

Washington
Docket No. UT-061625
BCH 02-002S1
Attachment MM

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Minneapolis, Minnesota 55402

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Joan C. Peterson
Sr. Attorney



December 29, 2005

RECEIVED

DEC 29 2005

MINN PUBLIC UTILITIES COMMISSION

Dr. Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

**Re: In the Matter of a Petition by Qwest Corporation for Approval of its
Alternative Form of Regulation (AFOR) Plan
Docket No. P421/AR-05-1081**

**Qwest Letter Agreeing to Commission Modifications and Filing Final
Revised Retail Alternative Form of Regulation Plan**

Dear Dr. Haar:

On June 30, 2005, Qwest Corporation ("Qwest") filed a proposed Revised Alternative Form of Regulation ("AFOR") Plan to replace the AFOR Plan under which Qwest has been operating since January 1, 1999. Pursuant to the procedural framework set forth by the Minnesota Public Utilities Commission ("PUC" or "Commission"), Qwest and other parties to this proceeding engaged in discovery and negotiations. On October 21, 2005, Qwest filed revisions to its original proposal in order to resolve concerns raised by various parties. The Commission held hearings on December 1 and December 13, 2005 on this proposed Revised AFOR Plan as amended. On December 23, 2005, the Commission issued its Order approving the proposed Revised AFOR Plan as modified by the Commission.

Minnesota Statute section 237.764, Subdivision 1(e) requires that the petitioning telephone company must agree with any Commission modifications to a proposed AFOR Plan before that Plan can go into effect. By this letter, Qwest agrees to the modifications to its Revised Alternative Form of Regulation (AFOR) Plan contained in the Commission's December 23, 2005 Order. Qwest also files the final Revised AFOR Plan reflecting these modifications as agreed to by Qwest.



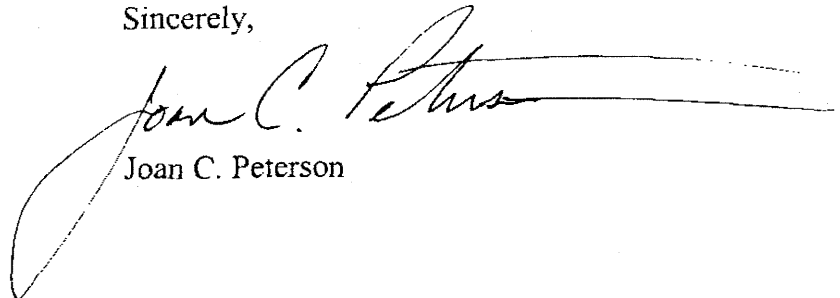
Qwest has included, for the Commission's convenience, a red-lined copy of the Revised AFOR Plan showing the specific modifications resulting from the December 23, 2005 Order, including:

- A. Qwest revised the language in the Plan to include the words "affordable" and "has been in the process of making" in the Plan's preface. (Order ¶ 2). Qwest also notes that Qwest agreed in the hearing room to include the words "emerging from" in this paragraph and those words are also included in the final Plan.
- B. Qwest has inserted language contained in the Commission's Order to clarify that both tariffs, which apply to price regulated services, and price lists, which apply to flexibly priced and nonprice regulated services, must be filed with the Commission and maintained in accurate form. (Order ¶ 3).
- C. Qwest has modified portions of the AFOR to explicitly recognize the Commission's authority to examine and act on Company filings on its own motion. (Order ¶ 4).
- D. Qwest has modified deadlines for Commission action throughout the AFOR to 120 days. (Order ¶ 5).
- E. Qwest inserted in section VII of its Plan language contained in the Commission's Order to clarify that Qwest's operations are subject to federal law as well as state law. (Order ¶ 6).
- F. Qwest inserted language contained in the Commission's Order clarifying how the Plan's termination or extension will be handled. (Order ¶ 7).
- G. Qwest inserted in section IV.B.1.a. the language set forth in the Commission's Order to clarify that the rate cap includes one-party local residential flat-rate and measured service and their associated installation and restoration charges; and a rate cap for one-party business flat rate and local measured service. (Order ¶ 8).
- H. Qwest inserted in Appendix B language contained in the Commission's Order to reflect the fact that the Plan contains seven, not eight, service quality standards and that substantial compliance is achieved by meeting six of the seven service quality standards. (Order ¶ 9).

- I. The AFOR Plan contains language stating that Qwest will make annual filings of service quality information. Qwest will include in those annual filings, monthly wire center data for those metrics that in the existing AFOR Plan are reported on a monthly, wire center basis. (Order ¶ 10).
- J. Qwest added to section IV.A.1.b the language set forth in the Commission's Order to clarify that approval of the AFOR does not change existing Commission authority. (Order ¶ 11).
- K. Qwest modified section IV.B.1.b. and section IV.B.1.c. to make explicit the Commission's authority to suspend rate changes – both increases and decreases – for price regulated services pending completion of Commission review. Qwest notes that the applicable ordering paragraph also listed section IV.C.2.c. However, the language in the body of the Order (Section K) and the language in Ordering Paragraph 12 reference only price-regulated services and Qwest's language reflects this action by the Commission. (Order ¶ 12). Qwest also modified section IV.B.1.b., section IV.B.1.c., and section IV.C.2.c. to clarify that all interested persons are permitted to challenge proposed rate or price changes and that the Commission has authority to act on its own motion. (Order ¶ 13).
- L. Qwest modified section IV.H., to clarify that cost recovery for "exogenous changes" is limited to costs incurred after the effective date of the new Revised AFOR Plan. (Order ¶ 14).

With these changes, Qwest's Revised AFOR Plan is in its final form as modified by the Commission and agreed to by Qwest and will become effective upon termination of the current AFOR Plan at midnight on December 31, 2005.

Sincerely,



Joan C. Peterson

JCP/bardm
Enclosures

cc: Service List

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendrayer	Chair
Marshall Johnson	Commissioner
Phyllis Reha	Commissioner
Kenneth A. Nickolai	Commissioner
Thomas Pugh	Commissioner

**Re: In the Matter of a Petition by Qwest Corporation for Approval of its
Alternative Form of Regulation (AFOR) Plan
Docket No. P421/AR-05-1081**

AFFIDAVIT OF SERVICE

STATE OF MINNESOTA)
) ss
COUNTY OF HENNEPIN)

Duane Scherr, being first duly sworn, deposes and says;


That on the 29th day of December, 2005, at the City of Minneapolis, State of Minnesota, he electronically served the attached filing on the following parties:

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Diane Wells; Diane.wells@state.mn.us
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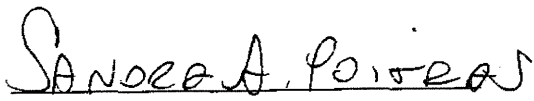
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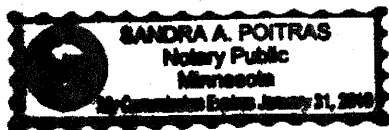
That on the 29th day of December, 2005, at the City of Minneapolis, State of Minnesota, he served the attached annexed filing by mailing a copy thereof, enclosed in an envelope, postage prepaid, and by depositing same in the post office at Minneapolis, Minnesota, directed to said addressee at his last known address:

Douglas Wholey
5 Augusta Lane
Dellwood, MN 55110


Duane Scherr

Subscribed and sworn to before me
this 29th day of December, 2005.


Notary Public



STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION

LeRoy Koppendraye
Marshall Johnson
Phyllis Reha
Kenneth A. Nickolai
Thomas Pugh

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of the Petition of Qwest
Corporation for Approval of its Revised
Alternative Form of Retail Regulation Plan

MPUC Docket No. P421/AR-05-1081

QWEST CORPORATION

**REVISED
ALTERNATIVE FORM OF RETAIL REGULATION
PLAN FOR THE STATE OF MINNESOTA**

Revised AFOR Plan

Filing Date: December 29, 2005

Revised AFOR Plan

Effective Date: December 31, 2005

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I. PREFACE

Qwest Corporation ("Qwest") shall be subject to an alternative regulation plan in Minnesota as set forth in the Revised Retail Plan on the Revised Retail Plan Effective Date. The elements of the Revised Plan are set forth in detail in the following sections.

Since January 1999, when Qwest entered into its initial alternative regulation plan, the telecommunications industry in Minnesota has been in the process of making the transition to a vibrant, competitive marketplace characterized by customer choices in price, service offerings, technology and providers. Competition is emerging from an array of communications providers that use various technologies to deliver local telephone service – including competitive local carriers, cable companies, voice over internet protocol (VOIP), and wireless companies. The Revised Plan is intended to allow consumers to enjoy the benefits of the competitive marketplace at affordable and equitable rates and with a quality of service consistent with Commission rules; to facilitate telecommunications alternatives; and to provide a regulatory environment with greater flexibility.

II. DEFINITIONS

- A. **Commission.** Commission means the Minnesota Public Utilities Commission.
- B. **Department.** Department means the Minnesota Department of Commerce.
- C. **Flexibly-Priced Services.** Flexibly-priced services include retail services offered by Qwest that have not been classified as either price-regulated or non-price regulated. Specific services that are classified as flexibly-priced under this Revised Retail Plan are listed in Appendix A, Schedule 2.

D. New Service(s). New services are those functions, features, or capabilities that are not offered by Qwest in Minnesota on the Revised Plan Effective Date.

E. Non-Price-Regulated Services. Non-price-regulated services are those retail services for which alternatives are competitively available. Specific services that are classified as non-price-regulated under this Plan are listed at Appendix A, Schedule 3.

F. Price-Regulated Services. Price-regulated services are those retail services that are listed in Appendix A, Schedule 1 and as specified in Minnesota Statutes section 237.761.

G. Revised Plan. "Revised Retail Plan" is the same as a "new plan" as described in Minn. Stat. § 237.766, Subdivision 2 (2004).

H. Tariff or Price List. Tariff means the schedule filed with the Commission that describes the rates, terms, and conditions of price-regulated services provided by Qwest. Price List means the schedule filed with the Commission that describes the rates, terms, and conditions of flexibly-priced or nonprice-regulated services provided by Qwest.

I. Total Service Long Run Incremental Cost or "TSLRIC." As used herein, Total Service Long Run Incremental Cost shall have the meaning defined in Minn. Stat. § 237.772, subd. 1(a).

III. PRICE AND SERVICE QUALITY REGULATION

A. Alternative Regulation.

Qwest is not subject to rate of return regulation or earnings investigations pursuant to sections 237.075 or 237.081 of Minnesota Statutes during the term of the Plan. Similarly, except as otherwise specified in the Plan, Qwest is not subject to the provisions of sections 237.57, 237.59, or 237.63 of Minnesota Statutes during the term of the Plan. Except as provided herein, the Commission retains its authority under section 237.081 to investigate matters other than rate of return and earnings and to issue appropriate orders, and the Department retains its authority under sections 216A.07 and 237.15 to investigate matters other than the rate of return and earnings of the Company.

B. Effective Date.

This Revised Plan is effective immediately upon expiration of the existing plan at 12:00 midnight on December 31, 2005 (the "Plan Effective Date").

C. Duration and Renewal.

The Plan shall be adopted pursuant to the requirements of Minn. Stat. § 237.764, subd. 1(e), and will continue for a period of three (3) years (36 consecutive months) from the Revised Plan Effective Date.

At the election of the Company, this Plan shall be renewable for one (1) additional year, for a potential total Plan duration of four (4) years. Within six months prior to the termination of the Revised Plan, Qwest shall file with the Commission notice that it will exercise its right to extend the Revised Plan for one year, propose a new plan, extend the existing plan, or revert to rate of return regulation.

If Qwest notifies the Commission that it intends to propose a new plan, interested parties shall have such time as the Commission shall designate to file comments on the proposal submitted by Qwest.

If Qwest notifies the Commission that it intends to renegotiate the Revised Plan, interested parties shall have such time as the Commission shall designate to file comments on the proposal submitted by Qwest. The Commission shall establish such procedures as it deems necessary to make a determination on the proposal pursuant to Minn. Stat. § 237.61. If the Commission rejects or modifies Qwest's proposal in a manner that is unacceptable to Qwest, Qwest may permit the Revised Plan to expire according to its terms and shall be regulated pursuant to applicable Minnesota Statutes and Commission Rules then in effect.

