QWEST CORPORATION

ACCESS SERVICE

2009 PRICE CAP REVISIONS

2009 TARIFF REVIEW PLAN LETTER FILING

DESCRIPTION AND JUSTIFICATION

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1.   INTRODUCTION AND DESCRIPTION

1.1   Overview

Qwest Corporation (Qwest) is making this letter filing in anticipation of its June 16, 2009 Price Cap Revisions Tariff Filing in accordance with the F.C.C's Order, DA 09-683, <u>In the Matter of July 1, 2009 Annual Access Charge Tariff Filings,</u> WCB/Pricing File No. 09-02, released March 26, 2009, and its Tariff Review Plans DA 09-684, <u>In the Matter of Material to be Filed in Support of 2009 Annual Access Tariff Filings</u>, WCB/Pricing File No. 09-03, released March 26, 2009. The FCC's Order requires the filing of a Tariff Review Plan (TRP) and supporting documentation on May 01, 2009, in order to facilitate review of exogenous adjustments and revisions to price cap indices prior to the actual tariff filing. This submittal also complies with the requirements of the F.C.C.'s Sixth Report and Order in CC Docket Nos. 96-262 and 94-1, <u>Access Charge Reform; Price Cap Performance Review for Local Exchange Carriers</u>, Report and Order in CC Docket No. 99-249, <u>Low-Volume Long Distance Users</u>, and Eleventh Report and Order in CC Docket No. 96-45, <u>Federal-State Joint Board On Universal Service</u>, released May 31, 2000, FCC 00-193 (CALLS Order).

This filing, subject to the provisions of the Price Cap rules as specified by 47 C.F.R. §61.43, Annual Price Cap Filings Required, reflects the adjustments to the PCI values pursuant to 47 C.F.R. §61.45 based on currently available data. All data will be subject to change as a consequence of more up to date information available closer to the actual annual access tariff filing date of June 16, 2009.

1.2   Exogenous Cost Changes

The respective PCI for each basket is adjusted by exogenous cost changes detailed in 47 CFR §61.45(d). The exogenous changes included in this filing are: Regulatory Fees, Excess Deferred Taxes (EDT), Investment Tax Credit (ITC) and Telecommunications Relay Services (TRS).

1.2.1   Regulatory Fees

Qwest includes in this filing an exogenous cost change for the 2009 Federal Regulatory Fees. This change is based on the Form 499-A Worksheet filed on March 31, 2009, and the fees proposed in the Commission's Notice of Proposed Rulemaking, MD Docket No. 08-65, In the Matter of Assessment and Collection of Regulatory Fees for Fiscal Year 2008, FCC 08-182, released August 8, 2008. The Commission's Notice proposes a factor of 0.00314 for interstate telecommunication service providers.

The regulatory fee exogenous cost change reflects only the true-up for the factor change effective August 8, 2008. Qwest filed to reduce the factor from .00317 filed in the 2008 Annual Access Charge Tariff Filing Transmittal No. 367 to a factor of .00314 in the Regulatory Fees Tariff Filing in Transmittal No. 385 effective January 1, 2009. Qwest is also adjusting the exogenous amount to reflect a shift in revenue growth or loss. The result is that no exogenous adjustment is made if the factor has not changed. In other words, the rate per

line remains unchanged if the factor is unchanged and no true-up amounts are involved. The allocation to baskets is based on end user "R" values in each basket based on 2008 demand. The regulatory fee exogenous adjustment is also allocated to Excluded Services. The Excluded Services category includes services that received Pricing Flexibility approval.

Workpaper 1 and the Tariff Review Plan, Chart EXG-1, Column B, display the exogenous cost change and allocation to the basket.

1.2.2   Excess Deferred Taxes

The Tax Reform Act of 1986 reducing the corporate tax rate from 46 percent to 34 percent and the Omnibus Budget Reconciliation Act of 1993 establishing the 35 percent corporate tax rate effective January 1, 1993, resulted in Qwest's deferred tax liability containing an "excess". This "excess" is equal to the difference between deferred taxes as currently recorded and deferred taxes restated at the enacted rate of 35 percent. This "excess" is flowed through to net income using the average rate assumption method as prescribed in the Tax Reform Act of 1986 Section 203(e).

Qwest calculated Excess Deferred Tax (EDT) exogenous amounts by determining the change in forecasted deferred tax amounts from the 2008/2009 tariff year, and the 2009/2010 tariff year. To determine the interstate portion, Qwest applied an interstate factor based on 2008 ARMIS 43-01 data for Total

Plant In Service to the difference in the forecasts.

The allocation to baskets is based on "R" values in each basket based on 2008 demand. The EDT adjustment is also allocated to Excluded Services (including services that received Pricing Flexibility approval).

Workpaper 2 and the Tariff Review Plan Chart EXG-1, Column C, display the impact.

1.2.3   Investment Tax Credit

The Tax Reform Act of 1986 generally repealed the credit for property placed in service after 1985 except for certain qualified transitional property. Qwest uses the deferral method to recognize Investment Tax Credit. This means that the credit is deferred in the year it is realized and then amortized (recognized in net income) ratably over the life of the asset that gave rise to the credit. The Internal Revenue Code Section 46(f) requires the deferred method. Eventually, when the assets are fully depreciated, the Investment Tax Credit will be fully amortized, assuming Investment Tax Credit is not reenacted.

Qwest uses historical data from the 2008 base period to calculate the ITC exogenous costs changes. The exogenous cost change is the difference between ITC restated for the 2008/2009 tariff years. Workpaper 3 displays the 2008/2009 tariff year and the 2009/2010 tariff period ITC amounts for the

company, the respective interstate amounts, and the 2009/2010 exogenous cost change by basket. Qwest bases its composite state and local tax rate on 2008 actual data. To determine the interstate portion, Qwest applied an interstate factor based on 2008 ARMIS 43-01 data for Total Plant In Service to the difference in the forecasts.

