

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of)
Qwest Cost Allocation Manual Revisions) WCB/Pricing No. 04-21

REPLY COMMENTS OF QWEST

Qwest Corporation (“Qwest” or “QC”), in accordance with the Federal Communications Commission’s (“Commission”) *Public Notice*,¹ submits this reply to AT&T Corp.’s (“AT&T”) comments on Qwest’s Cost Allocation Manual (“CAM”) revisions.² Qwest’s CAM revisions update affiliate descriptions and services provided to affiliates including new operating, installation and maintenance (“OI&M”) services as is permitted under the Commission’s *OI&M Order*.³

Background

In its *OI&M Order*, the Commission eliminated Sections 53.203(a) (2)-(3) of its rules and allowed the Bell Operating Companies (“BOCs”) and their Section 272 affiliates to share OI&M functions.⁴ The Commission concluded that nonstructural safeguards including other Section 272 requirements and the Commission’s affiliate transactions and cost allocation rules are

¹ *Public Notice, Qwest Files Cost Allocation Manual Revision*, WCB/Pricing No. 04-21, DA 04-1606, rel. June 2, 2004.

² See Comments of AT&T Corp. On Qwest’s Proposed Cost Allocation Manual Revisions, WCB/Pricing No. 04-21, filed July 1, 2004 (“AT&T Comments”).

³ *In the Matters of Section 272(b)(1)’s “Operate Independently” Requirement for Section 272 Affiliates, Report and Order in WC Docket No. 03-228, Memorandum Opinion and Order in CC Docket Nos. 96-149, 98-141, 01-337*, 19 FCC Rcd 5102 (2004) (“*OI&M Order*”).

⁴ *Id.* at 5111 ¶ 16 eliminating 47 C.F.R. § 53.203(a)(2) and (3). “OI&M functions generally include all activity related to installing, operating, and maintaining (e.g., making repairs to) switching and transmission facilities.” (Footnote eliminated.) *Id.* at 5104-05 ¶ 3.

sufficient to provide protection against cost misallocation and discrimination by the BOCs.⁵ The Commission noted that Section 272 continues to apply and requires that: (1) BOCs conduct all OI&M transactions with their Section 272 affiliates at “arm’s length” and disclose the details of these transactions on the Internet;⁶ (2) BOCs have an obligation to make OI&M services provided to their Section 272 affiliates available to unaffiliated rivals on a nondiscriminatory basis;⁷ and (3) BOC exchange access services provided to Section 272 affiliates continue to be subject to nondiscrimination requirements.⁸ Before allowing BOCs and their Section 272 affiliates to share OI&M services, the Commission required BOCs to modify their CAMs “to address specifically any OI&M services that they share with their Section 272 affiliates and to submit amendments for Commission review.”⁹

AT&T’s Allegations

Rather than focusing on Qwest’s CAM changes, AT&T devotes a considerable portion of its comments to: (1) disparaging the Commission’s use of CAMs to guard against cross-subsidization;¹⁰ (2) re-arguing the merits of allowing BOCs and their Section 272 affiliates to share OI&M functions;¹¹ (3) criticizing Qwest for including revisions other than OI&M revisions

⁵ *Id.* at 5112-13 ¶ 18. The Commission also re-affirmed its prior finding that the price cap rules reduce BOCs’ incentives to cross-subsidize and that in combination with other nonstructural safeguards the price cap rules “effectively limit BOCs’ incentives and abilities to misallocate costs.” *Id.* at 5115 ¶ 22.

⁶ *Id.* at 5113 ¶ 19. *See also* 47 U.S.C. § 272(b)(5).

⁷ *OI&M Order*, 19 FCC Rcd at 5113 ¶ 19. *See also* 47 U.S.C. § 272(c)(1).

⁸ *OI&M Order*, 19 FCC Rcd at 5113 ¶ 19. *See also* 47 U.S.C. § 272 (e).

⁹ *OI&M Order*, 19 FCC Rcd at 5113-14 ¶ 20.

¹⁰ AT&T Comments at 1.