IV. RETAIL SERVICES PROVIDED: CLASSIFICATION, RATES AND PRICES

A. General Provisions.

1. Initial Classification.

a. Specific telephone services that are subject to regulatory oversight are described in the Revised Plan and listed in Appendix A, Schedules 1 and 2. Existing services that are not specifically identified in Appendix A, Schedules 1 or 2, will be classified as non-price-regulated.

b. All services offered by Qwest which are not telephone services and/or are not subject to regulation by the Commission are not subject to regulation under this Plan. Such services include, but are not limited to, radio common carrier services, customer premise equipment, billing and collection services, inside wiring, and services tariffed in the

Federal jurisdiction. Nothing in this Revised Plan adds to or reduces in any way the authority of the Minnesota Public Utilities Commission, the Department of Commerce or the Office of the Attorney General.

2 The Introduction of New Services.

a. Filing.

As provided in Minn. Stat. § 237.761, subd. 7, at the time Qwest first offers a service, Qwest shall file with the Commission a price list and the proposed classification for the service, along with a written explanation of why the service classification is consistent with Minn. Stat. § 237.761. New services may be offered to customers one (1) day after filing.

b. Classification.

If no interested party or the Commission objects to Qwest's classification within thirty (30) days from the date of filing, Qwest's proposed classification is approved. Qwest shall have twenty (20) days to respond to any objections. After such further proceedings as may be appropriate the Commission shall make a final determination as to the appropriate classification within one-hundred-twenty (120) days from the date of the filing of the new service. If the Commission does not act within one-hundred-twenty (120) days, the classification is approved as filed.

3. Tariffs and Price Lists.

Within 90 days of Commission approval of this Revised Plan, Qwest shall update its tariffs and price lists consistent with the terms of this Plan.

B. Price-Regulated Services.

1. Permitted Changes and Procedures for Changes for Price-Regulated Services.

The "Regulated Price" of a service is the price of the service on the effective date of this Revised Plan. Qwest may reduce the rate for a price-regulated service below the Regulated Price and may subsequently increase prices up to the Regulated Price without Commission approval. The rates or prices may not be reduced below the Total Service Long Run Incremental Cost of providing service.

Qwest may file for a rate change for price regulated services under the following procedures.

a. Price Caps for Certain Price-Regulated Services.

Qwest shall not increase the price of one-party basic local residential service (1FR, 1MR) or the installation or service restoration charges associated with one-party basic local residential service (1FR, 1MR) for the first three years of this Revised Plan. Qwest shall not increase the price of one-party basic business service (1FB, 1MB) for the first three years of this Revised Plan. If Qwest exercises its option to extend the plan for one additional year, Qwest may increase the price of one-party basic local residential service (1FR, 1MR) up to \$1 total increase in the monthly rate; increase the price of one-party basic business service (1FB, 1MB) up to \$1 total increase in the monthly rate; and Qwest may increase the installation and service restoration charges associated with these services up to \$1 total increase in the rate. At no time during the Revised Plan will Qwest increase the outstate price of one-party basic local residential service above the metro price of one-party basic local residential service.

b. Rate Changes for Price-Regulated Services.

Changes in tariffs for price-regulated services shall become effective under the following timelines: a) language changes and promotions, 1 day after filing the tariff; b) rate reductions, 1 day after filing the tariff; c) significant changes in the condition of service, 20 days after filing the tariff; d) new services, 10 days after filing the tariff; and e) proposals to increase prices, 30 days after filing the tariff and providing notice to customers. Interested parties shall have 30 days to file comments from the date of the initial filing of any change in the price-regulated service tariffs. Reply comments shall be filed within 30 days of the initial filing. When comments have been filed, or the Commission initiates action on its own motion, the Commission shall issue its order within 120 days of the initial filing. The Commission may suspend a rate change for good cause pending a PUC determination.

c. Procedures for Objection to Price Increases for Price-Regulated Services.

In the event Qwest proposes a price increase above the Regulated Price of a Price-Regulated Service, if any interested person or the Commission has reason to believe that the proposed increase is inconsistent with the practices of other telecommunications carriers including CLECs, telephone companies, cable providers, wireless providers and any other provider including providers of VOIP services, the interested person may file an objection with the Commission or the Commission, on its own motion, may act within 30 days of the notice. In its objection, the interested person or the Commission shall specify facts demonstrating the manner in which Qwest's proposal is significantly inconsistent with the

same or similar prices of any telecommunications carriers including CLECs, telephone companies, cable providers, wireless providers and any other provider including providers of VOIP services. If, after receipt of a valid objection or upon its own motion, the Commission within 120 days of the date of notice makes specific findings based on substantial evidence demonstrating that Qwest's proposal is significantly inconsistent with the same or similar prices of other providers of similar services, it may disapprove the requested increase or approve a lesser increase. If the Commission does not make such a determination within 120 days, the proposal shall be deemed approved. If no objection is filed or the Commission on its own motion does not act within 30 days of Qwest's filing, the price increase(s) shall be deemed approved. Qwest may not increase the price of a price-regulated service if it has not demonstrated substantial compliance with the quality of service standards set forth in the plan.

Qwest will not initiate any revenue-neutral price changes during the term of the AFOR except as specified in this Revised Plan. Nor shall the Commission mandate any price decreases during the term of the AFOR except as specified in this Revised Plan. Qwest shall be permitted to institute rate changes as provided in Minnesota Statute section 237.762, subd. 5.

2. Discontinuance of Price-Regulated Service.

a. Qwest reserves the right, pursuant to Minn. Stat. § 237.767, to seek approval from the Commission to discontinue the provision of a service that has been classified as a price-regulated service in accordance with the procedures set forth below. For

the discontinuance of toll service, Qwest shall comply with the discontinuance provisions of Minn. Stat. § 237.74.

b. At least 30 days prior to the proposed date of discontinuance, Qwest shall file with the Commission a petition to discontinue a price-regulated service. At the same time, Qwest shall provide notice of such filing to the affected customers of its intent to discontinue the service. Parties shall have 10 days from the date of the filing to file initial comments on the petition. Reply comments may be filed 5 days after the initial comments. If no comments are filed, the proposed changes shall go into effect on the date specified by the Company. If comments are filed, or issues raised by the Commission, the Commission shall hold such hearings as it deems appropriate and issue its final order within 120 days of the filing of the petition by Qwest.

3. Reclassification of Price Regulated Services to Flexibly-Priced Services.

Except for the services listed in Minn. Stat. § 237.761, subd. 3, when the Company presents documentation that any one of the following conditions is present, the Commission shall reclassify the price-regulated service as “flexibly-priced.”

- (1) That the service is not essential for providing local telephone service or access to the local telephone network; or
- (2) That the service is not integrally related to privacy, health or safety of the Company’s customers; or
- (3) That a reasonable alternative exists within the relevant market or geographic area on reasonably comparable terms and conditions.

C. Flexibly-Priced Services.

1. Permitted Price Changes and Procedures for Flexibly-Priced Services.

Specific services or categories of services that are classified as flexibly-priced services under this Revised Plan are listed in Appendix A, page 3.

2. The following section sets forth the procedures for adjusting the price lists for flexibly priced services during the term of the Plan.

a. Price Decreases.

Qwest may file for price decreases at any time. Decreases will be effective on the day after the filing, unless a later time period is designated by Qwest. If Qwest has decreased a price, Qwest may subsequently increase that price back to the price level existing December 31, 2005, notwithstanding the provisions of IV.C.1.c.

b. Price Increases.

Qwest may file for rate increases at any time. Qwest may implement price increases for flexibly priced services 20 days after filing with the Commission and the provision of notice to affected customers.

c. Procedures for Objection to Price Increases to Flexibly-Priced Services.

In the event Qwest proposes a price increase to a flexibly-priced service, if any interested person has reason to believe that the proposed increase is inconsistent with the practices of other telecommunications carriers including CLECs, telephone companies, cable providers, wireless providers and any other provider including providers of VOIP services, the interested person may file an objection with the Commission within 20 days of the notice.

In its objection, the interested person shall specify facts demonstrating the manner in which Qwest's proposal is significantly inconsistent with the same or similar prices of any telecommunications carriers including CLECs, telephone companies, cable providers, wireless providers and any other provider including providers of VOIP services. If, after receipt of a valid objection, the Commission within 120 days of the date of notice makes specific findings based on substantial evidence demonstrating that Qwest's proposal is significantly inconsistent with the same or similar prices of other providers of similar services, it may disapprove the requested increase or approve a lesser increase. If the Commission does not make such a determination within 120 days, the proposal shall be considered approved. If no objection is filed within 20 days of Qwest's filing, the price increase(s) shall be deemed approved.

d. Other Changes to the Price List.

All other changes to the price list shall be effective after filing, on the date designated by Qwest.

3. Reclassification of Flexibly-Priced Services to Non-Price Regulated Services.

The Commission shall reclassify a flexibly-priced service as a non-price regulated service when the Company submits documentation that there are two other communication providers providing the same or functionally equivalent service and that the service is actually available to and being used by customers.

4. Discontinuance of a Flexibly-Priced Service.

a. Qwest reserves the right, pursuant to Minn. Stat. § 237.767, to seek approval from the Commission to discontinue the provision of a service that has been

classified as flexibly-priced in accordance with the procedures set forth below. For the discontinuance of toll service, Qwest shall comply with the discontinuance provisions of Minn. Stat. § 237.74.

b. At least 30 days prior to the proposed date of discontinuance, Qwest shall file with the Commission a petition to discontinue a flexibly-priced service. At the same time, Qwest shall provide notice of such filing to the affected customers of its intent to discontinue the service. Parties shall have 10 days from the date of the filing to file initial comments on the petition. Reply comments may be filed 5 days after the initial comments. If no comments are filed, the proposed changes shall go into effect on the date specified by the Company. If comments are filed, or issues raised by the Commission, the Commission shall hold such hearings as it deems appropriate and issue its final order within 120 days of the filing of the petition by Qwest.

D. Non-Price Regulated Services.

1. Permitted Price Changes and Procedures for Price Changes for Non-Price-Regulated Services.

a. Qwest may change its prices for non-price-regulated services pursuant to the procedure set forth below. Prices for these services may be increased or may be reduced, but not below TSLRIC.

b. Qwest may implement price changes and other miscellaneous changes for non-price-regulated services immediately upon notice to the Commission by filing a revised price list reflecting the change and the effective date of the change. Prices for these services are not subject to approval or investigation by the Commission except as expressly permitted by Minn. Stat. § 237.770 and § 237.771.

2. Discontinuance of a Non-Price-Regulated Service.

Commission approval to discontinue a non-price-regulated service is not required. Qwest will give its customers and the Commission 30 days notice prior to discontinuing a non-price-regulated service.

E. Customer Incentives.

Qwest may offer incentives to customers to purchase or continue to purchase services from Qwest including a waiver of non-recurring charges and a waiver of monthly rate(s) on selected services as determined by the Company.

If required by federal law, a customer incentive provided pursuant to this section will be made available for resale by qualified carriers reselling the Company's service.

F. Special Pricing Issues.

Qwest shall charge uniform rates for local services within its service area. However, Qwest may:

- (a) offer unique pricing to certain customers or to certain geographic locations for promotions as allowed by Minn. Stat. 237.626;
- (b) provide volume or term discounts;
- (c) offer different prices in different geographic areas when (1) differences in the cost of providing a service, or market conditions, justify a different price; (2) the areas are served by different competitors; (3) or different prices are charged by competitors serving the areas;
- (d) pass through any legislatively authorized local taxes, franchise fees, or special surcharges imposed by local or regional governmental units on the services provided by Qwest in specific geographic areas from which the taxes, fees, or surcharges originate;
- (e) Qwest may offer a unique price to a specific customer in response to the customer's request to submit a bid or quote to provide service; or

- (f) Charge different rates for local services within its service territory upon a prior finding by the commission that Qwest has good cause to do so.