Qwest apportioned the interstate ITC exogenous adjustment to the Price Cap baskets based on current "R" values. The investment tax credit exogenous adjustment is also allocated to Excluded Services. The Excluded Services category includes services that received Pricing Flexibility approval. The Tariff Review Plan, Chart EXG-1, Column D, also reflect this adjustment.

1.2.4   Telecommunications Relay Services

Qwest developed this year's exogenous adjustment for Telecommunications Relay Service by comparing the projected 2009 TRS contribution to the 2008 TRS contribution included in the 2008 Annual Access Charge Tariff Filing (Transmittal No. 367). The 2009 TRS contribution is based on the Form 499-A filed March 31, 2009, and the most recent contribution factor, 0.01012 contained in the Commission's Public Notice, DA 08-1055, "National Exchange Carrier Association (NECA) Submits the Payment Formula and Fund Size Estimate for the Interstate Telecommunications Relay Services (TRS) Fund for the July 2008 through June 2009 fund year," released May 2, 2008.

As part of this filing, Qwest is removing the adjustment made in Transmittal No. 367 to true up the amount included in the 2008 Annual Access Charge Tariff Filing for the factor change from .0072 to .00819 effective for the entire 2007-2008 tariff year. Qwest is also adjusting the exogenous amount to reflect a shift in revenue growth or loss. The result is that no exogenous adjustment is made if the factor has not changed. In other words, the rate per line remains unchanged if the factor is unchanged and no true-up amounts are involved.

The cumulative impact of the 2008 and 2009 TRS contribution calculation is this year's exogenous cost change. It is allocated to baskets based on "R" values for end user revenues. The TRS exogenous adjustment is also allocated to Excluded Services. Workpaper 4 and TRP Chart EXG-1, Column H, display the adjustment and allocations.

1.3   Exclusions

The exclusions in the filing are those detailed in CC Docket 87-313, Second Report and Order, released October, 1990: Individual Case Basis (Wideband Digital and Wideband Analog), Special Construction, Packet Switching, Air to Ground, Presubscription and specific Federal Government Services. Other new services considered as exclusions include:

Introduced in 1992:   Frame Relay;

Introduced in 1994:   Frame Relay Modifications, On-Line Transfer, 900 Blocking Charge, SMDS, CNM (SMDS & FRS), DIGIPAC Gateway Routing, GETS, Virtual Collocation Elements and Frame Relay Fractional ITR

Introduced in 1995:   Frame Relay CIR & NNIT, Switched and Private Line Transport Service (PLTS) Expanded Interconnection (EIC) Reconfiguration Charge, ATM Cell Relay

Introduced in 1996:   Frame Relay Enhancement, High Altitude Electro Magnetic Pulse Protection (HEMP 622), Expanded Interconnection Service for Frame Relay Service, DS3 Sharp Plus, GETS Alternate Carrier Routing and Calling Party Number, and Fiber Optic Radio Frequency

Introduced in 1997:   ATM CRS Waiver NRC, ATM CRS New Speed, FRS Promotions, 45 Mbps Frame Relay, CRS Month-to-Month DS3 & OC3, Megabit Service, FRS Priority PVC, Packet Switching Flat Rate Structure, International Toll Blocking for Residence, Frame Relay Service Fault Tolerant FRAL Video

Introduced in 1998:   Mega Central, 128k FRAL, Phased-In Installation, ATM, FAST PIC, ATM Unspecified Bit Rate, LAN Switching Service

Introduced in 1999:   Payphone Specific Digit Charge, LNP End User Surcharge, Add Cities & DSS to SRS, MegaBit Subscriber Service, GETS Enhanced Services, Operational Measurements, ATM 40.7 MBPS, 155 MBPS Port, MegaBit Subscriber 256 KBPS/session, MegaCentral 155 Optical Access Link/MPB, MTS IntraLATA Interstate Toll (removed from Price Cap regulation)

Introduced in 2000:   FRS 45 Mbps EICT, LSS to ATM CRS Connectivity, Megabit IDSL, Modem Aggregation Service, DS1/SRS, FRS, IDSL, MAS Megacentral, FRS 44.736 NNI, Professional Megabit, Remote Access Service, Colorado Facility Reservation, ATM OC12, and 34 Megabit Volume Plan.

Introduced in 2002:   Qwest received Phase I and Phase II pricing flexibility for dedicated transport and special access services other than channel terminations to end users in 31 MSAs. For channel terminations between Qwest's end office and end user premises, Qwest received Phase I and Phase II relief in 20 MSAs. The specific services in the special access basket are: Metallic, Telegraph, Voice Grade, WATS, Audio and Video, DDS, SVDS, DS1, DS3, MBSS, SHNS, SRS, SST, and GEOMAX. The specific services in the trunking basket, which includes entrance facilities, fixed and variable mileage, multiplexers, and access tandem trunk ports, are: DSO, DS1, DS3, OC12, OC24, OC3, OC48, and OC196. (See DA 02-952, Memorandum Opinion and Order, "Qwest's Petition for Pricing Flexibility for Special Access and Dedicated Transport Services," released April 24, 2002.)

Workpaper 6 displays the broad categories of excluded services, where they are found in Qwest's tariff, and lists cites for services, now excluded, that were

previously regulated under price caps, as requested by the F.C.C. in Tariff Review Plan, DA 09-684, <u>In the Matter of Material to be Filed in Support of 2009 Annual Access Tariff Filings</u>, released March 26, 2009.

While the F.C.C. in its Tariff Review Plan does not require Qwest to report services that have been removed from the tariff, Qwest notes that it was granted Title II and Computer Inquiry relief for the following services: Frame Relay, ATM, Qwest Metro Optical Ethernet (QMOE), Local Area Network Switching Services (LSS), Synchronous Service Transport (SST), Ethernet Ports over SONET (EPoS) on SST and SHNS, GEOMAX, Broadband Digital Transport Video Service (BDTVS), HDTV Net, Self Healing Network Services (SHNS), QWave, Private line OC3, OC12 and OC48 service and Metro Private Line service. Broadband services with speeds less than 200 kbps were not included within the scope of this forbearance. As a result of this relief, Qwest removed these services from its tariff on April 15, 2009 (Transmittal 394).