¹¹ *Id.* at 3.

in its CAM filing;¹² (4) finding fault with Qwest's CAM changes for failing to mirror CAM changes that other BOCs indicated that they might make at sometime in the future to accommodate OI&M sharing;¹³ and (5) asserting that Qwest's CAM revisions somehow are deficient because they do not address the full scope of OI&M functions discussed in Qwest's OI&M Forbearance Petition.¹⁴

In addition to the above irrelevant arguments, AT&T asserts that Qwest's CAM is deficient because:

- Qwest has not proposed any changes to its "Description of Nonregulated Activities" (*i.e.*, Section II of Qwest's CAM).¹⁵
- Qwest has not proposed any new cost pools.¹⁶
- Qwest has not proposed any time reporting changes.¹⁷
- Qwest has not "specifically" addressed any OI&M services that it plans to share with its Section 272 affiliate.¹⁸

Discussion

Qwest will not respond to AT&T's general arguments on the sufficiency of CAMs in guarding against cross-subsidization or the merits of OI&M relief -- the Commission has already

¹² *Id.* at 5.

¹³ *Id.* at 6-10.

¹⁴ *Id.* at 2-5. *And see* Qwest Services Corporation Petition for Forbearance, CC Docket No. 96-149, filed Oct. 3, 2003 ("Qwest Forbearance Petition") *and* Motion to Withdraw, filed Nov. 13, 2003. *Also see Order* granting Qwest's Motion to Withdraw and dismissing the Forbearance Petition, 18 FCC Rcd 24016 (2003).

¹⁵ AT&T Comments at 6-8.

¹⁶ *Id.* at 8-10.

¹⁷ *Id.* at 10-11.

¹⁸ *Id.* at 6.

decided these issues.¹⁹ Furthermore, such arguments have no place in a CAM proceeding. Nor will Qwest respond to AT&T's assertions that Qwest's CAM is deficient because it does not mirror CAM changes that other BOCs *might make at sometime in the future*. Addressing such arguments would be purely speculative and would serve no worthwhile purpose in this proceeding.²⁰

Qwest does not deny that its CAM revisions include changes other than those associated with OI&M. AT&T's suggestion that such behavior is unusual and intended to mislead readers is meritless and should be rejected. Normally, Qwest updates its CAM annually (at year-end) as is required by the Commission's rules.²¹ If for some reason Qwest is required to update its CAM more frequently,²² Qwest includes all other pending CAM changes in order to ensure that its CAM is as current as possible. That is why Qwest's CAM filing -- which is the subject of this proceeding -- was not limited to OI&M revisions.²³ However, in order to avoid any confusion as to the OI&M services that are covered by Qwest's CAM revisions, Qwest provides further detail in the comments that follow.

¹⁹ As AT&T knows well, the proper forum for challenging the merits of the Commission's OI&M decision is either through a petition for reconsideration or a judicial appeal. Moreover, AT&T has filed a petition for review with the U.S. Court of Appeals in the District of Columbia Circuit. Petition for Review, filed May 7, 2004, *AT&T v. FCC* (D.C. Cir. No. 04-1156).

²⁰ If AT&T has an issue concerning the sufficiency of Qwest's CAM, AT&T should raise it directly rather than making obtuse references to the comments of other BOCs regarding the types of CAM changes that they might make in the future.

²¹ See 47 C.F.R. § 64.903(b).

²² "Carriers must update their cost allocation manuals at least annually, except that changes to the cost apportionment table and to the description of time reporting procedures must be filed at the time of implementation." *Id.*

²³ It would make little sense to make some CAM changes such as time reporting or OI&M changes while withholding other revisions until Qwest's year-end annual update.

AT&T's assertion that Qwest's OI&M CAM changes are in some way deficient because they do not reflect the full scope of OI&M activities addressed in Qwest's OI&M Forbearance Petition (which was subsequently withdrawn)²⁴ is meritless. AT&T suggests that Qwest (the BOC) is performing OI&M functions for its Section 272 affiliate that are not covered by its CAM changes. AT&T is wrong. Qwest categorically denies that its BOC and Section 272 affiliate are sharing any OI&M functions that are not covered by the current CAM revisions.

