CASE: UM 1908/UM 2206
WITNESSES: RUSS BEITZEL
PETER GOSE

PUBLIC UTILITY COMMISSION
OF
OREGON

STIPULATING PARITES EXHIBIT 100

Joint Testimony

October 10, 2023

Q. Please state your names, occupations, and business addresses.

A. My name is Russ Beitzel. I am a Senior Utility Analyst employed in the Rates and Telecommunications section of the Rates, Safety and Utility Service Program of the Public Utility Commission of Oregon (OPUC or Commission). My business address is 201 High Street SE., Suite 100, Salem, Oregon 97301.

My name is Peter Gose. I am employed by CenturyLink. In Oregon, CenturyLink operates four incumbent local exchange carriers: Qwest Corporation; CenturyTel of Eastern Oregon; CenturyTel of Oregon and United Telephone Company of the Northwest, dba CenturyLink (collectively, Lumen, CenturyLink, or Company). For CenturyLink I work as Director of State and Local Government Affairs, with responsibilities for incumbent and competitive local exchange carrier regulatory matters in 18 states, Puerto Rico, and the United States Virgin Islands. My business Address is 14530 NW 63rd St., Parkville, Missouri 64187.

Q. Mr. Beitzel Please describe your educational background and work experience.

A. My witness qualification statement is found in Exhibit Stipulating Parties/101.

Q. Mr. Beitzel please describe which portion(s) of this testimony you prepared?

A. I prepared Section I., Summary Recommendation; Section II., Procedural History; Section IV., Stipulations; Section V., Public Interest, and Section VI., Conclusion.

Q. Mr. Gose Please describe your educational background and work experience.

A. My witness qualification statement is found in Exhibit Stipulating Parties/101.

Q. Mr. Gose please describe which portion(s) of this testimony you prepared?

A. I prepared Section III., the Price Plan Overview.

Q. Do the Stipulating Parties jointly support the entirety of this testimony?

A. The Stipulating Parties support this testimony in its entirety.

Q. What is the purpose of your testimony?

A. The purpose of this testimony is to introduce and support the Stipulation entered into by CenturyLink and Staff of the Public Utility Commission of Oregon (Staff) in Docket Nos. UM 1908 and UM 2206.

Q. Who are the parties in Docket No. UM 1908 and UM 2206?

A. The parties are CenturyLink, Staff, Citizens' Utility Board (CUB), and Priscilla Weaver (each a Party, and collectively the Parties). CenturyLink and Staff are collectively the Stipulating Parties for this docket. CUB and Ms. Weaver are collectively the Intervenors.

Q. Did the Stipulating Parties reach a settlement in this docket?

A. Yes. The Stipulation entered into by CenturyLink and Staff resolves all issues in this docket.[1] The Stipulation is a compromise by the Stipulating Parties to obtain settlement.

Q. Do all parties in Docket Nos. UM 1908 and UM 2206 support the settlement in this docket?

A. No. Intervenors, CUB and Ms. Weaver, are opposing portions of the settlement.

Q. What is your understanding of the Intervenors' opposition to the settlement?

A. Although the Intervenors will speak for themselves, the Stipulating Parties understand that the Intervenors object to the Agreement on Suspension of the Jacksonville Orders in Conjunction with the RDOF build, described in Attachment C to the Stipulation, discussed in Section IV below.

Q. Did you prepare any exhibits for this docket?

A. Yes. The Stipulating Parties prepared Exhibit Stipulating Parties /101, consisting of four pages, Exhibit Stipulating Parties /102, consisting of five pages, and Exhibit Stipulating Parties /103, consisting of one page.

Q. How is this testimony organized?

A. This testimony is organized as follows:

[1] Notably UM 1908 was consolidated with Docket No. UM 2206, Investigation Regarding the Provisions of Service in the Jacksonville Area. The Stipulating Parties understand that settlement in the UM 1908 docket resolves all issues in the consolidated docket, UM 1908 and UM 2206.

I. SUMMARY RECOMMENDATION

Q. Please summarize the Stipulating Parties' recommendation in this case.

A. The Stipulating Parties recommend that the Commission adopt in its entirety the Stipulation agreed to in Docket Nos. UM 1908 and UM 2206. The Stipulating Parties contend that the Stipulation is fair and reasonable for CenturyLink customers affected by the new Price Plan. As is necessary for this particular proceeding, and discussed later in this testimony, the Stipulating Parties agree that approval of the Price Plan is in the public interest and satisfies the standards for review required under ORS 759.255(2). The Stipulating Parties unanimously recommend that the Commission approve the Stipulation and the Price Plan in their entirety. The Stipulation and Price Plan were negotiated as a comprehensive compromise, and all terms are essential.

II. PROCEDURAL HISTORY

Q. What is the procedural history in this docket?

A. On September 23, 2022, the Commission opened an investigation of CenturyLink's Price Plan to determine whether the Price Plan is in the public interest according to the criteria set forth in ORS 759.255(2); and if not, what modifications may enable a finding that such a modified plan is in the public interest.[2] Staff held a workshop on CenturyLink's Price Plan on January 26, 2023 to scope issues for the Price Plan investigation and provide a venue for public input.[3] Subsequently, the parties held nine settlement conferences,[4] exchanged multiple proposals and counterproposals, and discussed settlement terms via email. The Stipulating Parties reached agreement for settlement in principle on September 5, 2023.

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[2] Docket No. UM 1908, Order No. 22-340, *Commission Action Pursuant to ORS 756.515 to Suspend and Investigate Price Plan*, (Sept. 23, 2022) https://apps.puc.state.or.us/orders/2022ords/22-340.pdf.
[3] See Docket No. UM 1908, *Staff's Agenda for the 1/26/23 Workshop* (Jan. 20, 2023) https://apps.puc.state.or.us/edockets/DocketNoLayout.asp?DocketID=21077&Child=action. From September 2022 through January of 2023 parties were engaged in a hearing under ORS 756.515(5) to determine whether Order No. 22-340 should remain in effect.
[4] Parties had settlement conferences on Feb. 15, Mar. 31, April 7, April 19, June 8, June 22, July 6, July 24, and Aug. 9, 2023.

III. PRICE PLAN OVERVIEW

Q. Please provide an overview of the Price Plan proposed by the Stipulating Parties in conjunction with the Stipulation.

A. In many respects, the proposed Price Plan (Price Plan) carries forward provisions contained in the 2018 Price Plan. But in numerous other respects, the Price Plan incorporates provisions designed to incentivize CenturyLink to maintain and improve service quality to Oregon customers. The most significant new elements of the Price Plan—each of which we will discuss—relate to: (a) the identification of "Protected Customers;" (b) CenturyLink's price flexibility; (c) service quality reporting and enforcement regarding Protected Customers; and (d) resolution of UM 2206.

Q. Please summarize the Price Plan's identification of "Protected Customers."

A. The Stipulating Parties recognize that, while there is significant intramodal and intermodal competition for CenturyLink's copper-based wireline services statewide, there are a relatively small number of Oregon customers in CenturyLink's service territory that have fewer alternatives available to them. To ensure that these customers receive reasonable and adequate service, the Stipulating Parties agreed to identify these customers for additional protection. In section 1.j, of the Price Plan, "Protected Customers" are defined as "those CenturyLink residential local customers in Oregon who, at their residences, have access to only CenturyLink copper-based wireline service and commercial satellite services…" The Price Plan pays special attention to this category of customers (currently estimated at about 4100 in Oregon) in terms of CenturyLink's pricing flexibility, CenturyLink's reporting obligations and service quality enforcement.