To the extent prohibited by federal law or the Commission, Qwest shall not give preference or discriminate in providing services, products, or facilities to an affiliate or to its own or an affiliate's retail department that sells to consumers. When services are offered on an individually priced basis, the contract and terms of the service offerings are not required to be routinely filed but shall be provided to the Commission, the Department or the OAG upon request.

G. Cost Recovery.

To the extent that a lawful order or mandate of a governmental authority requires investments that impose network or infrastructure-related costs on Qwest, Qwest has the right to recover those costs from its customers. Qwest shall propose rate changes pursuant to this Revised AFOR Plan to recover those costs. If the Commission disapproves Qwest's proposed rates, it must approve an alternative that allows for full recovery of the imposed cost. The Commission may not impose a cost recovery mechanism with which Qwest does not concur.

H. Exogenous Costs.

If the Commission, Legislature or other government entities with appropriate jurisdiction impose new costs on Qwest or changes in Qwest's revenues (collectively referred to as "Exogenous Changes") incurred after the effective date of the Revised Plan and during the effective period of this AFOR, Qwest may petition to recover Exogenous Changes, including but not limited to changes in the intrastate financial impact of: changes in EAS routes and/or compensation, including changes in intercarrier compensation; comprehensive

local service rate restructuring; rate deaveraging; changes in state or federal universal service or funding payments; changes in local, state or federal taxes; changes in the Commission's application of jurisdictional separations, the Uniform System of Accounts or other mandatory Financial Accounting Standards Board accounting standards; assessments related to the use of telephone numbers, including mandated number conservation efforts; financial impacts of government mandates to construct specific telecommunications infrastructure or develop systems beyond that contemplated by this Revised Plan, and for which Qwest would not otherwise be compensated through some other manner under the plan.

The Commission shall, upon petition, grant recovery of any Exogenous Change through the associated rate including price-regulated rates. Nothing in the Revised Plan alters legal rights Qwest may have related to revenue neutrality set forth by law. Qwest shall have the right to recover federally authorized rates or charges during the term of this Revised Plan. All changes related to local service provider long-term number portability (LNP) are treated in this Plan as federally authorized rates or charges.

Any costs to Qwest resulting from any legislatively authorized local taxes, franchise fees, or special surcharges imposed by local or regional governmental units on the services provided by Qwest under the plan may be recovered through a separate line items on Qwest's bill and recovered only from customers living within the jurisdiction that imposed the surcharge and who subscribe to the service upon which the surcharge is imposed. This paragraph does not give Qwest authority to recover "management costs" or "right-of-way management costs" as defined in Minn. Stat. §237.162, subd. 9 or other applicable provisions of Sections 237.162 or 237.163, as such provisions may be amended from time to time

regarding the recovery of costs by local or regional government units, or the recovery of other police power fees imposed on Qwest allowed by law, provided, however, that Qwest may surcharge to recover direct construction cost resulting from a local governmental unit's order or directive to relocate facilities beginning no later than 18 months after that directive or order to the extent Qwest is not required to bear such costs pursuant to Minnesota Rules part 7819.3100.

Prior to imposing a surcharge on customer bills, Qwest shall file a tariff with the Commission identifying the surcharge amount to be added on the customer bill. The filing shall provide any necessary supporting calculations for determining the surcharge amount and the basis upon which the underlying costs qualify as Exogenous Costs under the Plan. The tariff will become effective 60 days after filing and after notice to the local or regional government unit, unless the Commission receives an objection within the 60 day period to treating the costs as Exogenous Costs under the Plan. If the Commission receives any such objection, it shall determine whether or not the costs qualify as Exogenous Costs within 120 days of the original tariff filing. Qwest shall have the burden to demonstrate that the costs qualify as Exogenous Costs and qualify for recovery under this Plan.

Qwest may petition the Commission for recovery of any Exogenous Change at any time. Qwest shall be allowed to implement approved increases to its Regulated Prices to recover the financial impacts of Exogenous Changes.

I. Changes Related to Access Charge Reductions.

Qwest shall have the ability to offset reductions in access charge elements with the imposition of a flat monthly end-user charge or surcharge of equivalent value.

J. Required Commission Action.

Where this Plan requires Commission action within a specified period, if the Commission fails to act, the filing or proposal submitted by Qwest is deemed accepted and approved.

V. SERVICE QUALITY

This Plan incorporates, in appendix B, the quality of service measures pursuant to Minn. Stat. § 237.765. The appendix provides customer remedies for retail customers.

VI. INVESTMENT PLAN

As required by Minn. Stat. § 237.761, subd. 8, Qwest incorporates Appendix C which describes Qwest's investment plan.

VII. APPLICABILITY OF STATE AND FEDERAL LAW

A. Applicability of Federal Law.

The requirements of Federal Law, including but not limited to the Telecommunications Act of 1996, shall apply to Qwest except as otherwise stated in this Revised Plan.

B. Applicability of State Law.

The requirements of state law, including but not limited to Minnesota Statutes Chapter 237, Commission Rules, and Commission Orders shall apply to Qwest including Minn. Stat. §§ 237.121, 237.12, 237.162, 237.163, 237.52, 237.70, 237.701, 403.11, 237.66, 237.661 and 237.663, except as stated otherwise in this Revised Plan.

APPENDIX A

SCHEDULE 1

Price-Regulated

211, 311, 511 and 711 (i.e. N11) services
Business and Residence Local Service (Flat & Measured)
Call Trace
Carrier Access Code Blocking
Change of Responsibility
Change of Telephone Number
Classroom Service
Combined Main Line Service
Construction Charges
Customer Transfer Charge
CustomNet Service
Direct Inward Dialing (DID) Service
Dormitory Communications Service
Dual Service
Emergency Reporting Services (911)
Extended Area Service
Extension and PBX Station Lines (O)
Foreign Area Service (O)
Home Business Line
Hunting Service
International Blocking
Inward Lines
Joint User Service
Local Operator Services, excluding Directory Assistance
Mileage Charges
Network Access Registers
Nonrecurring Charges (Local Services) Pay-Per-Call Restriction (Call Number Blocking)
PIC Change Charges
Primary White Page Directory Listing
Private and Semi-Private Listings
Private Branch Exchange Trunks (Flat & Measured)
Public Access Line
Public Interexchange Carrier Access Service
Restoration of Service
Semi-Public Access Line

(O) These services are obsolete.

Standby Line
Switched Access Services
Tie Lines and Common Central Switching Arrangements (CCSA)
Toll Restriction

Note: The rates, prices, tariffs, or charges to a business customer subscribing to four or more business lines in a competitive area as defined in Minn. Stat. § 237.411 are only subject to §§ 237.07, subdivision 1; 237.66; and 237.663, and are not subject to any rules imposing rate or price restrictions beyond those sections, to other orders or investigations of local rates under § 237.081 or other rate and price requirements of this Revised Plan.

APPENDIX A

SCHEDULE 2

Flexibly Priced

Anonymous Call Rejection
Answer Supervision-Lineside
Apartment Door Answering Service (O)
Automatic Call Distributor Service (O)
Automatic Identified Outward Dialing (O)
Automatic Number Identification (ANI) Order Entry Service
Caller Identification – Bulk
Call Rejection
Caroline Service (O)
Customized/Same Number Service
Dormitory Communications Service
Express Service
Home Business Line
Public Response Calling
Return Check Charge
Trouble Isolation Charge
Single Number Service
Uniform Call Distribution
Utility Line Service for Business

Note: The rates, prices, tariffs, or charges to a business customer subscribing to four or more business lines in a competitive area as defined in Minn. Stat. § 237.411 are only subject to §§ 237.07, subdivision 1; 237.66; and 237.663, and are not subject to any rules imposing rate or price restrictions beyond those sections, to other orders or investigations of local rates under § 237.081 or other rate and price requirements of this Revised Plan.

(O) These services are obsolete.

APPENDIX A

SCHEDULE 3

Non-Price Regulated

2-Line CustomChoice
2-Line CustomChoice Complete
2-Line Popular Choice
Anywhere Voice Mail
Billed Number Screening
Business CustomChoice
Business Line Plus
Call Planner
Call Rejection
Call Waiting-Residence and Business
Caller Identification
Central Office Alarm Services
Central Office Automatic Call Distribution (CO-ACD) Services
Central Office Concentrator Service - Type A
Central Office Concentrator-Identifier Systems (O)
Central Office Type Transfer Relay and Make-Busy Equipment
CENTRON/Centrex Services features
 CENTRON
 Customized Call Management Services (CCMS)/CENTRON I
 CENTREX 21
 CENTRON 50
 CENTRON XL
 CENTREX Prime
 Centrex Service (O)
 (excluding exchange access and other price-regulated services)
Complete-A-Call
Concentrator – Identifier Systems (O)
Connection of Premises Equipment to Exchange Services
Contingency Plan Service
Custom Calling Services – Business
Custom Calling Services - Residence (except Speed Calling)
Custom Ringing Service
CustomChoice Complete
Digital Switched Service
Directory Assistance Service (Local)
Directory Listings (Other Than Primary, Private and Semi-Private Listings)
Easy Access

(O) These services are obsolete.

Facilities for Radio Carriers

Foreign Exchange Service

Geo Max

Group Use Exchange Service (O) (excluding exchange access)

Hotel Branch Exchange Service (O)

I-Called

Integrated T1 Service

IntraCall Service

LAN Switching Service (LSS)

Market Expansion Line

Message Delivery Service

Message Rate Trunks (O)

National DA

Network Connecting Arrangements

NextConnects

Number Forwarding

Other CLASS Services (excluding those listed as price-regulated)

PopularChoice

Preferred Choice

Private Line/Data Services

Private Line/Special Access Services:

Low Speed Data Service

DC Channel Service

Voice Grade Service

Audio Service and Wired Music

Video Service

Telephone Answering Service

Alarm Services

Same Continuous Property

Local Area Data Service (LADS)

Simultaneous Voice Data Service

Digital Data Service

Alarm Services (O)

Direct Routed Channels (O)

Information Distribution Service (O)

Miscellaneous Services and Arrangements (O)

Order Options, Modifications, Misc Charges for above services

U S WEST DS1 Service

U S WEST DS3 Service

U S WEST DS1 Service (O)

Frame Relay Service

Integrated Services Digital Network

SwitchNet 56 Service

(O) These services are obsolete.

SwitchNet 56 Service Two Wire (O)
Transparent LAN Service
ATM Cell Relay Service
Uniform Access Solution Service
Private Line/Data Services:
 Private Line/Special Access Services:
 Self-Healing Network Service (SHNS)
 Synchronous Service Transport
 Order Options, Modifications, Misc Charges for above services
Public Safety Answering Point (PSAP) Equipment (O)
Security Screen
Select Call Routing Service
Selective Carrier Denial
Simultaneous Voice and Data Service
Special Needs Customer Premises Equipment (Partially Obsolete)
Speed Calling
Telephone Answering Bureau Service
Toll Diversion
Toll Services:
 Operator Services (MTS)
 Message Telecommunications Services (MTS)
 Wide Area Telecommunications Services (WATS)
Total Package
Traffic Data Report Service (TDRS)
Type 4 Automatic Call Distribution Services
Type A Automatic Call Distribution (ACD-ESS)
U S WEST Receptionist
Unistar (Provided to LECs)
Versanet
Voice Messaging:
 Voice Messaging Services
 Message Waiting Indication
 Miscellaneous Business Voice Messaging Features (O)
Wholesale Billing and Collection
Wholesale Directory Assistance Services (MTS)

(O) These services are obsolete.

Note: The rates, prices, tariffs, or charges to a business customer subscribing to four or more business lines in a competitive area as defined in Minn. Stat. § 237.411 are only subject to §§ 237.07, subdivision 1; 237.66; and 237.663, and are not subject to any rules imposing rate or price restrictions beyond those sections, to other orders or investigations of local rates under § 237.081 or other rate and price requirements of this Revised Plan.

