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IDAHO PUBLIC
UTILITIES COMMISSION

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MARY S. HOBSON
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July 30, 2003

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington
Boise, ID 83702-5983

RE: Docket No. QWE-T-03-15

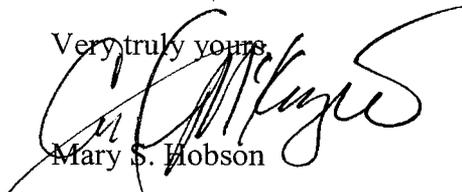
Dear Ms. Jewell:

Enclosed for filing with this Commission is an original and seven (7) copies of the following:

1. Joint Application of Qwest Corporation and Commission Staff;
2. Declaration of John F. Souba in Support of the Joint Application of Qwest Corporation and the Commission Staff; and
3. Declaration of Beverly A. Barker in Support of the Joint Application of Qwest Corporation and the Commission Staff.

If you have any questions, please contact me. Thank you for your cooperation in this matter.

Very truly yours,


Mary S. Hobson

:blg

Enclosures

cc: Service List

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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

| | | |
|----------------------------------|---|-----------------------|
| IN THE MATTER OF THE JOINT |) | |
| APPLICATION OF QWEST CORPORATION |) | CASE NO. QWE-T-03-15 |
| AND THE COMMISSION STAFF FOR |) | |
| APPROVAL OF THE PARTIES' |) | |
| AGREEMENT REGARDING TOLL |) | JOINT APPLICATION OF |
| RESTRICTION SERVICE IN QWEST'S |) | QWEST CORPORATION AND |
| SOUTHERN AND NORTHERN IDAHO |) | COMMISSION STAFF |
| <u>SERVICE AREAS</u> |) | |

Qwest Corporation (Qwest) and the Staff of the Idaho Public Utilities Commission (Staff) (jointly known as "the Parties"), by and through their respective attorneys of record, file this Joint Application for approval of their agreement concerning the regulatory status of Qwest's service known as "Toll Restriction."

JOINT APPLICATION OF
QWEST CORPORATION AND
COMMISSION STAFF

OVERVIEW

1. Toll Restriction prohibits access to long distance carriers from any line on which it is installed. Briefly, the Parties propose that Toll Restriction be subject to the Commission's Title 61 jurisdiction when offered to residence customers and business customers with five or fewer lines billed to a single location; the monthly rates for this service be adjusted; that there be no installation charge for the service when it is ordered by residence customers; and the monthly rates for Toll Restriction be the same for both northern and southern Idaho. Qwest will individually notify existing Toll Restriction customers of the proposed changes. The parties propose an effective date for these changes of October 1, 2003.

DESIGNATION OF REPRESENTATIVES

2. Pursuant to Idaho Public Utilities Commission Rule 41, IDAPA 31.01.01.41, Qwest designates its attorneys, Mary S. Hobson and Adam L. Sherr, and the Commission Staff designates its attorney, Donald L. Howell, II, as their respective representatives for this proceeding. Contact information for the Parties' representatives is provided on page one of this Application.

BACKGROUND

3. The question of the appropriate regulatory status of Toll Restriction in southern Idaho was prominent in U S WEST Communications, Inc.'s 1997 rate case.¹ U S WEST Communications was a predecessor to Qwest and will hereinafter for purposes of convenience be referred to as "Qwest." During the rate case proceedings Qwest took the position that Toll Restriction was offered and properly categorized as a price-deregulated service under Title 62,

¹*In the Matter of the Application of U S WEST Communications, Inc. for Authority to Increase Its Rates and Charges for Regulated Title 61 Services*, Case No. USW-S-96-5.

Idaho Code (“Title 62 service”), while Staff insisted that the service must be priced regulated under Title 61, Idaho Code.

4. In Order No. 27100, issued August 12, 1997, the Commission concluded that Toll Restriction should be characterized as a price-regulated service under Title 61, Idaho Code. Qwest filed a timely Petition for Reconsideration challenging this decision pursuant to *Idaho Code* § 61-626. Reconsideration was subsequently denied and Qwest filed a Notice of Appeal on December 16, 1997. Thereafter, Qwest and Staff filed various motions and responses relating to determining the appropriate scope of the record for appeal. On July 27, 1998, the Commission issued Order No. 27659 granting Qwest rehearing regarding the regulatory status of Toll Restriction. The parties filed a motion with the Idaho Supreme Court asking that the appeal be suspended until November 11, 1998.

5. On September 2, 1998, Qwest and Staff filed a document entitled “Fourth Stipulation and Settlement” (the “Original Stipulation”), which provided that the parties agreed that Toll Restriction should remain a Title 62 product, but be offered under certain mutually agreed terms to residence and single line business customers. These were: (a) residence and single-line business customers ordering the service would be assessed a non-recurring charge of \$13.50 *except* that the non-recurring charge would be waived on the first line for residence customers initiating local service for the first time; (b) residence customers would be charged a monthly recurring charge of \$0.25, and single line business customers a monthly charge of \$1.00; and (c) customers eligible for the Idaho Telecommunications Service Assistance Program (ITSAP) would receive Toll Restriction at no charge. The Original Stipulation further provided that its terms would remain in effect for three years from the date of the Commission’s approval of its terms and that the Original Stipulation would have no precedential effect on the regulatory

status of Toll Restriction. Finally the Original Stipulation called for Qwest to voluntarily dismiss its Supreme Court appeal in the event that the Commission approved its terms.

