BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF U S WEST COMMUNICATIONS, INC.'S PETITION FOR APPROVAL OF AN ALTERNATIVE FORM OF REGULATION PLAN	))))	**UTILITY CASE NO. 3215**
IN THE MATTER OF AN INVESTIGATION INTO THE RATES AND SERVICES OF U S WEST COMMUNICATIONS, INC.	)))	**UTILITY CASE NO. 3008**
IN THE MATTER OF A COMMISSION INVESTIGATION INTO THE 1998 EARNINGS OF U S WEST COMMUNICATIONS, INC., IN NEW MEXICO	)))))	**UTILITY CASE NO. 3007**
IN THE MATTER OF THE HELD ORDERS OF U S WEST COMMUNICATIONS, INC.	))	**UTILITY CASE NO. 2938**
IN THE MATTER OF WAIVERS OF HELD ORDERS OF U S WEST COMMUNICATIONS, INC.	)))	**UTILITY CASE NO. 2939**
PROCEEDINGS ON AN ORDER TO SHOW CAUSE WHY ADMINISTRATIVE FINES SHOULD NOT BE IMPOSED ON U S WEST FOR VIOLATION OF THE ZERO-HELD ORDERS STANDARD	)))))	**UTILITY CASE NO. 3162**
IN THE MATTER OF U S WEST COMMUNICATIONS, INC.'S INTRODUCTION OF ITS INTEGRATED SERVICES DIGITAL NETWORK	))))	**UTILITY CASE NO. 2922**

IN THE MATTER OF THE COMMISSION'S ORDER TO SHOW CAUSE WHY U S WEST COMMUNICATIONS, INC.'S CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY SHOULD NOT BE REVOKED, MODIFIED, OR AMENDED IN NEW MEXICO U S WEST COMMUNICATIONS, INC., Respondent.	**))))))))))**	**UTILITY CASE NO. 3147**
IN THE MATTER OF U S WEST'S TARIFF REVISIONS TO ITS SWITCHED ACCESS SERVICE TARIFF AND ITS INTRASTATE ACCESS SERVICE TARIFF	**)))))**	**Utility Case No. 3429**

AMENDED ALTERNATIVE FORM OF REGULATION PLAN, INCLUDING INVESTMENT AND SERVICE QUALITY COMMITMENTS,

FOR

QWEST CORPORATION

PROPOSED ALTERNATIVE FORM OF REGULATION PLAN
FOR QWEST CORPORATION

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ALTERNATIVE FORM OF REGULATION PLAN

I. PURPOSE

This Plan establishes the regulatory framework under which Qwest Corporation ("Qwest") will provide retail telecommunications services in New Mexico. [1]

The purpose of the Plan is to satisfy the Commission's obligations as to the regulation of Qwest's services under NMSA 1978 Sections 63-9A-8.2(B)(1)-(3), (5) and (C) of the recently enacted Telecommunications Regulatory Amendments by eliminating rate of return regulation and establishing an Alternative Form of Regulation that includes reasonable price caps for Qwest's basic residence and business local exchange services; maintaining access to telecommunications services at affordable prices; establishing quality of service standards for Qwest's services; ensuring adequate investment in telecommunications infrastructure in Qwest's service territory; promoting the availability and deployment of high-speed data services in Qwest's service territory; and, establishing expedited regulatory processes for considering matters related to telecommunications services that are pending before the New Mexico Public Regulation Commission (Commission). It is also the purpose of the Plan, consistent with NMSA 1978, Section 63-9A-2, to the extent that it is consistent with maintaining access to service at affordable rates and comparable message telecommunications services rates, to encourage competition in the provision of public telecommunications services, thereby allowing access by the public to resulting rapid advances in telecommunications technology. Also consistent with that statutory provision, the Plan is intended to establish a regulatory framework that will allow an orderly transition from a regulated telecommunications industry to a competitive market environment; and the Plan is also intended to be consistent with the intent of the legislature that the encouragement of competition in the provision of public telecommunications services will result in greater investment in the telecommunications infrastructure in the state, improved service quality and operations and lower prices for such services. The Plan and accompanying Stipulation also resolve and dismiss a number of pending regulatory matters involving Qwest. In satisfying the requirements of the statute, the Plan will benefit consumers and reduce the cost of regulation.

II. SUMMARY OF PLAN

By this Plan, which shall be effective for five years, Qwest has agreed to take the precise types of steps that the New Mexico legislature was seeking to promote when it passed the recent Telecommunications Regulatory Amendments, and the Plan will directly further the goals of that

[1] All services covered by this Plan are retail unless specifically stated otherwise. Nothing in this Plan is intended to affect Qwest's wholesale rates or provision of wholesale services, nor is it intended to affect the Commission's jurisdiction to set wholesale rates and establish standards, incentives, enforcement mechanisms or otherwise regulate Qwest's wholesale services, except as specifically stated in this Plan. Wholesale services are services provided by Qwest to another telecommunications service provider which are used by that provider to provide service to its customers.

legislation and of the New Mexico Telecommunications Act generally. Through the investment, advanced services and service quality obligations undertaken in this Plan, Qwest will increase and improve the level of service according to the benchmarks stated in this Plan for the communities within its certified service area. The principal provisions of the Plan are as follows:

- Qwest commits to invest a total of $788 million in its New Mexico network infrastructure over the 5-year term of the Plan. This amount includes an annual increase in investment of approximately 25% over the annual average investment for 1995-1999.

- Qwest's investment includes a commitment to expand the deployment of digital subscriber line ("DSL") services in areas that currently are not planned for deployment and that otherwise would not be served. These areas include exchanges in Alamogordo, Roswell, Farmington, Taos and Gallup.

- With the above committed investment in DSL, and further deployment already underway in Albuquerque, Las Cruces, Los Alamos and Santa Fe, within 12 months after the effective date of this Plan Qwest will have deployed DSL in 18 of its 65 New Mexico wire centers and over 70% of its lines in the state potentially will have access to DSL, depending on distance and loop qualification factors.

- Qwest also commits to deploy ISDN service in 10 additional wire centers. This additional ISDN investment will facilitate distance learning and tele-medicine and expand Qwest's deployment of high speed data services in smaller, more rural wire centers.

- Qwest commits to comply with quality of service standards which meet or exceed the standards approved by the Commission for Valor Telecommunications of New Mexico, LLC.

- Qwest commits to report to the Commission regularly concerning its achievement of its quality of service standards, and Qwest may be required to issue substantial credits to its New Mexico customers if Qwest does not achieve the standards.

- Qwest commits to filling existing primary high cost held orders and designed services unfilled orders through investment and service quality standards as set forth in the Plan.

- Qwest commits to encourage competition in the provision of public telecommunications services consistent with state and federal law.

- The Plan satisfies the Commission's obligations under the Telecommunications Regulatory Amendments to eliminate rate of return regulation and to implement an alternative form of regulation by April 1, 2001.

- The Plan also satisfies other requirements under the Telecommunications Regulatory Amendments to: set reasonable price caps for basic residential and business services by April 1, 2001; establish quality of service standards; ensure adequate investment in the telecommunications infrastructure in both urban and rural areas of the state; promote the availability and deployment of high-speed data services in both urban and rural areas of the state; and, establish an expedited regulatory process for considering matters related to telecommunications services that are pending before the Commission.

- The Plan resolves and dismisses several pending dockets before the Commission concerning Qwest and will reduce tremendously the resources necessary to litigate those dockets to completion. Such dockets include Utility Case No. 3007 (the interim 1998 rate case), Utility Case No. 3008 (the permanent rate case), Case Nos. 2938, 2939, 3162 (held orders cases), Utility Case No. 2922 (ISDN case), Utility Case No. 3215 (Qwest's AFOR Petition), Utility Case No. 3147 (show cause proceeding) and Utility Case No. 3429 (local transport restructure). This Plan also addresses the applicability to Qwest of provisions in pending rulemakings that are before the Commission under the Telecommunications Regulatory Amendments, including Utility Case No. 3237 (tariffing procedures), Utility Case No. 3437 (service quality), and Utility Case No. 3438 (investments and advanced service deployment).

- The Amended AFOR provides for substantial customer-specific credits if Qwest does not satisfy the applicable time frames for the provisioning and repair of out-of-service conditions of designed services. The Amended AFOR also contains provisioning benchmarks and credit obligations for designed services on a wire center basis. These designed services benchmarks and credits will promote a high quality of service for the provisioning and repair of designed services.

- The Amended AFOR increased (from the original AFOR submitted with the Commission on October 27, 2000) the limits upon Qwest's credit obligations in the first Period of the Plan from $2,250,000 to $6,000,000 to provide more incentive to achieve the benchmarks and to provide additional customer credits if Qwest fails to satisfy the benchmarks.

- The Amended AFOR correlated the exchange and wire center benchmarks for provisioning and trouble report measurements of Primary and Regular Services with the credit calculations for these respective service quality categories. This amendment furthers the goal of ensuring increased investment and service quality improvements in all exchanges and wire centers within Qwest's serving area.

- Resolution of the cases concerning Qwest will bring certainty to the new management of Qwest as it addresses issues regarding the integration and operation of the former U S WEST companies.

III. BACKGROUND

A. Qwest Communications International, Inc. merged with U S WEST, Inc., on June 30, 2000. The surviving corporation, known as Qwest Communications International Inc., wholly owns the corporation formerly known as U S WEST Communications, Inc., which is certificated as a telecommunications company operating in the State of New Mexico, and which is now known as Qwest Corporation.

B. Qwest has pending before the Commission or the New Mexico Supreme Court the following proceedings which this Plan is intended to address: Utility Case Nos. 3007; 3008; 3147; 3215; 2938; 2939; 3162; 2922; and 3429.

C. On March 7, 2000, the Governor of New Mexico signed into law an act amending certain provisions of the New Mexico Telecommunications Act, known as the Telecommunications Regulatory Amendments.

D. Section 63-9A-2 of the Telecommunications Regulatory Amendments states that it is "the intent of the legislature that the encouragement of competition in the provision of public telecommunications services will result in greater investment in the telecommunications infrastructure in the state, improved service quality and operations and lower prices for such services."

E. Section 63-9A-8.2(A) of the Telecommunications Regulatory Amendments requires the Commission to review rates and identify all subsidies included in the rates of incumbent local exchange carriers ("ILECs") with more than 50,000 access lines and establish a schedule by April 1, 2001, for eliminating such subsidies.

F. Section 63-9A-8.2(B) of the Telecommunications Regulatory Amendments requires the Commission to adopt rules to establish consumer protection and quality of service standards, ensure adequate investment in telecommunications infrastructure, promote the availability of high-speed data services, and establish expedited regulatory procedures. The Commission currently has these matters pending in Case Nos. 3237, 3437 and 3438.

G. Section 63-9A-8.2(C) of the Telecommunications Regulatory Amendments requires the Commission to replace rate of return regulation for ILECs with more than 50,000 access lines with an alternative form of regulation that includes reasonable price caps for basic residence and business local exchange services. The statute requires the Commission to implement alternative regulation by April 1, 2001.

H. On April 25, 2000 the Commission issued its Final Order in Utility Case No. 3007, by which it required U S WEST to decrease its basic residence and business local telecommunications service prices resulting in an annual revenue decrease of $28,939,000 ("3007 rates").

IV. TERM OF PLAN

A. This Plan supercedes the Proposed Alternative Form of Regulation Plan filed by U S WEST on December 10, 1999 in Utility Case No. 3215, including the Service Quality and Investment Plans filed in that same docket on January 26, 2000.

B. Pursuant to the Telecommunications Regulatory Amendments, the adoption of this Plan will eliminate rate of return regulation for Qwest in New Mexico. The Plan will govern the pricing of Qwest's regulated telecommunications services in New Mexico.

C. This Plan shall be effective for five years beginning as ordered by the Commission. Qwest will file a proposed alternative form of regulation plan no later than December 1, 2004, to succeed this Plan. Qwest and Commission Staff shall use their best efforts to negotiate a new regulatory plan to take effect upon the termination of this Plan. Qwest and Staff commit to include interested persons in said negotiations.

D. Within 3 months after the approval by the Federal Communications Commission (FCC) of Qwest's Application under 47 U.S.C. §271 for New Mexico, Staff and Qwest shall submit a report to the Commission proposing any necessary modifications to this Plan in light of §271 approval and the competitive conditions present in New Mexico. If Staff and Qwest disagree on a proposed modification, the report shall state the positions of Staff and Qwest on the proposed modification for Commission resolution. Other interested persons shall also be allowed to intervene and file statements of position. After public notice and the opportunity for hearing, the Commission shall issue its order addressing any necessary modifications to this Plan in light of §271 approval within 9 months after submission of the report by Staff and Qwest.

V. PRICE CAPS FOR BASIC RESIDENCE, BASIC BUSINESS LOCAL EXCHANGE SERVICES AND INTRASTATE SWITCHED ACCESS SERVICES

A. 1FR, 1FB and Switched Access Prices Caps

Qwest's prices for 1FR (flat rated residence local one party access line service), 1FB (flat rated business local one party access line service) and switched access services shall be capped as set forth below, except as provided in sections B and C of this Part V:

1. The statewide 1FR price shall be initially capped at $10.66.

    a. Effective January 1, 2002, additional recurring and non-recurring charges applied to residential customers residing outside the base rate area shall be eliminated as described in this V.A.1. The existing tariff, Section 4.2.1.A of the Exchange and Network Services Tariff, describes the nonrecurring charge of $113.00 to be assessed to each main station service or line (trunk, etc.) outside the base rate area the first time service is established at a given location. In addition, Section 5.1.6.A.2 of the Exchange and Network Services Tariff establishes the monthly increment for the main station service or line at $3.30. Qwest will amend its tariff removing these sections and eliminating these charges effective January 1, 2002.

b. The cap on 1FR shall be increased to $12.25, 30 days after Qwest submits its Annual Compliance Report demonstrating substantial compliance with the average investment commitment for Period 1 (as stated in Section VIII.A.1) and the fulfillment of Qwest's commitments to deploy DSL (Section VIII.B), groom loops (Section VIII.D) and clear the applicable percentage of qualifying primary high cost held orders subject to waiver requests as of the effective date of this agreement according to the time frames provided in Section IX.C.3.