1.4   1.4 Waivers

As required by Tariff Review Plan, <u>In the Matter of Material to be Filed in Support of 2009 Annual Access Tariff Filings</u>, released March 26, 2009, Qwest is including applicable Part 69 waivers that result in rate elements different from those specified in Part 69 of the Commission's Rules as follows:

500 Access Service Waiver. This Waiver of Sections 69.4(b) and 69.106 of Part 69 of the Commissions Rules allows the establishment of a new switched access charge rate element to recover the costs associated with 500 access service. Three sub-elements, two non-recurring and one recurring, comprise the rate element. These elements are included in the Local Switching service category of the Traffic Sensitive basket. The Waiver was granted to Qwest on November 30, 1994.

Line Information Database (LIDB). This Part 69 Waiver of the Commission Rules permits the establishment of a new switched access charge rate element to recover the costs associated with LIDB. Three sub-elements, two recurring and one non recurring, comprise the rate element. The Waiver was granted to Qwest on December 30, 1991. These elements are included in the Database Access Services category of the Traffic Sensitive Basket.

Special Access Surcharge Waiver. This Section 69.115(c) Waiver of the Commission Rules allows Qwest to set the amount of the Special Access Surcharge at $25.00 per month per line termination charge. This surcharge was set pursuant to Memorandum Opinion and Order, CC Docket 78-72, released August 22, 1983, ¶ 91. This Waiver was extended in the 1989 Waiver Order, ¶ 5, released December 2, 1988. This charge is included in the Common Line Basket.

SS7 Signaling Waiver. This Section 69.106(g) Waiver of the Commission Rules allows Qwest to charge a separate SS7 call set up charge in addition to local switching and to charge for transient call set up and database access SS7 signaling network use. These rates were set pursuant to Order, CCB/CPD Docket 99-37, released December 23, 1999. These charges are included in the Traffic Sensitive Basket.

2.   PRICE CAP INDEX

2.1   Overview

The following section describes the Price Cap Indexes methodology, formulas and components relevant to the CMT, Traffic Sensitive, Trunking, Interexchange and Special Access Baskets as specified by 47 CFR §61.45 and the CALLS Order.

2.2   2009 Annual Access TRP Filing Methodologies and Calculations

The PCI formula is $PCI_t = PCI_{t-1}[1 + w(GDPPI-X) + Delta\ Z/R]$

PCI-1 of the Tariff Review Plan displays the adjustments used in the calculation of the PCI for the Traffic Sensitive, Trunking, Interexchange Services and Special Access Baskets. There is no PCI for the CMT (or Common Line Basket). CMT calculations are done through the TRP CAP Form. The Chain-Weighted Gross Domestic Product Price Index (GDP-PI) (Line 600) used in the Qwest filing is

2.0695. As required by 47 CFR, Section 61.45, the X Factor (Line 610) is equal to the GDP-PI for all baskets except the Interexchange Basket, for which the X Factor is 3.0%. The X Factor for the Trunking and Traffic Sensitive Baskets will equal 2.0695 because Qwest achieved the $0.0055 ATS target rate in Transmittal No. 88 filed July 27, 2001. The Delta Z values (Line 710) are obtained from the EXG-1, Page 2, Column S. Revenue "R" values (Line 720) are calculated based upon historical 2008 demand, adjusted for restructures, times rates in effect at the last PCI update for that basket. Workpaper 6 contains no new services for which 2008 demand would need to be included in the calculation of the "R" values.

Existing PCIs (Line 680) for the Traffic Sensitive, Trunking, Interexchange and Special Access Baskets were obtained from the 2008 Annual Access Tariff Filing filed on June 16, 2008. The existing PCI for the Special Access Basket was obtained from the Forbearance Filing (Transmittal Number. 394) effective April 15, 2009.

The "w" calculation (Line 750) for each basket is calculated by adding the "R" value (Line720) for the basket and the Delta Z (Line 710) and dividing the result by the "R" value (Line 720). Simplified, this is merely Delta *ZIR* (Line 740) plus 100.

The TGT forms calculate the adjustments to maximum allowed revenues used in determining whether the $0.0055 ATS target rate is achieved. Qwest achieved the $0.0055 ATS target rate in Transmittal No. 88 filed July 27, 2001. Workpaper 7 displays the calculation of the transport minutes of use displayed on line 430 of TGT-1. Qwest uses the same methodology as used in last year's annual filing to make this calculation.

3.	2009 PRICE CAP REVISIONS TARIFF REVIEW PLAN

3.1	Overview of Tariff Review Plan (TRP)

This section describes Qwest's compliance with the requirements stated in the F.C.C's Order, DA 09-683, In the Matter of July 1, 2009 Annual Access Charge Tariff Filings, WCB/Pricing File No. 09-02, released March 26, 2009, and its Tariff Review Plans, DA 09-684, In the Matter of Material to be Filed in Support of 2009 Annual Access Tariff Filings, WCB/Pricing File No. 09-03, released March 26, 2009 and the CALLS Order. Only historical rates are used in these TRPs in partial fulfillment of the requirements established in 47 CFR §61.38 and §§61.41 through 61.49. Qwest's TRP includes only the TGT-1, TGT-2, PCI-1, and EXG-1, and EXG-2 as well as the historical indices in the IND-1 form.

All information, including the PCI calculations, is preliminary and may change in the June 16, 2009, tariff filing. This TRP reflects a total regional level, displaying the degree of geographic aggregation at which Qwest's rates are filed.

3.2 IND-1 References

Workpaper 8, IND-1 References, displays the transmittal number or letter filing date where the last changes were implemented for the price cap categories.