RETAIL QUALITY OF SERVICE

A Standards and Customer Remedies

During the term of the Revised Plan, Qwest will comply with specific quality of service standards and customer remedies as shown in this Appendix

B. Service Quality Standards and Customer Remedies Apply to Normal Operating Conditions

The service quality standards and customer remedies in this Appendix apply only to normal operating conditions and do not establish a level of performance to be achieved where circumstances are beyond Qwest's control. Qwest is exempted from the otherwise applicable individual customer remedies if it is prevented from meeting a quality of service standard because of conditions caused by persons, things, or events outside the reasonable control of Qwest, that Qwest could not have reasonably anticipated and prevented, or circumstances that endanger the safety of Qwest employees or members of the public, including: (1) delays of a local government unit in granting approval for obtaining easements, permits or access to rights-of-way; where Qwest has made a timely application for any permits; (2) the customer, including but not limited to, no access to customer's premises, delays caused by the customer's construction project or lack of facilities or the customer choosing a later appointment than offered; (3) delays caused by a vendor in the delivery of equipment where Qwest has made a timely order or request; (4) other delays outside the control of Qwest, including, but not limited to, acts of God, explosions or fires, floods, frozen ground, tornadoes, severe weather, epidemics, injunction, war, acts of terrorism, strikes or work stoppages, or negligent or willful misconduct by customers or third

parties including outages originating from the introduction of a computer virus onto the provider's network. Events caused by Qwest employees or contractors are not outside Qwest's control for the purpose of the Plan.

C. Substantial Compliance

Substantial compliance with retail service quality standards is satisfied if Qwest meets 6 out of 7 of its individual service quality standards each year. For purposes of determining substantial compliance, compliance with the individual service quality standards will be measured on an annual statewide basis. Qwest will not be in substantial compliance with the service quality standards if it fails to meet the same individual service quality standards for two consecutive years. Failure to substantially comply with the service quality standards for two consecutive years will require Qwest to meet and confer with the Department and OAG to negotiate a voluntary resolution to the matters. If successful resolution of the matter cannot be negotiated, Qwest will present the Department and OAG with a plan to bring service quality into compliance including specific actions the Company will take to remedy the situation. If the plan is not acceptable to the Department or OAG, the Department or OAG may file a complaint with the Commission for the purpose of determining whether reasonable additional customer remedies or other actions are warranted. Qwest shall not be deemed to be out of substantial compliance if failure to meet a standard is the result of circumstances as set forth in Section B.

D. Annual Service Quality Reports

Qwest shall report annually to the Commission, the Department, and the OAG its performance in meeting the quality of service standards for the previous year.

E. Service Quality Standards

1. Installation Terms

a. Application for Service:

In cases where a construction agreement is not required, an application shall be considered as made when the customer either verbally or in writing requests service. In cases where a construction agreement is requested or payment is required, an application shall be considered as made when the Company receives the applicable construction agreement signed by the Company and by the customer, and the customer has made any advance payment to the Company required by the tariff.

b. Primary Line Service:

Primary line service is the first access line to the customer providing local dial tone and local usage necessary to receive a call.

2. Installation Interval – Ninety-five percent of residential/business basic primary line service orders will be completed within three business days or on the requested installation date, if later. This will be measured statewide on an annual basis.

a. If Qwest is unable to provide primary local exchange service to a customer within three business days, or on the requested installation date, if later, for Company reasons, Qwest shall waive the one-time installation charge for primary line connections.

b. Qwest shall also offer the customer free of charge a telephone number, a directory assistance listing, and the customer's choice of either:

- 1) Free remote call forwarding of that number until service is provisioned; or
- 2) A free voice mailbox to which the customer's calls may be directed until service is provisioned.

c. The company shall give priority installation commitments to customers who identify critical medical situations. Critical medical situations are identified as infants on monitoring systems, individuals on life support systems, or other life threatening emergencies.

d. If the delay is due to customer actions or other force majeure conditions, then no remedy will be required.

3. Restoration of Out-of-Service – It shall be the Company's objective to clear 95% of out-of-service trouble report conditions within 24 hours of the time such troubles are reported. Compliance with the objective shall be determined by a 12-month annual statewide average performance for the measure. A service is deemed to be out-of-service if the customer is unable to receive or place calls. This definition includes service affecting troubles such as static severe enough to prevent communications.

a. If Qwest fails to reinstate basic primary residential service within 48 hours and basic primary business service within 24 hours of the outage or a later date requested by the customer for the repair to be made, for Company reasons, Qwest will provide the customer a pro rata adjustment (i.e., 1/30th) of the monthly recurring charge for the first two days (Residential) and one day (Business) that there is a service outage. Qwest shall provide the customer \$5 for each day thereafter that the Residential customer is out-of-service and \$10 for each day the Business customer is out-of-service.

b. The company shall give priority repair commitments to customers who identify critical medical situations. Critical medical situations are identified as infants on monitoring systems, individuals on life support systems, or other life threatening emergencies.

c. If the missed restoration of service is due to events beyond Qwest's reasonable control (e.g., force majeure), then no remedy will be required.

4. Trouble Report Rates – The Company shall not exceed 2.5 customer trouble reports per 100 access lines, measured monthly on an exchange basis for each of Qwest's five LATAs. Compliance with the required objective shall be determined by the annual average of the 12 monthly out-of-service trouble report performance metrics by LATA, excluding reports caused by conditions outside Qwest's control (e.g., force majeure events or customer action).

In the event of a customer trouble report rate of more than 6.5 per 100 telephones per month per exchange for more than three consecutive months, the Department/OAG shall meet and confer with Qwest representatives to negotiate a voluntary resolution to the matter. If successful resolution of the matter cannot be negotiated, Qwest will present the Department and OAG with a plan to bring service quality into compliance. If the plan is not acceptable to the Department or OAG, the Department or OAG may file a complaint with the PUC for the purpose of determining whether reasonable additional customer remedies are warranted. Qwest shall not be deemed to be out of substantial compliance if failure to meet a standard is the result of circumstances as set forth in Section B.

5. POTS Repeat Trouble Report Rate – For all customers who report trouble on their access line, no more than 9.0% of total trouble reports may reflect the same trouble on the same line within 30 days of having the first trouble resolved. For instances of the same trouble reported on the same access line within 30 days, Qwest will credit individual residential customer(s) \$5 for each like-occurrence and business customer(s) \$10 for each like-occurrence. Compliance shall be determined by a 12-month annual statewide average of the performance for the measure.

The company shall give priority repair commitments to customers who identify critical medical situations.

Critical medical situations are identified as infants on monitor systems, life support systems, or other life threatening emergencies.

6. **Held Orders** – No more than .005% of primary access line orders where facilities are not available will be held for more than 30 days for Company reasons. Compliance shall be determined by a 12-month annual statewide average of the performance for the measure.

7. **Service Center Access** – Calls to the Service Center will be on hold no more than 60 seconds on the average after the last menu option is selected before being answered by a live service representative. The service representative will accept the information needed to begin processing the call and direct the caller to the appropriate specialized personnel, as appropriate. Compliance shall be determined by a 12-month annual statewide average of the performance for the measure for combined customer, business and repair calls.

8. **POTS Missed Repair Commitments** – Qwest will complete 90% of repair tickets by the commitment date provided to the customer. Compliance shall be determined by a 12-month annual average of the statewide performance for the measure. If the Company misses a commitment to repair service, due to Company reasons, where the customer is required to be at the premises, the Company will make reasonable efforts to adjust-to-satisfy.

a. The company shall give priority repair commitments to customers who identify critical medical situations. Critical medical situations are identified as infants on monitoring systems, individuals on life support systems, or other life threatening emergencies.

b. If the company misses a repair ticket commitment date, and the customer is required to be at the premise, Qwest will provide a remedy to the customer which may include a credit on the bill of the affected customer in the amount of \$10 for a residential customer or \$20 for a business customer for each trouble report. However, if the missed commitment is due to events beyond Qwest's reasonable control (e.g., the customer's failure to provide Qwest with adequate or correct information or failure to arrange for access to the premises, or force majeure events, etc.), then no remedy will be required.

INVESTMENT PLAN

Qwest considers itself a vital member of the community. The Company is committed to serving its customers and supporting the economy by investing in state-of-the-art telecommunications products and services. Qwest maintains a viable business that employs some 4,700 people in Minnesota, and strives to provide excellent service to its customers.

Qwest continues to invest in technological and infrastructure enhancements to efficiently and effectively provide advanced integrated services for voice communications, data and video through a broadband capable network. Qwest's continued high priority on advanced technology placement is based upon consumer demand and the highly competitive marketplace in Minnesota.

Requirements Under AFOR Statute

Minn. Stat. §237.761, Subd. 8, requires that a proposed AFOR plan include an outline of infrastructure improvement plans. The investment plan must include the following: a description of the planned level of investment in technological or infrastructure improvements; a description of the extent to which the investment plan will make new technology available to customers or will expand availability of current technology to customers; and, a description of the planned deployment of broadband capabilities or fiber optic facilities to schools, libraries, technical colleges, hospitals, colleges and universities, and local governments.

Current Status

Qwest's Minnesota network is a sophisticated, state-of-the art network that supports Qwest's commitment to provide a high level of quality for all its services

- Qwest has, since 1999, invested nearly \$2 billion in the state of Minnesota.
- Qwest's commitment to Minnesota is clearly demonstrated by its significant improvement to service quality.
- Qwest has placed enough fiber optic cable in the loop infrastructure alone to carry tens of millions of simultaneous voice conversations.
- Qwest has 100% one-party service availability, and 100% of its access lines have TouchTone service.
- 100% of Qwest's switches in Minnesota have digital capabilities or are considered to be functionally equivalent.
- Frame relay service is available to 100% of Qwest's customer base.
- All Qwest exchanges have custom calling service and CLASS services available.
- Qwest has increased its high speed internet availability and continues to work to meet customer demand.
- Voice messaging service is available in 65% of Qwest's exchanges.

Investment Plan

Technological changes and infrastructure enhancements incorporated into Qwest's future investments will include the following:

- (1) Extensive use of fiber in interoffice trunking and the loop infrastructure
- (2) Higher speed circuit electronics to tap the transmission capacity of fiber
- (3) Increased Synchronous Optical Network (SONET) technology
- (4) Technology upgrades that will enhance the capacity and performance of the current copper network
- (5) Increased high speed internet service availability
- (6) Increased availability of CLASS service features
- (7) Increased availability of voice messaging service.

Qwest will continue to deploy a network designed to meet the future needs of all telecommunications consumers.

- Qwest has built a network that includes thousands of miles of copper cable linking homes and businesses that is maintained and enhanced as market demands require. Maintaining, preserving and rehabilitating this expansive network will remain a significant portion of Qwest's annual capital budget for the state of Minnesota. Qwest will continue to invest significant resources to maintain network reliability. This includes deploying backup systems that are designed to detect and repair system problems -- often before customers ever experience any impacts to their service. These investments increase network

redundancy, network diversity and disaster recovery capabilities. Qwest has a history of extraordinary performance in times of crisis or natural disasters. Examples of network improvements associated with network reliability/survivability and disaster recovery include: digital switching systems, self-healing network services, special metallic access systems and SONET technology.

- Qwest's investment in the deployment of fiber optics throughout the interoffice trunking and feeder networks is an important components of not only a long-term network design but an ongoing necessity for greater efficiency, higher transmission quality and speeds, and better customer service. Copper network enhancements, fiber optics and associated SONET electronics are planned future investments to establish a future network that will meet the needs of customers.
- Digital Subscriber Line (DSL) technology has allowed Qwest to efficiently and quickly deploy high-speed data and voice service to end users over the existing infrastructure of traditional copper telephone lines. Downstream speeds range from 192 Kbps to 6 Mbps, depending in part upon the distance from the central office. Customers include residential consumers, small and large businesses and Internet Service Providers. DSL technology is utilized by businesses, residences, schools, libraries and healthcare providers for Telecommuting, Internet Access, Computer Telephony Integration, Distance

Learning, Remote LAN Access, conferencing and E-mail access. Schools are using high-speed internet technology to post homework assignments, attendance reports, students' grades and other school-related information on their Intranet. Qwest will continue to invest and expand the availability of broadband in Minnesota.

