BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES
Chairman
GARY PIERCE
Commissioner
PAUL NEWMAN
Commissioner
SANDRA D. KENNEDY
Commissioner
BOB STUMP
Commissioner

IN THE MATTER OF THE REVIEW AND POSSIBLE REVISION OF ARIZONA UNIVERSAL SERVICE FUND RULES, ARTICLE 12 OF THE ARIZONA ADMINISTRATIVE CODE

IN THE MATTER OF THE INVESTIGATION OF THE COST OF TELECOMMUNICATIONS ACCESS.

DOCKET NO. RT-00000H-97-0137

DOCKET NO. T-00000D-00-0672

NOTICE OF JOINT FILING

Qwest Corporation and Qwest Communications Company LLC jointly file the Rejoinder Testimony of Lisa Hensely Eckert and Peter Copeland, respectively.

Respectfully submitted this 5th day of March, 2010.

QWEST CORPORATION
QWEST COMMUNICATIONS COMPANY, LLC

By: Norman G. Curtright
20 East Thomas Road, 16th Floor
Phoenix, Arizona 85012
Telephone: (602) 630-2187
Fax: (602) 235-3107
Attorney for Qwest Communication & Qwest Communications Company, LLC
Original and 15 copies of the foregoing were filed this 5th day of March, 2010 with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

COPY of the foregoing mailed this 5th day of March, 2010 to:

Jane L. Rodda
Administrative Law Judge
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007
jrodda@cc.state.az.us

Janice M. Alward, Esq.
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007
jalward@azcc.gov

Michael W. Patten
Roshka DeWulf & Patten, PLC
400 E. Van Buren Street, Suite 800
Phoenix, AZ 85004
mpatten@rhd-law.com

Mark A. DiNunzio
Cox Arizona Telcom, LLC
MS: DV3-16, Bldg. C
1550 West Deer Valley Road
Phoenix, AZ 85027
Mark.dinunzio@cox.com

Steve Olea, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007
solea@cc.state.az.us

Maureen A. Scott, Esq.
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007
mscott@cc.state.az.us

Thomas Campbell
Michael Hallam
Lewis and Roca LLP
40 North Central Avenue
Phoenix, AZ 85004
Attorneys for Verizon
tcampbell@lrlaw.com
mhallam@lrlaw.com

Dan Pozefsky, Chief Counsel
Residential Utility Consumer Office (RUCO)
1110 West Washington Street, Suite 220
Phoenix, AZ 85007
dpozefsky@azruco.gov
1 Nathan Glazier  
Regional Manager  
Alltel Communications, Inc.  
4805 E. Thistle Landing Drive  
Phoenix, AZ 85044  
Nathan.glazier@alltel.com

2 Cathy Murray  
Manager, Regulatory Affairs  
Integra Telecom  
6160 Golden Hills Drive  
Golden Valley, MN 55416  
camurray@integratelecom.com

3 William A. Haas  
Deputy General Counsel  
McLeodUSA Telecommunications Services, Inc.  
6400 C Street SW  
Cedar Rapids, IA 52406  
whaas@mcleodusa.com

4 Bradley S. Carroll, Esq  
Snell & Wilmer LLP  
One Arizona Center  
400 East Van Buren Street  
Phoenix, AZ 85004-2202  
bcarroll@swlaw.com

5 Gary Joseph  
Arizona Payphone Association  
Sharenet Communications  
4633 West Polk Street  
Phoenix, AZ 85043  
gari@nationalbrands.com

6 Rex Knowles  
Executive Director – Regulatory  
XO Communications  
111 East Broadway, Suite 1000  
Salt Lake City, UT 84111  
Rex.knowles@xo.com

7 Isabelle Salgado  
AT&T Nevada  
645 E. Plumb Lane, B132  
P.O. Box 11010  
Reno, NV 89520

8 Greg L. Rogers  
Level 3 Communications, LLC  
1025 Eldorado Boulevard  
Broomfield, CO 80021

9 Mr. Paul Castaneda  
President, Local 7019  
Communication Workers of America  
2501 West Dunlap, Suite 103  
Phoenix, AZ 85021