REGULATORY FEES

LINE	DESCRIPTION	Qwest COMMON LINE (A)	Qwest SPECIAL ACCESS (B)	Qwest EXCLUDED SERVICES [1] (C)	TOTAL (D)
1	"R" Value for 2008 Filing	813,855,634	123,331,053	450,306,765	1,387,493,452
2	"R" Value Percent to Total for 2008 (Line 1A / Line 1D)	58.66%	8.89%	32.45%	100.00%
3	"R" Value for 2009 Filing	742,589,938	72,001,359	501,585,076	1,316,176,373
4	"R" Value Percent to Total for 2009 (Line 3A / Line 3D)	56.42%	5.47%	38.11%	100.00%
5	Reg Fee Exogenous Currently in Rates .00314	2,555,507	387,260	1,413,963	4,356,729
6	Total 2009 Regulatory Fee Revised .00314	2,331,732	226,084	1,574,977	4,132,794
7	2009 Exogenous Impact prior to Line adjustment and Trueup	(223,774)	(161,175)	161,014	(223,936)
8	True Up for 2008 Regulatory Fees Adjustment Filing 12-17-08 Line 5(A)-Line 6(A) etc from WP 1 Transmittal 385	24,416	3,700	13,509	41,625
9	Exogenous Impact (Line 7 Plus Line 8)	(199,359)	(157,475)	174,523	(182,311)
10	Adjustment for Line (Demand) Loss -Line 7 +((Line 3/Line1)-1)*Line 8	221,636	159,635	(159,476)	221,796
11	Net Exogenous Impact (Line 10A Plus Line 9A)	22,278	2,160	15,048	39,485

Sources
Line 4: Qwest Corporation 2009 Regulatory Fee Calculation based on factor from the Notice of Proposed Rulemaking, In the Matter of Asessment and Collection of Regulatory Fees for Fiscal Year 2008, MD Docket No. 08-65 Released August 8, 2008

EXCESS DEFERRED TAX EXOGENOUS

Line	Item	Source for 2009/2010	2008/2009	2009/2010
1	2008/2009 Excess Deferred Tax	From 2008 Annual Access Filing	3,045,000	
2	2009/2010 Excess Deferred Tax	Tax Records		2,668,000
3	Total Plant in Service (TPIS)	2008 Annual Summary Report 1, Row 1690, Col b		44,445,032
4	Total Plant in Service (I/S)	2008 Annual Summary Report 1, Row 1690, Col h		12,846,698
5	I/S TPIS Factor	Line 4 / Line 3	29.07%	28.90%
6	I/S Excess Deferred Tax	1st Col = Line 1 * L 5 2nd Col = Line 2 * L 5	885,054	771,177
7	State Tax Rate	2008 Form 492 Workpaper (Not Filed)	4.58%	4.92%
8	FIT Impact	Line 6 * (.35/(1-.35))	476,567	415,249
9	State Tax Impact	(Line 8 + Line 6) * (Line 7/(1-Line 7))	65,356	61,327
10	Calculated EDT	Line 6 + Line 8 + Line 9	1,426,977	1,247,753
11	Exogenous Impact		(1,426,977)	(1,247,753)

EXCESS DEFERRED TAX EXOGENOUS

LINE	DESCRIPTION	Qwest Common Line (A)	Qwest Special Access (B)	Qwest Traffic Sensitive Non-ATS Related (C)	Qwest IXC (D)	Qwest Trunking & TS ATS-Related (E)	Qwest Excluded Services (F)	Qwest Total (G)
1	"R" Value for 2009 Filing	781,818,729	621,958,662	79,552,603	4,914	224,548,012	2,375,266,926	4,083,149,844
2	"R" Value Percent to Total for 2009 Filing (Line 1A / Line 1G)	19.15%	15.23%	1.95%	0.00%	5.50%	58.17%	100.00%
3	Total 2008/2009 Excess Deferred Tax (Workpaper 2, P1)	(273,230)	(217,362)	(27,802)	(2)	(78,475)	(830,107)	(1,426,977)
4	Total 2009/2010 Excess Deferred Tax (Workpaper 2, P1)	(238,913)	(190,062)	(24,310)	(2)	(68,619)	(725,848)	(1,247,753)
5	Exogenous Impact (Line 4A minus Line 3A)	34,317	27,300	3,492	0	9,856	104,259	179,224
6	Exogenous Impact Respread for ATS (Line 1A/Line 1A through Line 1D)	52.71%	41.93%	5.36%	0.00%	NA	NA	NA
7	Reallocation of Exogenous for ATS Revs (Line 5E*Line 6A etc.)	5,195	4,133	529	0	0	0	0
8	Total Exogenous adjustment (Line 5A + Line 7A etc.)	39,512	31,433	4,020	0	0	104,259	179,224

Columns A through E represent Price Cap Services
Column E represents the amount to be respread to non-ATS Price Cap services
Column F represents Excluded Services and includes services that received Pricing Flexibility approval

INVESTMENT TAX CREDIT EXOGENOUS

Line	Item	Source for 2009/2010	2008/2009	2009/2010
1	2008/2009 Investment Tax Credit	From 2008 Annual Access Filing	11,948,000	
2	2009/2010 Investment Tax Credit	Tax Records		9,655,000
3	Total Plant in Service (TPIS)	2008 Annual Summary Report 1, Row 1690, Col b		44,445,032
4	Total Plant in Service (I/S)	2008 Annual Summary Report 1, Row 1690, Col h		12,846,698
5	I/S TPIS Factor	Line 4 / Line 3	29.07%	28.90%
6	I/S Investment Tax Credit	1st Col = Line 1 * L 5 2nd Col = Line 2 * L 5	3,472,783	2,790,748
7	SIT Rate	2008 Form 492 Workpaper (Not Filed)	4.58%	4.92%
8	FIT Impact	Line 6 * (.35/(1-.35))	1,869,960	1,502,710
9	SIT Impact	(Line 8 + Line 6) * (Line 7/(1-Line 7))	256,443	221,931
10	Calculated ITC	Line 6 + Line 8 + Line 9	5,599,186	4,515,389
11	Exogenous Impact		(5,599,186)	(4,515,389)

