

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of)	DOCKET UT-030388
)	
QWEST CORPORATION,)	ORDER 01
)	
Petitioner,)	
)	
Seeking Approval for use of last-)	ORDER APPROVING
submitted PAP payment cap to satisfy)	ALTERNATIVE MEASUREMENT
requirements of PAP Section 12.1)	OR REPORTING FORMAT
.....)	

BACKGROUND

1 On March 18, 2009, Qwest Corporation (Qwest or Company) filed with the Washington Utilities and Transportation Commission (Commission) a letter requesting the Commission accept Qwest’s last-submitted Performance Assurance Plan (PAP) payment cap based on ARMIS “Net Return” in satisfaction of the requirements of PAP Section 12.1.

2 The PAP contains numerous service quality measures and Qwest is required to make payments to CLECs and the Commission for failure to provide service quality in parity to service Qwest provides its retail customers. It was initially prepared in conjunction with Qwest’s application for approval under Section 271 of the Telecommunications Act of 1996 (the “Act”) to offer in-region long distance service. It has also been subject to provisions ordered by the Commission in Order No. 8, Par. 42, Docket UT-061625, In the Matter of the Petition of Qwest Corporation for and Alternative Form of Regulation (“AFOR”) pursuant to RCW 80.36.135. Section 12.1 of the PAP provides a limit on the total amount of payments by Qwest.

3 PAP Section 12.1 provides in part:

There shall be a cap on the total payments made by Qwest for a 12 month period beginning with the effective date of the PAP for the State of Washington. The annual cap for the State of Washington shall be 36% of ARMIS Net Return, recalculated each year based on the prior year’s Washington ARMIS results or equivalent data. Qwest shall submit to the Commission the calculation of each year’s cap no later than 30 days after the submission of ARMIS results to the FCC.

4 The FCC recently granted Qwest forbearance from ARMIS reporting requirements, including calculation of the “Net Return.”¹

5 Qwest last submitted a cap calculation on April 8, 2008. It appears in the following table:

**QPAP Net Return Calculation FCC 43-01 - w/ no adjustments
2007 - (\$ 000) Washington**

Line/description	Amount
1915 + Interstate Net Return	\$ 194,403
1090 + Total operating revenues \$697,287	\$ 697,287
1290 + Other op inc/losses	\$ 3,964
1190 - Total operating expenses	\$ 594,850
1390 - Total non op exp	\$ 285,627
1590 - Fed income taxes	\$ (105,814)
1490 - Total other taxes	\$ 41,044
= QPAP Net Return	\$ 79,947
QPAP Cap Value (36% of QPAP Net Return)	\$ 28,781
Monthly	\$ 2,398

6 During 2008, Qwest made the following PAP payments:

2008 Monthly PAP Payments - Washington

Month	Amount
January	17,579
February	29,439
March	28,085
April	5,689
May	11,095
June	13,992
July	17,593
August	11,549
September	8,557
October	19,448
November	14,516
December	18,410
2008 minimum payments	17,335
Total	\$ 213,287
Percent of QPAP Cap Value	0.74%

¹ *Petition of Qwest Corporation for Forbearance from Enforcement of the Commission’s ARMIS and 492A Reporting Requirements Pursuant to 47 U.S.C. § 160(c); Petition of Verizon for Forbearance Under 47 U.S.C. § 160(c) From Enforcement of Certain of the Commission’s Recordkeeping and Reporting Requirements, WC Docket Nos. 07-204, 07-273, Memorandum Opinion and order, FCC 08-271 rel. Dec. 12, 2008) (ARMIS Financial Reporting Forbearance Order).*

7 In its request, Qwest represented that “its PAP payments in any year have never approached even a small fraction of the cap amount and are not expected to approach the cap in any foreseeable scenario in the future.” Also in this letter, Qwest stated “[s]hould this situation change, Qwest will notify the Commission and submit a calculation of the cap, for the relevant 12-month period, based on a net return calculation that is equivalent to what would have been reported had ARMIS continued to exist.”

FINDINGS AND CONCLUSIONS

- 8 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including telecommunications companies. *RCW 80.01.040, RCW 80.04, RCW 80.08, RCW 80.12, RCW 80.16 and RCW 80.36.*
- 9 (2) Qwest is engaged in the business of providing telecommunications services within the state of Washington and is a public service company subject to Commission jurisdiction.
- 10 (3) Qwest’s request, if approved, would not impact Qwest’s payment obligations under the PAP.
- 11 (4) Qwest’s request came before the Commission at its regularly scheduled meeting on June 11, 2009.
- 12 (5) After reviewing the request Qwest filed in Docket UT-030388 on March 18, 2009, and giving due consideration, the Commission finds that the request should be approved.

ORDER

THE COMMISSION ORDERS:

- 13 (1) Qwest’s request to use the last-submitted PAP payment cap to satisfy the requirements of PAP Section 12.1 is approved.

- 14 (2) The Commission retains jurisdiction over the subject matter and Qwest to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Executive Director and Secretary to enter this Order.

DATED at Olympia, Washington, and effective June 11,, 2009.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Executive Director and Secretary