10 Scott S. Wakefield  
Ridenour, Hienton & Lewis, P.L.L.C.  
201 N. Central Avenue, Suite 3300  
Phoenix, AZ 85004-1052
BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN MAYES
Chairman
GARY PIERCE
Commissioner
SANDRA KENNEDY
Commissioner
PAUL NEWMAN
Commissioner
BOB STUMP
Commissioner

IN THE MATTER OF THE REVIEW AND POSSIBLE REVISION OF ARIZONA UNIVERSAL SERVICE FUND RULES, ARTICLE 12 OF THE ARIZONA ADMINISTRATIVE CODE

IN THE MATTER OF THE INVESTIGATION OF THE COST OF TELECOMMUNICATIONS ACCESS

DOCKET NO. RT-00000H-0137

DOCKET NO. T-00000D-00-0672

REJOINDER TESTIMONY OF LISA HENSLEY ECKERT ON BEHALF OF QWEST CORPORATION

MARCH 5, 2010
REJOINDER TESTIMONY OF LISA HENSLEY ECKERT

TABLE OF CONTENTS

I. IDENTIFICATION OF WITNESS .................................................................................. 1
II. PURPOSE OF TESTIMONY ................................................................................... 1
III. INCLUSION OF QWEST IN THE SWITCHED ACCESS REDUCTIONS .......... 2
IV. SECRET ACCESS DEALS PROVIDE GUIDANCE TO THE COMMISSION ........................................................................................... 4
V. CLEC RESISTENCE TO ACCESS REFORM .......................................................... 6
VI. SUMMARY OF TESTIMONY .................................................................................. 8
I. IDENTIFICATION OF WITNESS

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION WITH QWEST CORPORATION.
A. My name is Lisa Hensley Eckert. My business address is 1801 California Street 47th floor, Denver, Colorado, and I am currently employed by Qwest Corporation ("Qwest") as Director of Intercarrier Compensation in the Public Policy department.

Q. DID YOU FILE DIRECT AND REPLY TESTIMONY IN THIS CASE?
A. Yes.

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?
A. I am responding to the testimony of AT&T and the Joint CLECs. AT&T continues to argue that despite the history of access rates in Arizona, Qwest rates should also be reduced, in spite of the fact that this phase of the docket was to focus on the access rates of Rural ILECs and CLECs. AT&T also claims that the rates it negotiated in numerous unfiled secret agreements with CLECS are not dispositive of a reasonable rate for purposes of this proceeding. The Joint CLECs continue to rationalize the excessive rates which they charge.
III. INCLUSION OF QWEST IN THE SWITCHED ACCESS REDUCTIONS

Q. AT&T ARGUES THAT QWEST ACCESS RATES SHOULD BE INCLUDED IN THE REDUCTIONS FOR OTHER LECS. SPECIFICALLY, THEY CLAIM THAT A UNIFORM RATE IS BAD POLICY AND THAT QWEST IS ENGAGING IN "NOT IN MY BACK YARD" BEHAVIOR. WHAT IS YOUR REACTION?

A. First, just because AT&T doesn’t agree with something doesn’t make it de facto bad policy. Secondly, Qwest’s proposal brings the CLECs in line with the current Qwest rates, which, with the rural ILECs, are the actual parties subject to this docket. AT&T itself previously argued for the very bifurcation that they are now arguing against. The other parties which support Qwest’s position—Staff, Verizon, and ALECA—all agree that switched access reform is best addressed by bringing the previously bifurcated LECs into line with the Qwest reforms before moving further.

Q. BOTH AT&T WITNESSES ARGUE THAT UNLIKE AT&T, QWEST ACCESS RATES ARE GENERALLY HIGH. BECAUSE OF THIS, QWEST ACCESS RATES SHOULD BE LOWERED. DO YOU AGREE?

