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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

J	JM 1134
In the Matter of QWEST CORPORATION)) ORDER))
Petition to Eliminate Reconciliation Requirement.))
DISPOSITION: PETITION GR	RANTED
adopted Staff's recommendation to accept Qworequirement placed on Qwest in Docket No. U.	2, 2004, the Public Utility Commission of Oregon est Corporation's (Qwest) petition to remove a M 930, Order No. 00-545. The Order required Qwest s year's construction budgets when filing annual
Staff's recommendation is attac	hed as Appendix A and is incorporated by reference.
	ORDER
IT IS ORDERED that Qwest Corequirement established in Order No. 00-545 is	orporation's petition to eliminate the reconciliation s granted.
Made, entered, and effective	
Lee Beyer Chairman	John Savage Commissioner
	Ray Baum Commissioner

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.

ITEM NO. 4

PUBLIC UTILITY COMMISSION OF OREGON STAFF REPORT PUBLIC MEETING DATE: March 2, 2004

REGULAR X CONSENT EFFECTIVE DATE N/A

DATE: February 19, 2004

TO: Lee Sparling through Phil Nyegaard and Irv Emmons

FROM: Wolodymyr Birko

SUBJECT: QWEST CORPORATION: (Docket No. UM 1134) Petition to remove reconciliation requirement from construction budgets.

STAFF RECOMMENDATION:

I recommend that the reconciliation requirement concerning construction budgets imposed upon Qwest Corporation (Qwest) by Order No. 00-545 be removed.

DISCUSSION:

All large telecommunications utilities (over 50,000 lines) are required to submit a construction budget to the Commission on a yearly basis. The Commission opened an investigation (Docket No. UM 930) in 1999 to investigate inadequate service quality issues with U S WEST, including denial of additional service to entire communities. The Commission opened the investigation to determine why U S West had not replaced its 1AESS (analog) switches, why it was unable to provision requests for high capacity services, and why it was not able to meet requests for basic telecommunications services in a timely manner.

At that time, all eleven of U S WEST's 1AESS analog switches were blocking traffic due to increased holding times from Internet usage. This blockage was impacting emergency calls and regular voice traffic. U S WEST also had radio routes that were at capacity, and plans to augment them or replace them with fiber optics were delayed. These problems resulted in held orders.

Since then, U S WEST has been acquired by Qwest. All of the analog central office switches have been replaced with digital switches, which are capable of automatic load balancing to deal with the Internet hold times. All of Qwest's interoffice facilities are now fiber based instead of a fiber/copper/radio mix. With these new switches and facilities, Qwest is no longer experiencing any

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blocking or held order issues. Overall, Qwest has made considerable improvements in service quality and customer complaints, once over 1000 per month, are now at an all time low.

The Commission closed Docket No. UM 930 with Order No. 00-545 which said in part: "In view of the change in management at Qwest and the general service quality trend, there appears to be no compelling reason to continue this docket. At the same time, it is important for the Commission to be able to continue monitoring Qwest's construction activities. We therefore adopt Staff's recommendation that Qwest's construction budget filing include a list of deviations from the previous year's construction budget."

Qwest believes that it should be treated the same as all other large telecommunications utilities in Oregon. Qwest is the only telecommunications utility that must file a list of deviations from the previous year's construction budget. Qwest claims that it takes one full time employee 120 hours to do this reconciliation. I believe that the improvement in Qwest's service justifies removing the reconciliation requirement.

Qwest has asked for an extension of time to file its 2004 construction budget. Qwest has asked for a similar extension for other construction budgets. Other large telecommunications utilities have asked for similar extensions. When an extension request is submitted, I ask the telecommunications utility to file a list of deviations from the previous year's budget.

PROPOSED COMMISSION MOTION:

That the requirement in Order No. 00-545 to provide a list of deviations from the previous year's construction budget be removed.

Qwest UM1134 construction budget

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