6. On October 27, 1998, a majority of the Commission approved the terms of the Original Stipulation in Order No. 27785. That Order provided that the term of the stipulation should run from the effective date of the Order, which was November 17, 1998.

7. Since November 1998, Qwest has offered Toll Restriction as a Title 62 service and has acknowledged the applicability of the terms and conditions provided in the Original Stipulation. However, based upon a customer complaint, Qwest and Staff discovered that Qwest had inadvertently assessed the non-recurring charge on new customers ordering the service in conjunction with basic local exchange service and had misbilled some ITSAP customers. Consequently, Qwest and Staff executed another stipulation dated September 14, 2001. This stipulation described corrective measures Qwest would take to avoid imposition of improper Toll Restriction charges, provided refunds to affected customers, and extended the terms of the Original Stipulation approved in Order No. 27785 through calendar year 2002. This latter stipulation was approved by the Commission in Order No. 28862, dated October 1, 2001.

8. In calendar year 2003, Qwest continues to offer Toll Restriction under the terms and conditions provided in the Original Stipulation on the basis of an informal agreement as the Parties explored possibilities for settling the ongoing controversy concerning the regulatory status and appropriate terms for the provision of Toll Restriction.

9. The recurring rates charged for Toll Restriction in southern Idaho have remained unchanged since 1998. In most instances, the rates proposed herein are significantly lower than the rates in the twelve (12) other states in Qwest's territory where a monthly charge is imposed for Toll Restriction.

THE NEW AGREEMENT AND JOINT APPLICATION

10. As a result of the recent negotiations between Staff and Qwest and in recognition of the foregoing, the Parties have now reached a new Agreement concerning the appropriate regulatory status of Toll Restriction in southern Idaho. The new Agreement contains the following terms, which the Parties ask the Commission to approve pursuant to this Application:

- (a) Qwest will file a provision for its Basic Local Exchange Tariff in southern Idaho offering Toll Restriction on the terms provided herein and will file a revision to its Title 62 services Catalog that removes Toll Restriction as a service offered to residence customers or business customers with five or fewer lines billed to a single billing location. A copy of Qwest's proposed changes to its southern Idaho Basic Local Exchange Tariff provisions relating to Toll Restriction are attached hereto as Attachment A. A copy of Qwest's proposed changes to its southern Idaho Network and Exchange Services Catalog is attached as Attachment B.
- (b) The monthly recurring rate for Toll Restriction will be changed to \$.75 for residence and \$2.00 for business customers in both northern and southern Idaho. Qwest will provide individual notice of the proposed rate changes to all Toll Restriction customers. A copy of the changes to Qwest's Exchange and Network Services Tariff for northern Idaho is attached as Attachment C.
- (c) Qwest's rate filings for northern and southern Idaho will also reflect the elimination of the respective \$24.00 and \$13.50 nonrecurring charges for residential customers. The filing will also provide that the nonrecurring charge of \$24.00 for northern Idaho business customers will be reduced to the southern Idaho nonrecurring charge of \$13.50.
- (d) ITSAP customers will not be charged for Toll Restriction.
- (e) Staff will not seek a reduction in Title 61 Toll Restriction rates outside of a general rate case in either northern or southern Idaho.

11. Qwest and Staff agreed to the foregoing changes to Qwest's Toll Restriction offerings in northern and southern Idaho to create consistent pricing between the two jurisdictions and to eliminate the ongoing controversy about the status of Toll Restriction in

southern Idaho. The Parties agree that the proposed rates are reasonable and recommend an effective date of October 1, 2003.

12. The Parties agree that by entering into the Agreement described in paragraph 10 of this Application they do not waive any arguments they may have about the appropriate interpretation of the relevant statutes or the scope of Title 61 rate regulation. The Parties further agree that their Agreement as described herein should not be construed as precedent for any position espoused by either party except as expressly stated in this Application.

13. Supporting this Application are the Declarations of John F. Souba and Beverly A. Barker. Copies of the notices Qwest intends to send to its customers in northern and southern Idaho advising them of the proposed price changes are attached to Mr. Souba's Declaration.

14. Pursuant to IDAPA 31.41.02.102.03 attached hereto as Attachment D is a copy of the press release created by Qwest to advise customers of the proposed rate changes.

15. The Parties respectfully request that the Commission process this matter under Modified Procedure with a 28-day comment cycle.

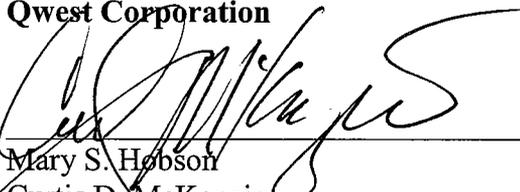
PRAYER

Based on the foregoing, Staff and Qwest respectfully request that the Commission enter its order as follows:

- (a) Processing this Application under Modified Procedure;
- (b) Approving Qwest's proposed additions to its Basic Local Exchange Tariff offering Toll Restriction as a Title 61 service under the rates and conditions provided herein;
- (c) Approving Qwest's proposed modifications to its northern Idaho Exchange and Network Services Tariff; and
- (d) Granting such further relief as the Commission deems appropriate.

30^{are}
~~25~~
Respectfully submitted this 30 day of July 2003.