A. No, this is a naïve assertion, which does not take into account the lack of a revenue neutral offset. Qwest has long advocated that intrastate access rates should go to interstate rates, if done in a revenue neutral manner through local rate increases. AT&T was given a quid pro quo in the form of regulatory approvals it was seeking in various areas of its operations or local rate increases when lowering its access rates as a result of prior merger activities, and therefore was able to make access rate changes to an entire region. Qwest does not have the same ability in all states, but where it has been allowed a revenue neutral offset with
local rate increases, Qwest has reduced switched access rates. Secondly, not all AT&T
RBOC locations are set at interstate rates. To claim otherwise is simply not true.

Q. DR. ARON CLAIMS THAT MATCHING THE ILEC RATES WOULD NOT MIRROR THE FCC MANDATE. DO YOU AGREE?

A. No. The FCC clearly stated that CLECs were to mirror the already existing interstate access rates of the LEC with whom they compete. Nowhere did the FCC say that any LECs must mirror the intrastate rates with the interstate rates. The FCC clearly has jurisdiction over the interstate rates but not over intrastate rates.

Q. WOULD YOU REITERATE QWEST'S POSITION?

A. Qwest's position is that reductions in the switched access rates of CLECs and rural ILECs are long overdue. Qwest has repeatedly reduced switched access rates in Arizona, which has caused competitive distortions whereby CLECs have been able to use switched access rates to subsidize local rates, thereby allowing them to charge lower rates for local service, and gain an unfair advantage in the market place. Secondly, Qwest's position on arbitrage is the result of various kinds of disputes, of which traffic pumping is one type of dispute. Qwest believes that the most efficient way to deal with the arbitrage issues is for other LECs to reduce their rates to a single uniform Intrastate rate. This positions the states to deal with any future regulatory changes -either at the state level or at the FCC- from a level playing field.
IV. SECRET ACCESS DEALS PROVIDE GUIDANCE TO THE COMMISSION

Q. DR. ARON HAS CLAIMED THAT SHE CANNOT VALIDATE QWEST'S ARGUMENT THAT THE NEGOTIATED RATES ARE IN FACT THE RBOC RATES. NONETHELESS, SHE CLAIMS THAT THE FACT THAT COMPANIES NEGOTIATED A MARKET RATE IS NOT DISPOSITIVE OF A REASONABLE RATE. DO YOU AGREE?

A. No. Many of the agreements provided were specifically AT&T agreements with a number of CLECs. BEGIN CONFIDENTIAL

Redacted

CONFIDENTIAL¹ For most of Arizona, and certainly for the largest population centers, that ILEC is Qwest.

Dr. Aron says that the agreements are immaterial, since the agreement rates merely reflect negotiations, and that the IXCs had limited recourse with the market power of the CLECs. The reverse is actually true. AT&T bargained with CLECs for lower rates than the CLECs' tariffs provided for, demonstrating that AT&T had significant bargaining power. AT&T used that power to gain lower switched access rates for themselves. At the same time AT&T was negotiating these secret rates with CLECs they were aggressively pursuing regulatorily-compelled reductions of Qwest access rates, which were reduced in 2001, 2002, 2003, and 2006. The first CLEC agreement AT&T entered into in Arizona appears

¹ See Highly Confidential Exhibit LHE-3 for the unredacted information.
For CLECs, however, until the comparatively recent revival of interest in this docket, AT&T has forgone regulatory action to lower CLEC switched access rates. AT&T’s failure to press for further reductions by way of regulatory action shows that AT&T’s contracted rates were, and are, at a fair and reasonable level. Further, as I pointed out in my earlier testimony, the fact that these were negotiated rates is highly probative of what AT&T was willing to accept as a fair and reasonable rate.