INVESTMENT TAX CREDIT EXOGENOUS

LINE	DESCRIPTION	Qwest Common Line (A)	Qwest Special Access (B)	Qwest Traffic Sensitive Non-ATS Related (C)	Qwest IXC (D)	Qwest Trunking & TS ATS-Related (E)	Qwest Excluded Services (F)	Qwest Total (G)
1	"R" Value for 2009 Filing	781,818,729	621,958,662	79,552,603	4,914	224,548,012	2,375,266,926	4,083,149,844
2	"R" Value Percent to Total for 2009 Filing (Line 1A / Line 1G)	19.15%	15.23%	1.95%	0.00%	5.50%	58.17%	100.00%
3	Total 2008/2009 Investment Tax Credit (Workpaper 3, P 1)	(1,072,101)	(852,886)	(109,090)	(7)	(307,921)	(3,257,182)	(5,599,186)
4	Total 2009/2010 Investment Tax Credit (Workpaper 3, P1)	(864,582)	(687,799)	(87,974)	(5)	(248,319)	(2,626,711)	(4,515,389)
5	Exogenous Impact (Line 4A minus Line 3A)	207,519	165,087	21,116	1	59,603	630,471	1,083,797
6	Exogenous Impact Respread for ATS (Line 1A)/(Line 1A through Line 1D)	52.71%	41.93%	5.36%	0.00%	NA	NA	NA
7	Reallocation of Exogenous for ATS Revs (Line 5E*Line 6A)	31,415	24,991	3,197	0	0	0	0
8	Total Exogenous adjustment (Line 5A + Line 7A)	238,900	190,069	24,312	46	-	630,471	1,083,797

Columns A through E represent Price Cap Services
Column E represents the amount to be respread to non-ATS Price Cap services
Column F represents Excluded Services and includes services that received Pricing Flexibility approval

Telecommunications Relay Service
Net Exogenous

LINE	DESCRIPTION	Qwest COMMON LINE (A)	Qwest SPECIAL ACCESS (B)	Qwest EXCLUDED SERVICES (C)	TOTAL (D)
1	"R" Value for 2007 Filing	869,891,292	127,808,703	1,241,895,844	2,239,595,839
2	"R" Value Percent to Total for 2007 (Line 1A / Line 1D, etc.)	38.84%	5.71%	55.45%	100.00%
3	Outstanding 2007 Exogenous recovered in 2008 Annual "True Up" Amount	663,894	97,543	947,805	1,709,242
4	"R" Value for 2008 Filing	813,855,634	123,331,053	450,306,765	1,387,493,452
5	"R" Value Percent to Total for 2008	58.66%	8.89%	32.45%	100.00%
6	"R" Value for 2009 Filing	742,589,938	72,001,359	501,585,076	1,316,176,373
7	"R" Value Percent to Total for 2009 (Line 1A / Line 1D, etc.)	56.42%	5.47%	38.11%	100.00%
8	Total 2008 TRS Contribution	8,236,219	1,248,110	4,557,104	14,041,434
9	Total 2009 TRS Contribution	7,515,010	728,654	5,076,041	13,319,705
10	2009 Exogenous Impact (Line 9A - Line 8A, etc)	(721,209)	(519,457)	518,937	(721,729)
11	Reversal of 2008 True-Up	(629,770)	(92,529)	(899,088)	(1,621,387)
12	2009 Annual Exogenous Impact (Line 10A + Line 11A, etc) Prior to Demand Adjustment	(1,350,979)	(611,985)	(380,152)	(2,343,116)
13	Adjustment for Line (Demand) Loss	721,209	519,457	(518,937)	721,729
14	2009 Annual Exogenous Impact (Line 12A + Line 13A, etc)	(629,770)	(92,529)	(899,088)	(1,621,387)

Sources
Line 8: Revenues from FCC Form 499-A, Telecommunications Reporting Worksheet, filed April 1, 2008, Line 420d x TRS Factor of .01012, DA 08-1055
Line 9: Revenues from FCC Form 499-A, Telecommunications Reporting Worksheet, filed April 1, 2009, Line 420d x Proposed TRS Factor of .01012, DA 08-1055
Line11: Line 3 / Revenues from FCC Form 499-A, Telecommunications Reporting Worksheet, filed April 1, 2008, Line 420d
        * Revenues from FCC Form 499-A, Telecommunications Reporting Worksheet, filed April 1, 2009, Line 420d

Services Outside of Price Cap

Rate Element Detail	Tariff Section
Special Construction/ICBs	
Special Construction/ICBs	FCC2
Collocation/Interconnection	
Virtual Collocation, Recurring and Nonrecurring	FCC1, Sec. 21
Packet Services	
Public Packet Switching Network, Recurring/Nonrecurring	FCC1, Sec. 8.2
Frame Relay, Recurring/Nonrecurring	FCC1, Sec. 8.3
ATM/Cell Relay, Recurring/Nonrecurring	FCC1, Sec. 8.5
LAN Switching Service, Recurring/Nonrecurring	FCC1, Sec. 8.6
Modem Aggregation Service, Recurring/Nonrecurring	FCC1, Sec. 8.7
Qwest DSL Port/Host/IDSL/Stand Alone, Recurring/Nonrecurring	FCC1, Sec. 8.99
Switched Access Elements	
Presubscription Charge/Nonrecurring	FCC1, Sec. 13.15
End User Charges	
LNP, Recurring	FCC1, Sec. 13.19
USF Charges, Recurring	FCC1, Sec. 13.20-21
Government Services	
Federal Government, Recurring/Nonrecurring	FCC1, Sec. 10
Pricing Flexibility	
Switched Access Services	FCC1, Sec. 16
Private Line Transport Services	FCC1, Sec. 17
Contracts	FCC1, Sec. 24
Miscellaneous/Other	
Specialized Services/Arrangements, Recurring/Nonrecurring	FCC1, Sec. 12
Engineering charges, Recurring/Nonrecurring	FCC1, Sec. 13.1-5