Q. Please summarize CenturyLink's pricing flexibility under the Price Plan.

A. The provisions governing CenturyLink's pricing flexibility are found at Section 4 of the Price Plan. For the first time, CenturyLink's upwards pricing flexibility is tied to service quality performance. CenturyLink's upward pricing flexibility will be capped at $3 per year ($12 over the four-year term), but its per-year flexibility will vary depending on its performance under prescribed service quality metrics. While Year 1 of the Price Plan may vary (discussed below), CenturyLink's pricing flexibility will be based on three separate service quality components. With improved performance on any or all of the components, CenturyLink can earn greater pricing flexibility. Similarly, if performance degrades, CenturyLink will lose some of its pricing flexibility.

The first component evaluates CenturyLink's performance statewide (across all 167 wire centers) on the Report Clearing Time (90 percent of out of service conditions repaired within 48 hours) (RCT) and Trouble Tickets per 100 Access Line (TT/100) metrics. While these standards are taken from the Commission's minimum service quality rules (OAR 860-023-0055 and OAR 860-034-0390), the measurements applicable under the Price Plan are more stringent than the rules. For this component (which will be evaluated on a 12-month rolling average basis at the time CenturyLink seeks to adjust its rates, at most once per year), CenturyLink can earn the right to increase its rates anywhere from $0 to $1, which will be added to the flexibility it earns via Components 2 and 3.

The second component is identical to the first, except that it evaluates CenturyLink's RCT and TT/100 performance only for the Protected Customers, viewed as a single group. Again, CenturyLink can earn flexibility of between $0 and $1, which will be added to the flexibility it earns via Components 1 and 3.

The third component evaluates the weighted average age of outstanding National Electrical Safety Code utility pole violations or pole transfer projects. Unlike Components 1 and 2, Component 3 will be viewed as a snapshot (at the time CenturyLink seeks to adjust rates). Again, CenturyLink can earn flexibility of between $0 and $1, which will be added to the flexibility it earns via Components 1 and 2.

Q. You said above that CenturyLink's pricing flexibility opportunity may be different in Year 1. Can you explain?

A. Yes. In Year 1, at the Company's option, its pricing flexibility opportunity may exclude Component 3 (described above), in which case Components 1 and 2 will apply and range in impact from $0 to $1.50 each. See Section 4.e.ii.(1) and (2). Beginning Year 2 of the Price Plan, all three components will apply, as described above.

Q. Please describe how the Price Plan addresses service quality reporting and enforcement.

A. Price plans do not typically focus on service quality issues. To further facilitate and incentivize CenturyLink's focus on improving service quality, the Price Plan addresses it in numerous ways. First, it requires monthly reporting of RCT and TT/100 data for Protected Customers. See Section 11.b. Second, CenturyLink will maintain the dedicated customer service contact number (as established in compliance with the Jacksonville Orders) for the benefit of all Protected Customers statewide, and not just those in the Jacksonville wire center. See Section 11.c. Third, CenturyLink's pricing flexibility (as discussed above) is directly tied to its service quality for all Oregon customers, for Protected Customers in particular and with regard to NESC pole violations and related projects. Fourth, the Price Plan specifically provides that CenturyLink may be subject to Commission enforcement (similar to that directed in the Jacksonville Orders) in the event of sustained non-compliance with regard to the Protected Customers. See Section 11.d. Finally, CenturyLink is going to make a small inventory of handheld satellite phones available in prescribed wire centers to assist customers in the event of prolonged outages. See Section 11.e.

Q. How does the Price Plan resolve UM 2206?

A. UM 2206 and UM 1908 were consolidated by the Commission in September 2022. In its orders, the Commission coupled the service quality investigation (UM 2206) and Price Plan proceeding (UM 1908). For example, in Order No. 23-109, the Commission stated (emphasis added):

> While the modified order does extend Lumen's Price Plan by nine months, the requirements imposed on Lumen did not modify the Price Plan. Rather, as discussed above, the modified order was issued under ORS 756.515 and authorized

> by other sources of Commission authority and was **meant to "address service quality issues experienced by customers in Jacksonville in the near-term" until the Price Plan investigation is complete**. Indeed, the modified order explicitly opened an investigation into Lumen's Price Plan to determine whether it is in the public interest, and if not, what modifications to the Price Plan were warranted. That investigation continues, with an anticipated hearing scheduled for April 2023. Any modifications to Lumen's Price Plan will be the result of that investigation.

In alignment with Order No. 23-109, the Price Plan provides that UM 2206 will terminate (along with the Jacksonville Orders) upon CenturyLink's completion of the Jacksonville RDOF build (Bid ID: OR-029-0030023), which will provide fiber feeder cable from the Jacksonville Central Office to Remote Terminals located at 2600 Upper Applegate Road and 2900 Little Applegate Road, which serve the CenturyLink customers whose service is the subject of UM 2206. It will also provide fiber to the premises to Jacksonville customers whose residences are within the census blocks covered by the Jacksonville RDOF build. The Price Plan provides that, once construction begins on the Jacksonville RDOF build, the Jacksonville Orders will be suspended until the earlier of completion of the build or December 31, 2024. The Commission, of course, retains service quality enforcement authority over CenturyLink during all periods of time, including during construction.

Q. You have described four major elements of the Price Plan. Does the Price Plan include other provisions?

A. Yes, it does. The Price Plan covers many, if not all, of the elements the 2018 Price Plan covered. It also covers several new matters, including an increase in the line extension allowance from $2,000 to $2,500 (Section 10, Attachment B) and standardization of reporting (Section 12).

IV. STIPULATIONS

Q. What additional substantive terms, if any, are contained in the stipulation?

A. In addition to adopting the Price Plan, the stipulation contains several substantive terms that are defined later in this section including—grandfathering local measured service, ending imputation of directory revenues, standardization of Form O, and the suspension of the Commission's Jacksonville Orders, Order No. 22-340 as modified in Order No. 22-422[5] (collectively the Jacksonville Orders), in conjunction with Jacksonville RDOF build.

Q. Why are there additional terms?

A. As part of the investigation and negotiation of the Price Plan update, the Company and Staff noted several items of the Price Plan that were outdated or needed clarification. Additionally, as part of the settlement negotiation the Stipulating Parties agreed to certain terms related to the ongoing Orders of UM 2206, now consolidated into UM 1908.[6]

Q. Are these terms appropriate for inclusion in the Stipulation?

[5] Order No. 22-340, as modified in Order 22-422, was affirmed by the Commission in Order No. 23-109 (Mar. 21, 2023); Order No. 22-340 was further modified by Order No. 23-119, extending the Price Plan through September 28, 2023 (Mar. 28, 2023); Order No. 23-133 (April 11, 2023), amending reporting requirements to accommodate the time needed to compile and report the required data; and Order No. 23-345 (Sept. 26, 2023), extending the term of the 2018 Price Plan through Feb. 29, 2024.

[6] See, Order No. 22-340, note 3; Order No. 22-422, *Order 22-340 Modified* (Oct. 28, 2022) https://apps.puc.state.or.us/orders/2022ords/22-422.pdf.

A. Yes. The Price Plan itself included several items that needed to be updated or clarified. As part of the settlement, certain terms were agreed to that do not impact the Price Plan.

Q. Please describe the stipulation on Grandfathering Local Measured Basic Service.

A. The Stipulating Parties agreed to grandfather local measured basic service for current measured residential and business product subscribers.