Qwest Corporation

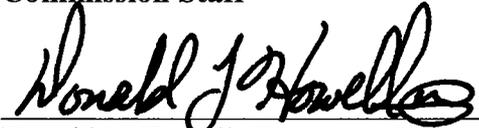


Mary S. Hobson
Curtis D. McKenzie
Stoel Rives LLP

Adam L. Sherr
Qwest

Attorneys for Qwest Corporation

Commission Staff



Donald L. Howell, II
Deputy Attorney General

Attorney for the Commission Staff

CERTIFICATE OF SERVICE

I hereby certify that on this 30th day of July, 2003, I served **JOINT APPLICATION OF QWEST CORPORATION AND COMMISSION STAFF** as follows:

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Brandi L. Gearhart, PLS
Legal Secretary to Mary S. Hobson
Stoel Rives LLP

EXHIBIT "A"

**Qwest Corporation
Basic Local Exchange
Tariff**

SECTION 1
Page 8
Release 2
Effective: }

SOUTHERN IDAHO
Issued: {

1. APPLICATION AND REFERENCE

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| 9.1.17 | 1 | CENTREX 21 SERVICE |
| SECTION 10. MISCELLANEOUS SERVICE OFFERINGS | | |
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| 10.4.5 | 3 | PAY PER CALL RESTRICTION |
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**Qwest Corporation
Basic Local Exchange
Tariff**

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Effective: }

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Issued: {

1. APPLICATION AND REFERENCE

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**Qwest Corporation
Basic Local Exchange
Tariff**

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Effective: }

SOUTHERN IDAHO
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10. MISCELLANEOUS SERVICE OFFERINGS

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Qwest Corporation
Basic Local Exchange
Tariff

SECTION 10
Page 1
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Effective: }

SOUTHERN IDAHO
Issued: {

10. MISCELLANEOUS SERVICE OFFERINGS

10.4 SCREENING/RESTRICTION SERVICES

10.4.4 TOLL RESTRICTION SERVICE

(M)
(N)

A. Description

1. Toll Restriction Service (TRS) prevents access to the network when one of the following types of calls is attempted:
 - 1+IntraLATA
 - 1+InterLATA
 - 011+
 - 101XXXX1+, 101XXXX011+, 101XXXX01+, 101XXXX0+
 - 1+900, 1+976, 0+900, 0+976
 - 0, 0+, 00+, 01+
 - 1+555-1212, 0+555-1212, 1+NPA+555-1212, 0+NPA+555-1212, 0+411
 - *U S WEST COMPLETE-A-CALL*

When a restricted call is attempted, the caller will hear a pre-recorded announcement indicating that the call cannot be completed.

2. TRS does not block: local calls; calls to 800 and 888-type toll services; calls to 950 numbers, telephone repair service or 911 emergency services, and 555-1212, 411 and 1-411.

B. Terms and Conditions

1. TRS is not available with Pay Per Call Restriction, which blocks calls to 900 and 976 type services offered by Information Providers.
2. TRS is not available on multiparty lines.
3. TRS may be bypassed by some long distance carriers, who do not access a billing validation system.
4. TRS is designed to prevent certain types of calls from being completed. However, this service will not prevent all toll charges that may be billed to a customer's account. Provision of TRS does not alleviate the customer's responsibility for payment of completed toll calls charged to their line.
5. TRS will be placed on the customer's line(s) by the date the service order is due.
6. Toll Restriction will be provided at no charge to qualifying Telephone Assistance Program customers.

(N)

(M) Material moved to Page 3.

ADVICE NO. 2003-XX-S

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**Qwest Corporation
Basic Local Exchange
Tariff**

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Issued: {

10. MISCELLANEOUS SERVICE OFFERINGS

10.4 SCREENING/RESTRICTION SERVICES

10.4.4 TOLL RESTRICTION SERVICE (Cont'd)

C. Rates and Charges

Rates and charges for this service are in addition to the rates and charges for the class, type and grade of service furnished.

| | USOC | NONRECURRING CHARGE | MONTHLY RATE |
|--|------|------------------------|-----------------|
| • Business [1] | | | |
| - Each individual line or trunk equipped | RTY | \$13.50 | \$2.00 |
| • Residence | | | |
| - Each individual line equipped | RTY | - | 0.75 |

(N)

(N)

[1] Customers subscribing to multi-line business service with more than five lines should see the Exchange and Network Services catalog for rates.

(N)
(N)

ADVICE NO. 2003-xx-S

**Qwest Corporation
Basic Local Exchange
Tariff**

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10. MISCELLANEOUS SERVICE OFFERINGS

10.4 SCREENING/RESTRICTION SERVICES (Cont'd)

(T)(M)

10.4.5 PAY PER CALL RESTRICTION

A. Description

Pay Per Call Restriction prevents calls made from individual residence and business access lines from reaching information services (for example, those reached by dialing 900).

B. Terms and Conditions

Pay Per Call Restriction is offered to:

- Single party service
- PBX trunk
- *CENTRON* service

C. Rates and Charges

| | USOC | NON- RECURRING CHARGE | MONTHLY RATE |
|---|-------------|--------------------------------------|-------------------------|
| • Per line | | | |
| - Initial installation | RTVX9 | — | — |
| - Subsequent installation on same line | RTVX9 | \$13.50 | — |

(M)

(M) Material moved from Page 1.

