

Price Plan Pursuant to ORS 759.255
CenturyTel of Oregon, Inc.
CenturyTel of Eastern Oregon, Inc.
and United Telephone Company of the Northwest
(“CenturyTel/United”)

DEFINITIONS:

1. “New service” means a retail telecommunications service that is offered in Oregon for the first time following the effective date of this Price Plan. A service is not a new service if it merely renames, repackages, or is a variation of an existing service, or if it is reintroduced in substantially the same form after having been provided for free, withdrawn or abandoned.

2. “pre-Plan rates” means the rates charged by CenturyTel/United (the Company) in Oregon pursuant to its tariffs or price list that were effective on May 19, 2014, or CenturyTel/United’s original introductory price for any new service introduced after May 19, 2014, but before the effective date of this Price Plan.

3. “Primary line basic service” means the first line only of basic local exchange service for an individual residential or business customer account at a single location that is not sold as part of a package. For purposes of this definition, “basic local exchange service” means residential single party flat rate local exchange service; residential single party measured local exchange service, including local exchange usage; business single party flat rate local exchange service; and business single party measured local exchange service, including local exchange usage.

These rates are set forth in CenturyTel of Oregon and CenturyTel of Eastern Oregon’s P.U.C. Or. No. 5 Tariff, Schedule 1, Sheet No. 1.6 and in United Telephone Company of the Northwest’s P.U.C. OR. No. 3 Tariff, Schedule AE-1, Sheets 3 and 3.1.

4. “Other Services” means any other residential or business services contained in CenturyTel/United’s intrastate retail tariffs that are not expressly listed in the Price Plan. “Other Services” does not include Packages and Bundles.

5. “Packages and Bundles” means any combination of services which may include primary line residential or primary line business service as well as other services at a combined price.

A. General Objectives. CenturyTel/United’s Price Plan, as agreed to through the associated stipulation, (“Price Plan” or “Plan”) will achieve the following objectives;

1. Ensure the Plan is operating in a way that is in the public interest.
2. Produce prices for CenturyTel/United’s retail telecommunications services that are just and reasonable.
3. Ensure that the quality of existing telecommunications services will stay at or above current levels.
4. Maintain the appropriate balance between the need for regulation and competition.
5. Simplify and reduce the burden of regulation for both CenturyTel/United and the Commission.
6. Maintain the availability of primary line basic service at affordable rates throughout the state.
7. Increase CenturyTel/United’s pricing flexibility to meet changing market conditions.
8. Make new telecommunications services available.

B. Pricing and Availability of Services under Price Plan Initial Rates. The rates that CenturyTel/United currently charges in its approved tariffs and price lists will be its pre-Plan rates. These rates are subject to adjustment as provided below.

1. Price Caps

- a. Non-recurring charges for residential primary line basic service. Charges for United Telephone Company of the Northwest may increase a maximum of \$10 during the period of the Price Plan. Charges for the CenturyTel companies will be capped at pre-Plan rates for the term of the Price Plan.
- b. Recurring charges for residential service. Primary line basic service for residential customers will be subject to price caps. Monthly rates for this Service may increase a maximum of \$3.00 during the period of the Price Plan. CenturyTel/United may increase these rates up to a \$2.00 on the Price Plan's effective date, and may increase rates up to an additional \$1.00 beginning in year 2 of the Price Plan.
- c. Recurring and non-recurring charges for business primary line basic services. Rates for these services will not be subject to price caps. If CenturyTel/United increases the recurring charge by more than \$4 over the term of the plan, CenturyTel/United must provide customers 90 day notice prior to 1) making the change that causes the cumulative price increase over the term of the Price Plan to exceed \$4.00 and 2) making any subsequent price changes.
- d. Availability. CenturyTel/United will continue to offer primary line residential and business basic service on a stand-alone basis.