> 1. If Qwest fails to demonstrate that it has met its annual investment commitment for Period 1 or it fails to fulfill its commitments specified in subsection b above, the price cap increases provided for in subsection b of this section shall be delayed by at least one year, and until Qwest can demonstrate substantial compliance with the provisions of subsection 1.b.

c. No earlier than the end of Period 2, the cap on 1FR shall be increased by $1.25 30 days after Qwest submits its Annual Compliance Report demonstrating substantial compliance with its commitment to deploy ISDN (Section VIII.C), clear existing qualifying primary high cost held orders subject to waiver requests as of the effective date of this agreement (Section IX.C.3) and with the average investment commitment for that twelve month period. If the price cap increase in subsection V.A.1.b is delayed, Qwest is eligible for the opportunity to increase the 1FR price cap pursuant to this subsection V.A.1.c. in the twelve month period following the implementation of the 1FR price cap increase pursuant to subsection V.A.1.b. This price cap increase is subject to any reductions for failure to meet the quality of service standards as provided in Section X.B.4.

d. The following process shall apply to price cap increases pursuant to subsections V.A.1.b. and V.A.1.c.:

> 1. Qwest shall file a notice of substantial compliance with its average investment commitment, including the other commitments contained in subsection 1.b. or 1.c, and of its intent to increase the 1FR price cap. The notice shall accompany Qwest's Annual Compliance Report.
>
> 2. Staff or the Attorney General may object within 10 days if either party contends that Qwest has failed to demonstrate substantial compliance with its average investment commitment or with other commitments specified in subsection 1.b or 1.c. If no objection is filed, then the price cap increase is deemed to be effective.
>
> 3. Within 20 days of the filing of an objection, the Commission will determine whether good cause exists to investigate the objection filed by the Staff or Attorney General. If the Commission determines that good cause does not exist to investigate the objection, or if the Commission does not issue a ruling on the existence of good cause within 20 days of

the filing of the objection, then the price cap increase is deemed to be effective.

4. If the Commission issues a ruling of the existence of good cause, then the Commission shall have 60 days from the ruling on the existence of good cause to conduct its investigation and to issue an order resolving the objection. If the Commission does not issue an order within 60 days of the ruling on good cause, then the price cap increase is deemed to be effective.

5. The price cap increase shall go into effect at such time as the Staff or the Attorney General has not filed timely objections, the Commission has not issued orders within the times stated in this V.A.d. or, if the Staff or the Attorney General has filed timely objections and the Commission has issued a timely ruling on the existence of good cause, the Commission has resolved any objections and determined that Qwest has substantially complied with its average investment commitments and other commitments specified in subsections b and c.

2. The statewide 1FB price shall be capped at $34.37 for the term of the Plan; however, the price may not be set at a level below the cost for the service.

a. Effective January 1, 2002, additional recurring and non-recurring charges applied to business customers located outside the base rate area shall be eliminated. The existing tariff, Section 4.2.1.A of the Exchange and Network Services Tariff, describes the nonrecurring charge of $113.00 to be assessed to each main station service or line (trunk, etc.) outside the base rate area the first time service is established at a given location. In addition, Section 5.1.6.A.2 of the Exchange and Network Services Tariff establishes the monthly increment for the main station service or line at $3.30. Qwest will amend its tariff removing these sections and eliminating these charges effective January 1, 2002.

3. On the effective date of this Plan, Qwest shall implement the local transport restructure as proposed in Qwest's tariff filing in Utility Case 3429 without the offsetting price increases proposed in that case. This will result in average revenue per intrastate access minute reductions per originating or terminating portions of approximately $.0129, or approximately a $7 million switched access revenue reduction under current usage levels. Effective January 1, 2003, the price for the intrastate carrier common line charge shall be reduced such that the average revenue per intrastate access minute shall be reduced approximately $.0129 per originating or terminating portion, or approximately an additional $7 million reduction under current usage levels. This carrier common line charge reduction will be applied equally across originating and terminating rates for switched access services. The reduced and restructured switched access prices shall be capped for the remaining term of the Plan.

a. If the Commission orders further reductions in intrastate switched access prices beyond those stated in this Plan, such additional price reductions shall be implemented in a revenue neutral manner to Qwest. Qwest in its discretion shall be allowed to increase the price caps for other services in order to implement the revenue neutral switched access price reductions. Such additional price reductions may take effect in only 2004 or 2005, unless ordered to take effect earlier by the Commission in Utility Case No. 3325 or as a result of the implementation of a state Universal Service Fund.

B. Customer Surcharges

The imposition or allowance of a customer surcharge by the Commission or the FCC, or the allowance of a surcharge in response to an FCC or Commission decision, including, but not limited to, a surcharge pursuant to Commission rules related to funding of the state Universal Service Fund, shall not constitute an increase of the price for the 1FR or 1FB service for purposes of the price cap established in this section, and such surcharges may be added to the price caps without violating this Plan.

C. Elimination of Implicit Subsidies

The parties agree that the price changes agreed to in this Plan provide a step in the process of eliminating any claimed implicit subsidies under section 63-9A-8.2(A) of the Telecommunications Regulatory Amendments, and should be considered in any proceeding to schedule the elimination of subsidies. Qwest agrees that it will not initiate or support any further elimination of implicit subsidies during the term of this Plan on the basis of state or federal rules, statutes, or laws existing and effective as of the effective date of the Plan; however, Qwest may petition, intervene, participate, and advocate at its full discretion in any other proceeding brought on the basis of any state or federal rule, statute, or law that becomes effective after the effective date of this Plan. To the extent that the Commission schedules the elimination of implicit subsides during the term of this Plan, other than switched access charges, which are addressed in section V.A.3.a., the Commission will simultaneously enable Qwest to recover the same amount of the subsidies proposed for elimination through explicit universal service support or some other price cap adjustment to ensure that the net result is revenue neutral for Qwest. If the Commission orders further elimination of implicit subsidies during the term of this Plan, Qwest is permitted to advocate to the Commission which services and rates should be re-balanced or supported through universal service funding or any other revenue-neutral method to accomplish the elimination.

VI. PRICE CAPS FOR OTHER TARIFFED SERVICES.

A. Services other than 1FR, 1FB, Switched Access and New Services

Prices for telecommunications services[2] other than 1FR, 1FB, switched access, new services as defined in Section VI.C, and services subject to effective competition are capped as follows:

[2] See footnote 1.

1. Prices for a service subject to this section may be decreased as provided in Section XI.A.1. Prices may not be decreased to a level below the cost for the particular service.

2. During the term of the Plan, the price cap for a service subject to this section may be increased by up to 20% above current price, provided that the new price cap is no greater than the average price offered by Qwest for the same service in the other 13 states in Qwest's region, and there is no more than a 5% price cap increase in any one year, except that Qwest may accumulate possible price cap increases for multiple years in order to make a price cap increase of greater than 5%.

3. A filing for a change in price cap must include an affidavit and information sufficient to show that the new price covers the cost of the service, and must provide information sufficient for the Commission to determine whether the proposed price cap complies with Section VI.A.2, above.

4. Any interested person may file an objection to a price cap change within 10 days of the filing. The only appropriate objection to a price cap change is that the new price cap does not cover cost, that it is above the average price charged in Qwest's other 13 states, or that the new price cap provides greater than a 5% increase in a year, except that Qwest may accumulate possible price cap increases for multiple years in order to make a price cap increase of greater than 5%. If no objection is filed, then the price cap increase is deemed to be effective. Within 20 days of the filing of an objection, the Commission will determine whether good cause exists to investigate the objection. If the Commission determines that good cause does not exist to investigate the objection, or if the Commission does not issue a ruling on the existence of good cause within 20 days of the filing of the objection, then the price cap increase is deemed to be effective. The Global Protective Agreement attached as to this Plan as Attachment C will apply to any proprietary data associated with the application.

5. If the Commission determines that good cause exists for an objection to a price cap change, the Commission must resolve any objection within 60 days of the filing of an objection. If the Commission does not issue an order within 60 days of the filing of an objection, then the price cap increase is deemed to be effective.

B. Services Subject to Effective Competition

Services that are determined by the Commission to be subject to effective competition pursuant to the New Mexico Telecommunications Act shall not be subject to the price caps set forth in Section A of this Part.

C. New Services

If, after the effective date of this Plan, Qwest introduces a new telecommunications service in New Mexico that was not yet offered in Qwest's New Mexico service territory on the effective date of this Plan, the service shall not have a price cap for purposes of the pricing provisions of this Plan. A "new service" means features, functions, or capabilities that are not offered by Qwest in New Mexico on the effective date of the Plan.

VII. COMMITMENT TO PROVIDE EXPANDED LOCAL CALLING AREAS

Qwest commits to create extended area service ("EAS"), without surcharge, among:

Angel Fire, Penasco, Questa, Red River and Taos ("Taos Cluster");

Hatch and Las Cruces ;

Artesia and Roswell; and,

Cimarron, Springer and Raton ("Raton Cluster").

These expanded area services shall be accomplished by the effective date of the Plan This EAS will improve access by rural communities to the Internet. Rate Group 1 prices shall be increased to the levels stated in Part V when the EAS expansion goes into effect.

VIII. RULES ENSURING ADEQUATE INFRASTRUCTURE INVESTMENT AND PROMOTING AVAILABILITY AND DEPLOYMENT OF HIGH-SPEED DATA SERVICES

A. General Infrastructure Investment Commitments

1. Qwest commits to devote a substantial budget to infrastructure investment, with the goal of achieving the purposes of this Plan. Specifically, Qwest will make capital expenditures of not less than $788 million over the term of this Plan[3]. This level of investment is necessary to meet the commitments made in this Plan to increase Qwest's investment and improve its service quality in New Mexico. The principal categories of such investment include:

a. Digital Switching Equipment: Within its $788 million total investment commitment, Qwest commits to perform upgrades to existing digital switching equipment to address line congestion, accommodate traffic growth, and support the offering of new features. Specific digital switching investments may include the installation of high-capacity line cards; the upgrading of processors, switch hardware, and switch software to support new features and services; and, the upgrading of other related switching equipment.

b. Distribution Plant (Local Loops): Within its $788 million total investment commitment, Qwest commits to assess the state of local loop infrastructure and implement an upgrade plan to relieve congestion on routes which are at or near capacity, or that are marked by high line growth, enhance the quality of traditional telephone service, and facilitate the introduction of advanced services such as DSL.

c. Transport Facilities: Within its $788 million total investment commitment, Qwest commits to deploy or upgrade fiber transport facilities on interoffice routes which are at or near capacity, or that are marked by high growth, to relieve

[3] As measured by Qwest's Jurisdictional Report 21 - Summary of Construction.

congestion and improve service. In addition, Qwest commits to deploy certain circuit equipment, including fiber optic terminals, digital cross-connects, multiplexers, and digital loop carriers. This equipment will allow Qwest to route traffic more efficiently, accommodate growth in traffic, and support the services and features that Qwest will offer.

d. Enhanced/Advanced Services: Within its $788 million total investment commitment, Qwest commits to invest in service-specific equipment to support advanced services such as DSL. Qwest's specific commitments with respect to the deployment of these services are set forth in Section B of this Part.

B. Commitment To Deploy DSL

1. Qwest commits to offer DSL or equivalent high-speed data services to qualified access lines in the following wire centers within 6 months from the effective date of the agreement: Taos, Farmington main, Roswell main, Gallup main and Alamogordo. This commitment is in addition to the DSL deployment already underway by Qwest in 13 wire centers in Albuquerque, Las Cruces, Los Alamos and Santa Fe during 2000.

2. Within 90 days of receiving requests for at least 75 qualified DSL lines within any wire center not listed in subsection 1 above, Qwest commits to perform feasibility and implementation studies for deployment of DSL in such wire center. It is the responsibility of city government, or customer or civic group within the wire center, to compile the requests for DSL and deliver them to Qwest for review. Qwest service representatives will not be obligated to track customer interest in DSL in those wire centers where Qwest does not offer DSL service. In the event that Qwest determines that deployment of DSL in such wire center is economically feasible, Qwest commits to deploy DSL in such wire center to qualified access lines the later of either 18 months following the completion of deployment of DSL in the wire centers listed in subsection 1 of this Section or 18 months following the determination of feasibility.