EXHIBIT "B"

**Qwest Corporation
Exchange and Network
Services Catalog**

SECTION 10
Page 8
Release 2
Effective: }

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Issued: {

10. MISCELLANEOUS SERVICE OFFERINGS

10.4 SCREENING/RESTRICTION SERVICES
10.4.4 TOLL RESTRICTION SERVICE (Cont'd)

C. Rates and Charges

Rates and charges for this service are in addition to the rates and charges for the class, type and grade of service furnished.

| | USOC | NONRECURRING CHARGE | MONTHLY RATE |
|--|-------------|--------------------------------|-------------------------|
| • Business | | | |
| - Each individual line or trunk equipped | RTY | \$13.50 | \$2.00 (I) |

(D)

(D)

NOTICE
THE INFORMATION CONTAINED IN THIS DOCUMENT IS SUBJECT TO CHANGE.

EXHIBIT "C"

**Qwest Corporation
Exchange and Network
Services Tariff**

SECTION 10
Page 5
Release 3
Effective: }

NORTHERN IDAHO
Issued: {

10. MISCELLANEOUS SERVICE OFFERINGS

10.4 SCREENING/RESTRICTION SERVICES (Cont'd)

10.4.4 TOLL RESTRICTION

A. Description

Toll Restriction prevents access to the toll network, including access to 900 type toll services. COMPLETE-A-CALL is not available on a toll restricted line. When customers dial "0" or "1" from a restricted line the call will be diverted to a Company-provided intercept announcement.

B. Terms and Conditions

1. Provision of Toll Restriction Service does not alleviate customer's responsibility for completed toll calls.
2. Toll Restriction will be provided at no charge to qualifying Telephone Assistance Program customers.

C. Rates and Charges

Rates and charges for this service are in addition to the rates and charges for the class, type and grade of service furnished.

| | USOC | NONRECURRING CHARGE | MONTHLY RATE |
|--------------------------------|-------------|--------------------------------|-------------------------|
| • Business, per line/PBX Trunk | RTY | \$13.50 (R) | \$2.00 (I) |
| • Residence, per line | RTY | – (R) | 0.75 (I) |

EXHIBIT "D"



QWEST, PUC STAFF PROPOSE CHANGES TO RATE AND TERMS FOR QWEST TOLL RESTRICTION SERVICE

BOISE, July 30, 2003 – Qwest Communications International Inc. (NYSE:Q) and the staff of the Idaho Public Utilities Commission (IPUC) today jointly filed an application regarding the regulation of Qwest's toll restriction service. If approved, the IPUC would have ongoing regulatory oversight of toll restriction, while allowing Qwest the ability to adjust the monthly charges for the service. Toll restriction is an optional service that allows customers to restrict toll calls from being placed on their phone lines.

Under the joint proposal, the price of toll restriction will be set at \$0.75 per month for residence lines and \$2.00 per month for business lines. Any future changes to the rates would again require approval from the IPUC.

The agreement also establishes the same price for the service in Qwest's southern and northern Idaho operations. As part of the joint filing, Qwest will eliminate the one-time charge for toll restriction service for residence customers. The proposed Idaho residence monthly rate is the lowest of the 12 states where Qwest charges a fee for toll restriction service.

The proposed increase in the monthly charge for toll restriction would be partially offset by reductions in the one-time charge to establish the service. Qwest will no longer charge one-time fees to establish toll restriction service for residential customers, and the one-time fee for business customers will be reduced from \$24.00 to \$13.50. In addition, Qwest recently made an investment of over \$7 million in a new central office switching center in Lewiston for which it has not sought recovery through an increase in local service rates.

The financial impact of this joint application will be less than one-tenth of one percent increase to Qwest's current annual revenues in Idaho.

Toll Restriction Rate Changes

| | Residence | | Business | |
|----------|-----------|--------|----------|---------|
| | Old | New | Old | New |
| Monthly | \$0.25 | \$0.75 | \$1.00 | \$2.00 |
| One Time | \$24.00 | \$0 | \$24.00 | \$13.50 |

Customers who receive support from the Idaho Telecommunications Service Assistance Program are not charged for toll restriction service.

Qwest hopes to have an IPUC decision on the application within the next 60 days. The company is sending an individual notice to all current toll restriction customers of the pending application and the proposed new rates and terms.

The company's application is a proposal which is subject to public review and an IPUC decision. A copy of the company's application is available at the offices of the Company and the IPUC and may be reviewed on the IPUC's state website.

About Qwest

Qwest Communications International Inc. (NYSE: Q) is a leading provider of voice, video and data services to more than 25 million customers. The company's 50,000 employees are committed to the "Spirit of Service" and providing world-class services that exceed customers' expectations for quality, value and reliability. For more information, please visit the Qwest Web site at www.qwest.com.

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This release may contain projections and other forward-looking statements that involve risks and uncertainties. These statements may differ materially from actual future events or results. Readers are referred to the documents filed by us with the Securities and Exchange Commission, specifically the most recent reports which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements, including but not limited to: unanticipated delays in completing the process of our restatement of historical financial statements and related audits; the duration and extent of the current economic downturn in our 14-state local service area, including its effect on our customers and suppliers; the effects of our anticipated restatement of historical financial statements including delays in or restrictions on our ability to access the capital markets or other adverse effects to our business and financial position; our substantial indebtedness, and our inability to complete any efforts to delever our balance sheet through asset sales or other transactions; any adverse outcome of the SEC's current investigation into our accounting policies, practices and procedures and certain transactions; any adverse outcome of the current investigation by the U.S. Attorney's office in Denver into certain matters relating to us; adverse results of increased review and scrutiny by Congress, regulatory authorities, media and others (including any internal analyses) of financial reporting issues and practices or otherwise; the failure of our chief executive and chief financial officers to provide certain certifications relating to certain public filings; delays in making required public filings with the SEC; rapid and significant changes in technology and markets; any adverse developments in commercial disputes or legal proceedings, including any adverse outcome of current or future legal proceedings related to matters that are the subject of governmental investigations, and, to the extent not covered by insurance, if any, our inability to satisfy any resulting obligations from funds available to us, if any; our future ability to provide interLATA services within our 14-state local service area; potential fluctuations in quarterly results; volatility of our stock price; intense competition in the markets in which we compete, including the likelihood of certain of our competitors emerging from bankruptcy court protection or otherwise reorganizing their capital structure and competing effectively against us; changes in demand for our products and services; dependence on new product development and acceleration of the deployment of advanced new services, such as broadband data, wireless and video services, which could require substantial expenditure of financial and other resources in excess of contemplated levels; higher than anticipated employee levels, capital expenditures and operating expenses; adverse changes in the regulatory or legislative environment affecting our business; and changes in the outcome of future events from the assumed outcome included in our significant accounting policies.