Services Outside of Price Cap

Rate Element Detail: Services that were in PC and have been removed	Tariff Section	Order Allowing Removal
Interexchange Services: IntraLATA Toll Services, Recurring and Nonrecurring (Removed on Nov. 9, 1999, in TRP Letter Filing)	FCC No. 4, All Sections	FCC 99-206 Fifth Report and Order and Further Notice of Proposed Rulemaking (Pricing Flexibility Order)
Pricing Flexibility: Qwest received Phase I and Phase II pricing flexibility for dedicated transport and special access services other than channel terminations to end users in 31 MSAs. For channel terminations between Qwest's end office and end user premises, Qwest received Phase and I and Phase II relief in 20 MSAs Qwest received Phase I and Phase II relief for dedicated transport and special access services other than channel terminations to end users for the following 31 MSAs: Albuquerque, NM; Bellingham, WA; Boise City, ID; Cedar Rapids, IA; Colorado Springs, CO; Davenport-Rock Island-Moline, IA-IL; Denver-Boulder, CO; Des Moines, IA; Dubuque, IA; Eugene-Springfield, OR; Fargo-Moorehead, ND-MN; Iowa City, IA; Medford, OR; Minneapolis-St. Paul, MN-WI; Olympia, WA; Omaha, NE; Phoenix, AZ; Portland, OR-WA; Provo-Orem, UT; Pueblo, CO; Rochester, MN; Salem, OR; Salt Lake City-Ogden, UT; Seattle-Everett, WA; Sioux City, IA-NE; Spokane, WA; St. Cloud, MN; Tacoma, WA; Tucson, AZ; Waterloo-Cedar Falls, IA; and Yakima, WA. Qwest received Phase I and Phase II pricing flexibility for channel terminations to end users in the following 20 MSAs: Albuquerque, NM; Bellingham, WA; Boise City, ID; Colorado Springs, CO; Davenport-Rock Island-Moline, IA-IL; Des Moines, IA; Dubuque, IA; Eugene-Springfield, OR; Fargo-Moorehead, ND-MN; Iowa City, IA; Medford, OR; Olympia, WA; Omaha, NE; Phoenix, AZ; Portland, OR-WA; Rochester, MN; Salt Lake City-Ogden, UT; Spokane, WA; St. Cloud, MN; and Yakima, WA. The specific services in the special access basket are: Metallic, Telegraph, Voice Grade, WATS, Audio and Video, DDS, SVDS, DS1, DS3, MBSS, SHNS, SRS, SST, and GEOMAX. The specific services in the trunking basket, which includes entrance facilities, fixed and variable mileage, multiplexers, and access tandem trunk ports, are: DSO, DS1, DS3, OC12, OC24, OC3, OC48, and OC196.	FCC No. 1, Sections 16 & 17	DA 02-952, Memorandum Opinion and Order (Qwest's Petition for Pricing Flexibility for Special Access and Dedicated Transport Services)

2009 ANNUAL FILING
NEW SERVICES EFFECTIVE DURING 2008

		(A)	(B)	(C)	(D)	(E)	(F)	
RATE ELEMENT	DESCRIPTION	CLASS OF SERVICE	USOC	ORIGINAL RATES	CURRENT RATES	TRANSMITTAL NUMBER	EFFECT DATE OF LATEST RATES	BASKET

No new services were introduced into price cap services in 2008

TRANSPORT MINUTE OF USE CALCULATIONS FOR CALLS ATS CALCULATION

SOURCES:

TANDEM SW MOU	TSP	23,021,192,878
ACCESS TANDEM TRK PORTS	P4TRX	631,181
MEET POINT DTT AT 65% FILL		1,637,033
EO SHARED PORT MOU	SHRTP	2,536,002,365
LS MOU		30,719,428,880
EO DEDICATED TRK PORT	P4TWX	3,161,617
EICT AT 65% FILL		2,382,648

CALCULATIONS:

TANDEM SW MOU/ACCESS TANDEM TRK PORT		36,473.18	
LS MOU-EO SHARED PORT MOU/EO DEDICATED TRK PORT+EICT			5,083.35
EICT*E17		12,111,829,200	
CATEGORY B MOU	C8*E17	8,321,609,495	
CATEGORY D MOU	C6	23,021,192,878	
CATEGORY E MOU	C6-C9	20,485,190,513	
CATEGORY F MOU	C9	2,536,002,365	
CATEGORY G MOU	C11*E17	16,071,597,315	
TOTAL TRANSPORT MOU	B+D+G	47,414,399,688	

