

## **Qwest's Revised 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. Here, Qwest lays out its Revised Rural Broadband Service Expansion Plan<sup>1</sup> and seeks approval of this plan as called for in the Order.

### **Qwest's Revised 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 optic 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.

This plan includes cost if a component of Qwest's network must be created or reinforced to make broadband service available in a specified community. If a component of Qwest's network has available capacity and that capacity can be employed as broadband service infrastructure, then no cost will be included in the plan

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

for use of that component. The availability of capacity varies with time and customer demand and consequently, estimated costs are subject to change. Finally, this plan in some cases creates digital transport in Qwest's loop and interoffice architecture where it did not formerly exist. As a result, this plan may create various new broadband service benefits to consumers in rural areas. Despite that, this plan's proposed investment is closely tied to the introduction of broadband service to prospective consumers in underserved areas.

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 centers with less than 75 percent DSL availability as called for in the Order. Qwest's wire center selection for the plan was generally based location (i.e., rural in nature) and cost effectiveness (i.e., achieving the maximum DSL availability for the least cost). Under this plan, Qwest will begin construction in 2007 to deploy service in the following exchanges as ordinarily 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 <sup>2</sup>  | 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    |
| Omak                    | 0                    | 2                     | 48%                 | 55%                | \$250,000   |
| 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    |
| Belfair                 | 0                    | 2                     | 62%                 | 68%                | \$65,000    |

**\$4,020,000**

<sup>2</sup> 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. The Olympia Whitehall wire center is currently at 74% availability and the Steamboat construction will create 76% availability across the whole of the Olympia Whitehall wire center.

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 \$4,020,000 will have been invested and its obligation will have been satisfied.

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. This \$4 million dollar investment is only a portion of what Qwest will invest in broadband service expansion in Washington during the next 30 months. Qwest's Washington broadband service investment beyond this \$ 4 million dollar plan will take place in various communities other than those mentioned in this plan.

### **Qwest's Reporting Commitments**

Qwest will annually file with the Commission a progress report on plan completion. Separate from that report, Qwest will file an update of its Supplemental Response to Bench Request 3 from this Docket including Washington wire center level detail. These two reports 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.

### **Summary**

Execution of this plan will meet statutory 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.

Consistent with the timeline approved by the Commission in Order No. 11, Qwest will annually file both an updated version of its Supplemental Response to Bench Request 3 from this Docket and a project-specific report regarding the deployment of facilities to satisfy the plan's \$4 million requirement. Annual filings will occur on September 1, 2008, September 1, 2009 and September 1, 2010. 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.