- CLASS Service Availability - Customer Local Area Signaling Service (CLASS) offerings are available to all of Qwest's Minnesota customers. CLASS is a group of features that use the SS7 overlay network to forward line and call-specific information between offices on interoffice calls. CLASS services available to Qwest's customers include: Caller ID (including Calling Name), Call Waiting ID, Continuous Redial, Last Call Return, Selective Call Forwarding, Priority Call, Call Rejection, Call Trace, Anonymous Call Rejection. Qwest's investment plan will increase the availability of CLASS features, such as No Solicitation and Security Screen, to its customers.
- Voice Messaging Service - Voice Messaging Total Services is a package enhancement that includes such new options and features as Listen Only mailboxes, Extension mailboxes, Call Routing, Message Notification and Scheduled Greetings. Qwest's investment will incorporate additional availability of voice messaging and the package enhancements.
- Consistent with Qwest's deployment of high speed internet services, Qwest will continue its commitment to link schools, libraries, technical colleges,

hospitals, colleges and universities, and local governments together with technology. Qwest will actively respond to demands from schools, libraries, technical colleges, hospitals, colleges and universities, and local governments in its service area.

High Speed Internet Service

Since 1999, Qwest has invested significantly in the deployment of high-speed internet service. It now provides high-speed internet service to 109 wire centers. Qwest will continue to expand its provisioning of advanced service offerings where reasonable customer demand exists. In addition to facility investment that will provide for growth and offer advanced network services, Qwest's investment will be directed toward network preservation and rehabilitation initiatives to continue to improve and maintain service quality.

Reasonable customer demand will provide justification for the extension of high speed internet service beyond those areas initially identified by the Company for deployment of advanced services. Customer demand sufficient to justify further investigation into the extension of high-speed internet service is demonstrated if 30 customers in a single distribution area, defined as the serving area of a particular network cabinet or feeder distribution interface, as expressed by individual customers, or by a local unit of government on behalf of 30 specific customers, indicate an interest in the extension of service to Qwest, via customer complaints or inquiries. Further, the extension of service to the 30 potential customers must produce a positive net present value to the Company within 42 months. The

determination of whether the provision of high speed internet service will have a positive net present value will be predicated upon consideration of the following factors:

- The dollar amounts of the investments
- The expected service lives of the investments
- The interest rate used in the time value of money calculations
- Depreciation rates applied to investments
- Income tax rates used to calculate tax savings from investments
- Revenue flows over the lives of the investments
- Operating expenses over the lives of the investments

Qwest may request that potential high-speed internet customers that served as the basis for the net present value study enter into one-year contracts for the service as a condition to offering the service.

Documentation of Qwest's net present value analysis will be provided to the Department of Commerce and/or the OAG-RUD upon request by the agencies. Beginning in 2007, or twelve months after the inception of the revised AFOR, Qwest will submit to the Commission a report that identifies the investments in technological and infrastructure enhancements it has made during the previous twelve month period. The report will be filed on March 1 of each year.

STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION

LeRoy Koppendraye
Marshall Johnson
Phyllis Reha
Kenneth A. Nickolai
Thomas Pugh

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of the Petition of Qwest
Corporation for Approval of its Revised
Alternative Form of Retail Regulation Plan

MPUC Docket No. P421/AR-05-1081

QWEST CORPORATION

**REVISED
ALTERNATIVE FORM OF RETAIL REGULATION
PLAN FOR THE STATE OF MINNESOTA**

Revised AFOR Plan

Filing Date: December 29, 2005

Revised AFOR Plan

Effective Date: December 31, 2005

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I. PREFACE

Qwest Corporation ("Qwest") shall be subject to an alternative regulation plan in Minnesota as set forth in the Revised Retail Plan on the Revised Retail Plan Effective Date. The elements of the Revised Plan are set forth in detail in the following sections.

Since January 1999, when Qwest entered into its initial alternative regulation plan, the telecommunications industry in Minnesota has been in the process of making the transition to a vibrant, competitive marketplace characterized by customer choices in price, service offerings, technology and providers. Competition is emerging, from an array of communications providers that use various technologies to deliver local telephone service – including competitive local carriers, cable companies, voice over internet protocol (VOIP), and wireless companies. The Revised Plan is intended to allow consumers to enjoy the benefits of the competitive marketplace at affordable and equitable rates and with a quality of service consistent with Commission rules: to facilitate telecommunications alternatives; and to provide a regulatory environment with greater flexibility.

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II. DEFINITIONS

- A. **Commission.** Commission means the Minnesota Public Utilities Commission.
- B. **Department.** Department means the Minnesota Department of Commerce.
- C. **Flexibly-Priced Services.** Flexibly-priced services include retail services offered by Qwest that have not been classified as either price-regulated or non-price regulated. Specific services that are classified as flexibly-priced under this Revised Retail Plan are listed in Appendix A, Schedule 2.

D. New Service(s). New services are those functions, features, or capabilities that are not offered by Qwest in Minnesota on the Revised Plan Effective Date.

E. Non-Price-Regulated Services. Non-price-regulated services are those retail services for which alternatives are competitively available. Specific services that are classified as non-price-regulated under this Plan are listed at Appendix A, Schedule 3.

F. Price-Regulated Services. Price-regulated services are those retail services that are listed in Appendix A, Schedule 1 and as specified in Minnesota Statutes section 237.761.

G. Revised Plan. "Revised Retail Plan" is the same as a "new plan" as described in Minn. Stat. § 237.766, Subdivision 2 (2004).

H. Tariff or Price List. Tariff means the schedule filed with the Commission that describes the rates, terms, and conditions of price-regulated services provided by Qwest. Price List means the schedule filed with the Commission that describes the rates, terms, and conditions of flexibly-priced or nonprice-regulated services provided by Qwest.

Deleted: Tariff or Price List means the schedule filed with the Commission that describes the rates, terms, and conditions of price-regulated services provided by Qwest.

I. Total Service Long Run Incremental Cost or "TSLRIC." As used herein, Total Service Long Run Incremental Cost shall have the meaning defined in Minn. Stat. § 237.772, subd. 1(a).

III. PRICE AND SERVICE QUALITY REGULATION

A. Alternative Regulation.

Qwest is not subject to rate of return regulation or earnings investigations pursuant to sections 237.075 or 237.081 of Minnesota Statutes during the term of the Plan. Similarly, except as otherwise specified in the Plan, Qwest is not subject to the provisions of sections 237.57, 237.59, or 237.63 of Minnesota Statutes during the term of the Plan. Except as provided herein, the Commission retains its authority under section 237.081 to investigate matters other than rate of return and earnings and to issue appropriate orders, and the Department retains its authority under sections 216A.07 and 237.15 to investigate matters other than the rate of return and earnings of the Company.

B. Effective Date.

This Revised Plan is effective immediately upon expiration of the existing plan at 12:00 midnight on December 31, 2005 (the "Plan Effective Date").

C. Duration and Renewal.

The Plan shall be adopted pursuant to the requirements of Minn. Stat. § 237.764, subd. 1(e), and will continue for a period of three (3) years (36 consecutive months) from the Revised Plan Effective Date.

At the election of the Company, this Plan shall be renewable for one (1) additional year, for a potential total Plan duration of four (4) years. Within six months prior to the termination of the Revised Plan, Qwest shall file with the Commission notice that it will exercise its right to extend the Revised Plan for one year, propose a new plan, extend the existing plan, or revert to rate of return regulation.

If Qwest notifies the Commission that it intends to propose a new plan, interested parties shall have such time as the Commission shall designate to file comments on the proposal submitted by Qwest.

If Qwest notifies the Commission that it intends to renegotiate the Revised Plan, interested parties shall have such time as the Commission shall designate to file comments on the proposal submitted by Qwest. The Commission shall establish such procedures as it deems necessary to make a determination on the proposal pursuant to Minn. Stat. § 237.61. If the Commission rejects or modifies Qwest's proposal in a manner that is unacceptable to Qwest, Qwest may permit the Revised Plan to expire according to its terms and shall be regulated pursuant to applicable Minnesota Statutes and Commission Rules then in effect.

Deleted: Six months prior to the termination date of the Revised Plan, Qwest shall file with the Commission to discontinue the Revised Plan in its approved form, to initiate a renegotiation of the Revised Plan, or shall inform the Commission of its decision to exercise its right to extend the Revised Plan for one year.*

IV. RETAIL SERVICES PROVIDED: CLASSIFICATION, RATES AND PRICES

A. General Provisions.

1. Initial Classification.

a. Specific telephone services that are subject to regulatory oversight are described in the Revised Plan and listed in Appendix A, Schedules 1 and 2. Existing services that are not specifically identified in Appendix A, Schedules 1 or 2, will be classified as non-price-regulated.

b. All services offered by Qwest which are not telephone services and/or are not subject to regulation by the Commission are not subject to regulation under this Plan. Such services include, but are not limited to, radio common carrier services, customer premise equipment, billing and collection services, inside wiring, and services tariffed in the

Federal jurisdiction. Nothing in this Revised Plan adds to or reduces in any way the authority of the Minnesota Public Utilities Commission, the Department of Commerce or the Office of the Attorney General.

2 The Introduction of New Services.

a. Filing.

As provided in Minn. Stat. § 237.761, subd. 7, at the time Qwest first offers a service, Qwest shall file with the Commission a price list and the proposed classification for the service, along with a written explanation of why the service classification is consistent with Minn. Stat. § 237.761. New services may be offered to customers one (1) day after filing.

b. Classification.

If no interested party or the Commission objects to Qwest's classification within thirty (30) days from the date of filing, Qwest's proposed classification is approved. Qwest shall have twenty (20) days to respond to any objections. After such further proceedings as may be appropriate the Commission shall make a final determination as to the appropriate classification within one-hundred-twenty (120) days from the date of the filing of the new service. If the Commission does not act within one-hundred-twenty (120) days, the classification is approved as filed.

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3. Tariffs and Price Lists.

Within 90 days of Commission approval of this Revised Plan, Qwest shall update its tariffs and price lists consistent with the terms of this Plan.

B. Price-Regulated Services.

1. Permitted Changes and Procedures for Changes for Price-Regulated Services.

The "Regulated Price" of a service is the price of the service on the effective date of this Revised Plan. Qwest may reduce the rate for a price-regulated service below the Regulated Price and may subsequently increase prices up to the Regulated Price without Commission approval. The rates or prices may not be reduced below the Total Service Long Run Incremental Cost of providing service.

Qwest may file for a rate change for price regulated services under the following procedures.

a. Price Caps for Certain Price-Regulated Services.

Qwest shall not increase the price of one-party basic local residential service (1FR, 1MR) or the installation or service restoration charges associated with one-party basic local residential service (1FR, 1MR) for the first three years of this Revised Plan. Qwest shall not increase the price of one-party basic business service (1FB, 1MB) for the first three years of this Revised Plan. If Qwest exercises its option to extend the plan for one additional year, Qwest may increase the price of one-party basic local residential service (1FR, 1MR) up to \$1 total increase in the monthly rate; increase the price of one-party basic business service (1FB, 1MB) up to \$1 total increase in the monthly rate; and Qwest may increase the installation and service restoration charges associated with these services up to \$1 total increase in the rate. At no time during the Revised Plan will Qwest increase the outstate price of one-party basic local residential service above the metro price of one-party basic local residential service.

b. Rate Changes for Price-Regulated Services.

Changes in tariffs for price-regulated services shall become effective under the following timelines: a) language changes and promotions, 1 day after filing the tariff; b) rate reductions, 1 day after filing the tariff; c) significant changes in the condition of service, 20 days after filing the tariff; d) new services, 10 days after filing the tariff; and e) proposals to increase prices, 30 days after filing the tariff and providing notice to customers. Interested parties shall have 30 days to file comments from the date of the initial filing of any change in the price-regulated service tariffs. Reply comments shall be filed within 30 days of the initial filing. When comments have been filed, or the Commission initiates action on its own motion, the Commission shall issue its order within 120 days of the initial filing. The Commission may suspend a rate change for good cause pending a PUC determination.