The information contained in this release is a statement of Qwest's present intention, belief or expectation and is based upon, among other things, the existing regulatory environment, industry conditions, market conditions and prices, the economy in general and Qwest's assumptions. Qwest may change its intention, belief or expectation, at any time and without notice, based upon any changes in such factors, in Qwest's assumptions or otherwise. The cautionary statements contained or referred to in this release should be considered in connection with any subsequent written or oral forward-looking statements that Qwest or persons acting on its behalf may issue. This release may include analysts' estimates and other information prepared by third parties for which Qwest assumes no responsibility.

Qwest undertakes no obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

By including any information in this release, Qwest does not necessarily acknowledge that disclosure of such information is required by applicable law or that the information is material.

The Qwest logo is a registered trademark of, and CyberCenter is a service mark of, Qwest Communications International Inc. in the U.S. and certain other countries.

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QWEST, PUC STAFF PROPOSE CHANGES TO RATE AND TERMS FOR QWEST TOLL RESTRICTION SERVICE

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Under the joint proposal, the price of toll restriction will be set at \$0.75 per month for residence lines and \$2.00 per month for business lines. Any future changes to the rates would again require approval from the IPUC.

The agreement also establishes the same price for the service in Qwest’s southern and northern Idaho operations. As part of the joint filing, Qwest will eliminate the one-time charge for toll restriction service for residence customers. The proposed Idaho residence monthly rate is the lowest of the 11 states where Qwest charges a fee for toll restriction service.

The proposed increase in the monthly charge for toll restriction would be partially offset by reductions in the one-time charge to establish the service. Qwest will no longer charge one-time fees to establish toll restriction service for residential customers.

The financial impact of this joint application will be less than two-tenths of one percent increase to Qwest’s current annual revenues in Idaho.

Toll Restriction Rate Changes

| | Residence | | Business | |
|----------|-----------|--------|----------|---------|
| | Old | New | Old | New |
| Monthly | \$0.25 | \$0.75 | \$1.00 | \$2.00 |
| One Time | \$13.50 | \$0 | \$13.50 | \$13.50 |

Customers who receive support from the Idaho Telecommunications Service Assistance Program are not charged for toll restriction service.

Qwest hopes to have an IPUC decision on the application within the next 60 days. The company is sending an individual notice of the pending application and the proposed new rates and terms to all current toll restriction customers..

The company's application is a proposal that is subject to public review and an IPUC decision. A copy of the company's application is available at Qwest offices and the IPUC and may be reviewed on the IPUC's state website.

About Qwest

Qwest Communications International Inc. (NYSE: Q) is a leading provider of voice, video and data services to more than 25 million customers. The company's 50,000 employees are committed to the "Spirit of Service" and providing world-class services that exceed customers' expectations for quality, value and reliability. For more information, please visit the Qwest Web site at www.qwest.com.

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This release may contain projections and other forward-looking statements that involve risks and uncertainties. These statements may differ materially from actual future events or results. Readers are referred to the documents filed by us with the Securities and Exchange Commission, specifically the most recent reports which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements, including but not limited to: unanticipated delays in completing the process of our restatement of historical financial statements and related audits; the duration and extent of the current economic downturn in our 14-state local service area, including its effect on our customers and suppliers; the effects of our anticipated restatement of historical financial statements including delays in or restrictions on our ability to access the capital markets or other adverse effects to our business and financial position; our substantial indebtedness, and our inability to complete any efforts to deliver our balance sheet through asset sales or other transactions; any adverse outcome of the SEC's current investigation into our accounting policies, practices and procedures and certain transactions; any adverse outcome of the current investigation by the U.S. Attorney's office in Denver into certain matters relating to us; adverse results of increased review and scrutiny by Congress, regulatory authorities, media and others (including any internal analyses) of financial reporting issues and practices or otherwise; the failure of our chief executive and chief financial officers to provide certain certifications relating to certain public filings; delays in making required public filings with the SEC; rapid and significant changes in technology and markets; any adverse developments in commercial disputes or legal proceedings, including any adverse outcome of current or future legal proceedings related to matters that are the subject of governmental investigations, and, to the extent not covered by insurance, if any, our inability to satisfy any resulting obligations from funds available to us, if any; our future ability to provide interLATA services within our 14-state local service area; potential fluctuations in quarterly results; volatility of our stock price; intense competition in the markets in which we compete, including the likelihood of certain of our competitors emerging from bankruptcy court protection or otherwise reorganizing their capital structure and competing effectively against us; changes in demand for our products and services; dependence on new product development and acceleration of the deployment of advanced new services, such as broadband data, wireless and video services, which could require substantial expenditure of financial and other resources in excess of contemplated levels; higher than anticipated employee levels, capital expenditures and operating expenses; adverse changes in the regulatory or legislative environment affecting our business; and changes in the outcome of future events from the assumed outcome included in our significant accounting policies.