Q. How did the 2018 Price Plan treat Local Measured Basic Service?

A. The 2018 Price Plan required the company to provide local measured basic service to both residential and business customers. Charges for residential measured service were subject to price caps: at 80 percent of the recurring monthly rate for flat rate residential primary line basic service and capped usage charges at 2018 rates. Order No. 18-359, approving the 2018 Price Plan, permitted the Company to seek to grandfather or discontinue measured basic service beginning in 2020.

Q. What impact does grandfathering this service have on the customer base?

A. It should have little to no impact on current customers. Grandfathering only affects future customers by removing the offering with respect to new customers. All current customers using this service can continue to access this service with no change.

Q. Why do the Stipulating Parties support this?

A. The Company has had no new subscribers to this service in several years and less than three percent of current customers utilize it. The Company further noted that Oregon is the last state where customers can order new local measured service.

Q. Please describe the stipulation on Ending Imputation of Directory Revenue.

A. The Stipulating Parties agreed to end the imputation of revenue derived from operations of a telephone directory listing service. The Company sold its directory assets in 2003.[7] The Company collects no revenue related to directory assistance directly or indirectly through any subsidiaries.

Q. What current requirements govern imputation of directory revenue?

A. Qwest Corporation entered into a Memorandum of Understanding (MOU) with Staff in 2004 which sets guidelines for imputation of directory revenue.[8] Under the MOU, $52.390 million of directory revenue is imputed to Qwest, and added to Qwest's gross retail intrastate revenue in Oregon for calculation of the PUC fee.[9]

Q. What was the reasoning behind the imputation of revenue?

[7] Qwest sold its directory operations (QwestDex, Inc.) in Arizona, Idaho, Montana, Oregon, Utah, Washington and Wyoming for $4.30 billion to group of leveraged buyout firms led by The Carlyle Group. The directory operations (Dex Media) were then acquired by the R.H. Donnelley Corporation in 2006. R.H. Donnelley filed for bankruptcy in 2009. From 2009 through 2013 the directory service then operated as its own corporate entity (Dex One). In 2013 Dex One merged with SuperMedia and now the combined company does business as Thryv Inc., a software services company for small business.

[8] *See* Exhibit 102 for the MOU on imputation of directory revenue adopted in Docket No. UM 1159, via Order No. 04-464 (Aug. 16, 2004).

[9] *Id.,* The MOU uses the UT 125 revenue amount of $52.39 million, which was the sum of two adjustments: $49,225,200 was the amount using the retention rate from UT 102, in effect from June 1992; and $3,165,000 was a growth adjustment. (Order No. 97-171, p. 43, as modified by Order No. 00-191, p. 18).

A. Initially, the Commission reasoned that a utility should not be permitted to transfer directories to an affiliate owned by the same parent company to avoid the inclusion of its revenues from its gross retail revenue calculation.[10] After the sale of Qwest's directory operations, the Commission ordered Qwest to impute the directory listing revenue as if it were still part of the regulated company, recognizing that sale of the directory operations constituted a significant loss of revenue stream for Qwest and to compensate Oregon ratepayers for their share of the sale of the directory assets.[11]

Q. Does the Commission have the authority to end imputation of directory revenue?

A. Yes. The MOU can be altered by agreement of Qwest and Staff, with approval by the Commission. If the Commission approves the stipulation, it would end the imputation of revenue.

Q. What impact does eliminating the imputation of directory listing revenue have?

A. Any greater fees currently collected by the PUC related to the imputed revenue would no longer be collected. According to Staff's calculation, based on 2022 annual fee statements submitted by Qwest and United Telephone Company of

[10] The MOU cites to reasoning in Docket No. AR 362, Order No. 99-734 (Nov 30, 1999); In establishing new rules for calculating annual fees payable to the Commission by telecom providers (OAR 860-032-0080) the Commission found it necessary to include "directory and operator services including yellow pages" in the definition of Gross Retail Intrastate Revenue.

[11] Exhibit 102, p.2, noting that an alternative to the agreement in the MOU would have been to determine and amortize Oregon's share of the gain on the sale of Qwest Dex over some period.

the NW (both Lumen subsidiaries), annual fees collected will be reduced by approximately $185,100.00 (($52,390,000.00 + $495,300.00)*.0035).

Q. Why is it appropriate to end the imputation of directory revenue now?

A. In the past 13 years, the MOU has imputed $681 million of directory revenue to Qwest.[12] The Stipulating Parties believe this figure more than adequately compensates Oregon ratepayers for their share of the gain on the sale of the directory assets and that it is no longer appropriate to impute revenue for directory operations which have become obsolete. Even if Qwest had retained the directory operations, it is unlikely that in 2023 the directory operations would provide a revenue stream anywhere near the 1995 test year revenue used to set the imputation amount.[13] The market for “yellow pages” has changed substantially, so that this issue, if re-evaluated, would not support such a revenue stream given the innovation of the internet.

Q. Please describe the stipulation on the standardization of Form O.

A. The Stipulating Parties agreed to allow the company to standardize Form O, which is a required annual filing of balance sheet accounts by the Company.[14] The Company had been required to provide information in Form O in a format that was not standard across its subsidiaries.

Q. What impact does this have?

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[12] ($52,390,000.00 of imputed revenue a year)*(13 years) = $681,070,000.00

[13] Exhibit 102, p2, the imputation amount is based on the 1995 test year from Qwest’s UT 125 rate case.

[14] See UM 1908 Stipulations Attachment D.

A. Staff consulted internally with the Rates and Telecommunications group that receives Form O and no concern was expressed about standardizing the form across the various subsidiaries.

Q. Why do the Stipulating Parties support standardizing Form O?

A. Standardizing Form O is a minor housekeeping issue that has no impact on the receiving group and allows for ease of operation by the company.

Q. Please describe the stipulation on Sunsetting Orders and the Jacksonville Rural Digital Opportunity Fund (RDOF) build.

A. The Stipulating Parties agree to suspend the Jacksonville Orders at the start of the Jacksonville RDOF build.[15] The suspension will terminate at the earlier of the completion of the project or December 31, 2024.[16] Additionally, at the completion of the Jacksonville RDOF build, the Jacksonville Orders will terminate.

Q. What is the RDOF build?

A. The Company's bid was selected by the FCC to provide fiber to specific census blocks located in the Jacksonville area as part of the Federal Communication Commission's RDOF efforts upgrade internet infrastructure from existing copper wire.[17]

Q. What area is covered by the RDOF build?

[15] BID ID: OR-029-0030023 - https://docs.fcc.gov/public/attachments/DA-22-523A2.pdf (see page 40 of 42)
[16] *See* Stipulation Attachment C for full discussion of terms.
[17] *See generally*, the FCC's website for information on RDOF program https://www.fcc.gov/auction/904.