C. Commitment to Deploy ISDN

1. Within 18 months of the effective date of this plan, Qwest will offer ISDN-BRI service to qualified access lines in five of the following wire centers, and within 24 months of the effective date of this plan, Qwest will offer ISDN-BRI service to qualified access lines in the remaining five of the following wire centers:

a. Tucumcari

b. Artesia

c. Belen

d. Los Lunas

e. Las Vegas

f. Amber Mesa

g. Aztec Main

h. Santa Teresa

i. Aztec South

j. Gallup East

D. Expanded DSL Capability/Mass Grooming Program

Qwest agrees to further increase and facilitate the timely availability of loops capable of providing DSL to end-user customers, CLECs and other competitive providers of advanced services by undertaking a "mass grooming" program that includes the following actions:

1. Scope of Program. Within 12 months following the effective date of this agreement, Qwest will complete a mass grooming program through which Qwest will remove all load coil encumbrances for loops that are under 18 kilofeet in length in the following 18 wire centers in New Mexico where Qwest will deploy DSL service: Albuquerque Academy, Albuquerque East, Albuquerque Main, Albuquerque Northeast, Albuquerque North, Albuquerque Rio Rancho, Albuquerque San Mateo, Las Cruces Main, Las Cruces Telshore, Los Alamos Main, Los Alamos White Rock, Santa Fe Main, Santa Fe North, Taos, Farmington Main, Roswell Main, Gallup Main and Alamogordo.

   a. If, within the 12 months following the effective date of this agreement, Qwest deploys DSL in any additional wire centers, Qwest will remove all load coil encumbrances for loops that are under 18 kilofeet in length within 9 months after DSL is deployed in that wire center.

2. Implementation Schedule. Qwest will complete the mass grooming in the priority order determined pursuant to paragraphs 3 and 4 of this subsection such that Qwest will:

   a. complete its mass grooming in the first third of the wire centers within four months of the effective date of the Plan;

   b. complete its mass grooming in the second third of the wire centers within eight months of the effective date of the Plan; and

   c. complete its mass grooming in the final third of the wire centers within twelve months of the effective date of the Plan.

3. Prioritization. In order to determine the priority of the wire centers for the mass grooming, Qwest agrees to meet with interested New Mexico CLECs and obtain

CLEC input for a prioritization of wire centers. This input shall be obtained no later than 21 days after the issuance of the Commission's order approving this Plan.

4. Commission Review and Decision. Within 30 days after the issuance of the Commission's order approving this Plan, Qwest will submit to the Commission the list developed under subsection 3 that prioritizes the wire centers scheduled for mass grooming.

5. No Conditioning Charges. Qwest shall not charge for loop conditioning in any of the wire centers identified in subsection 1 of this section. Pursuant to applicable agreement or tariff, conditioning charges shall continue to apply in wire centers other than the 18 wire centers where Qwest will deploy DSL, or in any other wire center where Qwest deploys DSL after 12 months following the effective date of this Agreement.

6. Qwest's obligations to undertake mass grooming in New Mexico are limited to the obligations as stated in this section. The Commission may require additional mass grooming in Qwest's wire centers during the term of this Plan, considering the timing and feasibility of such additional grooming, and economic and resource constraints, only after public notice and hearing, and where Qwest shall recover its costs associated with that additional mass grooming through either price changes or through a modification of its investment or service quality commitments.

E. Reporting Commitment

Qwest commits to report to the Commission annually concerning Qwest's progress in carrying out the infrastructure investment and upgrade commitments set forth above, including (i) Qwest's total level of infrastructure investment, (ii) the specific wire centers where Qwest has deployed DSL and ISDN services, and (iii) the status of its loop conditioning program. This information shall be provided in Qwest's Annual Compliance Report to the Commission, required by IX.G.4 below.

F. Adjustment for Any Approved Access Line Sales

If during the term of this Plan Qwest applies for permission to sell access lines in New Mexico, and the Commission approves such an application by Qwest, the total gross investment commitment set forth in VIII.A shall be adjusted by $189.00 per access line sold, per year remaining in the term of this Plan[4]. Nothing in this Agreement shall limit the Commission's consideration of any gain on sale issues in any proceeding regarding the disposition of access lines.

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[4] This adjustment is calculated by dividing the amount of the yearly investment commitment pursuant to the Plan ($157,600,000) by the number of Qwest's switched access lines as of December 31, 2000 ($157,600,000/833,840 = $189.00508)

G. Specified Investment Made in 2000

Any investment expenditures over $126 million made by Qwest in New Mexico in the year 2000 shall be counted as investment made during 2001 for purposes of determining compliance with the total investment commitment made by Qwest in Part VIII.A.1. of this Agreement.

H. Anticipated Schedule of Incremental Investment

Attached to this Plan as Attachment A is an anticipated schedule of projects to be completed by investment amounts incremental and above Qwest's five-year average investments in the state from 1995 to 1999, or approximately $154 million. This schedule is attached only for the purpose of indicating Qwest's current estimates of projects and completion times. Except as otherwise stated in this Plan, Qwest shall not be obligated to comply with this schedule.

IX. QWEST'S COMMITMENTS TO PROVIDE QUALITY SERVICE FOR NEW MEXICO CUSTOMERS

Qwest shall strive to achieve and maintain a consistently high quality of service for its customers. Specifically, Qwest commits to comply with specific quality of service standards as set forth below.

A. Definitions

1. For purposes of this Part:

   a. "Period 1" shall mean the 12 month period commencing on July 1, 2001.

   b. "Period 2" shall mean the 12 month period commencing on July 1, 2002.

   c. "Period 3" shall mean the 12 month period commencing on July 1, 2003.

   d. "Period 4" shall mean the 12 month period commencing on July 1, 2004.

   e. "Period 5" shall mean the period commencing on July 1, 2005 and terminating five years after the effective date of the Plan.

2. "Primary Services" shall mean 1FR (residence flat rate local one party access line) and 1FB (business flat rate local one party access line) services.

3. "Regular Services" shall mean services that enhance or supplement a customer's existing primary (1FR or 1FB) service. Examples include additional lines, CLASS features, and line moves or changes.

4. "Designed Services" shall mean the provisioning of regulated circuits requiring treatment, equipment, or engineering design purchased from Qwest's tariff or on an individual contract basis, including, but not limited to, analog private line services, DS-1 (including channelized), DS-3, ISDN-BRI, and special assemblies.

5. “Total Intrastate Revenues” means Qwest’s revenues from local exchange services, intrastate toll services, intrastate access services, and other regulated intrastate telecommunications services offered by Qwest in New Mexico.

6. “Held Order” shall mean an order for a Primary Service, placed by a residence or single line business customer whose premises are within 1000 feet of an existing terminal or pedestal, which, due to a lack of facilities, is not completed within 30 days after the receipt of the order by Qwest (or within 30 days after the customer’s requested service date, where the customer requested a date more than 5 days after the submission of the order). An order shall not be considered a Held Order if the customer was the cause of the delay.

7. “Unfilled Designed Services Orders” shall mean orders for designed services which are not completed within the time periods provided in Sections IX.E.1.b or IX.K, as applicable.

B. Commitment To Extend CLASS Capability to Entire Service Area

Qwest commits to make CLASS services (caller ID, caller name ID, call waiting, 3-way calling, call forwarding, call return, call blocker, and auto redial) available from every central office switch throughout Qwest’s service area in New Mexico.

C. Commitment To Reduce Held Orders

1. Held Order Standards: Qwest commits that the number of Held Orders shall not exceed the following levels:

a. Period 1: .050 percent of Qwest’s total switched access lines.

b. Period 2: .035 percent of Qwest’s total switched access lines.

c. Period 3: .025 percent of Qwest’s total switched access lines.

2. Notification of Customers: Qwest commits to provide customers subject to such Held Orders with notification that provides the estimated date when service will be provisioned.

3. Elimination of High Cost Held Orders: Qwest will clear all existing, qualifying primary high cost Held Orders subject to waiver requests as of the effective date of this Agreement within 18 months of the effective date of this agreement, based on the following schedule:

Year 1:
Q1 – 10%
Q2 – 25%
Q3 – 45%
Q4 – 65%
Year 2:
Q1 – 85%
Q2 – 100%

a. An “existing, qualifying primary high cost held order” is one that is subject to a waiver request for high cost reasons filed by Qwest with the Commission as of the effective date of this agreement, and that remains open and not provisioned. For purposes of this section, Year 1, quarter 1, shall begin on the effective date of this agreement.

b. The parties shall negotiate in good faith provisioning service solutions for any customer for whom Qwest has pending an existing primary high cost held order subject to waiver as of the effective date of this Agreement, where Qwest identifies that the cost to provide service to the customer will be unreasonable, given total cost, expected demand and investment payback, and where a more cost effective means of providing functionally equivalent primary service may exist than extending or expanding the Qwest wireline network to serve the customer.

c. A complete list of existing, qualifying primary high cost held orders subject to waiver requests as of the effective date of this Agreement that are covered by this agreement shall be submitted to the Commission as an attachment to this Agreement within 15 days after the effective date of the Agreement.

4. The orders listed pursuant to subsection 3.c. shall not be counted as Held Orders for purposes of sections IX.C.1, IX.G., X.B.2.a.(1) and X.B.2.a.(2).

D. Waivers for Held Orders and Unfilled Designed Services Orders

1. At the same time as Qwest submits a monthly Held Order and Unfilled Designed Service Order Report pursuant to subsection G.2 of this Section, Qwest may submit one or more waiver petitions requesting that specific orders that would otherwise qualify as Held Orders or Unfilled Designed Services Orders be exempted from Held Order or Unfilled Designed Services Order treatment for purposes of the provisions of Sections IX.C.1, IX.E.1.b, IX.G., X.B.2.a.(1), X.B.2.a.(2), and X.B.3. Qwest shall file any waiver petitions with the monthly Held Order and Unfilled Designed Services Order Report for the month in which the order becomes a Held Order or Unfilled Designed Services Order pursuant to Sections IX.A.6 and IX.E.1.b. At the same time, Qwest shall serve a copy of a waiver petition concerning Unfilled Designed Services Orders on the affected Designed Services customer who placed such an order.

2. Qwest commits to work with Commission Staff to develop a form of waiver petition by no later than April 1, 2001, that provides the information necessary to make an informed decision on whether the petition should be approved or denied.

3. The Commission Staff shall recommend granting or denying a waiver requested by Qwest within 30 days after receipt of the waiver petition. The Commission Staff may recommend granting waivers for some specific orders while denying waivers for others. For Primary and Regular Services, failure by the Commission Staff to issue a recommendation within 30 days shall be treated as a recommendation in favor of granting the request. For Designed Services, failure by the Commission Staff to issue a recommendation within 30 days shall be treated as not taking a position on the waiver request.

4. The Commission Staff shall recommend granting a waiver where Qwest demonstrates that it must undertake construction of facilities in order to provide the requested service, and such construction cannot be completed in compliance with the Held Order or Designed Services installation standard due to circumstances beyond Qwest's control. Circumstances beyond Qwest's control are limited to:

a. Failure of the customer (or the customer's contractor) to complete the construction or renovation of the building to be served, or to provide the necessary backboard, trench, ground wire, or conduit.

b. Failure to obtain necessary rights-of-way or permits, including those from sovereign tribal authorities, despite the filing of timely applications.

c. Extraordinary weather and other acts of God.

d. Supplier or vendor issues.

e. Strike or work stoppage.

f. An order for which the line extension (within 1000 feet of an existing terminal or pedestal) will cost $5,000 or more to provision. In determining the cost to fill the order, costs related to facilities reinforcement or the addition of feeder capacity shall be excluded.

5. Where the Commission Staff has recommended granting a waiver or has not taken a position with respect to a particular order, Qwest's payment of any credit obligations shall be suspended until the Commission resolves the waiver request, and Qwest shall categorize the order for purposes of tracking in an order inquiry status report and cease to count that order as a Held Order or Unfilled Designed Services Order for purposes of the reports required by Section G of this Part, unless and until the Commission rejects the Staff's recommendation or the waiver request, whichever is applicable. For Primary and Regular Services, if the Commission rejects a Staff recommended waiver, Qwest will reinstate the order as of the date of the Commission's rejection of the Staff's recommendation. For Designed Services, if the Commission rejects a waiver request, Qwest will reinstate the order as of the date of the original order. Prior to determining whether any disputed credits are payable for a particular period, the Commission shall resolve all disputes regarding pending waiver petitions for that period. Qwest shall list in each report submitted under Section G the number of orders that have been excluded from Qwest's Held Order and Unfilled Designed Services Order statistics for this reason. The order inquiry status report will be filed with the Monthly Held Order and Unfilled Designed Services Order Report in Section IX.G.2. For each order on the order inquiry status report, Qwest shall state by affidavit whether the conditions giving rise to the waiver petition still exist with respect to each order in the report, and if not, the date on which the conditions ceased to exist.

6. The granting of a waiver petition concerning a particular Held Order shall not relieve Qwest of its obligations to the individual customer to provide alternative service as described in Part X.A.5, except to the extent that the basis for granting the waiver is that the customer failed to provide the necessary facilities to enable Qwest to complete the order or was otherwise the cause of the delay, or if the line extension will cost more than $5000 to fill pursuant to section 4.f., above. Once the condition giving rise to a waiver request ceases to exist, the order shall be subject to the applicable Held Order or Unfilled Designed Services Order installation interval standards and reporting requirements in Sections IX.E.1 and 2 and IX.G.

E. Commitment To Achieve Other Specific Quality of Service Standards For New Mexico

1. Provisioning Service Standards: These standards are established to govern the timely provisioning of Primary, Regular, and Designed Services.

a. Service Order Installation -- Primary and Regular Services: In provisioning Primary and Regular Services to residence and single-line business customers, Qwest commits to achieve the following benchmarks, by exchange, within the following timeframes. Orders for service to locations where the facilities necessary to provide the requested service are not deployed and available at the time of the request shall not be included in the calculation of the percentage benchmarks set forth below.