	EXISTING PCI (E)	T#	EXISTING API (F)	T#	EXISTING SBI (G)	T#	EXISTING SBI LIMIT (H)	T#
Common Line Basket								
100 Total Common Line	N/A		N/A		N/A		N/A	
Traffic Sensitive Basket								
200 Local Switching	N/A		N/A		28.8745	175	30.3182	175
210 Information	N/A		N/A		22.5553	293	23.6831	325
220 Database Access	N/A		N/A		108.1758	164	113.6979	367
230 800 DB VertSvcs Sub-Cat	N/A		N/A		63.0362	164	66.2540	367
240 Billing Name and Address	N/A		N/A		0.0000	N/A	0.0000	N/A
250 Local Switching Trunk Ports	N/A		N/A		62.3743	88	65.4930	88
260 STP Port Terminations	N/A		N/A		109.4118	928	114.8824	1092
299 Total Traffic Sensitive	36.1393	367	35.5704	325	N/A		N/A	
Trunking Basket								
300 Interconnection Charge	N/A		N/A		0.0000	1037	0.0000	1037
310 Tandem Switched Transport	N/A		N/A		135.9655	88	138.6848	88
311 TST Density Zone 1	N/A		N/A		0.0000	900	0.0000	900
312 TST Density Zone 2	N/A		N/A		0.0000	900	0.0000	900
313 TST Density Zone 3	N/A		N/A		0.0000	900	0.0000	900
314 TST Density Zone 4	N/A		N/A		0.0000	N/A	0.0000	N/A
315 TST Density Zone 5	N/A		N/A		0.0000	N/A	0.0000	N/A
316 TST Density Zone 6	N/A		N/A		0.0000	N/A	0.0000	N/A
317 TST Density Zone 7	N/A		N/A		0.0000	N/A	0.0000	N/A
320 VoiceGrade - Switched	N/A		N/A		83.7265	88	87.9128	88
321 VG DTT/EF Density Zone 1	N/A		N/A		0.0000	900	0.0000	900
322 VG DTT/EF Density Zone 2	N/A		N/A		0.0000	900	0.0000	900
323 VG DTT/EF Density Zone 3	N/A		N/A		0.0000	900	0.0000	900
324 VG DTT/EF Density Zone 4	N/A		N/A		0.0000	N/A	0.0000	N/A
325 VG DTT/EF Density Zone 5	N/A		N/A		0.0000	N/A	0.0000	N/A
326 VG DTT/EF Density Zone 6	N/A		N/A		0.0000	N/A	0.0000	N/A
327 VG DTT/EF Density Zone 7	N/A		N/A		0.0000	N/A	0.0000	N/A
340 High Cap & Other - Switched	N/A		N/A		56.3622	88	59.1803	130
350 DS-1 SubCat - Switched	N/A		N/A		46.5142	88	48.8399	88
351 DS1 DTT Density Zone 1	N/A		N/A		53.4304	80	61.4450	130
352 DS1 DTT Density Zone 2	N/A		N/A		46.8560	80	53.8844	80
353 DS1 DTT Density Zone 3	N/A		N/A		43.9174	88	50.5050	88
354 DS1 DTT Density Zone 4	N/A		N/A		0.0000	N/A	0.0000	N/A
355 DS1 DTT Density Zone 5	N/A		N/A		0.0000	N/A	0.0000	N/A
356 DS1 DTT Density Zone 6	N/A		N/A		0.0000	N/A	0.0000	N/A
357 DS1 DTT Density Zone 7	N/A		N/A		0.0000	N/A	0.0000	N/A
360 DS-3 SubCat - Switched	N/A		N/A		83.7597	88	87.9477	88
361 DS3 DTT Density Zone 1	N/A		N/A		78.9522	80	90.7950	80
362 DS3 DTT Density Zone 2	N/A		N/A		75.7905	80	87.1591	130
363 DS3 DTT Density Zone 3	N/A		N/A		70.0514	88	80.5591	88
364 DS3 DTT Density Zone 4	N/A		N/A		0.0000	N/A	0.0000	N/A
365 DS3 DTT Density Zone 5	N/A		N/A		0.0000	N/A	0.0000	N/A
366 DS3 DTT Density Zone 6	N/A		N/A		0.0000	N/A	0.0000	N/A
367 DS3 DTT Density Zone 7	N/A		N/A		0.0000	N/A	0.0000	N/A

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TRP LETTER FILING

		EXISTING PCI (E)		EXISTING API (F)		EXISTING SBI (G)		EXISTING SBI LIMIT (H)	
370	HC Other Sw Density Zone 1	N/A		N/A		0.0000	N/A	0.0000	N/A
371	HC Other Sw Density Zone 2	N/A		N/A		0.0000	N/A	0.0000	N/A
372	HC Other Sw Density Zone 3	N/A		N/A		0.0000	N/A	0.0000	N/A
373	HC Other Sw Density Zone 4	N/A		N/A		0.0000	N/A	0.0000	N/A
374	HC Other Sw Density Zone 5	N/A		N/A		0.0000	N/A	0.0000	N/A
375	HC Other Sw Density Zone 6	N/A		N/A		0.0000	N/A	0.0000	N/A
376	HC Other Sw Density Zone 7	N/A		N/A		0.0000	N/A	0.0000	N/A
380	Signalling Interconnection	N/A		N/A		0.0000	N/A	0.0000	N/A
381	SigIntCon Density Zone 1	N/A		N/A		0.0000	N/A	0.0000	N/A
382	SigIntCon Density Zone 2	N/A		N/A		0.0000	N/A	0.0000	N/A
383	SigIntCon Density Zone 3	N/A		N/A		0.0000	N/A	0.0000	N/A
384	SigIntCon Density Zone 4	N/A		N/A		0.0000	N/A	0.0000	N/A
385	SigIntCon Density Zone 5	N/A		N/A		0.0000	N/A	0.0000	N/A
386	SigIntCon Density Zone 6	N/A		N/A		0.0000	N/A	0.0000	N/A
387	SigIntCon Density Zone 7	N/A		N/A		0.0000	N/A	0.0000	N/A
499	Total Trunking	29.9035	88	29.7423	88	N/A		N/A	
	Interexchange Basket								
600	Total Interexchange	76.4191	367	76.4104	243	N/A		N/A	
	Special Access Basket								
720	VG/WATS,Met,Tgh - Special	N/A		N/A		99.3339	164	104.4309	385
721	VG Spec Density Zone 1	N/A		N/A		0.0000	N/A	0.0000	N/A
722	VG Spec Density Zone 2	N/A		N/A		0.0000	N/A	0.0000	N/A
723	VG Spec Density Zone 3	N/A		N/A		0.0000	N/A	0.0000	N/A
724	VG Spec Density Zone 4	N/A		N/A		0.0000	N/A	0.0000	N/A
725	VG Spec Density Zone 5	N/A		N/A		0.0000	N/A	0.0000	N/A
726	VG Spec Density Zone 6	N/A		N/A		0.0000	N/A	0.0000	N/A
727	VG Spec Density Zone 7	N/A		N/A		0.0000	N/A	0.0000	N/A
730	Audio & Video	N/A		N/A		86.6632	164	91.1100	385
731	Audio/Video Density Zone 1	N/A		N/A		0.0000	N/A	0.0000	N/A
732	Audio/Video Density Zone 2	N/A		N/A		0.0000	N/A	0.0000	N/A
733	Audio/Video Density Zone 3	N/A		N/A		0.0000	N/A	0.0000	N/A
734	Audio/Video Density Zone 4	N/A		N/A		0.0000	N/A	0.0000	N/A
735	Audio/Video Density Zone 5	N/A		N/A		0.0000	N/A	0.0000	N/A
736	Audio/Video Density Zone 6	N/A		N/A		0.0000	N/A	0.0000	N/A
737	Audio/Video Density Zone 7	N/A		N/A		0.0000	N/A	0.0000	N/A
740	High Cap & DDS - Special	N/A		N/A		78.8017	202	82.8451	385
750	DS-1 SubCat - Special	N/A		N/A		70.1115	202	73.7090	385
751	DS1 Spec Density Zone 1	N/A		N/A		80.5536	202	92.7523	385
752	DS1 Spec Density Zone 2	N/A		N/A		72.2221	202	83.1591	385
753	DS1 Spec Density Zone 3	N/A		N/A		67.0563	202	77.2111	385
754	DS1 Spec Density Zone 4	N/A		N/A		0.0000	N/A	0.0000	N/A
755	DS1 Spec Density Zone 5	N/A		N/A		0.0000	N/A	0.0000	N/A
756	DS1 Spec Density Zone 6	N/A		N/A		0.0000	N/A	0.0000	N/A
757	DS1 Spec Density Zone 7	N/A		N/A		0.0000	N/A	0.0000	N/A
760	DS-3 SubCat - Special	N/A		N/A		94.8038	130	99.6683	385
761	DS3 Spec Density Zone 1	N/A		N/A		96.9522	130	111.6343	385
762	DS3 Spec Density Zone 2	N/A		N/A		94.3342	130	108.6198	385
763	DS3 Spec Density Zone 3	N/A		N/A		90.8702	130	104.6312	385
764	DS3 Spec Density Zone 4	N/A		N/A		0.0000	N/A	0.0000	N/A
765	DS3 Spec Density Zone 5	N/A		N/A		0.0000	N/A	0.0000	N/A
766	DS3 Spec Density Zone 6	N/A		N/A		0.0000	N/A	0.0000	N/A
767	DS3 Spec Density Zone 7	N/A		N/A		0.0000	N/A	0.0000	N/A