2. Petition to remove or adjust price caps. CenturyTel/United may petition the Commission to remove or adjust the price caps for primary line residential basic service. CenturyTel/United will have the burden of showing that the removal or adjustment of the price caps for primary line residential basic service will result in

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- rates that are just and reasonable. The Commission may also consider whether removal or adjustment of the price caps is in the public interest, considering the factors set forth in ORS 759.255(2). There is no presumption as part of this Price Plan that the Joint Parties would support such a petition.
- C. Telephone Assistance Plans.** CenturyTel/United will continue to offer current Telephone Assistance Plans (OTAP, Tribal Lifeline, and Tribal Link-Up) pursuant to state and federal requirements.
- D. Switched Access.** Rates for intrastate switched access services will be capped at current rates and the Commission may adjust the price caps if required by FCC action.
- E. EAS.** Rates for extended area service (EAS) are capped at current rates but, for billing purposes, the Company is permitted to combine the rate for primary line residential basic service and EAS into a single rate. CenturyTel/United will continue to offer customers all existing options, including measured EAS service combined with monthly flat rate service. CenturyTel/United will not be required to establish any new or expanded EAS routes as long as it operates under the Price Plan.
- F. DS-1 and ISDN-PRI Services.** Rates for DS-1 and ISDN-PRI services will not be subject to price caps. If CenturyTel/United increases prices more than 25 percent over the term of the plan, CenturyTel/United must provide customers 6 months notice prior to 1) making the change that causes the cumulative price increase over term of the Price Plan to exceed 25 percent, and 2) making any subsequent price increases of over 5 percent within a rolling 12 month period.
- G. E911 Services (including PS/ALI).** Rates, terms and conditions remain at pre-Plan status.

- H. Other Services.** Monthly rates for “Other Services” for business customers will not be subject to price caps. Monthly rates for residential customers may increase up to 50 percent or \$.50, annually, whichever is greater. The cumulative price increase over the term of the Price Plan is not to exceed 200 percent for residential customers. Within 60 days of receiving notice of price increase to “Other Services,” business and residential customers who request removal of any service contained in “Other Services” will not incur a non-recurring charge for the removal of the service.
- I. Rate averaging.** For residential primary line basic service and business primary line basic service, CenturyTel/United will not further deaverage beyond the existing (pre-Plan) rate groups. Existing dollar differences between rate groups will not increase. For all other services, CenturyTel/United will maintain the statewide average rates.
- J. New Services.** Any new service introduced after the effective date of the Price Plan will not be subject to price caps. (Definition of New Services not to include repackaging of existing services.)
- K. Toll Restriction/Call Trace/Unlisted Numbers.** These three services are capped at pre-Plan rates.
- L. Directory Listings.** The first listing is included with primary line telephone service, including those within Packages and Bundles. The second and any other additional listings will be subject to the “Other Services” rate cap above.
- M. Exogenous change adjustments.** CenturyTel/United may petition the Commission for adjustments to the price cap for any service provided under the Price Plan to reflect factors outside the Company’s control, which will have a material impact on the Company (e.g., changes in law, rule, or tax structure as a result of legislative, judicial, or administrative

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agency action). For example, the Company may request consideration of changes in Universal Service Support, FCC imposed price floors, etc. if those items are beyond its control and have a material impact on the Company. There is no presumption as part of this Price Plan that the Joint Parties would support such a petition, and not all parties agree that the specific examples set forth in this paragraph constitute an appropriate reason for the Company to make such a filing under this provision of the Price Plan.

- N. Intrastate Special Access.** Nothing in this Price Plan affects existing intrastate special access services. CenturyTel/United may petition the Commission separately for any proposed rate changes to intrastate special access services.
- O. Packages and Bundles.** CenturyTel/United may combine any regulated telecommunications service with any other service(s) to offer packages and bundles of services, which may include primary line residential basic service and EAS, at any price subject to the following conditions:
1. Customers can purchase separately from the company's tariff or price list any regulated telecommunications service included in the package or bundle.
 2. The package or bundle price is not more than the sum of the retail prices of all services available in the package or bundle.

Terms applicable to new packages or bundles, including those that include primary line residential basic service, will be established in the Company's price list at least one day prior to their effective date.

- P. Notice of tariff changes.** CenturyTel/United will provide the Commission notice of price increases or other changes to terms and conditions for services under price cap by making tariff filings at least 30 days prior to the effective date of such price changes. The Company

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will provide the Commission notice of price decreases for services under price cap by making tariff filings at least one day prior to the effective date of such price decreases.

