

APPENDIX B

Issue	Wash – Qwest/Staff AFOR	New Mexico	Colorado	Minnesota	Arizona
Service Basket Structure	Specified rate increase for basic service, other services uncapped.	Residential and small business services capped. Other residential services separately capped, subject to inflation index. (Final Order on Pricing and Service Quality, p. 24-26.)	Market Regulated v. Modified Existing Regulation. (Order Approving Settlement with Modifications, p. 27, p. 42; Attachment A, Third Corrected Settlement Agreement, pp. 17-19.)	Separate categories for price regulated, flexibly priced, and non-price-regulated services. One party residential and business basic service capped. (Order Approving Alternative Form of Regulation Plan as Modified, p. 11; Revised AFOR Plan, p. 6-8, Appendix A.)	Three Baskets. Basket 1–hard caps. Basket 2–no more than 25% in 12-month period. Basket 3–revenue increases up to \$43.8 million. (Decision No. 68604, Opinion and Order, pp. 7-9; Settlement Agreement, p. 7.)
Revenue Change Provisions	Annual revenue impact from \$1 increase to 1FR is approx. half amount shown in Exhibit 130C (Strain), at p. 1, row 1, column (e). No limitation on other revenue changes.	Separate settlement agreement associated with investment shortfall from previous AFOR results in \$10 million in customer credits. (Order for Contingent Approval of Amended Settlement Agreement, p. 15.)	Not addressed.	Not addressed.	\$43.8 million in increases allowed, outside of res. basic service (i.e., in Baskets 2&3.;\$31.8 rev. shortfall; \$12 million reduction in switched access charges.) (Decision No. 68604, Opinion and Order, p. 8; Settlement Agreement, pp 5-7.)
Flat Rate Residential	Rates may increase by \$1.00 at any time during the AFOR.	Prices capped for all residential line. Prices capped for public interest features for all lines. (Final Order on Pricing and Service Quality, p. 24-26.)	Frozen by statute. Additional lines in competitive zones have pricing flexibility; those outside of competitive zones do not. (Order Approving Settlement with Modifications, p. 5; Attachment A, Third Corrected Settlement Agreement, pp. 17-19.)	Hard cap for 3 years. \$1 increase in monthly rate if Qwest chooses to extend plan for one additional year. (Order Approving Alternative Form of Regulation Plan as Modified, p. 11; Revised AFOR Plan, p. 6.)	Hard cap. (Decision No. 68604, Opinion and Order, p. 8, Settlement Agreement, pp. 7-8.)

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Residential Bundles/Packages	No limits on pricing.	Continues treatment from previous AFOR. Prices of bundles capped at sum of à la carte prices. (Final Order on Pricing and Service Quality, p. 36; Appendix A, pp. 3-4.)	No cap, market regulated. (Order Approving Settlement with Modifications, pp. 35-36; Attachment A, Third Corrected Settlement Agreement, p. 17.)	No cap, restricted to practices consistent with other telecom carriers. (Revised AFOR Plan, pp. 10-11.)	À la carte offerings continue; prices of packages cannot exceed sum of à la carte. (Decision No. 68604, Opinion and Order, p. 11.)
Small Business	No limits on pricing.	Prices capped for all small business lines. (Final Order on Pricing and Service Quality, p. 27.)	Market regulation for accounts with four or more lines. Price cap (CPI-based) for accounts with 1-5 lines. (Order Approving Settlement with Modifications, p. 43-44; Attachment A, Third Corrected Settlement Agreement, p. 18.)	Hard cap for 3 years. \$1 increase in monthly rate if Qwest chooses to extend plan for one additional year. (Order Approving Alternative Form of Regulation Plan as Modified, p. 11; Revised AFOR Plan, p. 6.)	Hard cap. (Decision No. 68604, Opinion and Order, p. 8, Settlement Agreement, pp. 7-8.)
Geographic Deaveraging	No deaveraging for specified services, but ICB permitted.	No deaveraging. (Final Order on Pricing and Service Quality, p. 40.)	Statutory cap applies for basic services. Competitive zones introduce deaveraging. (Order Approving Settlement with Modifications, pp. 31-32.)	Limited Deaveraging; not for price regulated services. (Revised AFOR Plan, pp. 13-14.)	Not addressed.
Switched Access Charges	Not addressed.	Not addressed.	\$11.2 million reduction. (Order Approving Settlement with Modifications, pp. 48-49; Attachment A, Third Corrected Settlement Agreement, pp. 19-20.)	Price regulated, not addressed.	\$12 million reduction, Rev. Neutral–Increases in Baskets 2&3 permitted. (Decision No. 68604, Opinion and Order, p. 7; Settlement Agreement, p. 5.)