A. The RDOF build out of the Jacksonville Central Office covers multiple locations starting from the Central Office heading south. The areas include a portion of W. Griffin Creek Rd. a portion of Sterling Creek and Hopkins Creek Rd.; the area of Bucom which includes portions of Little Applegate Rd., Sterling Creek Rd., Grouse Creek Rd., and Yale Creek Rd.; the area of Copper which includes portions of Upper Applegate Rd., French Gulch Rd., NF-1075, and Carberry Creek Rd.; and the area of Steamboat which includes portions of Carberry Creek Rd., Star Gulch Rd., and 760 Rd.[18]

Q. Why do the Stipulating Parties support this?

A. Concern with the quality of service provided in the Jacksonville area is what gave rise to the Commission's investigation into the Price Plan.[19] While it is true the original term of the Price Plan was ending soon, the Commission directed Staff to review the current Price Plan to see what changes are warranted. Similarly, inclusion of service quality metrics into the Price Plan is in recognition of the issues experienced by Jacksonville area residents. The Stipulating Parties included most of the remedial aspects of the Jacksonville Orders into the new Price Plan and expanded the protections in those orders statewide. The Price Plan now conditions the Company's ability to raise prices based on its service quality levels, and specifically focuses on service quality

[18] *See,* Exhibit 104 for a map of the area covered by the RDOF build.
[19] Order No. 22-340, Note 3, at Appendix A, p.1; Staff's issue statement asks the Commission "[w]hether further adjustments to or termination Lumen's Price Plan is required by the public interest according to the criteria set forth in ORS 759.255 due to issues that Lumen customers and Staff have reported in Docket No. 2206, Investigation Regarding the Provision of Service in Jacksonville, Oregon, and Surrounding Areas.

for Protected Customers, such as those in the Little Applegate area. It also adds protections for all Protected Customers not granted under the Jacksonville Orders. Upon adoption by the Commission the Price Plan should sufficiently protect customers covered by the Jacksonville Orders. The Stipulating Parties also believe that having multiple groups of customers receiving differing levels of protections and subject to different reporting requirements would be administratively burdensome and make it difficult for customers to determine which requirements applied to them.

Q. What is a Protected Customer?

A. The Price Plan defines a Protected Customer as a customer who only has access to a copper-based wireline, commonly known as a land line, or a commercial satellite option.[20] These customers do not have access to other cellular, fixed wireless, cable, or other landline voice options.

Q. How do Protected Customers differ from the customers in the Jacksonville Orders?

A. The Jacksonville Orders cover a small number of customers specifically located in a small geographic area. The Protected Customer category, as identified in the Price Plan, encompasses any customer residing in CenturyLink territory in Oregon that fits the criteria, including all customers protected under the Jacksonville Orders, and provides adequate remedies and reporting requirements to all Protected Customers statewide. The new customer class

[20] Satellite phone options were removed from the consideration of a viable alternative based on cost and lack of coverage.

expands the scope of the Jacksonville Orders from approximately 100 customers to approximately 4,100 customers.[21]

Q. Which protections from the Jacksonville Orders are included in the Price Plan?

A. Each Protected Customer in Oregon will have a dedicated priority access customer service line and the Company will start reporting, on a monthly basis, on trouble tickets and associated repairs for Protected Customers. The second column in Table 1 below compares the protections, services, and rights.

Table 1-Comparison of Jacksonville Orders to Price Plan

Requirement	Jacksonville Orders	Price Plan
Dedicated Support Line	deploy a toll-free, 24/7 dedicated customer support line to support customers in Jacksonville, Applegate, and surrounding areas in southern Oregon	<u>Section 11(c):</u> maintain a dedicated customer service contact number for Protected Customers to submit trouble reports
Trouble Report Repair Timeline	address all tickets and make repairs or provide substitute service within 48 hours of creation of the ticket until the service issues in the area are remedied	<u>Section 11(a) and 4:</u> continue to be subject to the Commission's service quality rules[22] with pricing flexibility being tied to performance
Reporting Requirements	track and retain information on all tickets generated through the customer support line and submit reports every two weeks until the conclusion of the investigation.	<u>Section 11(b):</u> provide a single report summarizing trouble report clearing data on a monthly basis for all Protected Customers. The data will be made available as a single Protected Customer category, as opposed to providing it at a wire center or RT level.

[21] The Company reviewed its customer base using the FCC's website that provides information on carrier options available by individual address then compiled a list of those that only have a copper-based wireline or commercial satellite service available.

[22] *See* OAR 860-023-0055 for Retail Telecommunications Service Standards for Large Telecommunications Utilities.

Q. How do the Jacksonville Orders differ from what is in the proposed Price Plan?

A. Under the Jacksonville Orders, the Jacksonville and Little Applegate area is provided a dedicated, priority access, customer service line. The Company is required to submit bi-weekly reports for trouble tickets and repair times related to that area. The new Price Plan expands these requirements to an additional four thousand customers, changes the reporting frequency to once a month, and utilizes the repair timeline from the service quality rules. The Price Plan also expands protections for Protected Customers beyond what is required in the Jacksonville Orders.

Q. Why does the proposed Price Plan utilize monthly reporting instead of bi-weekly reporting required by the Jacksonville Orders?

A. The Stipulating Parties understand that the expansion of the number of customers receiving protections and additional information being required as part of the Company's reports may be a burdensome volume of information for the Company to report and Staff to review on a bi-weekly basis. Additionally, the service quality metrics incorporated in the Price Plan are monthly requirements.

Q. How do the Jacksonville Orders differ from what is in the proposed Price Plan?

A. The Jacksonville Orders specify that all repair tickets be resolved by repair or provision of substitute service within 48 hours. The Price Plan does not contain an independent 48-hour repair obligation but does contain the service quality standard from OAR 860-023-0055(6)(b), requiring that "[a] large telecommunications utility must clear at least 90 percent of all trouble reports within 48 hours of receiving a report for each repair center."

Q. Is it appropriate to include a different standard for repair clearing times in the Price Plan than found in the Jacksonville Orders?

A. Yes. In the Jacksonville Orders, the Commission determined that the heightened requirements were necessary to protect public health and safety.[23] No such determination exists more generally for Protected Customers, located throughout the state. Instead, the Price Plan applies service quality standards found in the Oregon Administrative Rules. While the service quality standard for making repairs is slightly lower, 90 percent rather than 100 percent within 48 hours, the Price Plan looks at more service quality standards and offers Protected Customer status to more Oregonians.

Q. What other service quality metrics are considered in the proposed Price Plan?

A. The proposed Price Plan also directly incorporates the trouble report metric from OAR 860-023-0055(5) which requires, in applicable part, that the monthly trouble report rate (TT) does not exceed two per 100 working access lines during a sliding 12-month period in wire centers having greater than 1,000 working lines. Likewise, the monthly trouble report rate (TT) shall not exceed three trouble tickets per 100 working access lines during a sliding

[23] *See generally*, Order No 22-422 and Order No. 23-109 concluding that Order No. 22-340 should remain in effect to protect health and safety.

12-month period in wire centers having less than 1,000 working lines. Along with compliance with the repair clearing time metric (RCT), compliance with the trouble report rate is used as part of the pricing structure to determine the Company's pricing flexibility.[24] One component of pricing flexibility examines compliance with the TT and RCT metrics for Protected Customers.

Q. What are the expanded protections for Protected Customers?

A. The plan requires reporting of all trouble tickets and repair clearing times related to all customers who meet Protected Customers status. Staff will use this data to analyze and continue to monitor the Company's response time. Additionally, remediation steps were added to the Price Plan to ensure the company continues to stay in compliance with the service quality standards.[25] Further, the Company has volunteered to keep a small amount of handheld satellite phones in reserve for use when a Protected Customer is planned to be without service for longer than 48 hours.[26]

Q. Does the termination of the Orders remove the Commission's ability to seek fines related to service quality?

A. No. [27]

Q. Why do the Stipulating Parties support the termination of the Orders?

A. Primarily, the Stipulating Parties agree that the inclusion of the Jacksonville Orders' protections and reporting requirements into the proposed Price Plan as

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[24] *See* Stipulation Attachment A, Section 4 of the Price Plan.
[25] *Id.*, at Section 11(d).
[26] *Id.*, at Section 11(e).
[27] Failure to comply with the Price Plan is a violation of ORS 759.990 for which the Commission may seek fines.

well as the extensive expansion of who is covered as a Protected Customer is a positive outcome for customers statewide. The proposed Price Plan is applicable statewide for any CenturyLink customer. With the inclusion of UM 2206 into UM 1908, the Stipulating Parties were able to incorporate the protections present in the Jacksonville Orders directly into the proposed Price Plan.