CenturyTel/United will make price list changes for New Services, Other Services, and Packages and Bundles at least one day prior to the effective date of any price change.

CenturyTel/United will also provide customers at least 30 days prior notice for services they are purchasing at the time of the price increase. For services on a per-call basis, CenturyTel/United will give reasonable notice to the customer of the price prior to the customer's use of the service.

- Q. Services exempt from regulation.** Services that the Commission has already ordered to be exempt from regulation will remain exempt from regulation, subject to the conditions of the order that exempted the service from regulation. CenturyTel/United retains the ability to petition the Commission to exempt additional services from regulation under ORS 759.052.
- R. Promotions.** CenturyTel/United may offer promotions for primary line residential basic service and other regulated services pursuant to ORS 759.182 and 759.267.
- S. Service Quality.** CenturyTel/United will continue to be subject to the Retail Telecommunications Service Standards for Large Telecommunications Utilities identified in OAR 860-023-0055.
- T. Specific Commitments.**
 - a. **Service Performance Guarantees.** If the standard in 860-023-0055(4) - on a statewide basis, or 860-023-0055(6) – for any repair center, is missed for 3 months out of a 12 month rolling period, the Company will implement a service guarantee plan consistent with the terms of the plan adopted for CenturyLink QC in Order No. 08-408. If a service guarantee plan is required pursuant to this provision, a 90-day period will be

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allowed to implement the plan through the companies' IT systems. Force Majeure events, as defined in OAR 860-023-0055(1)(h), that cause a miss in the service results will not be counted as a miss for purposes of determining whether a service performance guarantee plan is required to be implemented. If the service performance guarantee program is implemented due to missing either of the standards, the program can be removed if the company meets the previously missed standard for a 12 month period.

b. Network and Other Investments. CenturyLink invests in its Oregon network to expand the network's capabilities and enhance reliability, thereby providing benefits to its customers. In order to provide a customer benefit during the term of the Price Plan, CenturyLink agrees to make the following public benefit commitments:

- i. CenturyLink's portion of the South Oregon Coast Diversity Project at an estimated cost of \$150,000 which will provide route diversity and a public safety benefit to customers in that region.
- ii. The Hood River Gorge Diverse Route Fiber Ring. This is a fiber ring CenturyLink intends to construct to establish route diversity to the Hood River, Columbia Gorge and Mount Hood areas, which will also provide diversity for legacy CenturyTel and United Internet connections statewide and 911 SS7 link redundancy for legacy CenturyTel and United customers in the Hood River, Columbia Gorge and Mount Hood areas. The estimated equipment cost for this project is \$500,000.
- iii. If CenturyLink completes the projects above in T (b) (i and ii), and the project actual costs are less than the estimated \$650,000, CenturyLink will complete

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additional projects as identified in T (c) (ii) or will work with Staff and CUB to identify new projects to reach the \$650,000.

- c. If CenturyLink is unable to complete the projects identified in T (b) (i and ii) above, CenturyLink would commit to the following projects:
- i. Same as (b)(i) above.
 - ii. Augments to CenturyLink’s backbone fiber rings to migrate services off the original platform to a newer and higher capacity ring. This upgrade would provide the ability to add capacity as well as new technologies to the existing backbones rings. This project would benefit all CenturyLink Oregon customers.
 - iii. If CenturyLink is unable to complete the projects identified in b above, CenturyLink would invest the same estimated dollar amounts that were agreed to in section b for projects listed in section c (subparagraphs i. and ii.)

U. Waiver of statutes, rules, and UM 1484 Merger Conditions.

1. Statutes. CenturyTel/United’s compliance with the following statutes, and all Commission rules implementing these statutes, is waived in full, unless a partial waiver is noted:
 - ORS 759.120 Form and manner of accounts prescribed by Commission. Partial to the extent allowed by Order 11-095, Condition #11.
 - ORS 759.125 Records and accounts prescribed by Commission; prohibition on other records or accounts; exception; blanks for reports. Partial to the extent allowed by Order 11-095, Condition #11.
 - ORS 759.135 Depreciation accounts; un-depreciated investment allowed in rates; conditions. Full waiver. Waiver of this rule should not be understood

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to impact the requirement to report plant depreciation as requested in the Form O.