(1) Period 1: Qwest commits to provision service within 5 working days of its receipt of the service request, or by such later date as the customer may request, in no less than 94 percent of all cases.

(2) Period 2: Qwest commits to provision service within 5 working days of its receipt of the service request, or by such later date as the customer may request, in no less than 95 percent of all cases.

(3) Period 3: Qwest commits to provision service within 5 working days of its receipt of the service request, or by such later date as the customer may request, in no less than 97 percent of all cases.

b. Service Order Installation -- Designed Services: Within 3 working days of receipt of a customer's order for a Designed Service, Qwest commits to inform the customer whether the necessary facilities are currently available to provision the service requested by the customer. Unless a longer time is requested by the customer, Qwest commits to install the service within 15 days of receipt of the service request if the necessary facilities are available and within 45 days of the receipt of the service request if the necessary facilities are not available, except where Qwest has obtained a waiver pursuant to subsection (2) below. For the purpose of determining compliance with the installation intervals established in this subsection, a Designed Service order shall be deemed and recorded as received when the customer receives confirmation from Qwest that the customer has provided all information necessary, which may include an executed written contract, to enter the order in Qwest's internal ordering system or when Qwest enters the order in its internal ordering system, whichever is earlier. Qwest's monthly performance data for determining compliance with the installation intervals established in this subsection shall not exclude any customer orders that are canceled after the applicable installation interval due date.

(1) Specifically, Qwest commits to achieve the following benchmarksin each wire center within the following timeframes:

(a) Period 1: Qwest commits to provision the service within 15 or 45 days, as appropriate, in no less than 82 percent of all cases.

(b) Period 2: Qwest commits to provision the service within 15 or 45 days, as appropriate, in no less than 85 percent of all cases.

(c) Period 3: Qwest commits to provision the service within 15 or 45 days, as appropriate, in no less than 88 percent of all cases.

(2) Qwest may submit a waiver petition requesting that a particular order for installation of a Designed Service not be subject to the 15/45 day time frame and not be counted in the calculation of Qwest's performance with respect to the benchmarks set forth in subsection (1) above or the provisions of Section X.B.3. Such a waiver petition shall be subject to the same procedural provisions, substantive standards and reporting and notice requirements as waivers for Held Orders under subsections D.3, 4, and 5 of this Section. Once the condition giving rise to a waiver request ceases to exist, the order shall be subject to the Designed Services standards and reporting requirements in this Plan.

2. Primary and Regular Service Repair Standards: These standards are established to govern the incidence of and timely response to all Primary and Regular Services customer trouble reports, excluding reports related to customer premises equipment ("CPE").

a. Trouble Reports: Qwest commits that its total network trouble reports, excluding CPE, by wire center, shall not exceed the following benchmarks.

(1) Period 1: 7 reports per 100 switched access lines per month.
(2) Period 2: 6 reports per 100 switched access lines per month.
(3) Period 3: 5 reports per 100 switched access lines per month.

b. Out-of-Service Reports: In responding to reports that a Primary and Regular Services customer is unable to receive or place calls on an access line due to lack of dial tone or severe noise that prevents effective communication, Qwest commits to achieve the following benchmarks within the following timeframes.

(1) Period 1: Qwest commits to resolve the problem and restore service within 24 hours of receipt of the network trouble report in 75 percent of all cases.

(2) Period 2: Qwest commits to resolve the problem and restore service within 24 hours of receipt of the network trouble report in 80 percent of all cases.

(3) Period 3: Qwest commits to resolve the problem and restore service within 24 hours of receipt of the network trouble report in 85 percent of all cases.

c. Repeat Trouble Reports: Qwest commits that its number of network trouble reports on switched access lines received within 30 days of a closed trouble report concerning the same problem on the same line shall not exceed the following levels.

(1) Period 1: 25 percent of the total trouble reports.
(2) Period 2: 23 percent of the total trouble reports.
(3) Period 3: 18 percent of the total trouble reports.

F. Continuation of Period 3 Standards

The service quality standards applicable to Qwest in Period 3 shall continue to apply for the remainder of the duration of this Plan.

G. Commitment To Track and Report Satisfaction of Service Quality Commitments and Requirements in the Plan

1. Tracking of Quality of Service Performance and Other Data: Qwest commits to establish in a timely manner tracking programs to compile all quality of service, customer credit, investment and other data necessary for the Commission to monitor and determine on an ongoing basis Qwest's compliance with each of the quality of service commitments, potential credit and additional investment and expenditure obligations and other commitments and requirements set forth in this Plan.

2. Monthly Held Order and Unfilled Designed Services Order Reports: Qwest commits to file monthly reports with the Commission setting forth the following information. Qwest shall file the first such monthly report, for the month including the effective date of this Plan, on the first day of the second month following the month reported on (e.g., the April, 2001 report will be filed on June 1, 2001), and thereafter on a monthly basis.

a. Each monthly report shall contain:

(1) The number of Held Orders as of the last day of the month.
(2) The number of total switched access lines as of the last day of the month.
(3) The number of Held Orders as of the last day of the month, expressed as a percentage of Qwest's total access lines on that date.
(4) The number of Held Orders that have been excluded from the above figures pursuant to Section IX.D. of this Part due to waiver petitions that the Staff has recommended granting.

(5) The number of Held Orders as of the last day of the month that have been pending for more than 180 days.

(6) An order inquiry report that provides the status of all Held Orders and Unfilled Designed Services Orders for which waivers have been granted and other information as provided in Section IX.D.5.

(7) The number and percentage of existing qualifying primary high cost held orders cleared pursuant to IX.C.3, and the number and percentage of Unfilled Designed Services Orders existing as of the effective date of this Plan (and listed on Attachment B to this Plan) that have been cleared pursuant to Section IX.K.

(8) The total number and dollar amount of customer-specific waiver of non-recurring installation charge obligations (i) incurred, and (ii) provided by Qwest pursuant to Section IX.K of this Plan concerning the clearing of interstate and intrastate retail and wholesale Unfilled Designed Services Orders existing as of the effective date of this Plan (and listed on Attachment B to this Plan).

b. Qwest may in its discretion include with any such report one or more Held Order or Designed Service waiver petitions in accordance with Sections IX.D. and IX.E.1.b.2 of this Part.

3. Quarterly Reports: Qwest commits to file quarterly reports with the Commission which include sufficient data to determine Qwest's satisfaction of the quality of service, installation, repair and out-of-service standards, customer-specific credit obligations and requirements for Primary, Regular, and Designed Services set forth in Sections IX.C and E and Section X.B of this Plan for each month during the most recent quarter. Qwest shall file the first such quarterly report within 30 days after the end of the first quarter following the beginning of Period 1 of this Plan. The monthly data in these quarterly reports shall include, but not be limited to:

a. The number of Primary Services and Regular Services orders in each Qwest exchange that were installed and that were not installed in each month within the 5 working day installation interval standard for Primary and Regular Services established in Section IX.E.1.a of this Plan.

b. The number of Designed Services orders in each Qwest wire center that were installed and that were not installed in each month within the applicable 15/45 calendar day Designed Services installation interval standards established in Section IX.E.1.b of this Plan.

c. The total dollar amount of customer-specific credit obligations to Designed Services customers incurred by Qwest in each month pursuant to Section X.B.3.a of this Plan for failing to satisfy the applicable 15/45 calendar day Designed Services installation interval standards established in Section IX.E.1.b of this Plan. Upon request, Qwest shall provide to the Commission supporting work papers showing the calculation of the amounts reported pursuant to this subsection.

d. The total amount of automatic customer-specific credit obligations to Designed Services customers incurred by Qwest in each month pursuant to Section X.B.3.c of this Plan for out-of-service interruptions. Upon request, Qwest shall provide to the Commission supporting work papers showing the calculation of the amounts reported pursuant to this subsection.

4. Annual Compliance Reports: Unless the Commission grants an extension, within 30 days after the end of each Period as defined in Section IX.A of this Plan, Qwest shall submit to the Commission an Annual Compliance Report containing the following data and information which shall be the basis for the Commission's determination of (i) the amount of credit and/or investment or expenditure obligations, if any, that Qwest shall incur pursuant to Sections X.B.2.a and b, X.B.3.b and X.B.4 of this Plan; and (ii) substantial compliance with Qwest's commitments for purposes of allowing the price cap changes provided in Sections V.A.1.b. and c of this Plan. At the same time that Qwest files an Annual Compliance Report or any request for an extension of time to file such a report with the Commission, Qwest shall serve the New Mexico Internet Professionals Association and all persons on the Commission's official service list in Utility Case Nos. 3215, et al. as of the effective date of this Plan and on the Commission's Telecommunications Service List in effect at the applicable time, the New Mexico Retail Association, the New Mexico Tourism Association, the Central New Mexico Home Builders Association, and the New Mexico Hotel and Motel Association with written notice of Qwest's filing of such report or request for extension. Qwest's Annual Compliance Reports shall include a cover letter stating whether or not that Report includes: (i) information showing that Qwest's credit obligations during the applicable Period of the Plan exceeded the credit obligation limits for that Period established in Section X.B.5 of the Plan; (ii) an election by Qwest to make additional investments or expenditures in lieu of paying credits pursuant to Sections X.B.2.c or X.B.3.b; and (iii) any request by Qwest for waivers pursuant to Section IX.G.4.f or variances pursuant to Section X.B.6, or any claims of force majeure pursuant to Section X.C of the Plan which would excuse Qwest from satisfying any requirements of this Plan. This Annual Compliance Report shall be submitted in addition to the Annual Report for telecommunications carriers prescribed by Commission rule, and shall include:

a. The infrastructure investment information that Qwest is required to report pursuant to Section VIII.E.

b. Qwest's progress in deployment of DSL and ISDN services as set forth in Section VIII.B and C.

c. Qwest's CLASS service capability as set forth in Section IX.B.

d. Separately, the number of craft/hourly personnel employed by Qwest in New Mexico and the number of employees employed by Qwest outside New Mexico that support New Mexico operations.

e. Qwest's performance in the previous twelve month period with respect to each of the applicable service quality installation, repair and out-of-service standards and benchmarks set forth in Sections IX.C, IX.E, and X.B.3.c. The specific data included in each report shall consist of aggregated 12-month quality of service statistics (except where monthly data is necessary to determine satisfaction of any applicable service quality standard, benchmark, commitment or other requirement of this Plan, and such other data shall include monthly out-of-service data for Designed Services), reported separately for each quality of service category set forth in this Plan for Qwest on a statewide basis or by wire center or exchange as required in Sections IX.E of the Plan.

f. Any dispute by Qwest of Staff's recommended denial of a waiver petition, including all relevant supporting facts.

g. A detailed calculation, pursuant to the credit provisions in Section X.B. of this Plan, of the amount of credits that Qwest would be required to issue to New Mexico consumers, assuming no variance is granted by the Commission for failure to achieve quality of service commitments. Prior to determining whether disputed credits are payable for a particular Period in the Plan, the Commission shall resolve disputes regarding pending waiver petitions. Qwest shall provide a calculation of credits both including and excluding credits related to disputed waiver petitions.

h. The total dollar amount of automatic customer-specific credits paid by Qwest to Designed Services customers in each month pursuant to Section X.B.3.a of this Plan for failing to satisfy the applicable 15/45 calendar day Designed Services installation interval standards established in Section IX.E.1.b of this Plan. Upon request, Qwest shall provide to the Commission supporting work papers showing the calculation of the amounts reported pursuant to this subsection.

5. Form of Reports: Qwest commits to work with Commission Staff, the office of the Attorney General and any interested intervenors in Commission Utility Case Nos. 3215, et al. to ensure that the form of the monthly, quarterly and annual reports that Qwest submits pursuant to this Section is acceptable and provides the Commission with the information it needs to determine Qwest's compliance with all service quality standards and other commitments and obligations set forth in this Plan. In the event the Staff or any interested person or party believes that the form of any of these reports is not sufficient to provide the Commission with the information it needs to determine Qwest's compliance with any of the standards, commitments or obligations set forth in this Plan during the term of this Plan, that person or party may request that Staff and Qwest agree to modify such form for that purpose. In the event Staff and Qwest do not agree to a request by an interested person or party to modify a Qwest report form for that purpose, that person or party may seek a Commission determination that such modification should be made by filing a motion requesting that relief in accordance with the Commission's procedural rules. In the event Staff and Qwest agree to any Qwest report form modification requested by Staff, Qwest or any other person or party during the term of this Plan, Qwest shall provide notice of its intention to implement such modification to all persons on the Commission's official service list in Utility Case Nos. 3215, et al. and on the Commission's

Telecommunications Service list at least ten (10) business days prior to implementing that modification.

6. Availability of Reports: Except for any customer-specific data or information which identifies any customer of Qwest, which shall be considered and treated by Qwest and the Commission as confidential information and shall not be disclosed to any person or party except the customer that is the subject of the data as provided in an appropriate protective order issued by the Commission, the data and information contained in any monthly report, quarterly report and Annual Compliance Report filed with the Commission pursuant to this section of the Plan shall be presumed to not be confidential or proprietary information or material and shall be made available to any person at the offices of the Commission or to any party in any Commission case requesting any such report without restriction on its use or disclosure; provided, however, in the event Qwest claims that any such report contains any information or material other than the information expressly required in subsections IX.G.2, 3, and 4 of this Section that should be treated as confidential information subject to a Commission protective order limiting its use or disclosure, Qwest may, at the time such claim of confidentiality is initially asserted, file a request with the Commission for a protective order and such protection for that information as provided in this subsection. Any such request for protection of information or material claimed to be confidential shall be served on each of the persons and organizations identified in subsection 4 of this Section and shall be supported by an affidavit or affidavits which shall satisfy Qwest's burden of making a <u>prima</u> <u>facie</u> showing that protection is appropriate, provided that such affidavit(s) shall:

a. identify with specificity all information for which such protection is requested;

b. be executed by a person employed by Qwest who is sufficiently knowledgeable concerning the use of and competitive value of the information for which protection is claimed that he or she can defend such claim if it is challenged; and

c. explains with particularity the injury which would result from disclosure of the information for which protection is sought.