Q. What are the triggers for the suspension and termination of the Orders?

A. The suspension of the Jacksonville Orders would happen at the start of the construction of the RDOF build. The suspension would last until the sooner of when the build is complete or December 31, 2024. A specific end date was chosen to incentivize the Company to act quickly related to this build. The termination of the Jacksonville Orders would only occur at the completion of the RDOF build, signifying that fiber has been provided or offered to living units within the census blocks covered by CenturyLink's successful Bid ID: OR-029-0030023.

Q. Does the RDOF build cover all of Jacksonville customers referenced in the Orders?

A. It does not, but it covers many of the living units covered by the Jacksonville Orders. The FCC awarded RDOF grants on the basis of defined census block groups. The census block groups in Jacksonville awarded to CenturyLink cover many of the affected customers, but some of those customers live outside the grant area. But even those customers' service quality and reliability will be improved. A significant component of the build is the replacement of the 13-mile copper transport feeder connection that runs from the Jacksonville central office to two remote terminals in the Little Applegate area with fiber facilities. While the RDOF build will result in fiber to the premises being placed (or at least offered) to many residences in the area, not all residences will receive fiber to the premises. However, all residences served by the two remote terminals (even those whose last mile will remain copper) will experience higher service reliability due to the increased reliability of the fiber feeder facilities. Within the RDOF census blocks, the Company has indicated that up to 15 residents, of which only one is a CenturyLink customer, may not receive fiber to the premises as originally planned in the original RDOF build bid due to extreme costs, but the company plans to continue providing current service or discuss other options on an individual customer basis that may include subsidized satellite service.

Q. How does the RDOF build help Jacksonville residents if everyone isn't covered?

A. Bringing high speed fiber internet to the area will positively impact the majority of current CenturyLink customers and potential customers by providing an upgrade to the existing outdated copper technology. For customers not within the RDOF build area, the Company plans to evaluate other technologies to improve service, such as a Adtran 1148VXP, Adtran TA5004, or TelLabs UMC1000. These technologies utilize the fiber optic cable to transport dial tone, cable television, and internet from the Central Office to the remote terminal. It will then utilize the existing copper cable from the remote terminal to the residence to provide these services. By utilizing such a technology, the Company will eliminate miles of copper cable from the Central Office to the remote terminal and only rely on a few thousand feet of copper cable from the remote terminal to the customer premises. This will eliminate several fail points in the existing plant and will ensure better and more reliable services to those customers that do not receive fiber to the home at the time of the initial build.

Q. Does the RDOF build remove or alter CenturyLink's Carrier of Last Resort (COLR) responsibility?

A. No. ORS 759.506 establishes the Company's COLR obligations. The Price Plan does not include any change to CenturyLink's COLR obligations.[28]

[28] ORS 759.255 section (5) allows for certain enumerated statutes to be waived in full or part upon Commission approval of a Price Plan; COLR obligations are not among the requirements that Commission is permitted to waive.

V. PUBLIC INTEREST

Q. What standard governs the Commission decision to approve this Price Plan?

A. There are four criteria listed in ORS 757.255 that must be considered: (a) ensures prices for telecommunications services that are just and reasonable; (b) ensures high quality of existing telecommunications services and makes new services available; (c) maintains the appropriate balance between the need for regulation and competition; and (d) simplifies regulation. Each criterion is discussed in detail below.

Q. How does the stipulation meet Criterion A – Just and Reasonable?

A. The new Price Plan builds on the foundation of the current one and expands protections to more customers while increasing the service quality requirements. It also brings in aspects of pole/line safety. The overall Price Plan balances the Company's required commitment to safety and reliability with the ability to engage in a profitable business within Oregon.

Q. Please explain the price caps related to Criterion A.

A. By adopting the Price Plan, the Commission ensures that not only are price increases capped at $3.00 per year, with a maximum of $12.00 over the entire plan, for primary line residential services, but also restricts price increases based on measures of service quality and safety.[29] The current Price Plan does not include any service restrictions on the ability of the Company to increase its rates. This provides additional protection to customers from the

[29] Stipulation Attachment A, Section 4 of the Price Plan.

current Price Plan by tying the Companies' rates to the actual quality of service received by its customers.

Q. How does the pricing matrix protect customers?

A. As discussed in Section 3 of this testimony, the Company's pricing flexibility is tied to safety and service quality. Stipulating Parties agreed to criteria for raising rates based on metrics for repair clearing time (RCT) and trouble tickets (TT) evaluated separately statewide and for Protected Customers. There is also a separate metric related to pole safety compliance. In total these three metrics incentivize the Company to provide safe high-quality service to customers in order to obtain the ability to increase prices.

Q. How does the Stipulation meet Criterion B – High Quality Service and New Services?

A. The pricing matrix will ensure high quality service by tying pricing flexibility to service quality. If CenturyLink would like to increase its prices for residential customers, it will have to qualify on the new matrices by providing higher quality service both state-wide and to Protected Customers.

The Company is also in the process of replacing traditional copper lines with high-speed fiber and will offer new services related to that upon completion.

Q. Will the company be required to submit service quality reports?

A. Yes. These reports will include even more information than currently required under the Jacksonville Orders. The Stipulating Parties agreed that state-wide and Protected Customer reporting would be required to allow Staff to analyze the reports for service quality and compare them against other similar companies.

Q. How does the Stipulation meet Criterion C – Competition and Regulation Balance?

A. The Stipulating Parties agree that with the above pricing matrix there is a balance between the Company's ability to raise prices and the need for regulation to ensure high quality service. The Price Plan is intended to incentivize improvements to CenturyLink's service quality. Continuing an agreement that is based on a Price Plan concept allows the Company pricing flexibility to better meet competition while protecting customers by limiting pricing flexibility based on safety and service quality. This provides a balancing of regulation with competition.

Q. How does the Stipulation meet Criterion D – Simplifies Regulation?

A. The Stipulating Parties recommend the Commission approve waivers of various statutes and note that if the Price Plan is approved ORS 759.255(5) allows for certain enumerated statutes to be waived in full or part. In addition, OAR 860-022-0000(2), OAR 860-025-0000(2), OAR 860-026-0000(2), and OAR 860-027-0000(2) allow the waiver of any of the Division 22, 25, 26, or 27 rules for good cause. Under the new Price Plan, the stipulating parties seek full or partial waivers of various statutes and rules listed below, which are the same as the prior Price Plan.

- ORS 759.120, ORS 759.125, and ORS 759.135—related to accounting and bookkeeping.

- ORS 759.180 through ORS 759.195—not applicable absent cost-of-service regulation.
- 860-022-0025(2)(b) and (c) - certain information may not be needed to justify a tariff change that complies with the plan and OAR 860-027-0070 which waives the annual reporting requirements.
- ORS 759.200, ORS 759.215-220, ORS 759.285, ORS 759.300-360, ORS 759.375, ORS 759.385-393, OAR 860-022-0030, OAR 860-022-0042, OAR 860-022-0047, OAR 860-025-0065, OAR 860-027-0016, OAR 860-027-0030 through 0044, OAR 860-027-0050 through 0052, OAR 860-027-0100—related only to cost-of-service regulation.