Qwest admits that its CAM revisions only cover a portion of the OI&M functions that Qwest's BOC and Section 272 affiliate ultimately may perform for each other at some time in the future. Qwest has taken an incremental approach to OI&M implementation and the necessary CAM revisions. Rather than delay OI&M implementation until it has completed a full review of all possible OI&M functions where it would make good business sense to share these activities, Qwest has chosen to identify a small number of OI&M functions that can and should be shared immediately. These OI&M functions are reflected in Qwest's current CAM revisions. When Qwest completes its evaluation of other OI&M activities where sharing could benefit Qwest's customers and reduce costs, Qwest will revise its CAM as necessary prior to implementing any such changes.²⁵ Thus, to summarize, Qwest may make one or more future revisions to its CAM (*i.e.*, after Qwest completes its planning/business evaluations) to accommodate additional OI&M sharing.

²⁴ See *supra* note 14, and also, Declaration of Pamela J. Stegora Axberg attached to Qwest's Forbearance Petition.

²⁵ Planning and evaluation of possible OI&M functions that might be shared is complicated by the fact that Qwest is the product of a merger of a large interexchange carrier, Qwest Communications Corporation ("QCC"), and a large incumbent local exchange carrier, U S WEST Communications, both of which have separate networks and separate operational support systems.

Nonregulated Activities

Qwest does not disagree with AT&T's assertion that Qwest did not revise its list of Nonregulated Activities (*i.e.*, Section II of the CAM). However, Qwest does disagree with AT&T's claim that the list of Nonregulated Activities must be revised with the implementation of OI&M sharing. As a carrier that was formerly subject to both Parts 32 and 64 of the Commission's rules (*i.e.*, the affiliate transactions and joint cost rules), AT&T should be well aware of the fact that the Commission has adopted specific rules governing the meaning of the terms "regulated" and "nonregulated" as these terms are used to classify activities for accounting purposes.²⁶

In order for an activity that was formerly subject to Title II regulation to be classified as "nonregulated" for accounting purposes, the Commission must either preemptively deregulate it or specify that it is to be treated as "nonregulated" for accounting purposes.²⁷ The Commission has done neither with regard to OI&M services that BOCs may provide to their Section 272 affiliates. As such, OI&M services continue to be classified as regulated services under the Commission's rules that govern CAM filings. If the Commission had wanted BOCs to treat OI&M services provided by BOCs to their Section 272 affiliates as "nonregulated" activities for

²⁶ "Preemptively deregulated activities and activities (other than incidental activities) never subject to regulation will be classified for accounting purposes as '*nonregulated*.' Activities that qualify for incidental treatment under the policies of this Commission will be classified for accounting purposes as *regulated* activities. Activities that have been deregulated by a state will be classified for accounting purposes as *regulated* activities. Activities that have been deregulated at the interstate level, but not preemptively deregulated, will be classified for accounting purposes as *regulated* activities until such time as this Commission decides otherwise." (Emphasis added.) 47 C.F.R. § 32.23.

²⁷ *Id.* Also see, *In the Matter of Separation of costs of regulated telephone service from costs of nonregulated activities. Amendment of Part 31, the Uniform System of Accounts for Class A and Class B Telephone Companies to provide for nonregulated activities between telephone companies and their affiliates, Report and Order*, 2 FCC Rcd 1298, 1308-09 ¶¶ 79-81 (1987), *on recon.* 2 FCC Rcd 6283, 6301-03 ¶¶ 164-175 (1987).

accounting and CAM purposes, it easily could have directed the BOCs to do so in its *OI&M Order*. Since the Commission took no such action, OI&M services cannot be classified as “nonregulated” in Qwest’s CAM without violating the Commission’s rules.

Cost Pools

As AT&T observed, Qwest did not propose any new cost pools or modifications to existing cost pools. No changes were required because: (1) Qwest’s list of Nonregulated Activities was not changed; (2) all OI&M services provided by QC, the BOC, to its Section 272 affiliate, QCC, are affiliate transactions; and (3) QC is not performing any new OI&M functions (*i.e.*, all such functions were performed by QC for itself prior to the elimination of the prohibition on sharing OI&M). As such, there was no need for Qwest to modify its Cost Allocation Tables in Section VI of the CAM.