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c. Procedures for Objection to Price Increases for Price-Regulated Services.

In the event Qwest proposes a price increase above the Regulated Price of a Price-Regulated Service, if any interested person or the Commission has reason to believe that the proposed increase is inconsistent with the practices of other telecommunications carriers including CLECs, telephone companies, cable providers, wireless providers and any other provider including providers of VOIP services, the interested person may file an objection with the Commission or the Commission, on its own motion, may act within 30 days of the notice. In its objection, the interested person or the Commission, shall specify facts demonstrating the manner in which Qwest's proposal is significantly inconsistent with the

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same or similar prices of any telecommunications carriers including CLECs, telephone companies, cable providers, wireless providers and any other provider including providers of VOIP services. If, after receipt of a valid objection or upon its own motion, the Commission within 120 days of the date of notice makes specific findings based on substantial evidence demonstrating that Qwest's proposal is significantly inconsistent with the same or similar prices of other providers of similar services, it may disapprove the requested increase or approve a lesser increase. If the Commission does not make such a determination within 120 days, the proposal shall be deemed approved. If no objection is filed or the Commission on its own motion does not act within 30 days of Qwest's filing, the price increase(s) shall be deemed approved. Qwest may not increase the price of a price-regulated service if it has not demonstrated substantial compliance with the quality of service standards set forth in the plan.

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Qwest will not initiate any revenue-neutral price changes during the term of the AFOR except as specified in this Revised Plan. Nor shall the Commission mandate any price decreases during the term of the AFOR except as specified in this Revised Plan. Qwest shall be permitted to institute rate changes as provided in Minnesota Statute section 237.762, subd. 5.

2. Discontinuance of Price-Regulated Service.

a. Qwest reserves the right, pursuant to Minn. Stat. § 237.767, to seek approval from the Commission to discontinue the provision of a service that has been classified as a price-regulated service in accordance with the procedures set forth below. For

the discontinuance of toll service. Qwest shall comply with the discontinuance provisions of Minn. Stat. § 237.74.

b. At least 30 days prior to the proposed date of discontinuance, Qwest shall file with the Commission a petition to discontinue a price-regulated service. At the same time, Qwest shall provide notice of such filing to the affected customers of its intent to discontinue the service. Parties shall have 10 days from the date of the filing to file initial comments on the petition. Reply comments may be filed 5 days after the initial comments. If no comments are filed, the proposed changes shall go into effect on the date specified by the Company. If comments are filed, or issues raised by the Commission, the Commission shall hold such hearings as it deems appropriate and issue its final order within 120 days of the filing of the petition by Qwest.

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3. Reclassification of Price Regulated Services to Flexibly-Priced Services.

Except for the services listed in Minn. Stat. § 237.761, subd. 3, when the Company presents documentation that any one of the following conditions is present, the Commission shall reclassify the price-regulated service as “flexibly-priced.”

- (1) That the service is not essential for providing local telephone service or access to the local telephone network; or
- (2) That the service is not integrally related to privacy, health or safety of the Company’s customers; or
- (3) That a reasonable alternative exists within the relevant market or geographic area on reasonably comparable terms and conditions.

C. Flexibly-Priced Services.

1. Permitted Price Changes and Procedures for Flexibly-Priced Services.

Specific services or categories of services that are classified as flexibly-priced services under this Revised Plan are listed in Appendix A, page 3.

2. The following section sets forth the procedures for adjusting the price lists for flexibly priced services during the term of the Plan.

a. Price Decreases.

Qwest may file for price decreases at any time. Decreases will be effective on the day after the filing, unless a later time period is designated by Qwest. If Qwest has decreased a price, Qwest may subsequently increase that price back to the price level existing December 31, 2005, notwithstanding the provisions of IV.C.1.c.

b. Price Increases.

Qwest may file for rate increases at any time. Qwest may implement price increases for flexibly priced services 20 days after filing with the Commission and the provision of notice to affected customers.

c. Procedures for Objection to Price Increases to Flexibly-Priced Services.

In the event Qwest proposes a price increase to a flexibly-priced service, if any interested person has reason to believe that the proposed increase is inconsistent with the practices of other telecommunications carriers including CLECs, telephone companies, cable providers, wireless providers and any other provider including providers of VOIP services, the interested person may file an objection with the Commission within 20 days of the notice.

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In its objection, the interested person shall specify facts demonstrating the manner in which Qwest's proposal is significantly inconsistent with the same or similar prices of any telecommunications carriers including CLECs, telephone companies, cable providers, wireless providers and any other provider including providers of VOIP services. If, after receipt of a valid objection, the Commission within 120 days of the date of notice makes specific findings based on substantial evidence demonstrating that Qwest's proposal is significantly inconsistent with the same or similar prices of other providers of similar services, it may disapprove the requested increase or approve a lesser increase. If the Commission does not make such a determination within 120 days, the proposal shall be considered approved. If no objection is filed within 20 days of Qwest's filing, the price increase(s) shall be deemed approved.

d. Other Changes to the Price List.

All other changes to the price list shall be effective after filing, on the date designated by Qwest.

3. Reclassification of Flexibly-Priced Services to Non-Price Regulated Services.

The Commission shall reclassify a flexibly-priced service as a non-price regulated service when the Company submits documentation that there are two other communication providers providing the same or functionally equivalent service and that the service is actually available to and being used by customers.

4. Discontinuance of a Flexibly-Priced Service.

a. Qwest reserves the right, pursuant to Minn. Stat. § 237.767, to seek approval from the Commission to discontinue the provision of a service that has been

classified as flexibly-priced in accordance with the procedures set forth below. For the discontinuance of toll service, Qwest shall comply with the discontinuance provisions of Minn. Stat. § 237.74.

b. At least 30 days prior to the proposed date of discontinuance, Qwest shall file with the Commission a petition to discontinue a flexibly-priced service. At the same time, Qwest shall provide notice of such filing to the affected customers of its intent to discontinue the service. Parties shall have 10 days from the date of the filing to file initial comments on the petition. Reply comments may be filed 5 days after the initial comments. If no comments are filed, the proposed changes shall go into effect on the date specified by the Company. If comments are filed, or issues raised by the Commission, the Commission shall hold such hearings as it deems appropriate and issue its final order within 120 days of the filing of the petition by Qwest.

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D. Non-Price Regulated Services.

1. Permitted Price Changes and Procedures for Price Changes for Non-Price-Regulated Services.

a. Qwest may change its prices for non-price-regulated services pursuant to the procedure set forth below. Prices for these services may be increased or may be reduced, but not below TSLRIC.

b. Qwest may implement price changes and other miscellaneous changes for non-price-regulated services immediately upon notice to the Commission by filing a revised price list reflecting the change and the effective date of the change. Prices for these services are not subject to approval or investigation by the Commission except as expressly permitted by Minn. Stat. § 237.770 and § 237.771.

2. Discontinuance of a Non-Price-Regulated Service.

Commission approval to discontinue a non-price-regulated service is not required. Qwest will give its customers and the Commission 30 days notice prior to discontinuing a non-price-regulated service.

E. Customer Incentives.

Qwest may offer incentives to customers to purchase or continue to purchase services from Qwest including a waiver of non-recurring charges and a waiver of monthly rate(s) on selected services as determined by the Company.

If required by federal law, a customer incentive provided pursuant to this section will be made available for resale by qualified carriers reselling the Company's service.

F. Special Pricing Issues.

Qwest shall charge uniform rates for local services within its service area. However, Qwest may:

- (a) offer unique pricing to certain customers or to certain geographic locations for promotions as allowed by Minn. Stat. 237.626;
- (b) provide volume or term discounts;
- (c) offer different prices in different geographic areas when (1) differences in the cost of providing a service, or market conditions, justify a different price; (2) the areas are served by different competitors; (3) or different prices are charged by competitors serving the areas;
- (d) pass through any legislatively authorized local taxes, franchise fees, or special surcharges imposed by local or regional governmental units on the services provided by Qwest in specific geographic areas from which the taxes, fees, or surcharges originate:

- (e) Qwest may offer a unique price to a specific customer in response to the customer's request to submit a bid or quote to provide service; or
- (f) Charge different rates for local services within its service territory upon a prior finding by the commission that Qwest has good cause to do so.

To the extent prohibited by federal law or the Commission, Qwest shall not give preference or discriminate in providing services, products, or facilities to an affiliate or to its own or an affiliate's retail department that sells to consumers. When services are offered on an individually priced basis, the contract and terms of the service offerings are not required to be routinely filed but shall be provided to the Commission, the Department or the OAG upon request.

G. Cost Recovery.

To the extent that a lawful order or mandate of a governmental authority requires investments that impose network or infrastructure-related costs on Qwest, Qwest has the right to recover those costs from its customers. Qwest shall propose rate changes pursuant to this Revised AFOR Plan to recover those costs. If the Commission disapproves Qwest's proposed rates, it must approve an alternative that allows for full recovery of the imposed cost. The Commission may not impose a cost recovery mechanism with which Qwest does not concur.

H. Exogenous Costs.

If the Commission, Legislature or other government entities with appropriate jurisdiction impose new costs on Qwest or changes in Qwest's revenues (collectively referred to as "Exogenous Changes") incurred after the effective date of the Revised Plan and during the effective period of this AFOR, Qwest may petition to recover Exogenous Changes,

including but not limited to changes in the intrastate financial impact of: changes in EAS routes and/or compensation, including changes in intercarrier compensation; comprehensive local service rate restructuring; rate deaveraging; changes in state or federal universal service or funding payments; changes in local, state or federal taxes; changes in the Commission's application of jurisdictional separations, the Uniform System of Accounts or other mandatory Financial Accounting Standards Board accounting standards; assessments related to the use of telephone numbers, including mandated number conservation efforts; financial impacts of government mandates to construct specific telecommunications infrastructure or develop systems beyond that contemplated by this Revised Plan, and for which Qwest would not otherwise be compensated through some other manner under the plan.

The Commission shall, upon petition, grant recovery of any Exogenous Change through the associated rate including price-regulated rates. Nothing in the Revised Plan alters legal rights Qwest may have related to revenue neutrality set forth by law. Qwest shall have the right to recover federally authorized rates or charges during the term of this Revised Plan. All changes related to local service provider long-term number portability (LNP) are treated in this Plan as federally authorized rates or charges.

Any costs to Qwest resulting from any legislatively authorized local taxes, franchise fees, or special surcharges imposed by local or regional governmental units on the services provided by Qwest under the plan may be recovered through a separate line items on Qwest's bill and recovered only from customers living within the jurisdiction that imposed the surcharge and who subscribe to the service upon which the surcharge is imposed. This paragraph does not give Qwest authority to recover "management costs" or "right-of-way

management costs” as defined in Minn. Stat. §237.162, subd. 9 or other applicable provisions of Sections 237.162 or 237.163, as such provisions may be amended from time to time regarding the recovery of costs by local or regional government units, or the recovery of other police power fees imposed on Qwest allowed by law, provided, however, that Qwest may surcharge to recover direct construction cost resulting from a local governmental unit’s order or directive to relocate facilities beginning no later than 18 months after that directive or order to the extent Qwest is not required to bear such costs pursuant to Minnesota Rules part 7819.3100.

Prior to imposing a surcharge on customer bills, Qwest shall file a tariff with the Commission identifying the surcharge amount to be added on the customer bill. The filing shall provide any necessary supporting calculations for determining the surcharge amount and the basis upon which the underlying costs qualify as Exogenous Costs under the Plan. The tariff will become effective 60 days after filing and after notice to the local or regional government unit, unless the Commission receives an objection within the 60 day period to treating the costs as Exogenous Costs under the Plan. If the Commission receives any such objection, it shall determine whether or not the costs qualify as Exogenous Costs within 120 days of the original tariff filing. Qwest shall have the burden to demonstrate that the costs qualify as Exogenous Costs and qualify for recovery under this Plan.