		EXISTING PCI (E)		EXISTING API (F)		EXISTING SBI (G)		EXISTING SBI LIMIT (H)	
770	DDS&Other Sp Density Zone 1	N/A		N/A		0.0000	N/A	0.0000	N/A
771	DDS&Other Sp Density Zone 2	N/A		N/A		0.0000	N/A	0.0000	N/A
772	DDS&Other Sp Density Zone 3	N/A		N/A		0.0000	N/A	0.0000	N/A
773	DDS&Other Sp Density Zone 4	N/A		N/A		0.0000	N/A	0.0000	N/A
774	DDS&Other Sp Density Zone 5	N/A		N/A		0.0000	N/A	0.0000	N/A
775	DDS&Other Sp Density Zone 6	N/A		N/A		0.0000	N/A	0.0000	N/A
776	DDS&Other Sp Density Zone 7	N/A		N/A		0.0000	N/A	0.0000	N/A
790	Wideband	N/A		N/A		0.0000	N/A	0.0000	N/A
791	WB Density Zone 1	N/A		N/A		0.0000	N/A	0.0000	N/A
792	WB Density Zone 2	N/A		N/A		0.0000	N/A	0.0000	N/A
793	WB Density Zone 3	N/A		N/A		0.0000	N/A	0.0000	N/A
794	WB Density Zone 4	N/A		N/A		0.0000	N/A	0.0000	N/A
795	WB Density Zone 5	N/A		N/A		0.0000	N/A	0.0000	N/A
796	WB Density Zone 6	N/A		N/A		0.0000	N/A	0.0000	N/A
797	WB Density Zone 7	N/A		N/A		0.0000	N/A	0.0000	N/A
899	Total Special Access	41.9520	385	41.6480	202	N/A		N/A	

TRANSMITTAL NUMBER DEFINITIONS

TRANS #	FILE DATE	EFFECTIVE DATE	DESCRIPTION
900	3/13/1998	3/28/1998	MARCH ACCESS REFORM CORRECTION
928	6/29/1998	7/1/1998	1998 PRICE CAP REVISIONS FILING
1037	12/17/1999	1/1/2000	JANUARY 2000 ACCESS REFORM
1092	7/27/2000	8/11/2000	2000 ANNUAL FILING MODIFICATION
80	6/29/2001	7/3/2001	PRICE CAP REVISIONS CORRECTION FILING
88	7/27/2001	8/3/2001	QWEST/CITIZENS ADJUSTMENT FILING
130	6/17/2002	7/2/2002	2002 ANNUAL ACCESS TARIFF FILING
164	6/16/2003	7/1/2003	2003 ANNUAL ACCESS CHARGE TARIFF FILING
175	10/27/2003	11/11/2003	FLEX ANI GEOMAX RATE REVISIONS
202	7/16/2004	7/31/2004	RESTRUCTURE OF EXPEDITE CHARGES
243	6/16/2005	7/1/2005	2005 ANNUAL ACCESS CHARGE TARIFF FILING
293	9/15/2006	9/30/2006	TRS AND DA ADJUSTMENT FILING
325	6/15/2007	6/30/2007	2007 ANNUAL ACCESS CHARGE TARIFF FILING
340	9/28/2007	10/2/2007	TRS ADJUSTMENT REFILING
367	6/16/2008	7/1/2008	2008 ANNUAL ACCESS CHARGE TARIFF FILING
385	12/17/2008	1/1/2009	REGULATORY FEES TARIFF FILING