I have previously testified that

**BEGIN HIGHLY CONFIDENTIAL**

Redacted

**END HIGHLY CONFIDENTIAL**

This language is typical of the agreements. Inasmuch as AT&T’s witness has essentially disavowed those agreements, it is necessary to include them here. I have attached those **BEGIN HIGHLY CONFIDENTIAL** **END HIGHLY CONFIDENTIAL** agreements as Highly Confidential Exhibit LHE-4 to my testimony. These agreements were produced by AT&T pursuant to Qwest’s subpoena. I direct the Commission’s attention, specifically to Schedule A of those agreements. Included in Highly Confidential Exhibit LHE-4 are agreements between A&T and the following CLECs:

---

2 ibid
3 ibid
4 ibid
5 Copies of Highly Confidential Exhibits LHE-3 and LHE-4 have been provided under separate cover to all parties who have signed the protective agreement in this docket.
As I noted in my Direct testimony filed previously, of all the secret access agreements AT&T entered into, the most commonly stated rate conforms to the ILEC rate.

V. CLEC RESISTENCE TO ACCESS REFORM

Q. MR. DENNEY, ON BEHALF OF THE JOINT CLECS, CLAIMS THAT ONLY TERMINATING ACCESS IS A MONOPOLY SERVICE, AND THEREFORE ONLY TERMINATING ACCESS SHOULD BE SUBJECT TO REFORM. DO YOU AGREE?

A. No. First, this supposition ignores that the true cost causers for both terminating and originating access are the end user customers. No call takes place until an end user picks up the telephone and places a call, and that the call is not completed until the called party picks up the phone and the completes the call. The IXC is chosen by the originating end user, not the other way around. Secondly, the FCC, in the 7th and 8th report and order

---

6 See Highly Confidential Exhibit LHE-3 for the unredacted information.
does not make a distinction between originating and terminating access, and in fact the 7th
report and order specifically addresses both as monopoly services.

Given the unique nature of the market in which the IXCs purchase CLEC access, however, we conclude that it is necessary to constrain the extent to which CLECs can exercise their monopoly power and recover an excessive share of their costs from their IXC access customers – and, through them, the long distance market generally. On the other hand, we continue to abstain entirely from regulating the market in which end-user customers purchase access service. Accordingly, CLECs remain free to recover from their end users any greater costs that they incur in providing either originating or terminating access services.7

Mr. Denny claims that IXCs could choose not to serve CLEC end users customers because CLECs access rates are excessive by competing for the local customer themselves so that the CLEC will lose the customer.8 That argument misses the point entirely, and proceeds on the dubious legal and public policy premise that CLEC customers may be isolated from the benefits of competitive long distance service. The suggestion that IXCs could charge different rates to the customers of CLECs is contrary to the FCC rate averaging and integration rules9 under which IXCs must price to end users. Therefore, the next solution for IXCs would be to choose not to serve CLEC end user customers in any given state because the CLEC has excessive access rates means that CLEC customers could be without any choice of long distance carrier. If an IXC did refuse to accept a long distance customer of a CLEC, I am certain that the CLEC would claim that the IXC was discriminating against it and would file a complaint against the IXC. They cannot have it both ways. The

---

7 In the Matter of Access Charge Reform; Reform of Access Charges Imposed by Competitive Local Exchange Carriers, CC Docket No. 96-262, Seventh Report and Order and Further Notice of Proposed Rulemaking, 16 FCC Rcd 9923, 9941-49 ¶ 38 (2001)
8 See Reply Testimony of Doug Denney on Behalf of Joint CLECs, pages 12-14.
9 Geographic Rate Averaging and Rate Integration 47 C.F.R. Sec. 64.1801
important point, which Mr. Denny's argument overlooks, is that every call originating from 
a CLEC end user must necessarily pass through the CLEC's gateway to the rest of the 
world—a gateway that the CLEC owns and controls.