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Qwest may petition the Commission for recovery of any Exogenous Change at any time. Qwest shall be allowed to implement approved increases to its Regulated Prices to recover the financial impacts of Exogenous Changes.

I. Changes Related to Access Charge Reductions.

Qwest shall have the ability to offset reductions in access charge elements with the imposition of a flat monthly end-user charge or surcharge of equivalent value.

J. Required Commission Action.

Where this Plan requires Commission action within a specified period, if the Commission fails to act, the filing or proposal submitted by Qwest is deemed accepted and approved.

V. SERVICE QUALITY

This Plan incorporates, in appendix B, the quality of service measures pursuant to Minn. Stat. § 237.765. The appendix provides customer remedies for retail customers.

VI. INVESTMENT PLAN

As required by Minn. Stat. § 237.761, subd. 8, Qwest incorporates Appendix C which describes Qwest's investment plan.

VII. APPLICABILITY OF STATE AND FEDERAL LAW

A. Applicability of Federal Law.

The requirements of Federal Law, including but not limited to the Telecommunications Act of 1996, shall apply to Qwest except as otherwise stated in this Revised Plan.

Deleted: Nothing in this Plan pertains or relates in any way to any interconnection, collocations, unbundled network elements, or ancillary services provided by Qwest to competitive-based exchange carriers pursuant to the Telecommunications Act of 1996

Deleted: Nothing in this Plan shall preclude Qwest from recovering from competitive local exchange carriers, consistent with the cost recovery mechanisms created in the Telecommunications Act of 1996, any costs incurred by Qwest as a result of the Act.

B. Applicability of State Law.

The requirements of state law, including but not limited to Minnesota Statutes Chapter 237, Commission Rules, and Commission Orders shall apply to Qwest including Minn. Stat. §§ 237.121, 237.12, 237.162, 237.163, 237.52, 237.70, 237.701, 403.11, 237.66, 237.661 and 237.663, except as stated otherwise in this Revised Plan.

APPENDIX A

SCHEDULE 1

Price-Regulated

211, 311, 511 and 711 (i.e. N11) services
Business and Residence Local Service (Flat & Measured)
Call Trace
Carrier Access Code Blocking
Change of Responsibility
Change of Telephone Number
Classroom Service
Combined Main Line Service
Construction Charges
Customer Transfer Charge
CustomNet Service
Direct Inward Dialing (DID) Service
Dormitory Communications Service
Dual Service
Emergency Reporting Services (911)
Extended Area Service
Extension and PBX Station Lines (O)
Foreign Area Service (O)
Home Business Line
Hunting Service
International Blocking
Inward Lines
Joint User Service
Local Operator Services, excluding Directory Assistance
Mileage Charges
Network Access Registers
Nonrecurring Charges (Local Services) Pay-Per-Call Restriction (Call Number Blocking)
PIC Change Charges
Primary White Page Directory Listing
Private and Semi-Private Listings
Private Branch Exchange Trunks (Flat & Measured)
Public Access Line
Public Interexchange Carrier Access Service
Restoration of Service
Semi-Public Access Line

(O) These services are obsolete.

Standby Line
Switched Access Services
Tie Lines and Common Central Switching Arrangements (CCSA)
Toll Restriction

Note: The rates, prices, tariffs, or charges to a business customer subscribing to four or more business lines in a competitive area as defined in Minn. Stat. § 237.411 are only subject to §§ 237.07, subdivision 1; 237.66; and 237.663, and are not subject to any rules imposing rate or price restrictions beyond those sections, to other orders or investigations of local rates under § 237.081 or other rate and price requirements of this Revised Plan.

APPENDIX A

SCHEDULE 2

Flexibly Priced

Anonymous Call Rejection
Answer Supervision-Lineside
Apartment Door Answering Service (O)
Automatic Call Distributor Service (O)
Automatic Identified Outward Dialing (O)
Automatic Number Identification (ANI) Order Entry Service
Caller Identification – Bulk
Call Rejection
Caroline Service (O)
Customized/Same Number Service
Dormitory Communications Service
Express Service
Home Business Line
Public Response Calling
Return Check Charge
Trouble Isolation Charge
Single Number Service
Uniform Call Distribution
Utility Line Service for Business

Note: The rates, prices, tariffs, or charges to a business customer subscribing to four or more business lines in a competitive area as defined in Minn. Stat. § 237.411 are only subject to §§ 237.07, subdivision 1; 237.66; and 237.663, and are not subject to any rules imposing rate or price restrictions beyond those sections, to other orders or investigations of local rates under § 237.081 or other rate and price requirements of this Revised Plan.

(O) These services are obsolete.

APPENDIX A

SCHEDULE 3

Non-Price Regulated

2-Line CustomChoice
2-Line CustomChoice Complete
2-Line Popular Choice
Anywhere Voice Mail
Billed Number Screening
Business CustomChoice
Business Line Plus
Call Planner
Call Rejection
Call Waiting-Residence and Business
Caller Identification
Central Office Alarm Services
Central Office Automatic Call Distribution (CO-ACD) Services
Central Office Concentrator Service - Type A
Central Office Concentrator-Identifier Systems (O)
Central Office Type Transfer Relay and Make-Busy Equipment
CENTRON/Centrex Services features
 CENTRON
 Customized Call Management Services (CCMS)/CENTRON I
 CENTREX 21
 CENTRON 50
 CENTRON XL
 CENTREX Prime
 Centrex Service (O)
 (excluding exchange access and other price-regulated services)
Complete-A-Call
Concentrator – Identifier Systems (O)
Connection of Premises Equipment to Exchange Services
Contingency Plan Service
Custom Calling Services – Business
Custom Calling Services - Residence (except Speed Calling)
Custom Ringing Service
CustomChoice Complete
Digital Switched Service
Directory Assistance Service (Local)
Directory Listings (Other Than Primary, Private and Semi-Private Listings)
Easy Access

(O) These services are obsolete.

Facilities for Radio Carriers
 Foreign Exchange Service
Geo Max
 Group Use Exchange Service (O) (excluding exchange access)
 Hotel Branch Exchange Service (O)
I-Called
 Integrated T1 Service
 IntraCall Service
 LAN Switching Service (LSS)
 Market Expansion Line
 Message Delivery Service
 Message Rate Trunks (O)
 National DA
 Network Connecting Arrangements
 NextConnects
 Number Forwarding
 Other CLASS Services (excluding those listed as price-regulated)
 PopularChoice
 Preferred Choice
 Private Line/Data Services

- Private Line/Special Access Services:
 - Low Speed Data Service
 - DC Channel Service
 - Voice Grade Service
 - Audio Service and Wired Music
 - Video Service
 - Telephone Answering Service
 - Alarm Services
 - Same Continuous Property
 - Local Area Data Service (LADS)
 - Simultaneous Voice Data Service
 - Digital Data Service
 - Alarm Services (O)
 - Direct Routed Channels (O)
 - Information Distribution Service (O)
 - Miscellaneous Services and Arrangements (O)
 - Order Options, Modifications, Misc Charges for above services
 - U S WEST DS1 Service
 - U S WEST DS3 Service
 - U S WEST DS1 Service (O)
- Frame Relay Service
- Integrated Services Digital Network
- SwitchNet 56 Service

(O) These services are obsolete.

SwitchNet 56 Service Two Wire (O)
Transparent LAN Service
ATM Cell Relay Service
Uniform Access Solution Service
Private Line/Data Services:
 Private Line/Special Access Services:
 Self-Healing Network Service (SHNS)
 Synchronous Service Transport
 Order Options, Modifications, Misc Charges for above services
Public Safety Answering Point (PSAP) Equipment (O)
Security Screen
Select Call Routing Service
Selective Carrier Denial
Simultaneous Voice and Data Service
Special Needs Customer Premises Equipment (Partially Obsolete)
Speed Calling
Telephone Answering Bureau Service
Toll Diversion
Toll Services:
 Operator Services (MTS)
 Message Telecommunications Services (MTS)
 Wide Area Telecommunications Services (WATS)
Total Package
Traffic Data Report Service (TDRS)
Type 4 Automatic Call Distribution Services
Type A Automatic Call Distribution (ACD-ESS)
U S WEST Receptionist
Unistar (Provided to LECs)
Versanet
Voice Messaging:
 Voice Messaging Services
 Message Waiting Indication
 Miscellaneous Business Voice Messaging Features (O)
Wholesale Billing and Collection
Wholesale Directory Assistance Services (MTS)

(O) These services are obsolete.

Note: The rates, prices, tariffs, or charges to a business customer subscribing to four or more business lines in a competitive area as defined in Minn. Stat. § 237.411 are only subject to §§ 237.07, subdivision 1; 237.66; and 237.663, and are not subject to any rules imposing rate or price restrictions beyond those sections, to other orders or investigations of local rates under § 237.081 or other rate and price requirements of this Revised Plan.

RETAIL QUALITY OF SERVICE

A Standards and Customer Remedies

During the term of the Revised Plan, Qwest will comply with specific quality of service standards and customer remedies as shown in this Appendix

B. Service Quality Standards and Customer Remedies Apply to Normal Operating Conditions

The service quality standards and customer remedies in this Appendix apply only to normal operating conditions and do not establish a level of performance to be achieved where circumstances are beyond Qwest's control. Qwest is exempted from the otherwise applicable individual customer remedies if it is prevented from meeting a quality of service standard because of conditions caused by persons, things, or events outside the reasonable control of Qwest, that Qwest could not have reasonably anticipated and prevented, or circumstances that endanger the safety of Qwest employees or members of the public, including: (1) delays of a local government unit in granting approval for obtaining easements, permits or access to rights-of-way; where Qwest has made a timely application for any permits; (2) the customer, including but not limited to, no access to customer's premises, delays caused by the customer's construction project or lack of facilities or the customer choosing a later appointment than offered; (3) delays caused by a vendor in the delivery of equipment where Qwest has made a timely order or request; (4) other delays outside the control of Qwest, including, but not limited to, acts of God, explosions or fires, floods, frozen ground, tornadoes, severe weather, epidemics, injunction, war, acts of terrorism, strikes or work stoppages, or negligent or willful misconduct by customers or third

parties including outages originating from the introduction of a computer virus onto the provider's network. Events caused by Qwest employees or contractors are not outside Qwest's control for the purpose of the Plan.

C. Substantial Compliance

Substantial compliance with retail service quality standards is satisfied if Qwest meets 6 out of 7 of its individual service quality standards each year. For purposes of determining substantial compliance, compliance with the individual service quality standards will be measured on an annual statewide basis. Qwest will not be in substantial compliance with the service quality standards if it fails to meet the same individual service quality standards for two consecutive years. Failure to substantially comply with the service quality standards for two consecutive years will require Qwest to meet and confer with the Department and OAG to negotiate a voluntary resolution to the matters. If successful resolution of the matter cannot be negotiated, Qwest will present the Department and OAG with a plan to bring service quality into compliance including specific actions the Company will take to remedy the situation. If the plan is not acceptable to the Department or OAG, the Department or OAG may file a complaint with the Commission for the purpose of determining whether reasonable additional customer remedies or other actions are warranted. Qwest shall not be deemed to be out of substantial compliance if failure to meet a standard is the result of circumstances as set forth in Section B.

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D. Annual Service Quality Reports

Qwest shall report annually to the Commission, the Department, and the OAG its performance in meeting the quality of service standards for the previous year.

E. Service Quality Standards

1. Installation Terms

a. Application for Service:

In cases where a construction agreement is not required, an application shall be considered as made when the customer either verbally or in writing requests service. In cases where a construction agreement is requested or payment is required, an application shall be considered as made when the Company receives the applicable construction agreement signed by the Company and by the customer, and the customer has made any advance payment to the Company required by the tariff.

b. Primary Line Service:

Primary line service is the first access line to the customer providing local dial tone and local usage necessary to receive a call.