The information contained in this release is a statement of Qwest's present intention, belief or expectation and is based upon, among other things, the existing regulatory environment, industry conditions, market conditions and prices, the economy in general and Qwest's assumptions. Qwest may change its intention, belief or expectation, at any time and without notice, based upon any changes in such factors, in Qwest's assumptions or otherwise. The cautionary statements contained or referred to in this release should be considered in connection with any subsequent written or oral forward-looking statements that Qwest or persons acting on its behalf may issue. This release may include analysts' estimates and other information prepared by third parties for which Qwest assumes no responsibility.

Qwest undertakes no obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

By including any information in this release, Qwest does not necessarily acknowledge that disclosure of such information is required by applicable law or that the information is material.

The Qwest logo is a registered trademark of, and CyberCenter is a service mark of, Qwest Communications International Inc. in the U.S. and certain other countries.

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Attorneys for Qwest Corporation

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION OF
QWEST CORPORATION AND THE
COMMISSION STAFF FOR APPROVAL OF
THE PARTIES' AGREEMENT REGARDING
TOLL RESTRICTION SERVICE IN QWEST'S
SOUTHERN AND NORTHERN IDAHO
SERVICE AREAS**

Case. No. QWE-T-03-15

**DECLARATION OF JOHN F. SOUBA IN
SUPPORT OF THE JOINT APPLICATION
OF QWEST CORPORATION AND THE
COMMISSION STAFF**

I, JOHN F. SOUBA, make this declaration based upon my personal knowledge. I am over the age of 18 and am otherwise competent to testify as to the matters set forth herein.

1. I joined Qwest Corporation (then known as "Mountain Bell" and subsequently as "U S WEST Communications"¹) in 1979 and have held a variety of management positions with the Company. Since 1988 I have been employed in the Policy and Law Department and I currently hold the position of lead Idaho Regulatory Affairs manager.

¹ For ease of reference I will refer to Qwest Corporation and its predecessors as "Qwest" or "the Company".

2. I became aware that the regulatory status of Qwest's service known as Toll Restriction was controversial during the Company's 1996 rate case.² At that time Qwest defended its position that Toll Restriction was not properly categorized as subject to the Commission's Title 61 jurisdiction. Qwest maintained that position through a motion for reconsideration of the Commission's rate case final order. Subsequently, the Company filed an appeal of the Commission's order which retained T61 (price-regulating) status of the service to the Idaho Supreme Court. The litigation over the issues related to Toll Restriction consumed a considerable amount of time and resources for both the Company and the Commission.

3. Qwest and the Commission Staff were ultimately able to reach a compromise on the Toll Restriction issues that was reflected in a filing in the rate case titled, "Fourth Stipulation and Settlement" which resolved the Supreme Court appeal. The agreement reached at that time represented a reasonable compromise and it was approved by the Commission. Nevertheless, the agreement only "put off" the ultimate questions about the regulatory status of Toll Restriction for a period of three years.

4. After the above-described agreement was reached, it came to the attention of Qwest and Staff that inadvertently the Company had not properly implemented the agreement that had been approved by the Commission. After working through the issues with Staff, the Company agreed to measures designed to correct billing errors and compensate affected customers. That arrangement also entailed an extension of the terms of the Fourth Stipulation and Settlement approved in Order No. 27785 through calendar year 2002. Once again, the ultimate resolution of the regulatory status of Toll Restriction in southern Idaho was put off for another day.

² *In the Matter of the Application of U S WEST Communications, Inc. for Authority to Increase Its Rates and Charges for Regulated Title 61 Services, Case No. USW-S-96-5.*

5. Since the end of calendar year 2002, Qwest has continued to operate as if the Fourth Stipulation and Settlement were still in effect as it worked with the Commission Staff to determine whether a more permanent solution to the Toll Restriction issues could be found. It was obvious to Qwest and the Staff that the matter has taken an inordinate amount of time and effort and demands a resolution.

6. Qwest has been concerned throughout this process about the level of the Toll Restriction monthly rates that were established by the Commission in Qwest's 1997 rate case. Although Qwest agreed to maintain those rates in the various stipulations that I described above, this has been a continuing issue of concern. The Toll Restriction rates in effect prior to the rate case were decreased by the rate case order and have not increased since 1998. Further, attached hereto as Attachment 1 is a chart showing the rate levels for Toll Restriction in Qwest's other twelve jurisdictions in which the service is offered for a charge. This chart demonstrates that the current Idaho Toll Restriction rates are very low compared with other states and that the rates proposed in the Joint Application are very reasonable as compared to these rate levels.

7. The agreement that is described in the Joint Application represents what Qwest hopes will be the final chapter in this long controversy. Qwest believes that the agreement is reasonable for a variety of reasons. First, Qwest agrees that Toll Restriction will be offered going forward as a Commission price-regulated service to Title 61 customers. This is a big concession on Qwest's part because it has long held the position that the service cannot be properly characterized as "basic local exchange service" and that it could not be "clawed back" under Idaho Code § 62-605(5) because it was not offered prior to the effective date of the statute. If this Commission approves the Joint Application and orders the relief requested by the parties, these issues will not have to be further litigated before the Commission or the courts.