Q. Were there any changes to the existing waivers?

A. Yes. The Company requested that the promotional period under OAR 860-026-0025(b) be extended from nine months to 12 months. The Stipulating Parties agreed to this change.

Q. Were any new waivers requested?

A. No.

Q. Why should the Commission agree to partial or full waivers as part of the Price Plan?

A. These waivers satisfy Criterion D by reducing the need for unnecessary reporting and regulation when the Company has an alternate form of regulation via the Price Plan. No customer is harmed by the granting of these waivers.

Q. Are there additional public interest measures and protections in the Price Plan?

A. Yes. There are several embedded protections within the Price Plan, including the following:

- the Price Plan provides a commitment that residential and business PLBS will continue to be offered throughout the Company's service areas for the term of the Price Plan;
- all regulated services (both business and residential) are restricted from further rate de-averaging which will assure that customers with fewer competitive choices are shielded from rate increases that might otherwise be sustainable in Oregon's current telecommunications market;
- certain services with particular public interest characteristics--including toll restriction, call-trace and residential unlisted numbers--are either capped at pre-plan rates or otherwise pricecapped;
- and the Price Plan includes the obligation to continue to offer on a stand-alone basis all regulated services offered as part of a package or bundle.
- The performance report the Price Plan requires on the third anniversary of the effective date will detail all price increases made during the current Price Plan term, including the remaining amount of pricing flexibility available for each service.

- Additionally, the Commission may open an investigation at any time to determine whether further adjustments or termination of the Price Plan is necessary to ensure the public interest standard is met for all the criteria in ORS 759.255, including the provision regarding just and reasonable prices.

VI. CONCLUSION

Q. What do the Stipulating Parties recommend regarding the Stipulation?

A. Based on the expanded scope, additional Protected Customers reporting and the new robust pricing flexibility matrix - the Stipulating Parties recommend the Commission approve the Stipulation and Price Plan for a period of four years from its effective date.

Q. What happens if the Stipulation and Price Plan are not adopted?

A. The Company would default to being a cost-of-service regulated company requiring it to file rate cases to set rates for all services. This would be a considerable burden to both Staff and the Company and potentially result in large price increases for customers.

Q. Did the Stipulating Parties agree on an effective date for the Price Plan?

A. Yes. The Stipulating Parties agreed to the new Price Plan becoming effective on February 29, 2024, or sooner if approved by the Commission, as CenturyLink is currently regulated under a Price Plan set to expire on February 29, 2024.[30]

Q. Does this conclude your testimony?

A. Yes.

[30] *See,* Docket No. UM 1908, Order No. 23-345 (Sept. 26, 2023), extending the term of Lumen's current Price Plan; https://apps.puc.state.or.us/orders/2023ords/23-345.pdf.

Docket Nos: UM 1908/UM 2206
WITNESSES: RUSS BEITZEL (STAFF)
PETER GOSE (CENTURYLINK)

PUBLIC UTILITY COMMISSION
OF
OREGON

STIPULATING PARTIES EXHIBIT 101

Witness Qualification Statements of Russ Beitzel and Peter Gose

October 10, 2023

WITNESS QUALIFICATIONS STATEMENT

NAME: Russell (Russ) Beitzel

EMPLOYER: Public Utility Commission of Oregon

TITLE: Senior Utility Analyst
Rates and Telecommunications Section

ADDRESS: 201 High Street SE, Suite 100
Salem, OR. 97301

EDUCATION: Bachelor of Science in Accounting, Otterbein University

EXPERIENCE:

I have been employed with the Public Utility Commission of Oregon since 2018. I am currently a Senior Utility Analyst in the Rates and Telecommunications Section of the Rates, Safety, and Utility Performance Program. Regarding water utilities, I have analyzed and addressed numerous issues including tariff changes, property sales, affiliated interest transactions, revenue requirement calculations, deferred tax calculations, rate spread, and rate design. I have also served as case manager on multiple water rate cases, and have provided testimony in UW 185, UW 182, UW 175, UW 177, UE 374, UG 388, UE 416 and UM 2280.

Additionally, I worked at Ashland, Inc. for twenty years as a manufacturing and corporate accountant and business analyst for a business unit with approximately one billion dollars in global annual sales. My accountant duties included product cost analysis, general ledger account analysis, SOX compliance, and internal and external audit compliance. My analyst duties included budgeting, forecasting, financial statement analysis, acquisition tracking, and division financial support for a global business unit.

Peter J. Gose — Curriculum Vitae

Contact Information

14530 NW 63rd Street
Parkville, Missouri 64152-8703
e-mail:peter.gose@lumen.com

Curent Position

CenturyLink / Lumen
Director – State and Local Government Affairs

Education and Telecommunications Regulation Training

B.S. Double Major Finance / Business Administration, Economics Minor
Northwest Missouri State University   Maryville, Missouri

B.S. Accounting
Lincoln University   Jefferson City, Missouri

M.B.A.
Northwest Missouri State University   Maryville, Missouri

A.A.Sc. Cybersecurity / Secure Network Engineering and Administration
Metropolitan Community College of Kansas City - Completion May 2023

Annual Fundamentals Course in Regulatory Studies
National Association of Regulatory Utility Commissioners / Michigan State University

Practical Regulatory Principles Training
New Mexico State University Center for Public Utilities

Modern Finance Theory for Regulated Industries
University of Missouri

Telecommunications Training for Policy Makers and Public Advocates
Pennsylvania Public Utility Commission

Telecommunications Regulatory Seminar
Kansas Corporation Commission / Missouri Public Service Commission

Telecommunications Separations and Settlements Training
United States Telephone Association

Comprehensive Cost Separations Training for National Exchange Carrier Association
Ernst & Young

Utility Management Analysis Seminar
NARUC Management Analysis Subcommittee

Federal Bureau of Investigation Citizens Academy
United States Department of Justice

Peter J. Gose — Curriculum Vitae

Past Professional Experience

Coral Wireless LLC, d/b/a Mobi PCS
Director – Regulatory Affairs
Director – Site Acquisition and Development
Director – Customer Care

QSI Consulting
Telecommunications Consulting Firm - *Founding Partner and Senior Vice President*

Competitive Strategies Group, Ltd.
Telecommunications Consulting Group - *Partner and Senior Consultant*

National Exchange Carrier Association
Industry Relations Division - *Manager of Tariffs and Training*

Missouri Public Service Commission
Policy and Planning Division - *Federal Telecommunications Analyst*

Missouri Public Service Commission
Policy and Planning Division - *Management Auditing Specialist*

Key Professional Activities

Member of the Kansas, Missouri, Oklahoma, Texas, and Arkansas five state Southwestern Bell Open Network Architecture (ONA) Oversight Conference.

Assistant to Federal – State Joint Board on Universal Service. Developed models to quantify effects of proposed changes to universal service programs.

Auditing of RBOC affiliate transactions and state universal service fund programs.

Chairman of the National Exchange Carrier Association Training Council. Responsible for maintaining and updating existing training materials and programs. Additionally tasked with oversight and development of new training programs focusing on interstate access settlement procedures and new telecommunications technologies.

Team leader in the redesign and update of the local area network and wide area network of the National Exchange Carrier Association.

Team leader in the research, design, procurement, and installation of the local area network and wide area network of the Missouri Public Service Commission.

Adjunct faculty member – Northwest Missouri State University.

Guest lecturer at Washington University – S. Louis, Missouri, speaking on telecommunications regulation, access charge development, and public policy.