Q. THE 1999 QWEST RATES ARE PROPOSED BY MR. DENNEY AS THE 
APPROPRIATE RATE LEVEL FOR CLEC ACCESS RATES TO BE 
BENCHMARKED. HOW DO YOU RESPOND?
A. 10 year old rates are not appropriate. The competition in the market place is taking place 
today, not 10 years ago. Since that time, the FCC has regulated CLEC switched access 
rates, local competition has increased, and the ability of CLECs to use access rates as a 
means to gain an unfair advantage in the market place has become clear. It is not 
appropriate to allow the distortions in the market place to continue.

Q. MR. DENNEY ADDRESSES FEDERAL RATE STRUCTURE AND SLCS. IS 
THAT APPROPRIATE IN AN INTRASTATE ACCESS DOCKET?
A. No. It is particularly not appropriate when discussing a rate which "could have been" if the 
SLC were converted to a per minute of use basis. Aside from that, the CLECs should be 
allowed to recover a reduction in access rates through a local rate increase, which would 
end up with the same result as a SLC, but without the implementation costs.

VI. SUMMARY OF TESTIMONY

Q. WOULD YOU SUMMARIZE YOUR TESTIMONY?
A. Qwest supports the positions of Staff, Verizon, and ALECA regarding switched access 
reform, in that the Rural and CLEC switched intrastate access rates should be reduced to
the level of Qwest current switched access rates and that such reduction should be
recovered primarily through local rate increases. Accomplishing that objective will be a
monumental achievement. Once the rates of the other LECs are in line with Qwest rates,
future switched access reductions should include all LECs going forward so that no single
LEC is competitively disadvantaged.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?
A. Yes.
Lisa Hensley Eckert, of lawful age being first duly sworn, deposes and states:

1. My name is Lisa Hensley Eckert. I am Staff Director Public Policy for Qwest Corporation in Denver, Colorado. I have caused to be filed written Rejoinder Testimony in Docket Nos. RT-00000H-97-0137 and T-00000D-00-0672.

2. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.

Further affiant sayeth not.

Lisa Hensley Eckert

SUBSCRIBED AND SWORN to before me this 1 day of March, 2010.

Catherine Hansen
Notary Public

My Commission Expires: 7/15/2012
BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN MAYES
   Chairman
GARY PIERCE
   Commissioner
SANDRA KENNEDY
   Commissioner
PAUL NEWMAN
   Commissioner
BOB STUMP
   Commissioner

IN THE MATTER OF THE REVIEW AND
POSSIBLE REVISION OF ARIZONA
UNIVERSAL SERVICE FUND RULES,
ARTICLE 12 OF THE ARIZONA
ADMINISTRATIVE CODE

IN THE MATTER OF THE INVESTIGATION
OF THE COST OF TELECOMMUNICATIONS
ACCESS

DOCKET NO. RT-00000H-97-0137

DOCKET NO. T-00000D-00-0672

REJOINDER TESTIMONY

OF

PETER B. COPELAND

ON BEHALF OF

QWEST CORPORATION

MARCH 5, 2010
REJOINDER TESTIMONY OF PETER B. COPELAND

TABLE OF CONTENTS

I. IDENTIFICATION OF WITNESS.............................................................. 1
II. PURPOSE OF TESTIMONY................................................................. 1
III. QWEST'S RECEIPT OF FEDERAL USF IN ARIZONA ............................. 1
IV. AUSF FUNDING FOR CENTRALIZED ADMINISTRATION OF LIFELINE AND LINKUP ................................................................. 2
V. CONTRIBUTIONS TO AUSF ................................................................. 4
VI. SUMMARY OF TESTIMONY................................................................ 5
I. IDENTIFICATION OF WITNESS

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION WITH QWEST CORPORATION.

A. My name is Peter B. Copeland. My business address is 1801 California Street, Denver, Colorado, and I am currently employed by Qwest Corporation ("Qwest") as Director of Cost and Economic Analysis in the Public Policy department.

Q. DID YOU FILE DIRECT TESTIMONY IN THIS CASE?

A. Yes.

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My testimony covers universal service positions presented by the parties to this docket. Specifically, I respond to several specific issues from Reply Testimony raised by ALECA, Verizon, and AT&T.

