

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1354

In the Matter of)	
)	
QWEST CORPORATION)	ORDER
)	
Request for approval of specific network improvement projects.)	

DISPOSITION: PLAN APPROVED

On August 8, 2008, the Public Utility Commission of Oregon (Commission) issued Order No. 08-408, approving the Stipulation Agreement¹ among the following parties: Qwest Corporation (Qwest); Commission Staff (Staff); the Citizens’ Utility Board of Oregon; Telecommunications Ratepayers Association for Cost-Based and Equitable Rates; XO Communications, Services, Inc.; Time Warner Telecom of Oregon LLC; Covad Communications Company; Integra Telecom of Oregon, Inc.; and McLeodUSA Telecommunications Services, Inc. (collectively “Joint CLECs”), and adopting their Price Plan (attached to the Stipulation).

The Order requires specific commitments by Qwest.² One of the commitments is the investment of \$4,000,000 for incremental network improvement projects and a Customer Information Center. The Customer Information Center is expected to cost up to \$2,000,000, with the remaining monies to be used for incremental network improvements. Qwest is required to make the incremental network investments during the first three years of the Price Plan. Qwest submitted their proposal to the Commission on October 20, 2008. All projects must be completed prior to August 8, 2011. A complete description of Qwest’s network improvement projects is detailed in Staff’s Report, attached as Appendix A, and incorporated by reference.

Based on a review of the projects and Commission Staff’s recommendations stated in its Staff Report, attached as Appendix A, the Commission finds that the Qwest Network and Other Project Investments Plan should be approved. At its public meeting on November 4, 2008, the Commission adopted Staff’s recommendations and approved Qwest's current request.

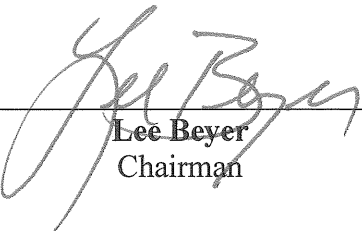
¹ Attached to Order No. 08-408

² See Order No. 08-408 for details.

ORDER

IT IS ORDERED that Qwest Corporation's Network and Other Project Investments Plan and Staff's recommendations, as specified in Appendix A, are approved.

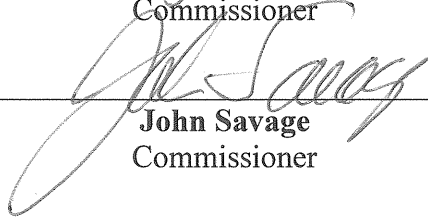
Made, entered and effective NOV 12 2008.



Lee Beyer
Chairman



Ray Baum
Commissioner



John Savage
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 by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

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which subtend the wire centers and such deployment from some remote terminals provides little or no return on the investment required for deployment. This project would provide access to Qwest's DSL-based broadband services for these isolated customers who are currently served by remote terminals that have not been equipped to provide such services.

To serve these remotely-located customers, Qwest must install a Digital Subscriber Line Access Multiplexer (DSLAM) at the remote terminal and may be required to augment its transport facilities between the remote terminal and the central office. Staff requested a list of currently un-served remote terminal locations that contained pockets of at least 30 Qwest customers, living in an isolated location, who would not otherwise meet Qwest's criteria to offer DSL-based broadband services. Upon review of the list, some locations were rejected and others added, resulting in a final list of 39 remote terminal locations in 15 counties.² Deployment of DSLAMs and corresponding transport facility augmentations to these locations would provide access to Qwest's available DSL-based broadband service to approximately 4,583 Qwest customers.

The cost to deploy the requisite network equipment to the remote terminals in the selected exchanges varies depending upon the location. Qwest has estimated costs for each of the initial 39 locations and upon Commission approval, agrees to deploy the facilities as specified in the Price Plan. Staff reviewed the Qwest estimates and they appear reasonable. Should unexpected issues be identified during the installation process that would prevent the deployment to a particular location, another location from a secondary list may need to be substituted. Qwest agrees to continue to deploy in accordance with the agreed upon project until it has satisfied its \$2 million investment commitment.³

Qwest will supply Staff with a detailed quarterly status report during the installations. This report will include the job number, job status, estimated cost, actual cost to date and projected total spend. Within 30 days after completing all installations, Qwest will present documentation to the Commission which certifies the completion of the installations of the remote DSLAMs, as well as the costs and expenses of that work. Qwest will provide the Commission with access to its books and records as reasonably necessary to verify the expenditure of funds and the completion of this work.

RECOMMENDATIONS:

² Baker (2), Clackamas (1), Clatsop (2), Columbia (3), Crook (1), Deschutes (5), Jackson (6), Jefferson (2), Klamath (1), Lane (3), Lincoln (5), Marion (2), Polk (1), Umatilla (3) and Washington (2).

³ In accordance with the Price Plan, the network investment commitment may be larger than \$2 million depending on Qwest's expenditures for the Consumer Information Center.

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Staff recommends:

- Additional remote terminal locations for this project will be selected by Staff and Qwest, as needed without the need for express Commission approval of such additions or changes.
- Staff will monitor the DSLAM installations and staff will have the flexibility to coordinate with Qwest to ensure all allocated funds are expended.
- Staff will have the flexibility to work with Qwest to change, without the need for express Commission approval, a remote terminal's DSLAM location should an unexpected issue prevent the deployment.
- Qwest will submit to Staff a detailed quarterly status report which includes, but is not limited to, each DSLAM installation job number, job status, estimated cost, actual cost to date and projected total spend.
- Qwest will submit documentation to the Commission which certifies the completed installations of the remote DSLAMs within 30 days following the end of the deployment project.
- Qwest will provide the Commission with access to its books and records as reasonably necessary to verify and validate the expenditure of funds and the completion of the deployment project.

PROPOSED COMMISSION MOTION:

Qwest's Network and Other Project Investments Plan and Staff's recommendations be approved.

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