Instructor – Executive MBA Program – University of Hawaii - Manoa

Co-Founder of the Universal Service for America Coalition.

Docket Nos: UM 1908/UM 2206
WITNESSES: RUSS BEITZEL (STAFF)
PETER GOSE (CENTURYLINK)

PUBLIC UTILITY COMMISSION
OF
OREGON

STIPULATING PARTIES EXHIBIT 102

Order No. 04-464 and MOU

October 10, 2023

2004 WL 2295994 (Or.P.U.C.)

Re Qwest Corporation

UM 1159
Order No. 04-464

Oregon Public Utility Commission

August 16, 2004

Before Beyer, chairman, and Savage and Baum, commissioners.

BY THE COMMISSION:

ORDER

DISPOSITION: MEMORANDUM OF UNDERSTANDING ACCEPTED

At the August 3, 2004 Public Meeting, Utility Staff (Staff) presented to the Public Utility Commission of Oregon (PUC) a Memorandum of Understanding (MOU) between Qwest Corporation (Qwest) and Staff, for purposes of calculating the annual PUC fee, pursuant to ORS 756.310. Order No. 99-734 concluded that Yellow Pages revenues should be imputed and included in the fee base. The MOU simplifies and memorializes the Yellow Pages imputation. It will set the amount of Yellow Pages revenues to be included in Qwest's annual PUC fee bases at $52.39 million per year, for PUC fee payments due on and after April 1, 2005. The MOU provides Qwest's commitment not to challenge the calculation of the PUC fee for any year through calendar year 2002 (payable on April 1, 2003).

The Commission adopted the MOU for purposes of including Yellow Pages revenue in the calculation of Qwest's annual PUC fee. Staff's Report and the MOU are attached as Appendix A, and incorporated by reference.

ORDER

IT IS ORDERED that the Memorandum of Understanding between Qwest Corporation and Staff, as presented in Appendix A, is accepted.

Made, entered and effective AUG 16 2004.

Seal

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to applicable law.

***APPENDIX* A**

PUBLIC UTILITY COMMISSION OF OREGON STAFF REPORT PUBLIC MEETING DATE: August 3, 2004

REGULAR ___ CONSENT X EFFECTIVE DATE Upon Commission Order

DATE: July 27, 2004

TO: Commissioners Lee Beyer, Ray Baum, and John Savage

THROUGH: Lee Sparling, Phil Nyegaard, and Cynthia Van Landuyt

FROM: Terry Lambeth

SUBJECT: UM 1159: Inclusion of Yellow Pages Revenues in the Calculation of the Annual PUC Fee by Qwest Corporation.

***STAFF RECOMMENDATION*:**

The Commission should approve the attached Memorandum of Understanding (MOU) between Qwest Corporation and staff for purposes of calculating the annual PUC fee. If adopted, the MOU would simplify and memorialize the yellow pages imputation. It would set the amount of yellow pages revenues to be included in Qwest's annual PUC fee bases at $52.39 million per year for PUC fee payments due on and after April 1, 2005. The MOU provides Qwest's commitment not to challenge the calculation of the PUC fee for any year through calendar year 2002 (payable on April 1, 2003).

***DISCUSSION*:**

ORS 756.310(6)(a) requires telecommunications providers to pay annual PUC fees based on their gross retail intrastate revenues. Commission Order No. 99-734 concluded that yellow pages revenues should be imputed and included in the fee base. An annual imputation for Qwest has been based on the yellow pages imputation in UT 125.

In UT 125, the Commission readopted the method and ratio from UT 80/85. [1] As a result, Qwest has obtained gross revenues from its yellow pages affiliate (Qwest Dex) and applied the retention ratio to derive the yellow pages revenues imputation for the PUC fee.

Staff and Qwest believe a change is needed to recognize Qwest's sale of Dex in September 2003. The sale rendered the current retention ratio impossible for Qwest to continue without some modification, because Qwest no longer has access to the revenue data it needs. Therefore, staff believes that the Commission should revise Qwest's directory imputations for years after the sale.

The attached MOU uses the UT 125 revenue amount of $52.39 million, which was the sum of two adjustments: $49,225,200 was the amount using the retention rate from UT 102, in effect from June 1992; and $3,165,000 was a growth adjustment. (Order No. 97-171, p. 43, as modified by Order No. 00-191, p. 18)

The MOU does not include growth after the UT 125 test year. The UT 125 test year was 1995, which was a time of high demand for Internet access, and access lines had reached a record high before the conclusion of UT 125. Further, an inflation factor would be subjective, controversial, and not recognize recent *reductions* in access lines. Using a fixed annual growth rate would eventually cause the imputed revenues to exceed Qwest's earned revenues. A goal of the MOU was to minimize arguments about the computation.

An alternative to the agreement in the MOU would have been to determine and amortize Oregon's share of the gain on the sale of Qwest Dex over some period. The yellow page ownership issue has a long history of litigation, and staff does not recommend revisiting the issue.

The MOU provides Qwest's commitment not to challenge the calculation of the PUC fee for any year through calendar year 2002 (payable on April 1, 2003). This assures the Commission that Qwest will not seek refunds of prior years' PUC fees, which protects the Commission's past fee collections (approximately $130,000 per year). Qwest has not agreed to give up its right to appeal the inclusion of yellow pages revenues in the calculation of future PUC fee assessments. Thus, Qwest will have this right regardless of the Commission's decision regarding the MOU.

The MOU does not address the amount Qwest paid for calendar year 2003 (due on April 1, 2004). If Qwest were to challenge that payment on the basis that some lesser amount should have been included in the period after the sale or for all of 2003, the effect on the PUC fee would be a potential refund to Qwest of $10,000-$36,000.

The PUC fee collection for April 1, 2005, would be about $36,000 less than the current method produces, if the Commission adopts the attached MOU. Thereafter, only Qwest's operating revenues would cause the changes in its PUC fee, because the yellow pages revenues would be constant.

***PROPOSED COMMISSION MOTION*:**

The Commission adopt the attached Memorandum of Understanding for purposes of including yellow pages revenues in the calculation of Qwest's annual PUC fee.

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (‘Agreement‘), dated July 13, 2004, is entered into between QWEST CORPORATION (‘Qwest‘) and STAFF of the PUBLIC UTILITY COMMISSION OF OREGON (‘Staff‘) (collectively ‘parties‘).

RECITALS

WHEREAS, under ORS 756.310(6)(a), a telecommunications provider shall pay an annual fee to the Commission not to exceed twenty-five hundreds of one percent (.0025, or .25%) of its gross retail intrastate revenue for each calendar year. The annual fee shall be payable to the Commission not later than April 1 of the year following the calendar year.

WHEREAS, Commission Order No. 99-734 concluded that Yellow Pages revenues should continue to be included in the PUC fee base.

WHEREAS, Qwest has paid the annual fee for calendar year 2003 by April 1, 2004.

WHEREAS, beginning with calendar year 2000, Qwest calculated the annual fee based on Qwest's gross retail intrastate revenue in Oregon plus an amount of imputed Yellow Pages revenue, including a 3.8% annual growth rate, compounded, which Staff and Qwest had agreed to utilize in the UT 125 settlement ‘for financial reporting purposes.‘

WHEREAS, Staff and Qwest have discussed and agree that no specific level of directory imputation was approved by the Commission in conjunction with Qwest's stipulated revenue requirement established in the UT 125 settlement.

