

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL
WORKING FILE**

FROM: JOE CUSICK

DATE: FEBRUARY 18, 2003

**RE: QWEST PROPOSAL FOR UPGRADING FACILITIES IN SOUTHERN
IDAHO THROUGH THE USE OF REVENUE SHARING FUNDS. CASE
NO. QWE-T-03-04.**

BACKGROUND

On December 30, 2002, Qwest filed a proposal for the disposition of funds generated from the U S WEST Revenue Sharing Program. In its letter, the Company proposes to match the approximately \$4 million remaining from the Revenue Sharing Program for the purpose of upgrading outside plant facilities throughout the southern Idaho area. Qwest proposes to use the funds for four components:

1. Replacement of lead sheath cabling in the local exchange network in selected wire centers.
2. Replacement or rehabilitation of air core cabling in the local exchange network in selected wire centers.
3. Replacement of control points or access points (i.e. terminal boxes or enclosures) in selected wire centers.
4. Replacement of Anaconda analog carrier systems across southern Idaho.

These proposed improvements represent areas that experience higher incidents of trouble reports from customers. The Company believes that implementation of this program will result in improved service quality and has proposed this program take place over a three-year period.

On January 17, 2003, Qwest provided additional information regarding the proposal and the specific improvements it recommends.

On January 24, 2003, the Commission issued a Notice of Modified Procedure and established a twenty-one day comment period, ending February 14, 2003, to allow interested persons or parties an opportunity to comment on this matter.

SUMMARY OF COMMENTS

Qwest Comments - In support of its proposal, Qwest points out that Title 61 customers will realize improved service functionality and reliability sooner than otherwise as a result of the plant replacements. The Company believes its proposal will protect Idaho jobs and provide a lasting benefit while maintaining competitive neutrality.

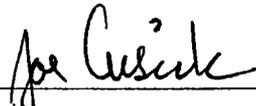
Staff Comments - Staff generally supports Qwest's proposal to use Revenue Sharing funds to improve service for Title 61 customers. Staff acknowledges that the proposed improvements would be made much sooner than otherwise under Qwest's proposal and, given Qwest's matching dollars, that customers would receive \$8 million in improvements for essentially half the price. However, Staff is concerned that some of the projects will be expensive and benefit few Title 61 customers. Staff recommends that projects such as the Anaconda systems be pushed to later in the project period and that other projects be reviewed quarterly to allow the Commission to consider cost effectiveness and alternatives.

Citizens Telecommunications Company Comments - Citizens believes Qwest's proposal is an inappropriate use of Revenue Sharing funds because other Idaho companies have made similar improvements to their networks without the benefit of special funding. Citizens goes on to propose that the Revenue Sharing funds be used to build a north-south fiber route between Riggins and Grangeville as was previously considered in Case No. USW-T-99-25/CTC-T-99-2.

Comments were received in support of Qwest's proposal from network engineering directors at Qwest and from Idaho members of the Communications Workers of America union. Three Qwest customers submitted comments that, to the extent it would improve their service, supported the current proposal.

COMMISSION DECISION

Does the Commission wish to approve Qwest's proposal for network improvements using Revenue Sharing funds as submitted or with modifications?



Joe Cusick