7. Challenge to Confidentiality. Any protective order issued by the Commission pursuant to subsection 6 of this Section shall establish a procedure for the expeditious handling of information that Qwest claims is confidential and shall provide that it shall not be construed as an agreement or Commission ruling on the confidentiality of any information in any Qwest report. In the event that any person or party challenges a claim for protection of any information in any Qwest report covered by such a protective order, Qwest shall bear the burden of demonstrating the harm that would result from public disclosure of the information for which protection is sought. Any party may challenge the characterization of any specific information claimed by Qwest to be confidential in the following manner:

a. A party challenging the confidentiality of any such information shall first contact counsel for Qwest and attempt to resolve any differences informally;

b. If the parties cannot resolve the disagreement informally, the party challenging the claim for protection shall do so by filing a motion with the Commission which identifies with specificity the information challenged and requests a ruling whether such information is confidential;

c. A ruling on the confidentiality of the challenged information shall be made by the Commission after an in camera hearing which shall be conducted under circumstances such that only those persons duly authorized pursuant to the Commission's protective order to have access to such confidential information shall be present. Such hearing shall be held as expeditiously as is practicable following the filing of any challenge to any confidentiality claim pursuant to this subsection.

d. If the Commission rules that any specific information should be removed from the restrictions imposed by its protective order, no party shall disclose such specific information or use it in the public record for five (5) calendar days from the date of that ruling unless authorized by Qwest to do so to enable Qwest to seek a stay or other relief from the Commission's order denying Qwest such protection.

H. Independent Audit

1. During the term of this Plan, the Commission may call for independent audits of Qwest's tracking and reporting of service quality statistics and compliance with applicable service quality standards and customer credit obligations during a particular Period of this Plan. Such audits shall be paid for by Qwest and conducted by an independent company selected by Qwest and approved by the Commission.

2. Qwest shall select the company to conduct the audits and shall notify the Commission of its choice. The Commission may reject that choice and require a new selection by so notifying Qwest within 30 days of the Commission's receipt of Qwest's notification.

3. Qwest may deduct up to one-half of the cost of the audits from its credit obligations incurred pursuant to Section X.B for the Period in this Plan that is the subject of the audit or for the subsequent Period in this Plan. Qwest shall report the deduction and the resulting modification to its credits in the Annual Compliance Report or, if Qwest proposes to apply the credit reduction in advance of the issuance of a new Annual Compliance Report, in a separate report submitted to the Commission. The total cost for audits paid by Qwest during the term of the Plan, not including credit reductions, shall not exceed $250,000.

4. The audit described in subsection 1 above shall be in addition to any other reports or audits that the Commission has the authority to require under applicable law.

I. Relation of Quality of Service Commitments to Adopted Rules

1. The investment and quality of service provisions set forth in Part VIII and IX, and the credit and guarantee provisions set forth in Part X, establish the investment and quality of service rules that shall apply to Qwest's retail service offerings during the term of this Plan. Staff and Qwest agree that the investment and quality of service provisions of the Plan and the related credit and guarantee provisions establish the regulatory regime applicable to Qwest's

retail service offerings for the term of the Plan, notwithstanding any investment or retail quality of service rules that the Commission may adopt. Qwest is not exempted from compliance with wholesale quality of service rules, additional retail quality of service rules the subject matter of which is not otherwise addressed in this Plan, consumer protection rules, or standards added under Part IX, section I.2. Qwest agrees not to object to a request for expedited treatment in any wholesale service quality rulemaking commenced by any entity, except that Qwest may advocate procedures allowing Qwest sufficient and reasonable time to present its legal and factual positions, comments, and testimony in any such rulemaking.

2. At the end of each Period, Commission Staff will review Qwest's overall performance to determine whether any additional quality of service standards may be necessary to address areas of service by Qwest that are not already covered by the standards set forth in this AFOR Plan, or by the Commission's quality of service rules. In conducting such a review, Staff may solicit comments from interested persons. In the event that Commission Staff proposes additional quality of service standards, Commission Staff and Qwest will use best efforts to negotiate whether and when such standards should be imposed, the appropriate benchmarks that should be used to measure Qwest's performance, and the amount of credits that Qwest should be required to pay if its performance falls below the established benchmarks. Any such standards, benchmarks and credit provisions must be approved by the Commission after public notice and hearing. If Commission Staff and Qwest cannot reach agreement on any or all of these issues through negotiation, then any remaining issue shall be decided by the Commission, after public notice and the opportunity for hearing.

J. Rural Extension Fund

Nothing in this Plan shall affect Qwest's commitments to or administration of the Rural Extension Fund, Exchange and Network Services Tariff, Section 2.c., page 19, absent future Commission Order modifying the Rural Extension Fund.

K. Unfilled Designed Services Orders

1. Qwest will clear all existing, unfilled design services orders, both retail and wholesale under its New Mexico and FCC tariffs, as of September 30, 2000, and updated as of the effective date of this Plan, within 18 months of the effective date of this Agreement, in accordance with the following schedule:

Year 1:
Q1 – 10%
Q2 – 25%
Q3 – 45%
Q4 – 65%
Year 2:
Q1 – 85%
Q2 – 100%

a. A complete list of existing, unfilled designed services orders as of September 30, 2000, and updated as of the effective date of this Plan that are covered by this Section shall be submitted to the Commission within 15 days of the effective date of this Plan as confidential Amended Attachment B to this Agreement. For purposes of this Section, Year 1, quarter 1, shall begin on the effective date of this Agreement. If an order listed in Amended Attachment B is not cleared within 12 months of the effective date of this Agreement, then Qwest will either (i) waive any existing, applicable installation charges for that order at the time that order is completed; or (ii) if that order is canceled by the customer after that 12-month period and is replaced at the time of cancellation by another retail or wholesale Designed Services order under Qwest's New Mexico or FCC tariff, apply a credit to the customer's replacement order in the amount of the installation charges for the canceled service or the replacement service, whichever is lower. Qwest commits to provision designed services orders placed after the effective date of this Plan and before the commencement of Period 1 of the Plan within the 15 or 45 day time frame established in Section IX.E.1.b in chronological queue and to not discriminate against any such orders relative to any order placed after the commencement of Period 1; however, no credit obligations associated with quality of service standards stated in Section IX.E.1.b shall apply prior to the beginning of Period 1.

2. Qwest agrees to meet with interested persons and solicit a prioritization of wire centers or specific unfilled design services from those interested persons regarding the orders listed on Amended Attachment B. Qwest also commits to meet with designed services customers on a regular basis during the term of the Plan to obtain, at the customer's discretion, forecasting information to assist Qwest with planning and construction of the network.

3. The orders listed pursuant to IX.K.1.a. shall not be counted as unfilled designed services orders for purposes of sections IX.E.1.b., or X.B.3.

L. No Obligation to Maintain Bill Payment Centers

During the term of this Plan Qwest is not obligated to open any staffed bill payment centers located within the state of New Mexico.

X. GUARANTEES, CREDITS, AND INCENTIVES TIED TO QWEST'S QUALITY OF SERVICE COMMITMENTS

A. Guarantees for New Mexico Consumers

Qwest commits to offer consumers the following guarantees.

1. Missed Dispatched Service Calls: If Qwest misses a dispatched installation service call or a dispatched repair service call for Primary or Regular services, Qwest shall automatically issue a credit on the bill of the affected customer in the amount of $12 for a residential customer or $40 for a business customer. However, if the missed appointment is due to customer actions (e.g., failure to provide Qwest with adequate or correct information or failure to arrange for access to the premises), then no credit will be issued.

2. Primary Service After 10 Days: If Qwest does not provision a Primary Service, where the necessary facilities are deployed and available, within 10 days of the receipt by Qwest of the service request (or within 10 days after the customer's requested service date, where the customer requested a date more than 5 days after the submission of the order), Qwest shall waive the nonrecurring installation charge, excluding materials and labor for customer premises work.

3. Primary Service After 20 Days: If Qwest does not provision a Primary Service, where the necessary facilities are deployed and available, within 20 days of the receipt by Qwest of the service request (or within 20 days after the customer's requested service date, where the customer requested a date more than 5 days after the submission of the order), Qwest shall waive the first monthly 1FR or 1FB service charge once service is provisioned. This shall be in addition to the waiver of the nonrecurring installation charge pursuant to subsection X.A.2.

4. Restoring Service After 72 Hours: If Qwest does not restore a Primary Service within 72 hours of its receipt of an out-of-service report, Qwest shall:

a. Automatically issue a bill credit to the affected customer. For each additional 72 hours after the initial 72-hour period that the customer remains without service, the amount of the bill credit shall be:

(1) Prior to and during Period 1: $12; or

(2) From the beginning of Period 2 through the duration of the term of the Plan: $24.

b. In the case of a customer who provides a certificate of medical need, provide within 2 business days a wireless telephone and prearranged service plan or a voucher to obtain the same from a third party, as set forth in subsection 5.a of this Section, where available.

5. Alternative Service for Held Orders: For customers subject to Held Orders, Qwest commits to do the following, provided the customer was not the cause of the delay:

a. Where wireless phone service or equivalent service is available from Qwest, Qwest shall provide the customer with an alternative service solution via the Qwest wireless network.

b. Where wireless phone service or equivalent service is not available from Qwest, Qwest shall offer to pay for the customer to receive such service. Specifically, Qwest shall cover all nonrecurring charges, including charges for the wireless handset, all monthly recurring charges, and unlimited local calling until Qwest completes the service request. The customer shall be responsible for picking up and returning the wireless handset at a designated distribution location, and for paying the cost of roaming charges and/or long distance calls. For purposes of complying with this requirement, Qwest may supply the customer with a wireless handset and prearranged service plan, contract with a wireless service provider to provide customers with handsets and wireless airtime, or provide the customer with a voucher to obtain the same from a third party.

c. Where wireless phone service or equivalent service is not available, Qwest shall offer the customer free of charge a telephone number, a listing, and the customer's choice of either:

i) Free remote call forwarding of that number until service is provisioned; or

ii) A free voice mailbox to which the customer's calls may be directed until service is provisioned.

d. Beginning in Period 2, for each customer that is subject to a Held Order, Qwest shall waive the first monthly service charge once service is provisioned. This shall be in addition to the remedies set forth in subsections X.A.5.a, b and c above.

e. Qwest's obligation to provide the remedies set forth in subsections X.A.5.a and b above shall terminate at such time as Qwest provisions the service that was the subject of the Held Order.

B. Annual and Customer-Specific Credits to New Mexico Consumers for Qwest's Inability To Satisfy Quality of Service Standards and Benchmarks

1. Determination and Issuance of Annual and Customer-Specific Credits for New Mexico Customers: After the end of Period 1, and after the end of each subsequent Period, the following procedures shall be used to determine the amount of annual credits, if any, that Qwest shall be required to issue to its New Mexico customers as a result of its inability to achieve the applicable quality of service benchmarks set forth in Section IX during the previous Period of this Plan. Qwest may amortize its payment of any such annual credits (but not its payment of any customer-specific credits required in Sections X.B) over a 12-month period by issuing one-twelfth of each customer's total required credit each month for 12 consecutive months. The following procedures also apply where applicable to customer-specific credits effective with the commencement of Period 1 for Designed Services pursuant to Section X.B.3.a and c.

a. If Qwest has not submitted a variance request together with its Annual Compliance Report, then Qwest, in a billing cycle that begins within 60 days of the submission of the Annual Compliance Report, shall begin the process of issuing bill credits to New Mexico customers in the amounts calculated in the Annual Compliance Report.

(1) Credit amounts owing to all New Mexico customers pursuant to X.B.2 shall be issued in equal amounts to each of Qwest's New Mexico customer accounts which are active in the months in which credits are issued.

(2) Credit amounts arising from subsection X.B.3 related to designed services shall be applied only to designed services customer accounts which are active in the months in which credits are issued. Any customer-specific installation or repair credit amounts owed to customer accounts which are not active in a month in which such credits are due shall be treated as a credit pursuant to X.B.3.b.

b. If Qwest has submitted a variance request together with its Annual Compliance Report pursuant to subsection X.B.6, then:

(1) If the variance does not seek relief from the entire credit amounts calculated in the Annual Compliance Report, Qwest shall begin to issue bill credits as set forth in subsection a above for all credit amounts from which the variance does not seek relief.

(2) The Commission shall review the variance request in accordance with the procedures and standards set forth in subsection X.B.6.

(3) If the Commission grants the variance in full, Qwest shall not issue any further credits above those required under subsection X.B.1.b.(1) above.

(4) If the Commission rejects the variance in whole or in part, then Qwest, in a billing cycle that begins within 60 days of the Commission's ruling on the variance, shall begin the process of issuing any remaining bill credits required by the Commission's order to customer accounts as set forth in subsection X.B.1.a.

