

## ATTACHMENT A

### BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of

THE CENTURYLINK COMPANIES –  
QWEST CORPORATION; CENTURYTEL OF  
WASHINGTON; CENTURYTEL OF  
INTERISLAND; CENTURYTEL OF  
COWICHE; AND UNITED TELEPHONE  
COMPANY OF THE NORTHWEST

To be Regulated Under an Alternative Form of  
Regulation Pursuant to RCW 80.36.135.

Docket No. UT-130477

### STIPULATED PLAN FOR ALTERNATIVE FORM OF REGULATION

#### Plan of AFOR for CenturyLink

##### *Provisions:*

- 1) For the period of the Alternative Form of Regulation (“AFOR”), CenturyLink<sup>1</sup> will be treated as if it were competitively classified, subject to certain exceptions under this Plan. CenturyLink is also subject to the provisions specified in **Appendix A** which provides for regulation similar to those companies who are competitively classified pursuant to RCW 80.36.320. **Appendix A** provides an overview of specific waivers of regulatory requirements that should be granted in order to effectuate the AFOR.
- 2) The terms of this plan for AFOR will be effective upon approval by the Washington Utilities and Transportation Commission (“Commission”) and will remain in effect for seven years unless extended or modified by Commission order.
  - a) During the six months prior to the seven-year anniversary of the AFOR, CenturyLink and the Commission’s Staff will conduct a review of the provisions of this AFOR to determine if changing conditions warrant modifications to the plan. All parties to the AFOR proceeding shall be entitled to participate in the review and will have access to the same material made available to Commission Staff by CenturyLink.
  - b) During the course of that review any of the parties to this AFOR proceeding may propose or oppose modifications for consideration by Commission Staff. Upon conclusion of the review but not later than the seven-year anniversary the Commission will provide notice

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<sup>1</sup> Unless specifically stated otherwise, the terms of the AFOR will apply equally to all five ILEC operating companies, Qwest Corporation d/b/a CenturyLink QC, CenturyTel of Washington, Inc. d/b/a CenturyLink, CenturyTel of Inter Island, Inc. d/b/a CenturyLink, CenturyTel of Cowiche, Inc. d/b/a CenturyLink, and United Telephone Company of the Northwest d/b/a CenturyLink.

to the parties and hold a proceeding in which parties may advocate for or against proposed modifications.

- c) While the Commission deliberates, the terms of this AFOR shall continue in force.

***Exceptions:***

1) Wholesale Obligations

This AFOR does not affect the Commission's authority to regulate CenturyLink's wholesale obligations under the Telecommunications Act of 1996, nor does it affect existing carrier-to-carrier service quality requirements, including service quality standards or performance measures for interconnection and appropriate enforcement or remedial provisions in the event CenturyLink fails to meet service quality standards or performance measures contained in tariffs, ICAs, commercial agreements, or otherwise.

2) Service Quality Reporting

CenturyLink will provide service quality reporting consistent with the 'Class A' company reporting requirements in WAC 480-120-439(1). CenturyLink will no longer be required to file customer service guarantee reports (either performance reports or payment reports) in accordance with the Seventeenth Supplemental Order in Docket No. UT-991358 and Order 14 in Docket No. UT-100820.

3) Services Remaining in Tariff

The following services will remain in CenturyLink's tariffs:

- a) Exchange Areas, Local Calling Areas, and Maps
- b) Washington Telephone Assistance Program (WTAP)
- c) Lifeline and Link-up Programs
- d) Basic and Enhanced Universal Emergency Number Services – 911 & E-911
- e) Interconnection Services
- f) Resale Services
- g) Switched Access Services
- h) Wholesale Services

4) Pricing to Cover Costs

CenturyLink agrees to be bound by the provisions of RCW 80.36.330(3), and the Commission's implementing regulations, in connection with below-cost pricing.

5) Accounting Method

CenturyLink will keep its books of accounts pursuant to WAC 480-120-355. However, instead of keeping its accounts in accordance with generally accepted accounting principles, CenturyLink will use the same accounting method that it uses to maintain its books for Federal Communications Commission purposes.

6) Transfer of Property

The waiver of the Transfer of Property provisions in Chapter 80.12 RCW and Chapter 480-143 WAC does not apply to the sale of exchanges or access lines, and does not apply to a transaction involving the merger or acquisition of the parent company or any of the ILEC operating companies by an unaffiliated entity.