8. Qwest also believes, as I have said, that the proposed rates are very reasonable although they do represent an increase to the monthly recurring rates for customers in both northern and southern Idaho. However, as Attachment 1 indicates the rates are still on the low end of the scale of rates throughout Qwest's territory. In addition, in northern Idaho the proposed rates include a decrease to the business line non-recurring charge of \$10.50. In addition, Qwest will waive the non-recurring charge for all residence customers who order Toll Restriction. Finally, in Northern Idaho, Qwest has not yet sought any recovery of a \$7 million investment in a new central office switching center in Lewiston. And, customers who qualify for the Idaho Telecommunications Service Assistance Program (ITSAP) will receive Toll Restriction without charge. These various measures were designed to assure that the most vulnerable residence customers are able to obtain Toll Restriction and use it, as long as they need it, at no charge in the case of ITSAP customers or at a very affordable rate for all others.

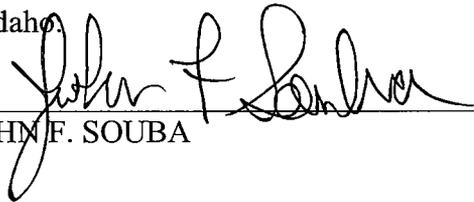
9. Qwest also supports the Joint Application because it will allow the Company to offer Toll Restriction under the same terms and conditions for all Idaho customers whether they are located in the northern or southern operating territories. This will help the Company and the Staff serve Idaho customers more efficiently and will serve to minimize customer confusion.

10. Qwest will issue individual customer notices to affected customers in both northern and southern Idaho advising them of the proposed rate changes. Presently there are about 35,500 customers in southern Idaho who use Toll Restriction and about 2,500 customers in northern Idaho. Copies of the Notices to existing Toll Restriction customers in northern and southern Idaho are attached to this Declaration as Attachments 2 and 3. These Notices will be sent within seven days of the date of the filing of the Joint Application.

11. Qwest believes that the solution offered in the Joint Application presents a reasonable and appropriate resolution of issues that have surrounded the provision of Toll Restriction in southern Idaho and, to a lesser extent northern Idaho for the last several years. Granting the relief requested by the Joint Application will allow the Company and Staff to focus on other issues and avoid the further expenditure of time and expense on this issue.

I declare the foregoing to be true under penalty of perjury and in accordance with the laws of the State of Idaho.

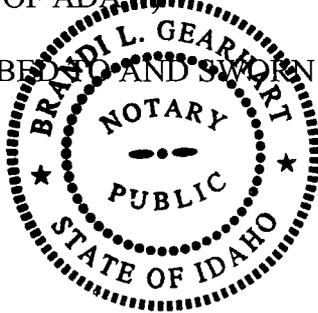
DATED this 30th day of July, 2003, at Boise, Idaho.

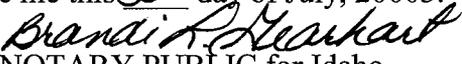


JOHN F. SOUBA

STATE OF IDAHO)
) ss.
COUNTY OF ADA)

SUBSCRIBED AND SWORN TO before me this 30th day of July, 20003.




NOTARY PUBLIC for Idaho
Residing at Middleton, ID
My commission expires: 9/4/07

ATTACHMENT 1

**TOLL RESTRICTION
STATE RATES**

| STATE | USOC | Res Mo. Rate | Res NRC | Bus Mo. Rate | Bus NRC |
|--|-------------|---------------------|--|-------------------------|------------------------------------|
| Colorado E&NS Tariff & Price List 10.4.4 | RTY | 2.00 | 6.00 | 5.00 | 20.00 |
| Idaho No. E&NS Tariff 10.4.4 | RTY | .25 | 24.00 | 1.00 | 24.00 |
| Idaho – So. E&NS Catalog 10.4.4 | RTY | .25 | No NRC on main line; 13.50 applies on add'l lines and 1 chrg p/order | 1.00 | 13.50 |
| Iowa E&NS Tariff 10.4.4 | KX9 | 1.94 | Low NRSC applies 13.00 | 4.41 | 29.10 plus low NRSC 22.00 |
| Montana E&NS Tariff 10.4.4 | RTY | 2.00 | No Charge | 5.00 | 27.50 |
| Nebraska E&NS Catalog 10.4.4 | KX9 | 2.00 | 12.50 | 2.00 | 27.50 |
| New Mexico E&NS Tariff 10.4.4 | RTY | 1.00 | No Charge | 3.50 | 17.00 |
| No. Dakota E&NS Price Schedule 10.4.4 | KX9 | .85 | NRSC applies curr rate 12.26 | .85 | 33.75 plus NRSC curr rate 17.61 |
| Oregon E&NS Tariff 10.4.4 | RTY | 2.00 | No Charge | 2.00 | 24.00 |
| South Dakota E&NS Catalog 10.4.4 | KX9 | 3.00 | 25.00 | 3.00 | 25.00 |
| Utah * E&NS Tariff 10.4.4 | RTY | 1.86 | No Charge | 2.88 3.00 for zone C | 26.40 27.50 for zone C |
| Washington E&NS Tariff 10.4.4 (price list for bus) | RTY | 2.00 | No Charge | 2.00 | 24.00 |
| Wyoming E&NS Price Schedule 10.4.4 | RTY | 5.00 | 27.50 | 5.00 | 27.50 |

Note: Telephone Assistance Plan qualified customers are provided Long Distance Restriction at no charge.