2. Amount of Primary and Regular Services Credits for All New Mexico Customers: Qwest's credits to all of its New Mexico customers shall be determined by analyzing Qwest's compliance with the applicable service quality standards set forth in Part IX during the previous twelve month period, as reported in Qwest's Annual Compliance Report for that period. Specifically, where Qwest has failed to achieve a particular service quality standard as specified in this provision, Qwest shall incur a potential credit obligation in the amount set forth below.

a. Held Orders:

(1) If Qwest has not achieved the benchmark for Held Orders (Part IX.C.1 above) on an annual, statewide basis, Qwest shall incur a potential credit obligation as follows.

(a) For each .001 percentage point increment in the range from .001 to .005 percentage points in excess of benchmark: $270,000 or .06 percent of Qwest's total intrastate revenues for the period in question, whichever is higher.

(b) For each .001 percentage point increment in the range from .006 to .01 percentage points in excess of benchmark: $405,000 or .1 percent of Qwest's total intrastate revenues for the period in question, whichever is higher.

(c) For each .001 percentage point increment in the range from .011 to .015 percentage points in excess of benchmark: $540,000 or .13 percent of Qwest's total intrastate revenues for the period in question, whichever is higher.

(d) For each .001 percentage point increment over .015 percentage points in excess of benchmark: $675,000 or .16 percent of Qwest's total intrastate revenues for the period in question, whichever is higher.

(2) For each month during the calendar year in which Qwest had one or more Held Orders as of the last day of the month that had been pending for more than 180 days on a statewide basis, Qwest shall incur a potential credit obligation as follows.

(a) For each month with 1 to 5 such orders as of the last day of the month: $45,000 or .01 percent of Qwest's total intrastate revenues for the year in question, whichever is higher.

(b) For each month with 6 to 10 such orders as of the last day of the month: $67,500 or .015 percent of Qwest's total intrastate revenues for the year in question, whichever is higher.

(c) For each month with 11 or more such orders as of the last day of the month: $90,000 or .02 percent of Qwest's total intrastate revenues for the year in question, whichever is higher.

b. Other Specific Service Quality Standards for Primary and Regular Services: If Qwest has not achieved specific service quality standards set forth in Part IX.E above, Qwest shall incur potential credit obligations as follows.

(1) Inability to achieve benchmark for each exchange on an annual basis for installation of Primary and Regular Services (IX.E.1.a):

(a) For each exchange and for each additional percentage point in the range from .1 to 2.0 percentage points short of an applicable benchmark: $10,000.[5]

(b) For each exchange and for each additional percentage point in the range from 2.1 to 4.0 percentage points short of an applicable benchmark: $15,000.[6]

[5] For example, if Qwest's performance level is between 93.9% and 93% in Period 1 for a particular exchange, then Qwest's credit obligation for that exchange is $10,000. As another example, if Qwest's performance level in Period 1 in a particular exchange is between 92.9% and 92%, then Qwest's credit obligation for that exchange is $10,000 + $10,000, or $20,000.

[6] For example, assume Qwest's performance level is 90.3% in Period 1 in a particular exchange. Qwest's credit obligation pursuant to subsection b.(1).(a) would be $10,000 x 2, or $20,000. Pursuant to subsection b.(1).(b), Qwest would incur an additional credit of $15,000 for the shortfall between 91.9% and 91%, and another $15,000 for the shortfall between 90.9% and 90.3%. Qwest's total credit obligation for that particular exchange in Period 1 would be $20,000 + $15,000 + $15,000, or $50,000.

(c) For each exchange and for each percentage point in the range from 4.1 to 11.0percentage points short of an applicable benchmark: $20,000

(d) In Periods 1 and 2, there shall be no additional credit obligations for any percentage point over 11.0short of an applicable benchmark

(e) In Periods 3, 4, and 5, for each exchange and for each additional percentage point over 11.0 short of an applicable benchmark: $50,000.

(2) Inability to achieve benchmark for Primary and Regular Services trouble reports (IX.E.2.a) for each two consecutive months of failing to satisfy the benchmark in each wire center:

(a) If Qwest's trouble report rate is within .1 to 2.0 reports/100 lines/month in excess of benchmark: $30,000.

(b) If Qwest's trouble report rate is within 2.1 to 4.0 reports/100 lines/month in excess of benchmark: $45,000.

(c) If Qwest's trouble report rate is within 4.1 to 6.0 reports/100 lines/month in excess of benchmark: $60,000.

(d) If Qwest's trouble report rate is more than 6.0 reports/100 lines/month in excess of benchmark: $75,000.

(e) The performance level of the second consecutive month that Qwest fails to satisfy the applicable benchmark in a wire center will be used to calculate the amount of the credit arising from that month.

(f) As each Period of the Plan becomes effective, the percentage benchmark for that Period shall be used to determine compliance in each wire center in a particular month during that Period and the applicable credit.

(g) Qwest shall incur a credit obligation under this Section X.B.2.b.(2) for each consecutive two-month period[7] that Qwest fails to satisfy an applicable benchmark in a particular wire center during the five

[7] For example, assume that Qwest's trouble report rate for a particular wire center in September of 2001 is 9 reports/100 switched access lines, in October of 2001 is 8 reports per 100 switched access lines, and in November of 2001 is again 8 reports per 100 switched access lines. In this example, Qwest would have been in non-compliance for failing to satisfy the benchmark in the consecutive months of September and October of 2001, and would have incurred a credit obligation of $30,000 because the 8 reports per 100 switched access lines is within .1 to 2.0 reports per 100 lines in excess of the benchmark. In addition, because the November trouble report rate is in excess of the benchmark, Qwest would have failed to satisfy the benchmark for the two consecutive month period of October and November of 2001, and Qwest would have incurred an additional credit obligation of $30,000.

Periods defined in this Plan regardless of the Period in which the last month of any such consecutive two months of sub-standard performance falls.

(3) Inability to achieve benchmark for Primary and Regular Services repeat trouble reports (IX.E.2.c) on an annual, statewide basis:

(a) If Qwest's repeat trouble report rate is within 0.1 to 5.0 percentage points in excess of benchmark: $270,000 or .06 percent of Qwest's total intrastate revenues for the period in question, whichever is higher.

(b) If Qwest's repeat trouble report rate is within 5.1 to 10.0 percentage points in excess of benchmark: $405,000 or .1 percent of Qwest's total intrastate revenues for the period in question, whichever is higher.

(c) If Qwest's repeat trouble report rate is within 10.1 to 15.0 percentage points in excess of benchmark: $540,000 or .13 percent of Qwest's total intrastate revenues for the period in question, whichever is higher.

(d) If Qwest's repeat trouble report rate is more than 15.0 percentage points in excess of benchmark: $675,000 or .16 percent of Qwest's total intrastate revenues for the period in question, whichever is higher.

(4) Inability to achieve benchmark for Primary and Regular Services out-of-service reports (IX.E.2.b) on an annual, statewide basis:

(a) For each additional percentage point in the range from .1 to 3.0 percentage points short of an applicable benchmark: $270,000 or .06 percent of Qwest's total intrastate revenues for the period in question, whichever is higher.

(b) For each additional percentage point in the range from 3.1 to 7.0 percentage points short of an applicable benchmark: $405,000 or .1 percent of Qwest's total intrastate revenues for the period in question, whichever is higher.

(c) For each additional percentage point in the range from 7.1 to 12.0 percentage points short of an applicable benchmark: $540,000 or .13 percent of Qwest's total intrastate revenues for the period in question, whichever is higher.

(d) For each additional percentage point over 12.0 percentage points short of an applicable benchmark: $675,000 or .16 percent of Qwest's total intrastate revenues for the period in question, whichever is higher.

c. For Period 1, Qwest may elect by a certification in writing and under oath to the Commission at the time Qwest submits its Annual Compliance Report that it will invest or make additional expenditures in the amount of the credits incurred under Sections X.B.2 to be invested or spent on a statewide, wire center, or exchange basis where Qwest was not in compliance with the applicable benchmarks. For Period 2, Qwest may petition the Commission by a certification in writing under oath detailing plans for investment or expenditures in the amount of the credits incurred under Sections X.B.2 to be invested or spent on a statewide, wire center, or exchange basis where Qwest was not in compliance with the applicable benchmarks.

(1) Qwest will make investments or expenditures permitted under this subsection X.B.2.c as soon as reasonably practicable within the next applicable Period.

(2) If Qwest elects or requests the option of investing or making additional expenditures rather than paying any credits pursuant to this Section X.B.2.c for a Period in which Qwest's total credit obligations under this Plan exceed the applicable credit limit set forth in Section X.B.5, Qwest shall reasonably allocate the obligations incurred under this Section X.B.2.c on a statewide, wire center, or exchange basis where applicable and shall provide a justification of the reasonableness of that allocation in the certification required by Section X.B.2.c.

(3) If Qwest elects the option of investing or making additional expenditures rather than paying any credits pursuant to this Section X.B.2.c and demonstrates in the certification required by this Section that it made sufficient investments or expenditures in an affected wire center to achieve the applicable performance benchmarks after Qwest failed to achieve the performance benchmarks, Qwest may elect and provide notice as provided in Section IX.G.4 when its submits its Annual Compliance Report that it will reasonably allocate investments or additional expenditures on a statewide, wire center, or exchange basis based upon the degree of non-compliance with the benchmarks applicable during the reported Period.

3. Amount of Potential Customer-Specific Installation and Repair Service Credits and Potential Additional Investment and Expense Obligations for Affected Wire Centers for Failing to Satisfy Quality of Service Standards and Benchmarks for Designed Services: Qwest shall incur the following customer-specific installation and repair service credit obligations to customers, or additional investment and expense obligations for affected wire centers as provided in subsection 3.b of this Section, for failing to satisfy the quality of service standards and benchmarks for installation and repair of retail, intrastate Designed Services in Sections IX.E.1.b and X.B.3.c.

a. Qwest shall provide customer-specific credits to the affected Designed Services customer for delays of installation of Designed Services beyond the installation intervals stated in Section IX.E.1.b.(1) as follows:

(1) Period 1: Beginning the 11^{th} calendar day after the expiration of the 15-day installation interval if facilities are available, the customer shall be credited $1/30^{th}$ of the non-recurring installation charge for the applicable service set forth in Qwest's filed New Mexico tariffs as of the order date for each calendar day of delay until the designed service is installed, which credit shall not exceed 150% of that installation charge. Beginning the 16^{th} calendar day after the expiration of the 45-day installation interval if facilities are not available, the customer shall be credited $1/30^{th}$ of the non-recurring installation charge for the applicable service set forth in Qwest's filed New Mexico tariffs as of the order date for each calendar day of delay until the designed service is installed, which credit shall not exceed 150% of that installation charge.

(2) Period 2: Beginning the 6^{th} calendar day after the expiration of the 15-day installation interval if facilities are available, the customer shall be credited $1/30^{th}$ of the non-recurring installation charge for the applicable service set forth in Qwest's filed New Mexico tariffs as of the order date for each calendar day of delay until the designed service is installed, which credit shall not exceed 150% of that installation charge. Beginning the 11^{th} calendar day after the expiration of the 45-day installation interval if facilities are not available, the customer shall be credited $1/30^{th}$ of the non-recurring installation charge for the applicalbe service set forth in Qwest's filed New Mexico tariffs as of the order date for each calendar day of delay until the designed service is installed, which credit shall not exceed 150% of that installation charge.

(3) Period 3: Beginning the first calendar day after the expiration of the 15-day installation interval if facilities are available, the customer shall be credited $1/30^{th}$ of the non-recurring installation charge for the applicable service set forth in Qwest's filed New Mexico tariffs as of the order date for each calendar day of delay until the designed service is installed, which credit shall not exceed 200% of that installation charge. Beginning the 6^{th} day after the expiration of the 45-day installation interval if facilities are not available, the customer shall be credited $1/30^{th}$ of the non-recurring installation charge for the applicable service set forth in Qwest's filed New Mexico tariffs as of the order date for each calendar day of delay until the designed service is installed, which credit shall not exceed 200% of that installation charge. The percentage caps set forth in this Section X.B.3.a.(3) are subject to Commission review pursuant to Section X.B.3.a.(5).

(4) Periods 4 and 5: Beginning the first calendar day after the expiration of the 15-day installation interval if facilities are available, the customer shall be credited $1/30^{th}$ of the non-recurring installation charge for the applicable service set forth in Qwest's filed New Mexico tariffs as of the order date for each calendar day of delay until the designed service

is installed, which credit shall not exceed 200% of that installation charge. Beginning the first calendar day after the expiration of the 45-day installation interval if facilities are not available, the customer shall be credited 1/30th of the non-recurring installation charge for the applicable service set forth in Qwest's filed New Mexico tariffs as of the order date for each calendar day of delay until the designed service is installed, which credit shall not exceed 200% of that installation charge. The percentage caps set forth in this Section X.B.3.a.(4) are subject to Commission review pursuant to Section X.B.3.a.(5).

(5) Without regard to the installation interval credit grace periods set forth in subsections 3.a.(1) through 3.a.(3) of this Section and the four consecutive month requirement for benchmark credit obligations in subsection 3.b of this Section, if Qwest frequently fails to satisfy the applicable percentage benchmarks established in Section IX.E.1.b.(1) in any wire center during Periods 1 or 2 of this Plan, any interested person may petition the Commission after Period 2 to raise the percentage caps on customer credits for Periods 3, 4, and 5 established in Sections X.B.3.a.(3) and (4).