- ORS 759.180 to ORS 759.200 (with the exception of ORS 759.182).
- Full waiver of statutes listed below:
 - 759.180 Hearing on reasonableness of rates; procedures; exceptions
 - 759.185 Suspension of rates pending hearing; time limitation; refund of revenue collected; interim rates.
 - 759.190 Notice of Schedule Change
 - 759.195 Price listing of services; conditions; maximum rates; essential services; justification by utility of rates for price-listed services.
 - 759.200 Inclusion of amortizations in rates; deferral of certain expenses or revenues; limitation on amounts; prohibited uses.
- ORS 759.215(2) Public access to schedules. Full waiver.
- ORS 759.220 Joint rates and classifications; procedure; considerations – Partial waiver with regard to joint rates and establishment of new through services, but not with regard to canceling any existing through service.
- ORS 759.285 Charging rates based on cost of property not presently providing service. Full waiver.
- ORS 759.300 to ORS 759.360 – Issuance of Securities. Full waiver.
- ORS 759.385 to 759.393 Affiliate interest contracts.

2. Rules. CenturyTel/United's compliance with the following Commission rules is waived in full, unless a partial waiver is noted:

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- OAR 860-022-0025(2)(b) and (c) Requirements for Filing Tariffs or Schedules Changing Rates.
- OAR 860-022-0030 Requirements for Filing Tariffs or Schedules Naming Increased Rates.
- OAR 860-027-0015 New Construction Budget
- OAR 860-027-0050 Uniform System of Accounts for Large Telecommunications Utilities, partial waiver per Order 11-095, condition #11.
- OAR 860-027-0052 Allocation of Costs by a Large Telecommunications Utility
- OAR 860-027-0100 Reporting of Affiliated Transactions

3. Other.

- Partial waiver of Condition #11 in Commission Order 11-095 (appendix A) in Docket UM 1484 imposing as a condition of approval of the merger a requirement that CenturyTel/United annually submit Form O and Form I. CenturyTel/United will submit a Form I every three years (next report due 2016). No waiver of annual requirement for Form O.
- CenturyTel/United is not required to provide regional information in the Form O, and will only be required to provide Oregon-specific information in the Form O. CenturyTel/United is not required to file the following schedules in the annual Form O:
 - B-2. Analysis of Depreciation and Amortization
 - B-3. Analysis of Charges related to Plant Retired
 - B-4. Long-term Debt
 - I-4. Operating Taxes other than Federal Income Tax

- I-6. Reconciliation of Reported Net Income with Taxable Income for Federal Income Tax
- I-7. Reconciliation of Reported Net Income with Taxable Income for Oregon State Excise Tax
- I-8. Transactions with Affiliated and NonRegulated Operations

- CenturyTel/United’s Form I filing, due every three years beginning in 2016, will be in the format provided in Attachment 1 to the Price Plan.

V. Term and Conditions for Review of CenturyTel/United’s Performance Under Price Plan.

Term: The Price Plan will extend for three years, with an option for CenturyTel/United to extend the Price Plan by an additional (fourth) year. No later than the end of the second year of the Price Plan, CenturyTel/United will notify the Commission of its intent to extend the Plan for a fourth year or petition the Commission seeking 1) a new price plan; 2) modification to the existing Price Plan; or 3) any other form of regulation that may be applicable. If the Company elects to extend the Price Plan for a fourth year, it will be required to petition the Commission for a new form of regulation no later than the end of the third year of the Price Plan. Should the Company provide notice that it intends to extend the Price Plan for the fourth year, rates will remain at the negotiated cap(s) for basic residential service unless CenturyTel/United has not exercised the full dollar amount of the cap(s).

Three-year review: CenturyTel/United’s performance under the Price Plan will be reviewed by the Commission every three years. The Company will file a report regarding its performance as compared to the objectives of the plan by the 90th day of the third year of operation under the plan. The report will review how the objectives of the plan are being met and will include the following information:

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1. An analysis of current market conditions for the various categories of CenturyTel/United's regulated retail telecommunications services to the extent such information is publically available.
2. Data regarding the gain or loss of access lines by wire center.
3. A discussion of how the pricing flexibility allowed the Company to meet the plans objectives.
4. Identification of any new services CenturyTel/United has introduced.
5. Identification of any ways in which the burden of regulation for both the Company and the Commission has been simplified or reduced.

