

Qwest's Washington Rural Broadband Service Expansion Plan

The Order

In Docket UT-061625, Order No. 6, the Washington Utilities and Transportation Commission ("WUTC") accepted, subject to conditions, a multi-party Settlement Agreement associated with Qwest's proposal for an Alternative Form of Regulation ("AFOR"). Approval of the AFOR was subject to, among other things, Qwest's commitment of at least \$4 million in specific investments to increase the availability of advanced telecommunications services in underserved areas and among underserved customer classes in Washington. At paragraph 40 of the Order, the WUTC required Qwest to submit within 90 days of final approval of the AFOR, a plan that specifies where, when, and how these funds would be expended. The WUTC stated it envisioned that initial monies would be directed to wire centers with no Digital Subscriber Line (DSL) capability and to those wire centers with less than 75 percent availability. The order stipulated also that Qwest submit annual reports.

The Settlement Agreement bound Qwest to initiate deployment of DSL the first quarter of 2008, to deploy within 30 months, and to file a report four years from the date of final approval of the AFOR regarding progress toward a goal of ensuring that wire-line high-speed Internet access is more widely available to consumers in its Washington service area. The WUTC found the Settlement Agreement to be acceptable on condition specific amendments were executed. Here, Qwest lays out its Rural Broadband Service Expansion Plan¹ and seeks approval of this plan as called for in the Order.

Qwest's Rural Broadband Service Expansion Plan

Qwest will continue to provide stand-alone DSL service to current customers who wish to use another provider for voice services and to any new subscribers who elect to purchase only DSL service from Qwest. This option will remain available for at least the four-year term of the AFOR.

To make Broadband Service available to certain isolated communities, Qwest proposes investment in DSLAMs (DSL Access Modules remote from Qwest central offices and within central office buildings), fiber office cable and electronics (between pairs of Qwest central office buildings, as well as between central office buildings and remote DSLAMs), power plant and Asynchronous Transfer Mode Switch augmentation.

Qwest agrees to commit \$4 million to facilitate the broad deployment of advanced services in underserved areas or among underserved customer classes. In its plan Qwest directs initial monies to wire centers with no DSL capability and to those wire

¹ Broadband Service is a term interchangeable with Digital Subscriber Line (DSL) Service and with High-Speed Internet Access (HSI) Service.

centers with less than 75 percent DSL availability as called for in the Order. Under this plan Qwest will begin construction in 2007 to deploy service in the following exchanges as ordinally presented here:

Wire Center / Community	Central Office DSLAM	Remote Terminal DSLAM	Availability Before	Availability After	Investment
Roy	1	4	0%	65%	\$125,000
NorthPort	1	1	0%	33%	\$268,000
Pateros	1	2	0%	70%	\$1,134,000
Springdale	1	2	0%	32%	\$312,000
Elk	0	8	0%	35%	\$396,000
Easton	0	3	0%	65%	\$222,000
Waitsburg	1	0	0%	79%	\$270,000
Steamboat ²	1	0	0%	50%	\$73,000
Joyce	1	0	22%	54%	\$57,000
Hoodsport	1	1	33%	59%	\$198,000
Napavine	0	3	49%	68%	\$75,000
Crystal Mtn.	1	0	78%	95%	\$91,000
Loon Lake	0	1	46%	61%	\$125,000
Shelton	0	10	56%	68%	\$330,000
Rochester	0	3	46%	55%	\$75,000
Deerpark	0	1	34%	42%	\$145,000
Winlock	0	1	58%	66%	\$25,000
Chehalis	0	1	75%	77%	\$25,000
Belfair	0	2	62%	68%	\$65,000
					\$4,011,000

Investment will commence upon approval of this plan and will continue in these exchanges during 2008 and throughout 2009. Service will become available in all listed exchanges prior to June 30, 2010. If Qwest can deploy faster than this schedule, it will document that success in each annual report that Qwest files. When Qwest has completed deployment as proposed in the table above, Qwest estimates that \$4,011,000 will have been invested and its obligation will have been satisfied.

² Steamboat is not itself a wire center, but is instead an isolated portion of the Olympia Whitehall wire center which is served by a remote switching module in a building.

When all of the above projects are completed, if actual deployment cost is lower than estimated here, then Qwest will expand the list of rural deployment projects as needed to comply with the overall \$4M commitment and Qwest will notify the Commission at that time. If Qwest expends more than \$4 million prior to having introduced Broadband Service in each of the communities on the list, then Qwest will inform the Commission that its obligation has been met.

Qwest's Reporting Commitments

Qwest will annually file with the Commission a progress report on plan completion and Qwest will file an update of its Supplemental Response to Bench Request 3 from this Docket including Washington wire center level detail. This will allow the WUTC to evaluate Qwest's ongoing progress in achieving its goals. Qwest's annual filings will each be submitted no later than the anniversary of the date of final approval of this AFOR, or as otherwise determined by the Commission. Here Qwest proposes a minor departure from the verbatim language of Order 6.

Supplemental Response to Bench Request 3 listed a pair of service availability ("penetration") statistics. One statistic was labeled "with rearrangement" and the other statistic was labeled "without rearrangement." At a time in the past, there may have been a service delivery interval difference between fulfillment of a new service request for a customer who lived in a with-rearrangement zone versus a customer who lived in a without-rearrangement zone. This is no longer the case. Both customers are supplied service in the same responsive interval. Because this is the case, Qwest proposes that its future reporting under this plan should involve a single statistic rather than a pair of statistics. A breakdown of with and without rearrangement has no value. This approach is consistent with the format of the Tables cited above.

This approach aligns with Qwest's internal tracking methods. Further, this approach will ensure consistency between what is reported under this docket and what is reported through Qwest's Investor Relations channels. In fact, at the end of June 2007, Qwest's Investor Relations channel reported that 85% of Qwest's working telephone lines were immediately DSL-capable. This compares favorably with the stated goals of the Order at Paragraph 42:

Finally, the Settlement commits Qwest to filing a report at the conclusion of the AFOR regarding its plan to make DSL available to 83 percent of its Washington customers.

The favorable statewide current statistic indicates progress, but Qwest recognizes the need to expand availability further in specific wire centers throughout Washington.

Summary

Execution of this plan will meet WUTC goals in part by initiating the availability of DSL services in seven wire centers where those services were entirely unavailable at the time testimony was presented in this docket. In fact, Qwest is proud to report that it has recently begun deployment in Roy, which is one of the seven cities.

Qwest will annually file an updated version of its Supplemental Response to Bench Request 3 from this Docket and will file a final report four years from the date of final approval of the AFOR regarding Qwest's progress toward this plan's \$4 million goal. These filings will allow the WUTC to evaluate Qwest's ongoing progress in achieving goals.

Prompt approval of this plan will immediately launch this deployment of state-of-the-art technology allowing more consumers in rural Washington to choose Qwest as their provider of high-speed access to the Internet. With these various commitments as called for in Order No. 6 from Docket UT-061625, Qwest urges the WUTC to approve this plan as recorded here.