WHEREAS, Qwest sold its directory printing operations (Qwest Dex) in September 2003, for which transaction the Commission did not assert jurisdiction for approval.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, Qwest and Staff agree as follows:

AGREEMENT

1. Calculation of PUC Annual Fee for Calendar Year 2004

The parties agree that, for purposes of calculating the annual PUC fee beginning with calendar year 2004, Qwest will use the Yellow Pages imputation amount included in rates from the UT 125 rate case settlement, but without an annual growth rate factor. Accordingly, an amount of $52.390 million for directory imputation will be added to Qwest's gross retail intrastate revenue in Oregon for calculation of the OPUC fee beginning with calendar year 2004.

2. Reservation of Rights regarding Annual Fee Calculation

The parties also agree that Qwest specifically reserves, and does not waive, the right to challenge the inclusion of any amount, including any imputation amount, for purposes of calculating the amount of the PUC fee beginning with calendar year 2003, including any arguments based on the requirements of ORS 756.310(6)(a). Qwest specifically reserves, and does not waive, its rights to challenge any such amounts (i.e. the amount of the PUC fee beginning with calendar year 2003 and any subsequent year) in the future, and its entering into this MOU shall not be used or construed against Qwest in the event of any challenge to any amount of the annual PUC fee, or the calculation of such annual fee. Conversely, Qwest specifically agrees that it will not challenge the inclusion of any amount, including any imputation amount, for purposes of calculating the amount of the PUC fee for any year prior to 2003.

3. No Precedential Effect

The parties agree that the agreements reached in this Agreement will not be cited or used as indicative of a party's position on the issues resolved or as any other type of precedent or evidence in any other case or proceeding. In particular, this Agreement does not constitute an agreement or acquiescence by any party to the method or theories used by any party in deciding to enter this Agreement.

4. Individual Customer Rights

The promises in this Agreement are not intended to create any specific rights or remedies for any customer of Qwest, or to expand or contract customers' rights in any way, and may not be enforced except by the Commission or Qwest.

5. Integrated Document

The parties recommend that the Commission adopt this Agreement in its entirety. The parties have negotiated this Agreement as an integrated document. Accordingly, if the Commission in any order rejects all or any part of this Agreement, or adds to or changes any of its terms, each party reserves the right to withdraw from the Agreement upon written notice to the Commission and Qwest within fifteen (15) days of receiving notice of any such action by the Commission. In the event of such withdrawal, neither party will be bound by any provision of the Agreement, and no such term may be cited or used against any party in connection with any case or proceeding, or otherwise.

6. No Waiver

Qwest and Staff have entered this Agreement to resolve disputed issues, and neither party admits or denies any fact or legal position at issue.

IT IS SO AGREED. QWEST CORPORATION By: Signature Its: Signature Date: 7/13/2004 STAFF OF THE PUBLIC UTILITY COMMISSION By: Signature Its: Signature Date: July 13, 2004

Footnotes

1 ‘Order No. 89-1807 adopted a revenue retention ratio for determining the amount of directory revenues to impute to U S WEST [Qwest]. The ratio is derived by determining directory expenses as a percentage of [Qwest Dex]'s net revenues (i.e., gross revenues less uncollectibles) and then imputing the remaining percentage of [Qwest Dex]'s net revenues (directory profits) to [Qwest].‘ (Order 97-171, p. 40).

End of Document

Docket Nos: UM 1908/UM 2206
WITNESSES: RUSS BEITZEL (STAFF)
PETER GOSE (CENTURYLINK)

PUBLIC UTILITY COMMISSION
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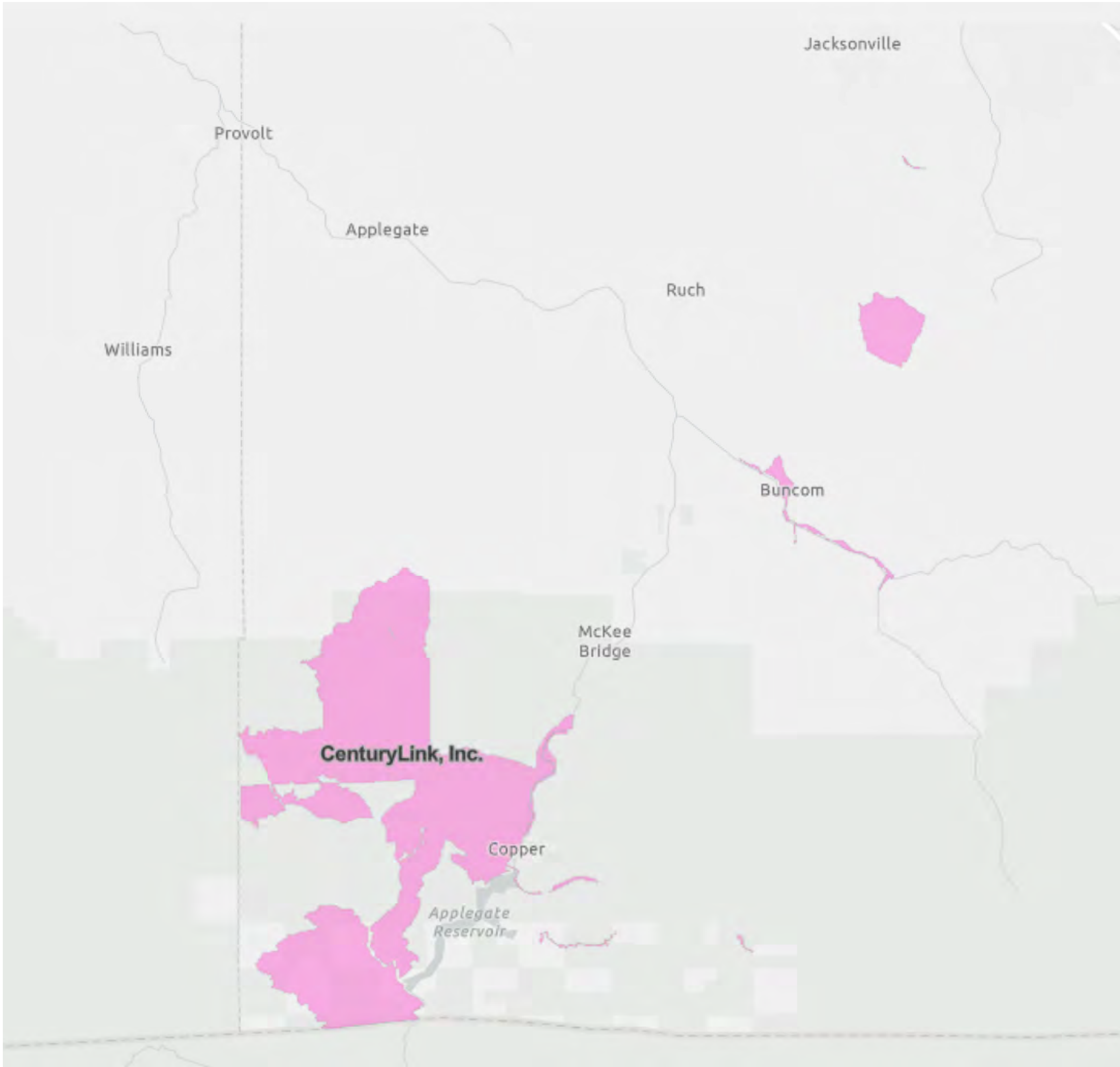
STIPULATING PARTIES EXHIBIT 103

Map of Jacksonville RDOF Build

October 10, 2023


Jacksonville
Provolt
Applegate
Ruch
Williams
Buncom
McKee
Bridge
CenturyLink, Inc.
Copper
Applegate
Reservoir