Time Reporting

AT&T criticizes Qwest for not proposing changes to its time reporting system to accommodate OI&M sharing.²⁸ There is no basis for this criticism. No changes were included in Section VII of Qwest’s CAM because no modifications were required to support the affiliate transactions associated with OI&M sharing. Qwest’s CAM already contains a description of Qwest’s time reporting procedures including positive time reporting (“PTR”), exception time reporting (“ETR”), and methods for allocating nonproductive time (“NPT”). None of these time reporting mechanisms change with OI&M sharing.²⁹

²⁸ AT&T at 10-11.

²⁹ The only aspect of Qwest’s time reporting that will change with the introduction of OI&M sharing is the addition of new time codes. Unique tracking numbers will be established and included in the existing time reporting system for OI&M services, as needed, to track and quantify work done by QC for QCC in order to ensure proper affiliate billing.

OI&M Services

AT&T claims that Qwest's CAM revisions do not specifically address OI&M services that QC shares with its Section 272 affiliate, QCC, as is required by the Commission's *OI&M Order*.³⁰ Qwest disagrees. The Commission has been very explicit in the past with regard to the appropriate level of detail to be included in BOC CAM filings.³¹ In preparing its current CAM revisions, Qwest used the same level of detail that the Commission has found to be acceptable over the last 15 years.³² For example, Qwest did not list OI&M services separately in the matrix entitled -- "Affiliate Transactions from Qwest Corporation [the BOC] to Affiliates" which shows the frequency of transactions and how they are valued for accounting purposes.³³ In this matrix, OI&M services (provided to Qwest's Section 272 affiliate) are included in "Network Services" and are provided at prevailing company price ("PCP"). This is in accordance with RAO Letter 26 which streamlined the matrix for reporting transactions between carriers and their affiliates and "allow[ed] carriers to list assets and services by category."³⁴ The Commission provided several examples in RAO Letter 26 of service categories that it found to be acceptable for use in this matrix.³⁵ On the basis of RAO Letter 26 and Qwest's many years of experience with CAMs, Qwest believes that it has properly included OI&M services in "Network Services" in the affiliate transactions matrices in Section V of the CAM.

³⁰ AT&T at 5 citing *OI&M Order*, 19 FCC Rcd at 5113-14 ¶ 20.

³¹ See *In the Matter of U S West's Permanent Cost Allocation Manual for the Separation of Regulated and Nonregulated Costs, Memorandum Opinion and Order*, 3 FCC Rcd 195 (1988), also see RAO Letter 19, 70 RR 2d (P&F) 367, DA 91-1570, rel. Dec. 23, 1991, and RAO Letter 26, 12 Comm. Reg. (P&F) 129, DA 98-855, rel. May 6, 1998.

³² In adopting its *Accounting Safeguards Order* laying out the requirements governing transactions between BOCs and their Section 272 affiliates, the Commission acknowledged that CAMs contain only general descriptions of services provided to affiliates. "Information contained in a BOC's cost allocation manual is not sufficiently detailed to satisfy section 272(b) because the BOC's cost allocation manual contains only a general description of the asset or service and does not describe all of the terms and conditions of each transaction." *In the Matter*

In order to remove any doubt as to the OI&M services that QC, the BOC, is providing to QCC, its Section 272 affiliate, and receiving from QCC (and other Qwest affiliates) that are covered by Qwest's CAM revisions, Qwest lists these services herein.

OI&M Services Provided by QC to QCC:³⁶

- planning and engineering
- laboratory testing
- cable locate functions
- ATM/frame relay and data operations support
- technical support

OI&M Services Received by QC from QCC:³⁷

- ATM/frame relay and data operations support

OI&M Services Received by QC from QSC (Qwest Services Corporation):³⁸

- Process development and project management

To date, QC and QCC only have shared a few of the above services. In accordance with Section 272(b)(5),³⁹ Qwest has posted details of all OI&M services that QC provides to QCC and

of Implementation of the Telecommunications Act of 1996: Accounting Safeguards Under the Telecommunications Act of 1996, Report and Order, 11 FCC Rcd 17539, 17593-94 ¶ 122 (1996) ("Accounting Safeguards Order").

³³ Qwest CAM, Section V-10.

