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Judith A. Pepler
President – Oregon

October 20, 2008

The Honorable Lee Beyer, Commission Chair
Oregon Public Utility Commission
P. O. Box 2148
Salem, OR 97308-2148

RE: Docket UM 1354 – Qwest Price Plan Network Improvement Project Proposal

Dear Commissioner Beyer:

Pursuant to Section II.2. of the Qwest Price Plan, approved by the Commission in Order No. 08-408 in Docket UM 1354, Qwest hereby files with the Commission its network improvement project proposal (Attachment A). The Price Plan requires Qwest to invest at least \$2 million for incremental network improvements.¹ Qwest is required to make this investment during the first three years of the Price Plan, meaning that the total project deployment will be completed prior to August 8, 2011.

Although Qwest and Commission Staff reviewed a number of alternative projects, both parties agree that the proposed project to extend access to Qwest's broadband services to un-served customers in rural areas provides the greatest benefit to Qwest's customers. Qwest and Commission Staff have selected 39 rural areas in Qwest's Oregon operating territory that currently do not have access to its broadband services. Qwest's network deployment under the proposal entails upgrading its transport systems and remote terminals that serve the selected areas. Attachment A provides more detail about the proposed project.

If you have questions concerning this filing, please contact Mark Reynolds at 206-345-1568.

Sincerely,

By 

¹ The total Price Plan investment commitment is \$4 million, but up to \$2 million is earmarked for the establishment and operation of a consumer information center that will provide information to Oregon consumers to assist with understanding the nature and pricing of service offering by telecommunications carriers and alternative providers.

Mark S. Reynolds for
Judy Pepler, President - Oregon
Qwest Communications, Inc.

Attachments

Qwest- Oregon Price Plan under ORS 759.255

Network and Other Project Investments Plan

Background

Order No. 08-408 adopted by the Oregon Public Utility Commission August 8, 2008 requires specific commitments by Qwest. One of the commitments is the requirement for Network and Project Investments. Qwest is required to invest two million dollars (\$2,000,000) in incremental network investments during the first three years of the Price Plan. Specific projects require agreement by Qwest and the Commission or its designee. Qwest is also required to file its proposed investment plan with the Commission prior to expending any funds.

Qwest and Commission Staff have reviewed several potential infrastructure projects that meet the requirements of the Price Plan. Qwest and Commission Staff are in agreement that the deployment of high speed internet service to currently underserved rural areas complies with the goal of advancing broadband to areas of the state that currently are underserved.

Qwest also agrees to invest up to an additional two million dollars (\$2,000,000) to support a Consumer Information Center. The scope of operations, the identity of the operator, and the operating budget will be discussed among the Parties and established by the Commission following approval of plan. The official plan for the Consumer Information Center will be determined at a later date with the Commission once the Parties agree to the details.

The following would be the proposed investment plan for the two million dollar (\$2,000,000) network infrastructure enhancements:

High Speed Internet (DSL) Expansion Deployment Plan

To make high speed internet access available to certain currently underserved areas in its wire centers, Qwest will invest in remote DSLAMs (DSL Access Modules).

Qwest agrees to commit two million dollars (\$2,000,000) to facilitate the deployment of its broadband service in previously underserved areas in certain rural wire centers.

All deployments will be completed prior to August 8, 2011. When all of the projects are completed, if total actual deployment costs are lower than estimated, then Qwest will expand the list of deployment projects as needed to comply with the overall two million dollars (\$2,000,000) commitment. Qwest will notify the Commission at a time sufficient to identify and install these additional DSLAMS prior to the completion date of August 8, 2011. In this case, Qwest and Commission Staff will determine

acceptable additional sites. If instead Qwest expends more than two million dollars (\$2,000,000) prior to having deployed all of the agreed to sites, then Qwest will inform the Commission that its obligation has been met.

As required by the Price Plan a total of four million dollars (\$4,000,000) will be invested by Qwest, two million dollars (\$2,000,000) in infrastructure improvements and two million dollars (\$2,000,000) in the launch of a Consumer Information Center. If the Consumer Information Center does not require the full two million dollars (\$2,000,000) the difference will be used for additional remote DSLAMS sites as determined by Qwest and Commission Staff.

Reporting Commitment

Qwest agrees to provide, for the three year period quarterly reports which document progress toward meeting the deployments specified above. These reports will identify the deployments that have been completed in the preceding reporting period and the amount of money spent on each project. Qwest will remain in contact with Staff between reports to communicate project progress or events that may affect installations. This contact may be either verbal or by email and would be formalized in the quarterly reports.

CERTIFICATE OF SERVICE

UM 1354

I hereby certify that on the 20th day of August 2008, I served the foregoing **QWEST CORPORATION'S LETTER AND NETWORK AND OTHER PROJECT INVESTMENTS PLAN** 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 20th day of October, 2008

QWEST CORPORATION



By:

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