

Qwest's Modified Washington AFOR Proposal

- Provisions:

1. Qwest will be subject to the same regulation as those companies who are competitively classified pursuant to RCW 80.36.320, subject to certain exceptions and certain transition period requirements.¹
2. WAC 480-120-439(1) service quality reporting requirements are waived for Qwest, although it will be subject to WAC 480-120-439(2) service quality requirements. Also, the reporting requirements in the Seventeenth Supplemental Order in Docket UT-991358 are waived for Qwest. This provision is subject to transition period requirement #2 below.
3. The terms of this AFOR will be effective upon approval by the Commission and will remain in effect for at least 4 years. 6 months prior to the 4 year anniversary of the AFOR, Qwest and the Commission will conduct a review of the provisions of this AFOR to determine if changing market conditions warrant modifications to the plan. At the 4 year anniversary, either the Commission or Qwest may reopen the AFOR proceeding to propose modifications to the plan.

- Exceptions:

1. This AFOR does not address the commission's authority to regulate Qwest's wholesale obligation under the Telecommunications Act of 1996, nor does it address 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 Qwest fails to meet service quality standard or performance measures.
2. Provision No. 1 of this AFOR does not apply to the following services:
 - a. Standalone Residential Exchange Services:
 - Exchange Areas; Flat/Measured Exchange Service Options; Hunting Service; Public Response Calling Service; (WN U-40, Sections 5.1 - 5.2.5)

¹ The following statutes (and any associated rules and regulations) are waived for competitive telecommunications companies pursuant to RCW 80.36.320: 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); RCW [80.36.110](#) (Tariff changes -- Statutory notice -- Exception); Chapter [80.08](#) RCW (Securities) (except RCW [80.08.140](#), State not obligated); Chapter [80.12](#) RCW (Transfers of property); Chapter [80.16](#) RCW (Affiliated interests).

- Directory Services – Listing Services (WN U-40, Section 5.7.1) and Custom Number Service (WN U-40, Section 5.7.7)
 - Operator Services – Local Operator Service Surcharges (WN U-40, Section 5.8.2); Intercept Service (WN U-40, Section 5.8.4); and Operator Verification/Interrupt Service (WN U-40, Section 6.2.8)
 - b. Washington Telephone Assistance Program (WTAP) (WN U-40, Section 5.2.6 A.)
 - c. Tribal Lifeline (WN U-40, Section 5.2.6 B.)
 - d. Link-up Programs (WN U-40, Sections 5.2.6 C. & D.)
 - e. Basic and Enhanced Universal Emergency Number Service – 911 (WN U-40 Section 9.2.1)
 - f. Interconnection Service (WN U-42)
 - g. Resale Service (WN U-43)
 - h. Access Service (WN U-44)
- Transition Period Requirements:

The following requirements will apply during a 4 year transition period:

1. The standalone residential exchange service recurring rate is capped at \$14.50 during the transition period. Qwest may not increase the standalone residential exchange service recurring rate by more than \$.50 in any year of the 4 year transition period.
2. Notwithstanding that Qwest's digital business services, analog private line services, and residential exchange service features and packages will be treated as competitively classified services in accordance with #1 above (Provisions), Qwest agrees not to geographically de-average the non-recurring and monthly recurring rates for these services.
3. Notwithstanding #2 above (Provisions), Qwest will provide service quality reporting during the 4 year transition period consistent with the 'Class A' company reporting requirements in WAC 480-120-439 (1). Qwest will modify its current service quality report such that it complies with WAC 480-120-439, but provides a level of reporting detail consistent with that provided by other Class A companies. Specifically, Qwest's monthly service quality reporting detail will be consistent with that provided by Verizon, CenturyTel, and Embarq.
4. Notwithstanding #1 above (Provisions), which would allow Qwest to keep its accounts pursuant to WAC 480-120-355 and file its annual financial report pursuant to WAC 480-120-382, Qwest would file an annual report based on its books of account kept for FCC reporting purposes (MR books) in accordance with the *Uniform System of Accounts* ("USOA"), Part 32, as specified in WAC 480-

- 120-359 (1)(a), except that the effective date for Part 32 would be as currently promulgated, not the date specified in WAC 480-120-999 (4)(a). Qwest's annual report would also include a directory revenue credit in the amount specified by the settlement agreement the Commission approved in the Dex case.² Qwest would also include the credits to its depreciation reserve required for a prior sale of rural exchanges³ and for sharing under a prior AFOR.⁴ Finally, Qwest would include a standing adjustment reflecting the difference in rate base between its MR books and its Washington jurisdictional books of account (JR books) on the date of transition from JR books to MR books.
5. Notwithstanding #1 above (Provisions), Qwest agrees to be bound by RCW 80.12 for purposes of reviewing any merger involving its regulated company. Further, notwithstanding that WAC 480-120-369 and WAC 480-120-395 would be waived for Qwest under #1 above (Provisions), Qwest agrees to bound by the parts of those rules that are currently being challenged in the Court of Appeals of the State of Washington Division II pending a decision by that Court. If the decision is in Qwest's favor the rules will not apply to Qwest. If the decision is in the Commission's favor, Qwest agrees to be bound by the rules.

² 12th Supplemental Order in WUTC Docket No. UT-0211208.

³ 3rd Supplemental Order in WUTC Docket No. 940701, June 8, 1995

⁴ 5th, 16th, 21st, 22nd and 23rd Supplemental Orders in WUTC Docket No. U-89-3245-P.