³⁴ RAO Letter 26, 12 Comm. Reg. (P&F) 129, at Appendix B, page 1.

³⁵ Some of the examples that the Commission provided were: marketing services, legal services, and public relations services.

³⁶ The following services are provided at PCP as is permitted by Section 32.27(d). *See* 47 C.F.R. § 32.27(d).

³⁷ This service is provided at the lower of fully distributed cost ("FDC") or fair market value ("FMV") as is required by Section 32.27(c)(2). *See* 47 C.F.R. § 32.27(c)(2).

³⁸ This service is provided at FDC as is required by Section 32.27(c)(3). *See* 47 C.F.R. § 32.27(c)(3).

made these same services available to unaffiliated entities, as is required by Sections 272(c)(1) and (e).⁴⁰ Copies of the Internet postings associated with these transactions and the OI&M services that QCC provides to QC are attached (*see* attached Appendix A).

The aforementioned list of OI&M services (and attached copies of Qwest's Internet postings) should remove any doubt as to the OI&M services that are being shared by QC and QCC. Qwest believes that it has fully complied with the Commission's rules governing CAM filings and the requirements of the *OI&M Order*. As such, the Commission should allow Qwest's CAM revisions to remain in effect as filed.

CONCLUSION

For the forgoing reasons, the Commission should reject AT&T's allegations as lacking in merit and find that Qwest's CAM revisions satisfy both the Commission's Part 64 rules and its *OI&M Order*.

Respectfully submitted,

QWEST CORPORATION

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July 16, 2004

³⁹ 47 U.S.C. § 272(b)(5). *Also see, Accounting Safeguards Order*, 11 FCC Rcd at 17593-94 ¶ 122.

⁴⁰ 47 U.S.C. §§ 272(c)(1) and (e).

APPENDIX A

SUMMARY OF SECTION 272 AFFILIATE TRANSACTIONS

TASK ORDER

Trouble Ticket Status for ATM/Frame Relay

Original Summary of Services Amendment ()

For services provided from Qwest Communications Corporation (QCC), a Section 272 affiliate, to Qwest Corporation (QC).

Description of Services Provided:

Qwest Communications Corporation (QCC) will answer inbound Asynchronous Transfer Mode (ATM)/Frame Relay repair calls intended for QC during force majeure occurrences. QCC will open customer trouble tickets, read the status, and provide status information to the customer. QCC will perform trouble shooting as necessary including accessing QC ATM/Frame Relay network facilities and switches. If the repair trouble ticket requires hand-off to a third party, QCC will open a repair trouble ticket with the third party entity.

Date Transactions Begin: June 7, 2004

Date Transactions Terminate:

Specific termination date:
 Ongoing transactions until cancelled in accordance with Master Services Agreement provision

Special Equipment Used in Providing Service: None

Number of Personnel Used to Provide Each Service: See Pricing Addendum

Type/Title of Personnel Providing Each Service: See Pricing Addendum for Titles of Personnel

Estimated Length of Time to Complete Transaction (for specific projects only):

Expected Frequency of Services Provided: See Pricing Addendum

Pricing: See Pricing Addendum for the actual prices charged.

Approved By:

Qwest Communications Corporation

Qwest Corporation

Signed: Jerome Mueller

Signed: Betty Knapp

Printed Name: Jerome Mueller

Printed Name: Betty Knapp

Title: Director

Title: Director

Date: 6/17/04

Date: 6-17-04

Comments:

Trouble Ticket Status for ATM/Frame Relay

**Addendum A – Pricing
Effective: June 7, 2004**

<i>Service</i>	<i>Employee Title & Salary Level/ Wage Scale</i>	<i>Number of QCC Employees</i>	<i>Rate/ Unit</i>	<i>Pricing Methodology (Tariff, PFR, PCP, FDC/FMV)¹</i>	<i>Frequency of Service (Daily, Monthly, Occasionally)²</i>
Provide Trouble Ticket Status	Operations Technicians	1-30	\$7.99 per call	PCP	Occasionally

¹ Pricing methodologies include Tariff or Publicly Filed Rate (PFR); Prevailing Company Price (PCP); and higher/lower of Fully Distributed Cost (FDC) or Fair Market Value (FMV). FDC includes the costs of materials (unless they were paid for by the affiliate) and all direct and indirect miscellaneous and overhead costs for goods and services provided.