7) De-Averaged Rates

Notwithstanding that CenturyLink's stand alone business exchange service and stand alone residential exchange service will be treated as competitively classified services in accordance with Provision 1, CenturyLink agrees not to further geographically de-average the non-recurring and monthly recurring rates for these services. This means that CenturyLink will not increase the number of rate levels for stand alone local exchange service. With respect to stand alone residential exchange service, CenturyLink will reduce the number of these rate levels pursuant to Exception 9 below, and CenturyLink further agrees not to exceed the reduced number of rate levels for stand alone residential exchange service that will exist following the rate restructuring described in Exception 9. This provision does not modify or restrict CenturyLink's ability to enter into individual contracts for service that specify rates other than statewide average rates.

8) Residential Rate Normalization

CenturyLink commits to work in good faith toward normalizing rates for flat-rated stand alone residential exchange service among the five ILEC operating companies. To the extent that CenturyLink makes changes to flat-rated stand alone residential rates, CenturyLink's goal will be to reduce the rate differentials between rate levels for its ILEC operating companies.

9) Incorporation of EAS Charges Into Residential Rates

The five ILEC operating companies have various rates for flat-rated stand alone residential exchange service, varying from \$8.90 to \$15.90, and some exchanges for some companies include Extended Area Service (EAS) additive charges that result in effective monthly rates of \$8.90 to \$25.90. Treating stand alone residential exchange service as competitively classified under the AFOR will grant CenturyLink pricing flexibility. As a step toward achieving structurally similar rates for flat-rated stand alone residential exchange service,

CenturyLink commits that coincident with the first time residential rates are changed under the AFOR (and no later than 12 months after approval) it will restructure the flat-rated stand alone residential rates to combine the access line rate and any flat-rated EAS additives, not to exceed an initial target rate of \$16.40. This rate restructuring will not reduce or eliminate existing EAS routes.

10) Rate Change Notification

CenturyLink will provide notice to the Commission via an electronic-only filing in this docket, with a copy to Public Counsel, of any changes to its flat-rated stand alone residential rates at the same time the company notifies its customers of the rate change. The filing will identify the rate to be increased and will include all of the then-current rates of the ILEC operating companies.

11) Discontinuance of Local Exchange Service

The parties further agree that the requirements for discontinuance of service under WAC 480-120-083 will apply to all services that are treated as competitively classified, except that CenturyLink will file a petition for approval of such discontinuance if flat-rated stand alone residential or business exchange services are to be discontinued.

## APPENDIX A

<b>STATUTE, RULE, OR OTHER PROVISION TO BE WAIVED</b>
<b>Securities</b>
Chapter 80.08 RCW Securities
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WAC 480-120-389 Securities Report
<b>Transfers of Property</b>
Chapter 80.12 Transfers of Property; except for the sale of exchanges and/or the merger or acquisition of any of the companies by an unaffiliated entity.
Chapter 480-143 WAC and WAC 480-120-379 Transfers of Property; except for the sale of exchanges and/or the merger or acquisition of any of the companies by an unaffiliated entity.
<b>Affiliated Interests</b>
Chapter 80.16 RCW Affiliated Interests
WAC 480-120-375 - Affiliated Interests Contracts or arrangements.
WAC 480-120-395 - Affiliated interest and subsidiary transactions report.
<b>Cash Transfers</b>
WAC 480-120-369 - Transferring cash or assuming obligations.
<b>Accounting</b>
WAC 480-120-359
<b>Customer Service Guarantee Program</b>
17 <sup>th</sup> Supplemental Order in UT-991358 Order Directing Qwest to File Customer Service Guarantee Reports and Order 14 in UT-100820 directing quarterly reporting of payments made.

<b>Miscellaneous Waivers</b>
RCW 80.04.300 Budgets to be filed by companies -- Supplementary budgets
RCW 80.04.310 Commission's control over expenditures
RCW 80.04.320 Budget rules
RCW 80.04.330 Effect of unauthorized expenditure – Emergencies
RCW 80.04.360 Earnings in excess of reasonable rate -- Consideration in fixing rates
RCW 80.04.460 Investigation of accidents
RCW 80.04.520 Approval of lease of utility facilities
RCW 80.36.100 Tariff schedules to be filed and open to public; Tariffs for excepted services unchanged.
RCW 80.36.110 Tariff changes -- Statutory notice – Exception; Tariffs for excepted services unchanged.
WAC 480-80-101 Tariff requirements through WAC 480-80-143 Special contracts for gas, electric, and water companies; Tariffs for excepted services unchanged.
Chapter 480-140 WAC Commission general – Budgets
WAC 480-120-102 Service offered
WAC 480-120-339 Streamlined filing requirements for Class B telecommunications company rate increases
WAC 480-120-399 Access charge and universal service reporting
WAC 480-120-344 Expenditures for political or legislative activities
WAC 480-120-352 Washington Exchange Carrier Association (WECA)