2. Installation Interval – Ninety-five percent of residential/business basic primary line service orders will be completed within three business days or on the requested installation date, if later. This will be measured statewide on an annual basis.

a. If Qwest is unable to provide primary local exchange service to a customer within three business days, or on the requested installation date, if later, for Company reasons, Qwest shall waive the one-time installation charge for primary line connections.

b. Qwest shall also offer the customer free of charge a telephone number, a directory assistance listing, and the customer's choice of either:

- 1) Free remote call forwarding of that number until service is provisioned; or
- 2) A free voice mailbox to which the customer's calls may be directed until service is provisioned.

c. The company shall give priority installation commitments to customers who identify critical medical situations. Critical medical situations are identified as infants on monitoring systems, individuals on life support systems, or other life threatening emergencies.

d. If the delay is due to customer actions or other force majeure conditions, then no remedy will be required.

3. Restoration of Out-of-Service – It shall be the Company's objective to clear 95% of out-of-service trouble report conditions within 24 hours of the time such troubles are reported. Compliance with the objective shall be determined by a 12-month annual statewide average performance for the measure. A service is deemed to be out-of-service if the customer is unable to receive or place calls. This definition includes service affecting troubles such as static severe enough to prevent communications.

a. If Qwest fails to reinstate basic primary residential service within 48 hours and basic primary business service within 24 hours of the outage or a later date requested by the customer for the repair to be made, for Company reasons, Qwest will provide the customer a pro rata adjustment (i.e., 1/30th) of the monthly recurring charge for the first two days (Residential) and one day (Business) that there is a service outage. Qwest shall provide the customer \$5 for each day thereafter that the Residential customer is out-of-service and \$10 for each day the Business customer is out-of-service.

b. The company shall give priority repair commitments to customers who identify critical medical situations. Critical medical situations are identified as infants on monitoring systems, individuals on life support systems, or other life threatening emergencies.

c. If the missed restoration of service is due to events beyond Qwest's reasonable control (e.g., force majeure), then no remedy will be required.

4. **Trouble Report Rates** – The Company shall not exceed 2.5 customer trouble reports per 100 access lines, measured monthly on an exchange basis for each of Qwest's five LATAs. Compliance with the required objective shall be determined by the annual average of the 12 monthly out-of-service trouble report performance metrics by LATA, excluding reports caused by conditions outside Qwest's control (e.g., force majeure events or customer action).

In the event of a customer trouble report rate of more than 6.5 per 100 telephones per month per exchange for more than three consecutive months, the Department/OAG shall meet and confer with Qwest representatives to negotiate a voluntary resolution to the matter. If successful resolution of the matter cannot be negotiated, Qwest will present the Department and OAG with a plan to bring service quality into compliance. If the plan is not acceptable to the Department or OAG, the Department or OAG may file a complaint with the PUC for the purpose of determining whether reasonable additional customer remedies are warranted. Qwest shall not be deemed to be out of substantial compliance if failure to meet a standard is the result of circumstances as set forth in Section B.

5. POTS Repeat Trouble Report Rate – For all customers who report trouble on their access line, no more than 9.0% of total trouble reports may reflect the same trouble on the same line within 30 days of having the first trouble resolved. For instances of the same trouble reported on the same access line within 30 days, Qwest will credit individual residential customer(s) \$5 for each like-occurrence and business customer(s) \$10 for each like-occurrence. Compliance shall be determined by a 12-month annual statewide average of the performance for the measure.

The company shall give priority repair commitments to customers who identify critical medical situations.

Critical medical situations are identified as infants on monitor systems, life support systems, or other life threatening emergencies.

6. **Held Orders** – No more than .005% of primary access line orders where facilities are not available will be held for more than 30 days for Company reasons. Compliance shall be determined by a 12-month annual statewide average of the performance for the measure.

7. **Service Center Access** – Calls to the Service Center will be on hold no more than 60 seconds on the average after the last menu option is selected before being answered by a live service representative. The service representative will accept the information needed to begin processing the call and direct the caller to the appropriate specialized personnel, as appropriate. Compliance shall be determined by a 12-month annual statewide average of the performance for the measure for combined customer, business and repair calls.

8. **POTS Missed Repair Commitments** – Qwest will complete 90% of repair tickets by the commitment date provided to the customer. Compliance shall be determined by a 12-month annual average of the statewide performance for the measure. If the Company misses a commitment to repair service, due to Company reasons, where the customer is required to be at the premises, the Company will make reasonable efforts to adjust-to-satisfy.

a. The company shall give priority repair commitments to customers who identify critical medical situations. Critical medical situations are identified as infants on monitoring systems, individuals on life support systems, or other life threatening emergencies.

b. If the company misses a repair ticket commitment date, and the customer is required to be at the premise, Qwest will provide a remedy to the customer which may include a credit on the bill of the affected customer in the amount of \$10 for a residential customer or \$20 for a business customer for each trouble report. However, if the missed commitment is due to events beyond Qwest's reasonable control (e.g., the customer's failure to provide Qwest with adequate or correct information or failure to arrange for access to the premises, or force majeure events, etc.), then no remedy will be required.

INVESTMENT PLAN

Qwest considers itself a vital member of the community. The Company is committed to serving its customers and supporting the economy by investing in state-of-the-art telecommunications products and services. Qwest maintains a viable business that employs some 4,700 people in Minnesota, and strives to provide excellent service to its customers.

Qwest continues to invest in technological and infrastructure enhancements to efficiently and effectively provide advanced integrated services for voice communications, data and video through a broadband capable network. Qwest's continued high priority on advanced technology placement is based upon consumer demand and the highly competitive marketplace in Minnesota.

Requirements Under AFOR Statute

Minn. Stat. §237.761, Subd. 8, requires that a proposed AFOR plan include an outline of infrastructure improvement plans. The investment plan must include the following: a description of the planned level of investment in technological or infrastructure improvements; a description of the extent to which the investment plan will make new technology available to customers or will expand availability of current technology to customers; and, a description of the planned deployment of broadband capabilities or fiber optic facilities to schools, libraries, technical colleges, hospitals, colleges and universities, and local governments.

Current Status

Qwest's Minnesota network is a sophisticated, state-of-the art network that supports Qwest's commitment to provide a high level of quality for all its services

- Qwest has, since 1999, invested nearly \$2 billion in the state of Minnesota.
- Qwest's commitment to Minnesota is clearly demonstrated by its significant improvement to service quality.
- Qwest has placed enough fiber optic cable in the loop infrastructure alone to carry tens of millions of simultaneous voice conversations.
- Qwest has 100% one-party service availability, and 100% of its access lines have TouchTone service.
- 100% of Qwest's switches in Minnesota have digital capabilities or are considered to be functionally equivalent.
- Frame relay service is available to 100% of Qwest's customer base.
- All Qwest exchanges have custom calling service and CLASS services available.
- Qwest has increased its high speed internet availability and continues to work to meet customer demand.
- Voice messaging service is available in 65% of Qwest's exchanges.

Investment Plan

Technological changes and infrastructure enhancements incorporated into Qwest's future investments will include the following:

- (1) Extensive use of fiber in interoffice trunking and the loop infrastructure
- (2) Higher speed circuit electronics to tap the transmission capacity of fiber
- (3) Increased Synchronous Optical Network (SONET) technology
- (4) Technology upgrades that will enhance the capacity and performance of the current copper network
- (5) Increased high speed internet service availability
- (6) Increased availability of CLASS service features
- (7) Increased availability of voice messaging service.

Qwest will continue to deploy a network designed to meet the future needs of all telecommunications consumers.

- Qwest has built a network that includes thousands of miles of copper cable linking homes and businesses that is maintained and enhanced as market demands require. Maintaining, preserving and rehabilitating this expansive network will remain a significant portion of Qwest's annual capital budget for the state of Minnesota. Qwest will continue to invest significant resources to maintain network reliability. This includes deploying backup systems that are designed to detect and repair system problems -- often before customers ever experience any impacts to their service. These investments increase network

redundancy, network diversity and disaster recovery capabilities. Qwest has a history of extraordinary performance in times of crisis or natural disasters. Examples of network improvements associated with network reliability/survivability and disaster recovery include: digital switching systems, self-healing network services, special metallic access systems and SONET technology.

- Qwest's investment in the deployment of fiber optics throughout the interoffice trunking and feeder networks is an important component of not only a long-term network design but an ongoing necessity for greater efficiency, higher transmission quality and speeds, and better customer service. Copper network enhancements, fiber optics and associated SONET electronics are planned future investments to establish a future network that will meet the needs of customers.
- Digital Subscriber Line (DSL) technology has allowed Qwest to efficiently and quickly deploy high-speed data and voice service to end users over the existing infrastructure of traditional copper telephone lines. Downstream speeds range from 192 Kbps to 6 Mbps, depending in part upon the distance from the central office. Customers include residential consumers, small and large businesses and Internet Service Providers. DSL technology is utilized by businesses, residences, schools, libraries and healthcare providers for Telecommuting, Internet Access, Computer Telephony Integration, Distance

Learning, Remote LAN Access, conferencing and E-mail access. Schools are using high-speed internet technology to post homework assignments, attendance reports, students' grades and other school-related information on their Intranet. Qwest will continue to invest and expand the availability of broadband in Minnesota.

- CLASS Service Availability - Customer Local Area Signaling Service (CLASS) offerings are available to all of Qwest's Minnesota customers. CLASS is a group of features that use the SS7 overlay network to forward line and call-specific information between offices on interoffice calls. CLASS services available to Qwest's customers include: Caller ID (including Calling Name), Call Waiting ID, Continuous Redial, Last Call Return, Selective Call Forwarding, Priority Call, Call Rejection, Call Trace, Anonymous Call Rejection. Qwest's investment plan will increase the availability of CLASS features, such as No Solicitation and Security Screen, to its customers.
- Voice Messaging Service - Voice Messaging Total Services is a package enhancement that includes such new options and features as Listen Only mailboxes, Extension mailboxes, Call Routing, Message Notification and Scheduled Greetings. Qwest's investment will incorporate additional availability of voice messaging and the package enhancements.
- Consistent with Qwest's deployment of high speed internet services, Qwest will continue its commitment to link schools, libraries, technical colleges,

hospitals, colleges and universities, and local governments together with technology. Qwest will actively respond to demands from schools, libraries, technical colleges, hospitals, colleges and universities, and local governments in its service area.

High Speed Internet Service

Since 1999, Qwest has invested significantly in the deployment of high-speed internet service. It now provides high-speed internet service to 109 wire centers. Qwest will continue to expand its provisioning of advanced service offerings where reasonable customer demand exists. In addition to facility investment that will provide for growth and offer advanced network services, Qwest's investment will be directed toward network preservation and rehabilitation initiatives to continue to improve and maintain service quality.

Reasonable customer demand will provide justification for the extension of high speed internet service beyond those areas initially identified by the Company for deployment of advanced services. Customer demand sufficient to justify further investigation into the extension of high-speed internet service is demonstrated if 30 customers in a single distribution area, defined as the serving area of a particular network cabinet or feeder distribution interface, as expressed by individual customers, or by a local unit of government on behalf of 30 specific customers, indicate an interest in the extension of service to Qwest, via customer complaints or inquiries. Further, the extension of service to the 30 potential customers must produce a positive net present value to the Company within 42 months. The

determination of whether the provision of high speed internet service will have a positive net present value will be predicated upon consideration of the following factors:

- The dollar amounts of the investments
- The expected service lives of the investments
- The interest rate used in the time value of money calculations
- Depreciation rates applied to investments
- Income tax rates used to calculate tax savings from investments
- Revenue flows over the lives of the investments
- Operating expenses over the lives of the investments

Qwest may request that potential high-speed internet customers that served as the basis for the net present value study enter into one-year contracts for the service as a condition to offering the service.

Documentation of Qwest's net present value analysis will be provided to the Department of Commerce and/or the OAG-RUD upon request by the agencies. Beginning in 2007, or twelve months after the inception of the revised AFOR, Qwest will submit to the Commission a report that identifies the investments in technological and infrastructure enhancements it has made during the previous twelve month period. The report will be filed on March 1 of each year.