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Directory Assistance	Eliminates the monthly free call allowance, retains DA exemption for those certified as medically needy, and hospitals.	Not addressed.	Not addressed.	No cap, restricted to practices consistent with other telecom carriers. (Revised AFOR Plan, pp. 10-11; Appendix A, Schedule 3.)	Capped at \$1.15 per call; one free call allowance per month continued. (Decision No. 68604, Opinion and Order, p. 9, Settlement Agreement, p. 11.)
Additional Price Benefits to Consumers	None.	Other residential service subject to price cap index; may increase at GDP-PI inflation. (Final Order on Pricing and Service Quality, p. 28-29.)	Public interest features capped. (Order Approving Settlement with Modifications, p. 42; Attachment A, Third Corrected Settlement Agreement, p. 18.)		Zone charge reductions– Zone 1 from \$1.00 to \$0.50; Zone 2 from \$3.00 to \$1.50. Non-list/non-pub. rates reduced \$0.50 per mo. (Decision No. 68604, Opinion and Order, p. 9; Settlement Agreement, p. 9.)
Service Quality	Customer remedy program continues (CSGP), with 3 program elements re-instituted.	Continuation of 7-metric self-executing SQ plan, incorporating recently decided SQ standards. Customer remedy programs also continue. (Final Order on Pricing and Service Quality, p. 50-52.; Appendix B.)	Continuation of two self-executing SQ metrics with automatic payments, reporting requirements. Bill credit adjustments remain in place. (Order Approving Settlement with Modifications, pp. 50-53; Attachment A, Third Corrected Settlement Agreement, pp. 20-23)	Detailed SQ performance standards – Qwest must meet 6 of 7 standards each year. Non-compliance results in meet and confer process with Commission and Attorney General to develop solution. (Order Approving Alternative Form of Regulation Plan as Modified, p. 7; Revised AFOR Plan, p. 17; Appendix B.)	Continues self-executing service quality plan with 5 metrics. Failure to comply with 2 or more of 5 standards results in additional credits (\$2) for each res. and bus. line. (Decision No. 68604, Opinion and Order, pp. 9-10; Settlement Agreement, pp. 11-12.)

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Line Extension	Not addressed.	Not addressed.	Treatment based on classification of service request. Market regulated v. Modified existing regulation. (Order Approving Settlement with Modifications, p. 45; Attachment A, Third Corrected Settlement Agreement, p. 16.)	Not addressed.	Credit increased from \$3,000 to \$5,000. (Decision No. 68604, Opinion and Order, p. 10; Settlement Agreement, pp. 12-13.)
Investment	DSL service to become available in 7 wire centers currently unserved during the 4-year plan. After four years, report on progress toward overall 83% DSL availability goal.	Separate settlement agreement addresses DSL deployment—availability to 83% of “working living units” overall and at least 50% of “working living units” in rural areas; possibly to be increased to 55% of rural units. (Order for Contingent Approval of Amended Settlement Agreement, p. 11.)	Not addressed.	Detailed investment plan filed. (Revised AFOR Plan, p. 17; Appendix C.)	Not addressed.
Other benefits	None.	\$5 million contribution to education project directed at “At Risk” students. (Part of settlement agreement addressing investment shortfall.) (Order for Contingent Approval of Amended Settlement Agmt, p. 9-10.)	N/A	N/A	\$1 million increase (new total \$2 million per year) for Telecommunications Program for Medically Needy. (Decision No. 68604, Opinion and Order, p. 9.)

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Term	Four years.	Three years from mid-2007. (Final Order on Pricing and Service Quality, p. 58.)	Continuing plan, subject to periodic review.	Three years from December 31, 2005; one additional year extension possible.) (Order Approving Alternative Form of Regulation Plan as Modified, pp. 6-7; Revised AFOR Plan, p. 3.)	Three years from April 2006. (Decision No. 68604, Opinion and Order, p. 9; Settlement Agreement, p. 13.)
Notice to Customers	Not addressed.	N/A	14 day notice to customers of price increases and price affecting changes in terms and conditions for market regulated services. (Order Approving Settlement w/Modifications, p. 58; Attachment A, Third Corrected Settlement Agreement, p. 13.)	Customer notice requirements for rate changes to price regulated services, discontinuance of price-regulated services, and price increases of flexibly priced services. (Revised AFOR Plan, p.9-10)	First notice 60 days after approval, second 120 days. Notice will inform customers that essential basic service avail. as separate offering. Decision. No. 68604, Order pp. 11-12; Settlement p.16