² As indicated on Cost Allocation Manual (CAM)

SUMMARY OF SECTION 272 AFFILIATE TRANSACTIONS

WORK ORDER

Trouble Ticket Status for ATM/Frame Relay

Original Summary of Services Amendment ()

For services provided from Qwest Corporation (QC) to Qwest Communications Corporation (QCC), a Section 272 affiliate.

Description of Services Provided:

Qwest Corporation (QC) will answer inbound Asynchronous Transfer Mode (ATM)/Frame Relay repair calls intended for QCC during force majeure occurrences. QC will access the customer's trouble ticket, read the status, and provide status information to the customer. QC will perform trouble shooting as necessary including accessing QCC ATM/Frame Relay network facilities and switches. If the repair trouble ticket requires hand-off to a third party, QC will open a repair trouble ticket with the third party entity.

Date Transactions Begin: June 7, 2004

Date Transactions Terminate:

Specific termination date:
 Ongoing transactions until cancelled in accordance with Master Services Agreement provision

Special Equipment Used in Providing Service: None

Number of Personnel Used to Provide Each Service: See Pricing Addendum

Type/Title of Personnel Providing Each Service: See Pricing Addendum for Titles of Personnel

Estimated Length of Time to Complete Transaction (for specific projects only):

Expected Frequency of Services Provided: See Pricing Addendum

Pricing: See Pricing Addendum for the actual prices charged.

Approved By:

Qwest Corporation

Qwest Communications Corporation

Signed: Tomasa Rivas-Martinez

Signed: Jerome Mueller

Printed Name: Tomasa Rivas-Martinez

Printed Name: Jerome Mueller

Title: Affiliate Billing Manager

Title: Director

Date: 6/17/04

Date: 6/17/04

Comments:

Trouble Ticket Status for ATM/Frame Relay

Addendum A – QCC Pricing

Effective: June 7, 2004

<i>Service</i>	<i>Employee Title & Salary Level/Wage Scale</i>	<i>Number of QC Employees</i>	<i>Rate/Unit</i>	<i>Pricing Methodology (Tariff, PFR, PCP, FDC/FMV)¹</i>	<i>Frequency of Service (Daily, Monthly, Occasionally)²</i>
Provide Trouble Ticket Status	Customer Service Specialist/Wage Scale CSS	1-59	\$11.70 per call	PCP	Occasionally

¹ Pricing methodologies include Tariff or Publicly Filed Rate (PFR); Prevailing Company Price (PCP); and higher/lower of Fully Distributed Cost (FDC) or Fair Market Value (FMV). FDC includes the costs of materials (unless they were paid for by the affiliate) and all direct and indirect miscellaneous and overhead costs for goods and services provided.

² As indicated on Cost Allocation Manual (CAM)

SUMMARY OF SECTION 272 AFFILIATE TRANSACTIONS

WORK ORDER

Consulting and Support Work

Original Summary of Services

Amendment (#1)

For services provided from Qwest Corporation (QC) to Qwest Communications Corporation (QCC), a Section 272 affiliate.

Description of Services Provided:

Qwest Corporation will provide consulting and support work for the below functions:

1. **Planning and Engineering Support** - will perform network planning, design, engineering, lab testing, and technology management functions for Qwest Communications Corporation (QCC) related to interoffice facilities and switching. QC will provide general support as well as job specific functions to QCC as it relates to the specified work. To facilitate QC providing these functions, QCC will make available to QC all necessary systems access, information and data related to interoffice facilities, switching, lab testing, and technology management, including network architecture, growth plans, and customer requirements. QC will provide QCC with information, data and the results of the engineering, design, planning and testing services and functions it performs for QCC, however, QCC will not have access to any QC proprietary systems, information or data.

2. **Cable Locate** - provide QCC with cable locate screening center functions. This includes receiving, screening, dispatch and identification/protection of buried facilities as appropriate. It does not include field tech work. To facilitate QC providing this function, QCC will provide QC with access to all required data and information for its network and customers. QC employees will receive excavation notification and to coordinate a single dispatch. QCC will not have access to any QC proprietary systems, information or data. QCC will also provide computer hardware, modems, software, and any license fees required to perform cable locate requests, and will pay its own charges to One Call Centers.

