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December 1, 2009

Ms. Carol Hulse
Oregon Public Utility Commission
P. O. Box 2148
Salem, OR 97308-2148

Re: Docket UM 1451- Malheur Bell and Qwest Revised Errata Stipulation (pp. 10-11)

Dear Ms. Hulse:

Kay Marinos of Staff has discovered that the Errata Stipulation the parties filed yesterday has a typographical error at the top of page 11, which refers to the Qwest Rate Group 1 1FB monthly rate as being \$26.50, when in fact it is actually \$26.00. Thus, the \$2.49 amount at the bottom of page 10 (which reflects the price decrease from the current Malheur Bell 1FB rate to the Qwest Rate Group 1 1FB rate, for Malheur Bell Ontario exchange customers going forward if the Commission approves the stipulation) is also incorrect, and should now be \$2.99, instead of \$2.49. We apologize for these errors, which were simply typographical or scrivener's errors.

In any event, the parties agree that it would be sufficient for Malheur Bell and Qwest to simply file a "revised" errata by submitting only those two pages (10 and 11), with an explanation here. Thus, the sentence at the bottom of page 10 and top of page 11 will now read as follows (emphasis added here, but not in what is being filed with the Commission):

This classification of the Ontario exchange as a Rate Group 1 exchange would result in a \$1.00 monthly decrease for each basic residential line in the Ontario exchange (from \$13.80 to \$12.80 per month), and a \$2.99 monthly decrease for each basic business line in the Ontario exchange (from \$28.99 to \$26.00 per month).

Accordingly, Qwest hereby files its revised errata stipulation, which consists of the corrected versions of pages 10 and 11. We apologize for any inconvenience.

If the Commission has any questions about this filing, please feel free to contact me.

Very truly yours,

Alex M. Duarte

cc All parties in Docket UM 1451
Encls.

Owest Basic Exchange Service Rate Group Designation

The Stipulation Parties agree that at the consolidation of Malheur Bell and Qwest, Malheur Bell tariffs will be withdrawn and the formerly Malheur Bell customers' services will be transferred to Qwest services subject to Qwest's tariffs, price lists and catalogs.

Qwest and Malheur Bell had originally planned to designate all Malheur Bell basic exchange service as Rate Group (or Zone) 2 for its basic exchange services. (The Commission has previously set Qwest's current basic local exchange rates at three different rates each for basic residential services and for basic business services, based on Qwest's costs to provide service in different geographic areas (or "geographic zones") in which Qwest provides service, and Qwest's wire centers are assigned to each rate group based on each wire center's cost characteristics.) This designation would have resulted in no rate increases to basic residential exchange services for Malheur Bell customers as a result of the consolidation, and a slight decrease to basic business (1FB) exchange rates.

However, the Stipulation Parties have determined that as a result of various prior regulatory proceedings and decisions of the Federal Communications Commission ("FCC") and the Commission, including in Dockets UT 148 and UM 963, classifying all former Malheur Bell exchanges in Rate Group 2 would not be appropriate. Accordingly, the Stipulation Parties agree that, if the Commission approves the transaction, Qwest and Malheur Bell will classify the Ontario exchange as a Rate Group 1 exchange. This classification of the Ontario exchange as a Rate Group 1 exchange would result in a \$1.00 monthly decrease for each basic residential line in the Ontario exchange (from \$13.80 to \$12.80 per month), and a \$2.99 monthly decrease for each basic business line in the

Ontario exchange (from \$28.99 to \$26.00 per month). Since more than 55% percent of all Malheur Bell residential lines are in the Ontario exchange, and more than 70% percent of all Malheur Bell business lines are in the Ontario exchange, these rate decreases would result in customer savings to a significant majority of all former Malheur Bell customers, of approximately \$75,000 annually in lower basic residential and business charges for Ontario exchange customers, thus resulting in net customer benefits and, at a minimum, resulting in meeting the Commission's "public interest, no harm" standard.

In addition, regarding the Vale and Oregon Slope exchanges, the Stipulation Parties further agree that if the Commission approves the consolidation, the Commission will need to investigate certain issues relating to Qwest's costs of providing service in those two exchanges. The major issue in such an investigation is expected to be whether the Vale and Oregon Slope exchanges should be classified as Qwest Rate Group 3 exchanges. Thus, if the Commission approves the consolidation, the Stipulation Parties will ask the Commission to begin an investigation proceeding in 2010 to review the costs to serve in the Vale and Oregon Slope exchanges. One result of this Commission investigation could be a slight increase to the monthly basic local exchange rates that Qwest would be required to charge to former Malheur Bell customers in these two exchanges. Specifically, this potential increase would be a \$1.00 per access line monthly increase from current rates for residential customers, and a \$1.51 per access line monthly increase from current rates for business customers. In addition, for certain business customers, PBX trunks could also be increased by \$2.00 per month for two-way, in-only and out-only trunks. Finally, in-only trunks with Direct Inward Dial (DID) could increase

CERTIFICATE OF SERVICE

UM 1451

I hereby certify that on the 1st day of December 2009, I served the foregoing LETTER AND ERRATA STIPULATION (PP. 10-11) in the above entitled docket on the following persons via U.S. Mail, by mailing a correct copy to them in a sealed envelope, with postage prepaid, addressed to them at their regular office address shown below, and deposited in the U.S. Post Office at Portland, Oregon.

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DATED this 1st day of December, 2009.

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* denotes signator of Protective Order No. 09-375
W denotes waiver of paper service