W. Evaluation of market, modifications to Plan.

The Commission will review the data submitted by CenturyTel/United and any other relevant evidence regarding the competitiveness of the market for services that are functionally equivalent or substitutable for services offered by the Company, as well as any other relevant factors, and determine whether other modifications to the Plan are appropriate to provide CenturyTel/United with additional regulatory flexibility beyond that included in the original Price Plan.

The Commission may open an investigation at any time pursuant to ORS 756.515 to determine whether further adjustments to the price plan or termination of the Price Plan is required by the public interest, according to the factors set forth in ORS 759.255(2). The Commission may order further adjustments to the Price Plan or termination of the Price Plan only after providing the Company notice and an opportunity for hearing. In any such investigation and proceeding, the Joint Parties agree that the Commission should first

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attempt to identify and require adjustments to the price plan such that the continuation of the Price Plan is in the public interest before it orders termination of the Price Plan.

1. If the Commission orders termination of the Price Plan, CenturyTel/United would no longer be able to increase its rates as it was permitted to do under the Price Plan, but the Company would be allowed to decrease its rates subject to any applicable price floor.
2. If the Commission orders termination of the Price Plan, the Company may thereafter pursue any form of price regulation or relief therefrom then permitted under Oregon law, including but not limited to: exemptions from regulation pursuant to ORS 759.052; price listing pursuant to ORS 759.054, 759.056, and/or 759.195; rate regulation pursuant to ORS 759.175-759.190; another price plan pursuant to ORS 759.255; or price cap regulation pursuant to ORS 759.405-759.410.
3. If the Commission orders early termination of the Price Plan, the Parties agree the Commission may also, in the same proceeding, adjust CenturyTel/United's rates to ensure that the Company's rates are just and reasonable, and the Parties agree not to advocate for rates that are lower than pre-Plan rates. CenturyTel/United would no longer be able increase its rates as it was permitted to do under the Price Plan, but the Company would be allowed to decrease its rates subject to any applicable price floor.

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20XX FORM I INPUT MASTER			
COMPANY NAME: <enter name>			
FCC Account and Description	Note No.	Line No.	Total Oregon Operations Subject To Separations
DETAIL			(Note 1)
PLANT IN SERVICE			
21XX General Support Facilities		1	0
22XX Central Office Equipment:			
CAT 1-Operator Systems		2	0
CAT 2-Tandem Switching (Alloc.)		3	0
CAT 2-Tandem Switching (Assign.)		4	0
CAT 3-Local Switching		5	0
CAT 4.12 -Exch. Trunk (Joint Use)		6	0
CAT 4.12 -Exch. Trunk (Ded. Use)		7	0
CAT 4.13 -Subscr. Line (Joint Use)	(6)	8	0
CAT 4.13 -Subscr. Line (Ded. Use)		9	0
CAT 4.23 -IX Trunk (Joint Use)		10	0
CAT 4.23 -IX Trunk Ckt. (Ded. Use)		11	0
CAT 4.3 -Host/Remote Trunk Ckt.		12	0
COE Other (Wideband CAT 4.11, .12 & .22)	(7)	13	0
Total COE		14	0
23XX Information Orig./Term. Equipment:			
CAT 1-Regulated CPE		15	0
Other IOT		16	0
Total IOT		17	0
24XX Cable & Wire Facilities:			
CAT 1.3-Subscriber Line (Common)	(6)	18	0
CAT 1.1,2-Subscriber Line (Ded.)		19	0
CAT 2-Exch. Trunk (Joint Use)		20	0
CAT 2-Exch. Trunk (Ded. Use)		21	0
CAT 3-IX Trunk (Joint Use)		22	0
CAT 3-IX Trunk (Ded. Use)		23	0
CAT 4-Host/Remote Trunk		24	0
C&WF Other (Wideband)	(7)	25	0
Total C&WF		26	0
26XX Other Assets:			
Capital Leases		27	0
Leasehold Improvements		28	0
Intangibles		29	0
Total Other Assets		30	0
Total Telecom. Plant in Service		31	0