARC SPITZER  
Chairman  
WILIAM A. MUNDELL  
Commissioner  
JEFF HATCH-MILLER  
Commissioner  
MIKE GLEASON  
Commissioner  
KRISTIN K. MAYES  
Commissioner

AZ CORP COMMISS  
DOCUMENT CONTROL

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

Docket No. T-01051B-03-0454

NOTICE OF FILING  
PROPOSED AMENDMENTS

Attached hereto are the Utilities Division's proposed Amendments 1 and 2 in the above-referenced matter. These proposed Amendments are intended to reflect the Exceptions that were filed by Staff on January 8, 2004.

RESPECTFULLY SUBMITTED this 21st day of January, 2004.

Christopher C. Kempley, Chief Counsel  
Maureen A. Scott, Attorney  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007  
(602) 542-3402

Original and 13 copies of the foregoing  
filed this 21st day of January, 2004  
with:

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, AZ 85007

Arizona Corporation Commission  
**DOCKETED**  
JAN 21 2004

DOCKETED BY

1 Copy of the foregoing mailed this 21st  
day of January 2004 to:

2 Jane L. Rodda  
3 Administrative Law Judge  
4 400 West Congress Street  
Tucson, AZ 85701

5 Timothy Berg  
6 Theresa Dwyer  
7 Darcy R. Renfro  
8 Fennemore Craig, P.C.  
3003 N. Central, Suite 2600  
Phoenix, AZ 85012-2913  
Attorneys for Qwest Corporation

9 Todd Lundy  
10 Qwest Law Department  
1801 California Street  
Denver, CO 80202

11 Joan S. Burke  
12 Osborn Maledon, P.A.  
2929 N. Central, Suite 2100  
13 Phoenix, AZ 85012-2794  
Attorneys for AT&T Communications  
14 Of the Mountain States and TCG Phoenix

15 Richard S. Wolters  
16 AT&T Communications of the  
Mountain States  
17 1875 Lawrence Street, Suite 1503  
Denver, CO 80202-1870

18 Scott S. Wakefield  
19 Chief Counsel  
RUCO  
20 1110 W. Washington, Suite 220  
Phoenix, AZ 85007

21 Michael W. Patten  
22 Roskhka Heyman & DeWulf, PLC  
400 E. Van Buren Street, Suite 800  
Phoenix, AZ 85004

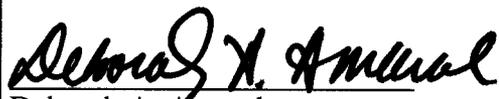
23 Mark A. DiNunzio  
24 Cox Arizona Telcom, LLC  
20401 North 29<sup>th</sup> Avenue  
25 Phoenix, AZ 85027

26 Thomas H. Campbell  
27 Michael T. Hallam  
Lewis and Roca  
40 North Central Avenue  
28 Phoenix, AZ 85004

1 Thomas F. Dixon  
WorldCom, Inc.  
2 707 17<sup>th</sup> Street, 39<sup>th</sup> Floor  
Denver, CO 80202

3 Patrick A. Clisham  
4 AT&T Arizona State Director  
320 E. Broadmoor Court  
5 Phoenix, AZ 85022

6 Eric S. Heath  
Sprint Communications Company  
7 100 Spear Street, Suite 930  
San Francisco, CA 94105

8  
9   
10 Deborah A. Amaral  
Assistant to Maureen A. Scott

11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

<b>THIS AMENDMENT:</b>		
_____ Passed _____	Passed as amended by _____	
_____ Failed _____	_____ Not Offered _____	_____ Withdrawn _____

**UTILITIES DIVISION AMENDMENT # 1**

DATE PREPARED: January 21, 2004

COMPANY: Qwest Corporation

AGENDA ITEM NO.

DOCKET NO. T-01051B-03-0454

OPEN MEETING DATE: January 29, 2004

**PAGE 5, LINE 27 and PAGE 6 LINES 1-3, DELETE the following language:** "does not continue beyond the initial term of the Plan. The limitation on the term of the Price Index found in Section 2(b) does not appear to apply to the Plan as a whole or to other specific terms. Thus, the hard cap on basic services in Section 2(c)(i) is not similarly limited to the initial term." And **INSERT** the following in its place "for the third year of the Plan from April, 2003 to April 2004, is required to be made on April 1, 2004. Other language of the Plan also supports this result. See Para. 4 entitled "Price Cap Plan" of the Settlement Agreement ("The productivity offset for each year of the initial term applied to the Price Index Basket 1 shall be equal to (GDP-PI) -X, where zero is equal to or greater than '(GDP-PI) - X"). In addition, the Price Cap Plan contains a Continuation Clause which requires that the "Plan" remain in effect until the Commission approves a new or modified plan or renews or terminates the existing Plan. The Continuation Clause states as follows:

**"Renewal or modification of the Price Cap Plan at the end of the initial term is subject to approval by the Commission. Until the Commission approves a renewed or modified Price Cap Plan, or orders a termination of the Plan after its initial term, the Plan including the hard caps on Basket One Services set forth in paragraph 2(c)(i) shall continue in effect."**

Testimony and other statements at the hearing on this matter indicate that the party's intent was that the Basket 1 Index mechanism and adjustment would remain in place pending an Order by the Commission approving another Plan or terminating the existing Plan. Elimination of such an integral part of the Plan would also raise concerns under Scates. Further, the hard cap on basic services in Section 2(c)(i) is not limited to the initial term either."

**PAGE 9, LINES 24-25, DELETE FINDING OF FACT 10 AND INSERT IN ITS PLACE:** "The language of the Price Cap Plan is clear that Qwest must make the adjustment for the third year of the Plan, (from April 1, 2003 to April 1, 2004), effective April 1, 2004. The Continuation Clause of the Agreement also clearly requires the existing Plan to remain in effect until the Commission renews the existing Plan, approves a new or revised Plan, or terminates the existing Plan. To the extent there is any ambiguity, statements of the parties support the position

that Basket One Inflation/Productivity mechanism remains in place pending Commission action on a new Plan.”

**PAGE 10, LINES 15-18, DELETE THE FIRST ORDERING PARAGRAPH AND INSERT IN ITS PLACE: “IT IS THEREFORE ORDERED** that consistent with the language of the Price Cap Plan, Qwest is required to make the adjustment for the third year of the Plan on April 1, 2004 and pursuant to the Continuation Clause the Price Cap Index remains in place until a new Plan is approved by the Commission, or the Commission terminates the existing Plan. No further reductions in intrastate access charges are required pursuant to the current Price Cap Plan.”

<b>THIS AMENDMENT:</b>		
_____ Passed _____	Passed as amended by _____	
_____ Failed _____	_____ Not Offered _____	_____ Withdrawn _____

**UTILITIES DIVISION AMENDMENT # 2**

DATE PREPARED: January 21, 2004

COMPANY: Qwest Corporation

AGENDA ITEM NO.

DOCKET NO. T-01051B-03-0454

OPEN MEETING DATE: January 29, 2004

**PAGE 8, LINES 6-11, DELETE THE FOLLOWING:** "As long as Qwest is requesting a modified Price Cap Plan instead of a traditional rate case, however, it is not clear that all the information required under R14-2-103 is necessary. For example, R14-2-103 refers to the "test year," and this concept may not be relevant to review of the Price Cap Plan. There is information required under R14-2-103, however, that appears not to be required under the Settlement Agreement, but will be necessary for Commission action on the Renewed Plan." **INSERT THE FOLLOWING IN ITS PLACE:** "In addition, since it is clear what Qwest is requesting will result in major rate and revenue increase for the Company, Qwest must comply with all applicable Commission rules governing applications for rate increases. The Price Cap Plan provides that "Unless expressly provided herein, this Price Cap Plan is not intended to alter or eliminate the application of current Commission rules and orders to Qwest." See Decision No. 63487, Ex. A, At. A, subpart 7a. Nonetheless, the Staff should have flexibility to determine if certain information under R14-2-103 may not be necessary for Commission action on the renewed Plan. The Hearing Division shall establish a procedural schedule in contemplation of Qwest's filing pursuant to R14-2-103. The parties should still proceed pursuant to Attachment A, subpart 6c of the Settlement Agreement to discuss Qwest's proposed changes to the Price Cap Plan.

**PAGE 10, LINE 4, INSERT FINDING OF FACT 13:** "Since Qwest is requesting a major rate and revenue increase through its proposed modifications to the Plan, Qwest must comply with the filing requirements of R14-2-103. Staff should have the flexibility to determine if certain information under R14-2-103 may not be necessary for Commission action on the renewed Plan.

**PAGE 11, LINE 1, ORDERING PARAGRAPH 5, INSERT AFTER** "the Hearing Division shall" the word "immediately".

**PAGE 11, LINE 4, ORDERING PARAGRAPH 5, DELETE** the following language "once Qwest has filed its restated and accurate Arizona financial statements"

**PAGE 11, LINE 4, ORDERING PARAGRAPH 5, INSERT** the following sentence "Nothing herein is entitled to preclude continued negotiation by the parties pursuant to Attachment A, paragraph 6c of the Agreement with respect to the appropriate terms and conditions for renewal or modification of Qwest's Price Cap Plan."