(6) Cancellation of a designed services order terminates Qwest's obligation to pay the credits stated in this Section X.B.3.a; provided however, if an order is canceled after the date on which a credit is due pursuant to subsections 3.a.(1) through a.(4) of this Section and is replaced at the time of cancellation by another retail, intrastate Designed Services order under Qwest's New Mexico tariff, Qwest shall apply a credit to the customer's replacement order in the amount of the installation charge set forth in Qwest's filed New Mexico tariffs as of the order date for the canceled service or the replacement service, whichever is lower.

(7) Qwest shall apply the credits stated in this Section X.B.3.a to the affected customer's bill as soon as reasonably practicable under Qwest's billing process and no later than 60 days after the end of a customer's billing cycle in which Qwest incurs a credit obligation under this Section or, if applicable, 60 days after any Qwest request for a waiver of a Designed Services installation interval standard is denied by the Commission pursuant to Sections IX.D and IX.E.1.b.(2). If the affected customer is a new customer, then Qwest shall apply the credit on the first bill following installation of the Designed Service.

b. Additional credits for inability to achieve percentage benchmark for installation of Designed Services in each wire center (IX.E.1.b): If Qwest fails to meet the applicable percentage benchmark for installation of Designed Services established in Section IX.E.1.b for four consecutive months in the same wire center, Qwest shall incur a potential credit obligation in the amounts set forth below. These additional credits shall be paid equally among all of Qwest's retail intrastate Designed Services customer accounts within the time frames established in X.B.1 unless Qwest certifies in writing and under oath to the Commission at the time Qwest submits its Annual Compliance Report that it will invest or make additional expenditures in the amount of the credit attributable to any wire center in facilities and service as soon as reasonably practicable within the next applicable Period of the Plan, or if such credit obligations are incurred in Period 5 of the Plan, as soon as reasonably practicable after the end of that Period. The installation performance percentage of the fourth consecutive month that Qwest fails to satisfy the applicable benchmark in a wire center will be used to calculate the amount of the credit.

(1) For each percentage point in the range from .1 to 3.0 percentage points short of an applicable benchmark: $4,153.[8]

(2) For each percentage point in the range from 3.1 to 7.0 percentage points short of an applicable benchmark: $6,231.[9]

(3) For each percentage point in the range from 7.1 to 12.0 percentage points short of an applicable benchmark: $8,306.

(4) For each percentage point over 12.0 percentage points short of an applicable benchmark: $10,385.

(5) As each Period of the Plan becomes effective, the percentage benchmark for that Period shall be used to determine compliance in each wire center in a particular month during that Period and the applicable credit.[10]

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[8] For example, assume Qwest's performance in a particular wire center in November, 2001 is 80.5%, in December, 2001 is 75%, in January 2002 is 78.7%, and in February, 2002 is 80.3%. Each of these months falls within Period 1, during which the applicable percentage benchmark is 82% in each wire center. In this example, the 80.3% performance level in the fourth consecutive month of non-compliance would be used to calculate the credit. For the percentage point between 81.9% and 81% that Qwest fell short of the benchmark, Qwest would incur a $4,153 credit obligation. For the performance shortfall between 80.9% and the actual performance level of 80.3%, Qwest would incur an additional credit obligation of $4,153. The total credit obligation in this example therefore would be $8,306 for that wire center. If this same level of sub-standard performance were reported in the fourth month of four consecutive months of sub-standard performance in two of Qwest's sixty-five existing wire centers, Qwest's total credit obligation would be twice that $8,306 total, and so on.

[9] For example, assume the same scenario stated in footnote 8, except that in February of 2002, Qwest's performance level is 77.5% instead of 80.3%. Qwest's credit obligation pursuant to subsection b(1) for the shortfall between 81.9% and 79% would be 3 x $4,153, or $12,459. Pursuant to subsection b(2), Qwest would incur an additional credit of $6,231 for the shortfall between 78.9% and 78%, and an additional credit of $6,231 for the shortfall between 77.9% and Qwest's performance level of 77.5%. Qwest's total credit obligation under this scenario therefore would be $12,459 + $6,231 + $6,231, or $24,921.

[10] For example, assume that Qwest's performance in a particular wire center in May, 2002 is 80.5%, in June, 2002 is 75%, in July, 2002 is 82.5%, and in August, 2002 is 83.6%. The May

(6) Qwest shall incur a credit obligation under this Section X.B.3.b for each consecutive four-month period that Qwest fails to satisfy an applicable benchmark in a particular wire center during the five Periods defined in this Plan regardless of the Period in which the last month of any such consecutive four months of sub-standard performance falls.[11]

(7) If Qwest elects the option of investing or making additional expenditures rather than paying any credits owed in affected wire centers pursuant to this Section X.B.3.b for a Period in which Qwest's total credit obligations under this Plan exceed the applicable credit limit set forth in Section X.B.5, Qwest shall reasonably allocate the obligations incurred under this Section X.B.3.b among the affected wire centers and shall provide a justification of the reasonableness of that allocation in the certification required by Section X.B.3.b.

(8) If Qwest elects the option of investing or making additional expenditures rather than paying any credits owed in affected wire centers pursuant to this Section X.B.3.b and demonstrates in the certification required by this Section that it made sufficient investments or expenditures in an affected wire center to achieve the performance benchmarks applicable in that wire center after Qwest failed to achieve the performance benchmarks applicable to that wire center for four consecutive months, Qwest may elect and provide notice as provided in Section IX.G.4 when its submits its Annual Compliance Report that it will reasonably allocate investments or additional expenditures among other wire centers based upon the degree of non-compliance with the benchmarks applicable during the reported Period.

c. Credits for Out-of-Service Interruptions of Designed Services. When a Designed Service is out-of-service for the time intervals set forth in this

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and June, 2002 performances would be measured against the Period 1 percentage benchmark of 82% and would be treated as two consecutive months of non-compliance. Since the July and August performances would fall within Period 2, they would be measured against the Period 2 benchmark of 85% and would be treated as two additional consecutive months of non-compliance. Therefore, in this example, Qwest would not be in compliance for four consecutive months in that wire center, and its credit obligation would be calculated by using the August performance level of 83.6% and comparing that to the 85% benchmark for Period 2. The total credit obligation under this scenario would be two times $4,153, or $8,306.

[11] For example, assume the same scenario as footnote 10, and that Qwest's performance level in the same wire center during September of 2002 was 84%. In this example, Qwest would incur a credit obligation of $4,153 for the four consecutive months of sub-standard performance in that wire center ending on September 30 in addition to the $8,306 credit obligation for its four consecutive months of sub-standard performance in that wire center ending on August 31. In other words, Qwest's total credit obligation for five consecutive months of sub-standard performance from May of 2002 through September 2002 would be $8,306 plus $4,153, or a total of $12,459.

subsection, Qwest shall apply the following credit amounts to the affected customer's account as soon as reasonably practicable under Qwest's billing process unless Qwest can demonstrate that the out-of-service condition was caused by customer premises equipment (CPE) or circumstances beyond Qwest's control, in which case Qwest shall promptly notify the affected customer of such a claim and the customer may request a written or electronic report from Qwest substantiating that claim which shall be transmitted by Qwest to the customer within ten (10) business days of such request. If a customer believes an out-of-service report provided by Qwest pursuant to this subsection is not sufficient to support Qwest's claim that the customer is not entitled to a credit under this subsection, a customer can challenge that Qwest claim by filing a petition with the Commission setting forth the specific basis for that challenge. Qwest's failure to provide a customer with a written or electronic report substantiating such a claim within the time frame established in this subsection shall constitute a presumption that the outage was not outside of Qwest's control or caused by CPE, which Qwest may rebut through evidence. If the Commission determines that the Qwest report provided to a customer pursuant to this subsection is not sufficient to support Qwest's claim, Qwest shall credit the customer's account with the amount of the applicable credit due to the customer under this subsection.

Time out of service	**Credit in Period 1**	**Credit in Period 2**	**Credit After Period 2**
Less than 4 hrs	no credit	no credit	no credit
Each 4-hour Increment[12]	7% of actual monthly charge, capped at 100%	7% of actual monthly charge, capped at 150%	15% of actual monthly charge, capped at 200%[13]

(1) Any interested person may petition the Commission after Period 2 to raise the caps set forth in this subsection X.B.3.c if Qwest's credit obligations under this subsection to any customer frequently exceed the caps established in this subsection.

(2) The actual monthly charge used to determine the amount of the credit means the monthly service charge for the applicable Designed Service actually invoiced to the customer.

(3) Qwest shall incur a credit obligation to an affected customer for an out-of-service condition on a retail, intrastate Designed Service under this subsection X.B.3.c even if that out-of-service condition

[12] For example, if a customer's designed service is out-of-service for a total of 4 hours and 15 minutes, then the customer receives a credit in Period 1 of 7% of its actual monthly charge. If the designed service is out-of-service for a total of 10 hours, then the customer receives a credit in Period 1 of 14% of its actual monthly charge.

[13] This cap is subject to Commission review under Section X.B.3.c.(1).

is caused by a problem with another Qwest Designed Service, regardless of whether that other service is a retail or intrastate service provided under a New Mexico tariff. No credit obligation is incurred under this Section due to the inability of a customer to access internet service or to complete a call or transmission as a result of incapacity of the voice network or as a result of another customer's facility or equipment.

(4) For the purpose of determining and recording the customer-specific credits established in this subsection, Qwest shall issue the customer a trouble ticket identifying the Designed Service affected and the time when the out-of-service condition was determined by Qwest within 10 minutes of the time when Qwest's representative is notified by a customer or a Qwest representative determines that a Designed Service is out-of-service, whichever is earlier.

(5) If a customer experiences bouncing of the circuit, the customer may request that Qwest open a test assist ticket. This ticket will be assigned to central office personnel who will monitor service until the repair is completed. The ticket will not be closed until service is stable. If the customer experiences the same trouble 3 or more times in a 30-day time frame after this ticket is closed, the trouble will be referred to Qwest's chronic response team. This team will monitor the problem and the ticket will remain open until the problem is resolved.

(6) All time periods that a Designed Service is actually out-of-service while a trouble ticket is open under subsections X.B.3.c.(4) and (5) shall be added together to calculate the credit.

(7) Qwest commits to meet with interested persons within 30 days of the effective date of this Plan to discuss specific chronic out-of-service conditions existing as of the effective date of this Plan and to assign a single point of contact for Qwest to monitor and resolve such conditions.[14]

4. Additional Credits for Continuing Non-compliance.

a. If Qwest increases the price for 1FR service pursuant to an allowable price cap increase in section V.A.1.b or c., with respect to annual statewide (without regard to exchanges or wire centers) performance levels prescribed for Held Orders and Primary and Regular Services provisioning, out of service, trouble reports and repeat trouble reports in this Plan, and in addition to the payment of customer guarantees and credits as

[14] Any person wanting to meet with Qwest to discuss a chronic condition existing as of the effective date of this Plan may contact Qwest to arrange such a meeting.

provided in this Plan, Qwest shall reduce its 1FR price by the following amount for each of the above standards that Qwest fails to meet for two consecutive periods:

Held Orders --	$1.75
provisioning --	$1.75
out of service --	$1.00
trouble reports --	$1.00
repeat trouble reports --	$1.00

b. Any 1FR price reduction required in Period three or beyond due to application of this subsection shall be offset against any applicable increase in the 1FR price cap allowed pursuant to Section V.A.1.b or c.

c. The maximum amount that the 1FR can be reduced pursuant to this section X.B.4 during the term of this Plan is $2.84, or to a statewide average price of $10.66. The price cap reductions under this subsection X.B.4 are not counted against the amount of credit limitations provided for in Section X.B.5.

d. Upon subsequently showing that it has complied for two consecutive periods with the annual performance level for a particular service standard, Qwest can increase the 1FR price cap by the same amount the 1FR price cap was previously decreased pursuant to this section due to Qwest's failure to meet that same service standard for two consecutive periods.

5. Limitation on Credit Obligation

a. Qwest's total credit obligation incurred for any Period shall not exceed the following levels.

(1) Period 1: $6,000,000
(2) Period 2: $7,000,000
(3) Period 3: $17,000,000
(4) Period 4: $17,000,000
(5) Period 5: $16,000,000

b. To the extent that these limits result in a reduction in Qwest's otherwise applicable credit obligation, such reduction shall be applied to Qwest's credit obligations (subsections X.B.2 and X.B.3) in proportion to each category's share of Qwest's total credit obligation.

c. These total credit obligations for each Period reflect the best efforts of the parties which stipulated their agreement to the Plan to reach an agreement on the creation of a strong incentive for Qwest to achieve the service quality standards established in this Plan as soon as possible.

d. After Qwest files its proposed AFOR pursuant to section IV.C, Staff and Qwest will jointly undertake an assessment of Qwest's overall performance under this Plan to determine, among other things, whether the credit provisions and limitations provided for in this Plan have provided sufficient incentives for Qwest to meet its agreed upon service quality standards. As part of this assessment, Staff and Qwest will collaborate to determine whether Qwest has been in substantial compliance with the service quality standards agreed to in this Plan. If Qwest and Staff cannot agree on whether Qwest has been in substantial compliance, or on the amount of any such increase to the credit limit, the final determination as to whether Qwest has been in substantial compliance or on the amount of any such increase to the credit limit will be made by the Commission when it acts on Qwest's proposed AFOR.

e. If during the term of the Plan the Commission determines the benefits and credits provided in this Plan do not provide sufficient incentives to Qwest to meet the quality of service standards or investment commitments contained in the Plan, the Commission may, after public notice and opportunity for hearing, modify the Plan to ensure future compliance with service standards or investment commitments.