* Utah business- \$3.00 mo. rate and \$27.50 NRC in Competitive Zone

ATTACHMENT 2

**Your Qwest Information Update:
For Idaho Business Customers**

At Qwest, we make every effort to keep you well informed about any changes in your products, rates and services. Recently, Qwest has filed a proposal with the Idaho Public Utilities Commission (IPUC) to change the rate for Toll Restriction Service for Qwest Business Customers in Idaho. If approved, your rate would change as of October 1, 2003.

| | |
|------------------------------|---------------|
| Current Monthly Rate | \$1.00 |
| Proposed Monthly Rate | \$2.00 |

The impact of this rate change will be less than two tenths of one percent increase to Qwest's annual regulated revenues.

Qwest's application is a proposal, which is subject to public review and an IPUC decision. A copy of the application is available at the offices of Qwest and the IPUC or may be viewed on the IPUC's website- www.puc.state.id.us.

If you have any questions, please call the number at the top of the first page of your monthly phone bill, or call 1-800-603-6000. One of our representatives will be happy to help you.

ATTACHMENT 3

**Your Qwest Information Update:
For Idaho Residential Customers**

At Qwest, we make every effort to keep you well informed about any changes in your products, rates and services. Recently, Qwest has filed a proposal with the Idaho Public Utilities Commission (IPUC) to change the rate for Toll Restriction Service for Qwest Residential Customers in Idaho. If approved, your rate would change as of October 1, 2003.

| | |
|------------------------------|--------------|
| Current Monthly Rate | \$.25 |
| Proposed Monthly Rate | \$.75 |

The impact of this rate change will be less than two tenths of one percent increase to Qwest's annual regulated revenues.

Qwest's application is a proposal, which is subject to public review and an IPUC decision. A copy of the application is available at the offices of Qwest and the IPUC or may be viewed on the IPUC's website- www.puc.state.id.us.

If you have any questions, please call the number at the top of the first page of your monthly phone bill, or call 1-800-244-1111. One of our representatives will be happy to help you.

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION OF
QWEST CORPORATION AND THE
COMMISSION STAFF FOR APPROVAL OF
THE PARTIES' AGREEMENT REGARDING
TOLL RESTRICTION SERVICE IN QWEST'S
SOUTHERN AND NORTHERN IDAHO
SERVICE AREAS**

CASE. NO. QWE-T-03-15

**DECLARATION OF BEVERLY A. BARKER
IN SUPPORT OF THE JOINT APPLICATION
OF QWEST CORPORATION AND THE
COMMISSION STAFF**

I, BEVERLY A. BARKER, make this declaration based upon my personal knowledge. I am over the age of 18 and am otherwise competent to testify as to the matters set forth herein.

I declare the foregoing to be true under penalty of perjury and in accordance with the laws of the State of Idaho.

1. Historically, Staff has advocated that Toll Restriction Service should be subject to the Commission's rate setting authority found in Title 61. Without repeating all of the arguments raised in support of its position in past proceedings, Staff notes that its primary goal was to promote universal service by preserving the means by which customers could obtain and maintain affordable local exchange service. Toll Restriction Service allows customers the option of obtaining local exchange service without payment of a deposit. It also allows customers to obtain or retain local exchange service while making payments on past due or prior bills. Customers also may choose Toll Restriction Service as a way to limit or prevent toll calls from being placed, providing the customer a greater degree of control over the amount, and therefore, the affordability, of their bills.

2. As proposed by Staff and the Company, placing Toll Restriction Service for business customers with 5 or fewer lines and residential customers under Title 61 in both northern and southern Idaho provides customers the assurance of full regulatory oversight by the Commission with respect to the rates, terms and conditions of service. Further, the regulatory certainty created by the Commission's adoption of the agreement as proposed will allow both the Staff and Company to move forward in addressing other matters of concern without the specter of this unresolved issue. Moreover, Staff believes that the proposal is consistent with past Commission action. In Case No. GNR-T-98-7, Order No. 27715, the Commission designated "toll limitation" as one of the nine core services for basic local exchange service for the purpose of receiving Telecommunications Universal Service funds.

3. The Joint Application also proposes regulatory consistency between Qwest's two service territories in Idaho. From an administrative standpoint, the current lack of consistency is difficult to explain to customers. The same service, offered by the same Company, is offered at the same monthly rates, but with different non-recurring set-up charges depending on where the customer lives. Staff is not aware of any cost basis for this variance. Staff agrees with the Company that the charges, terms and conditions should be the same for both northern and southern Idaho.

4. Staff views the reduction in non-recurring charges in northern Idaho from \$24 to \$13.50 for business customers and the elimination of non-recurring charges for residential customers in both northern and southern Idaho to be a substantial benefit. This action will lower the cost that northern Idaho customers who choose Toll Restriction Service will incur when establishing service, making telephone service more affordable.¹ It will particularly benefit payment-troubled customers, allowing them to retain service that might otherwise be subject to disconnection. In addition to benefiting individual customers, removing these potential barriers to obtaining or retaining local service will provide a public benefit by maximizing the number of customers on the public switched network.

¹ Currently, residential customers in northern Idaho are charged a \$24 non-recurring charge when setting up Toll Restriction in conjunction with new or existing local exchange service. In southern Idaho, the \$13.50 non-recurring charge is waived when Toll Restriction Service is set up at the time local exchange service is established initially for single line customers. However, the \$13.50 applies if the customer requests additional lines at the time of signing up for local exchange service or if Toll Restriction Service is requested at some time after local exchange service is initially established.