3. **Technical Support** - provide technical support including support for transport, power, and switching. To facilitate QC providing this function, QCC will provide QC with all required information, data, and architecture designs. QCC will not have access to any QC proprietary systems, information or data.

Effective Date: July 18, 2004

Termination Date:

Specific termination date:

Ongoing transactions until cancelled in accordance with Master Services Agreement provision

Special Equipment Used in Providing Service: None

Number of Personnel Used to Provide Each Service: See Pricing Addendum

Type/Title of Personnel Providing Each Service: See Pricing Addendum for Titles of Personnel

Estimated Length of Time to Complete Transaction (for specific projects only):

Expected Frequency of Services Provided: See Pricing Addendum

Pricing: See Pricing Addendum for the actual prices charged.

Approved By:

Qwest Corporation

Signed: Tomasa Rivas-Martinez

Printed Name: Tomasa Rivas-Martinez

Title: Affiliate Billing Manager

Date: 7/16/04

Qwest Communications Corporation

Signed: James Caulson

Printed Name: James Caulson

Title: Director of Finance

Date: 7/16/04

Comments: *Amendment 1 to the Consulting and Support Work Order replaces the original Consulting and Support Work Order and the related Pricing Addendum in their entirety. Amendment 1 adds additional services and rates for Cable Requests and Technical Support services and also includes updated rates for Planning and Engineering Support services.*

Consulting and Support Work

Owest Communications Corporation

Addendum A - Pricing

Effective: July 18, 2004

<i>Service</i>	<i>Employee Title & Salary Level/ Wage Scale</i>	<i>Number of QC Employees</i>	<i>Rate/ Unit</i>	<i>Pricing Methodology (Tariff, PFR, PCP, FDC/FMV)ⁱ</i>	<i>Frequency of Service (Daily, Monthly, Occasionally)ⁱⁱ</i>
Planning and Engineering support work on behalf of QCC.	Network and Central Office Planning and Engineering /PWCC E20	1- 207	* Minimum rate per hour \$65.00 Maximum rate per hour \$110.00	PCP	Daily
Cable Locate Requests	Supervisor of Network Operations – M01, and Technical Clerk – Wage Scale 6 and 8	1-33	\$1.47 per Cable locate requests	PCP	Daily
Technical Support Services	Manager Engineering, Manager Network Ops -M02, Sr. Staff Engineer – I07, Staff Technical Support Engineer, Staff Internet Engineer – I06, Lead Engineer, Lead Internet Engineer, Lead Technical Support Engineer – I05, Internet Engineer II, Sr. Engineer, Sr. Technical Support Engineer – I04, Technical Support Engineer – I03	1-50	\$74.83 per hour	PCP	Daily

* Per hour rates for Planning and Engineering are based on actual costs determined at the time the service is provided. Actual rates will be posted quarterly.

Billing Period	Actual Rate
June 2004	\$95.90

ⁱ Pricing methodologies include Tariff or Publicly Filed Rate (PFR); Prevailing Company Price (PCP); and higher/lower of Fully Distributed Cost (FDC) or Fair Market Value (FMV). FDC includes the costs of materials (unless they were paid for by the affiliate) and all direct and indirect miscellaneous and overhead costs for goods and services provided.

ⁱⁱ As indicated on Cost Allocation Manual (CAM)

CERTIFICATE OF SERVICE

I, Richard Grozier, do hereby certify that I have caused the foregoing **REPLY COMMENTS OF QWEST** to be 1) filed with the FCC via its Electronic Comment Filing System in WCB No. 04-21, 2) served, via e-mail, on Colleen Nibbe of the Pricing Pollicy Division, Wireline Competition Bureau at colleen.nibbe@fcc.gov, 3) served, via e-mail, on Best Copy and Printing, Inc. at Joshir@erols.com, and 3) served, via First Class United States mail, postage prepaid, on the party listed on the attached service list.

Richard Grozier
Richard Grozier

July 16, 2004

Lawrence J. LaFaro
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040715WCB04-21 servlist
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