6. Variance Procedures

a. At the same time as Qwest submits its Annual Compliance Report, Qwest may submit a variance request seeking a reduction of credit obligations that would otherwise apply under Sections X.B.2, X.B.3, and X.B.4 above. Such variance request shall specify the extent of the relief requested and shall set forth specific reasons why such relief is justified. At the same time as Qwest submits any such variance request to the Commission, Qwest shall serve the New Mexico Internet Professionals Association and all persons on the Commission's official service list in Utility Case Nos. 3215, et al. as of the effective date of this Plan and on the Commission's Telecommunications Service List in effect at the applicable time, the New Mexico Retail Association, the New Mexico Tourism Association, the Central New Mexico Home Builders Association, and the New Mexico Hotel and Motel Association with notice of the filing of that variance request, which includes an identification of the specific variances requested.

b. As soon as reasonably possible and within 30 days after Qwest submits a variance request, the Commission Staff shall make a recommendation to the Commission concerning Qwest's variance request and Qwest shall serve as soon as reasonably possible notice of the substance of that recommendation on all persons and organizations identified in subsection a of this Section.

c. Any interested party may challenge any Qwest request for a variance pursuant to this Section by filing a pleading with the Commission in accordance with the Commission's procedural rules setting forth the reasons why such relief should not be granted.

d. It is in the public interest that any variance request submitted pursuant to this section be resolved as soon as possible by the Commission so that Qwest's satisfaction of its obligation to issue any customer credits or make any additional investment as set forth in this Plan will not be unreasonably delayed. After public notice and an opportunity for hearing, the Commission shall have the authority, in its discretion, to reject, approve, or approve in part the variance request. In making this determination, the Commission may take into account the following factors, or any other information deemed relevant by the Commission:

(1) the extent to which Qwest may have met or exceeded applicable service quality standards in previous years of this Plan;

(2) the extent to which Qwest met or exceeded applicable service quality standards during the period under review;

(3) the extent to which either or both of the factors listed above resulted in significant benefits to New Mexico consumers;

(4) whether there are mitigating circumstances that may explain or justify Qwest's inability to achieve one or more particular benchmarks. With respect to Held Orders and Designed Services in particular, the Commission may consider any showing that Qwest may have made in a waiver petition pursuant to Parts IX.D.3 or IX.E.1.b.(2) above, even if the Commission Staff did not recommend granting the waiver petition; and

(5) Qwest's overall performance in serving its customers in New Mexico, including its investment in infrastructure in New Mexico and its provision in New Mexico of enhanced and advanced telecommunications services, such as DSL.

C. Force Majeure

The service quality standards contained in this agreement, and Qwest's corresponding obligation to pay any customer remedies or credits prescribed in this agreement, shall only apply to normal operating conditions and do not establish a level of performance to be achieved during periods of emergency, catastrophe, natural disaster, severe storm or other events affecting large numbers of telecommunications customers, including but not limited to: civil unrest, strikes, work stoppages, cable cuts by third parties, vandalism and conditions or delays caused by vendor or supplier issues outside of Qwest's control.

D. Credits Not Counted Toward Commitment to Invest $788 Million over Term of Plan

No credits paid to customers or additional investment or expenditure obligations incurred or made by Qwest pursuant to Sections X.A and B shall be counted toward Qwest's commitment in Section VIII.A.1 to invest $788 million over the term of the Plan.

E. Treatment of Credits in Case of Access Line Sale

In the event of any sale of access lines, wire centers, or exchanges, prior to the closing of such sale, Qwest shall either satisfy any and all customer credit obligations incurred by Qwest prior to the date of such closing pursuant to this Section X which are affected by such sale, including its obligations to make additional investment or expenditures if Qwest elects that option pursuant to Section X.B.2 or X.B.3.b, or shall obtain Commission approval of alternative arrangements for the timely satisfaction of those obligations.

XI. PRICING, TARIFFING AND OTHER PROVISIONS.

A. Price Changes

1. Subject to the price caps established in Parts V and VI above and the notification requirement set forth in subsection XI.A.2, and any other applicable rules, Qwest shall file tariffs to introduce, change the prices of, or withdraw a retail public telecommunications service, including a service that has been determined by the Commission to be subject to effective competition. Such tariff shall be effective 10 business days after such filing is made with the Commission unless Staff or an interested person or party protests the proposed tariff. The only acceptable grounds for protest are that the proposed tariff price is not above cost or within the approved cap, or that the non-price related terms and conditions of the tariff do not comply with applicable law and Commission rules, or that the tariff contains non-price related terms and conditions otherwise not in the public interest.[15] The Global Protective Agreement attached as Attachment C will be applicable to any confidential information needed to support any application under this section.

a. Pursuant to the provisions of subsection XI.A.1 above, Qwest can change prices for 1FR, 1FB and switched access services within the range of the capped price and the cost of the service.

2. Qwest must notify all affected customers of a rate increase for a tariffed retail telecommunications service prior to the billing cycle in which the rate increase is to take effect, and Qwest shall provide notice of a rate change to affected customers in the first bill mailed to the customer following the effective date of the change.

B. Nondiscrimination

Where Qwest provides a service to itself or an affiliate as an input to a non-regulated service, Qwest shall make the service available on a nondiscriminatory basis to competitors in the market for the non-regulated service.

C. Special Promotions and Bundled Service Offerings

1. Subject to the limitation set forth in subsection XI.C.2, Qwest shall have the ability to offer or discontinue offering special incentives, discounts, packaged offerings,

[15] If Utility Case No. 3198, a rulemaking addressing tariffing procedures for interexchange services, or a subsequent proceeding addressing the matters addressed in XI.A, establishes different or additional tariffing standards than as stated in XI.A, then Qwest agrees to adhere to the standards set in Utility Case No. 3198 or the subsequent proceeding for the services within the scope of those proceedings. If Utility Case No. 3237, a rulemaking addressing tariffing procedures for local services provided by competitive local exchange carriers, or a subsequent proceeding addressing the matters addressed in XI.A, establishes different or additional tariffing standards than as stated in XI.A, then Qwest agrees to adhere to the standards set in Utility Case No. 3237 or the subsequent proceeding for the services within the scope of those proceedings.

temporary rate waivers or other promotions. Such promotions or packages shall be effective upon 10 business days notice to the Commission and may include any combination of primary or regular telecommunications services, non-telecommunications services, advanced telecommunications services, and enhanced services. (See Footnote 2)

2. Qwest may provide a bundled service offering that includes any combination of Primary or Regular telecommunications services, non-telecommunications services, advanced telecommunications services, and enhanced services only if Qwest (i) does not discount the primary service contained in the bundle, (ii) makes the Primary or Regular services available to consumers separate from the bundled offering and at the tariffed price for the Primary or Regular service; and (iii) does not subsidize competitive services with noncompetitive services in providing the bundled service offering.

3. Subject to subsection XI.C.2 above, no price cap shall apply to a packaged offering.

D. Individual Contracts

1. Contracts shall become effective 10 days after the filing of a verified application with the Commission, unless otherwise ordered by the Commission.

2. The verified application shall include:

a. A copy of the contract;

b. A description of the telecommunications services to be provided under the contract;

c. An identification of the service prices that vary from the tariffed prices for such services;

d. The customer receiving services under the contact;

e. An affidavit identifying telecommunications carriers that are offering the customer competing services; and,

f. A cost study and a supporting affidavit attesting to the accuracy of the cost study, briefly describing the methodology of the cost study and indicating that the prices in the contract cover cost.

3. Staff shall file an affidavit within five working days making a recommendation to approve or disapprove the proposed contract. If the Staff does not file an affidavit or files an affidavit recommending approval, then the contact shall become effective 10 days after the filing of the application. The only grounds for a Staff recommendation of disapproval are that the application does not contain the information identified in XI.D.2, that the subject or comparable services are not being offered to the customer by a telecommunications carrier other than Qwest, and that the prices in the contract do not cover cost Upon receiving a Staff affidavit recommending disapproval, the Commission shall act upon the application within the time periods established by NMSA 1978 Section 63-9A-9. No hearing shall be required unless

ordered by the Commission. If the Commission does not issue an order on the Staff's affidavit of disapproval within 60 days of the filing of the application, the contract shall be deemed effective. Nothing in this subsection XI.D.3 shall preclude any person from asserting any rights or remedies existing under the law.

4. Qwest will sign a global protective agreement with Staff that will allow the Staff to examine proprietary data associated with a verified application for the approval of a contract. The Global Protective Agreement is attached as Attachment C. Approval of this Plan will constitute Commission approval of the form and scope of the global protective order. Qwest and the Staff agree to cooperate on the development of a proposed rule regarding global protective agreements that will apply to all telecommunications carriers.

E. Competitive Zones

Qwest may request Commission approval for the creation of a competitive zone. Creation of a competitive zone will allow Qwest to respond to competition by charging lower prices in the competitive zone than Qwest otherwise charges for the same service in the rest of the State. The competitive zone can be an exchange, a local calling area or group of exchanges.

1. Qwest will not request the creation of a competitive zone until it receives 271 approval from the FCC, and in no event, prior to January 1, 2003.

2. Any request for the creation of a competitive zone must demonstrate the presence of viable competition in the proposed competitive zone, including:

    a. the presence of at least five competitors for the particular service in the proposed competitive zone, including Qwest, no one of which is dominant; and,

    b. the loss of revenues from competitive activity in the proposed competitive zone.

3. The Staff is under no obligation to support and the Commission is under no obligation to grant any request by Qwest for the creation of a competitive zone.

4. The Commission will decide a request for the creation of a competitive zone after public notice and hearing within 120 days after the filing of a request for the creation of a competitive zone.

F. Other Price Reductions

1. On the effective date of this Plan, Qwest shall eliminate the toll restrict charges it has been imposing on customers whose credit histories require the restriction upon toll services. This elimination of toll restrict charges results in an annual revenue reduction of approximately $1.44 million.

2. Effective January 1, 2002, Qwest shall reduce its toll restrict rate charged to customers who opt for this service from $2.00 to $1.00. This reduction results in an annual revenue reduction of approximately $300,000.

3. On January 1, 2002, Qwest shall reduce its monthly rate for its non-published service from $3.00 to $2.10. Also on January 1, 2002, Qwest will reduce its monthly rate for non-list service from $1.50 to $1.20. These two reductions result in an annual revenue reduction of approximately $1.4 million.

4. Over the term of the Plan, Qwest intends and will use its best efforts to reduce its interexchange toll rates that would result in a total reduction of $7 million in annual revenues subject to the existing rules requiring the imputation of access charges as a price floor.

G. Limit on Mandatory Price Reductions During Term of Plan

1. Except as may be required pursuant to sections V.A.3.a or X.B.4, during the term of this Plan the Commission will not require Qwest to decrease the price for any retail telecommunications service.

2. This limitation on price reductions does not apply to credits that Qwest may be required to issue pursuant to Part X.B, price reductions offsetting monies received by Qwest from the State Universal Service Fund, or the adoption of an EAS plan as discussed in XI.I.

3. Qwest and Staff continue to disagree on whether and to what extent any subsidies may exist in Qwest's current prices, but agree that the potential price increases contained in this Plan will result in equitable contributions toward common costs.

H. Adjustments for Exogenous Cost Changes

1. Qwest may petition the Commission for an adjustment to recover exogenous increases in Qwest's costs, and the Commission Staff may petition the Commission for an adjustment to reflect exogenous decreases in Qwest's costs. Any such adjustment granted by the Commission shall take the form of surcharges or credits on customers' bills.

2. A petition for an exogenous cost adjustment shall describe in detail the nature of the exogenous cost increase or decrease and the specific surcharge or credit proposed to account for such cost change.

3. The Commission shall grant such a petition where it finds that there has been a change in Qwest's costs that would qualify as exogenous under the rules of the Federal Communications Commission, 47 C.F.R. § 61.45(d)(1). Exogenous cost changes are extraordinary changes in a carrier's costs caused by administrative, legislative, or judicial action beyond the control of the carrier. Cost changes resulting from the adoption of an EAS plan will not be considered exogenous cost changes, but instead are subject to the Commission's EAS rules, 17 NMAC 13.3 et. seq.

4. Qwest shall notify the Commission Staff of any decrease in its costs during the term of this Plan that would qualify as exogenous as defined in subsection X.I.H.3.

5. The Commission shall issue a decision on a petition for an exogenous cost adjustment no later than 120 days after the petition is submitted.

I. Initiation of Extended Area Service Inquiry

Qwest will file EAS petitions for consideration by the Commission pursuant to the Commission's EAS rules, 17 NMAC 13.3, e*t. seq.*, or if Qwest receives a resolution from the city council of any city in its service area requesting that an EAS inquiry be initiated. In any such EAS proceeding, the Attorney General may intervene under the Commission's EAS rules to address the relevant matters under the EAS rules.

J. Parity of Tariffing Requirements

To the extent that the timeframes, terms and conditions for price changes, special promotions or bundled service offerings, or individual contracts in this Agreement differ from Commission rules applicable to CLECs or IXCs, Qwest and Staff agree to not oppose an expedited request from IXCs or CLECs for waiver of the more burdensome rules or provisions so that timeframes, terms and conditions for price changes, special promotions or bundled service offerings, or individual contracts are at parity for all telecommunications carriers.

DATED this ____ day of _____________, 2001.

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[16] The NMISPG includes the New Mexico Internet Professionals Association (NMIPA), Internet at CyberMesa, Southwest Cyberport, Lobo Internet, New Mexico Internet Access, iHighway.net, Silicon Desert, Cibola Internet Services, and Sandia Internet.