III. QWEST'S RECEIPT OF FEDERAL USF IN ARIZONA

Q. MR MEREDITH STATES¹ THAT QWEST INCORRECTLY STATED THAT QWEST DOES NOT RECEIVE FEDERAL HIGH COST SUPPORT

¹ Reply Testimony of Donald Meredith, page 6, lines 4 through 16.
IN ARIZONA? WOULD YOU PLEASE RESPOND TO MR. MEREDITH’S STATEMENT?

A. In my direct testimony, at page 3, I was discussing federal high cost support that offsets intrastate costs. I noted that the rural carriers in Arizona received $31 million in federal support that offsets intrastate costs. Qwest receives no such federal support that offsets intrastate cost. Mr. Meredith mistakenly points to Qwest’s receipt of federal Interstate Access Support (IAS) which the FCC describes,

In contrast to the Commission’s existing high-cost support mechanisms for rural and non-rural carriers, which provide support to enable states to ensure reasonable comparability of intrastate rates, the purpose of the new federal interstate access universal service support mechanism is to provide explicit support to replace the implicit universal service support in interstate access charges.²

IV. AUSF FUNDING FOR CENTRALIZED ADMINISTRATION OF LIFELINE AND LINKUP

Q. WHICH PARTIES IN THIS DOCKET SUPPORT THE FUNDING OF A CENTRALIZED ADMINISTRATION OF LIFELINE AND LINK-UP VALIDATION THROUGH THE AUSF?

A. ALECA and Qwest both recommend that AUSF be used to fund a centralized validation program through the combination of the Arizona Department of Economic Security and the Family Assistance Program. According the 2005 “Report and Recommendations of the Arizona Eligible Telecommunications Carriers on Lifeline and Link-up Issues” (Report & Recommendations), these two agencies work with households that comprise approximately 77 percent of eligible Lifeline recipients. This report found that by utilizing such a centralized process that approximately 400,000 additional qualifying households could be added to the lifeline program.

Q. WHY DOESN'T AT&T SUPPORT THE CONSIDERATION OF THE LIFELINE AND LINK-UP ISSUES IN THIS DOCKET?

A. In her reply comments, Dr. Oyefusi states, “Access reform should be segregated from Lifeline and Link-up, such that it does not disturb the availability of, eligibility for, and the retail rates charged for Lifeline and Link-up.” Since this docket includes both access reform and universal service issues, Dr. Oyefusi’s recommendation seems arbitrary and it disregards the public policy goals of universal service in Arizona.
Q. DOES FUNDING THE CENTRALIZED ADMINISTRATION OF LIFELINE AND LINK-UP PROGRAMS THROUGH AUSF CHANGE THE ELIGIBILITY OR RATES CHARGED FOR LIFELINE AND LINK-UP SERVICES?

A. No. The eligibility requirements for Lifeline and Link-up services remain the same as do the retail rates for Lifeline and Link-up. The only change is that households that are currently eligible for the program, but apparently unaware of its availability, would have more direct access to information to enroll in the Lifeline and Link-up programs. Funding the centralized administration as proposed in the Report and Recommendations would enhance the Arizona Universal Service goals by increasing access to telephone service.

V. CONTRIBUTIONS TO AUSF

Q. TO THE EXTENT THAT THE AUSF IS EXPANDED TO COVER SOME PORTION OF ACCESS REFORM, DOES QWEST BELIEVE THAT THE AUSF CONTRIBUTION MECHANISM AND RULES SHOULD BE REVAMPED?

A. Yes. As I stated in my direct testimony, under the circumstances of an expanded AUSF, the Commission should utilize a broad-based, competitively neutral assessment so that all intrastate telecommunications customers and carriers contribute to the Fund.
Q. WHY DOES VERIZON NOT SUPPORT BROAD-BASED FUND CONTRIBUTIONS THAT INCLUDE WIRELESS CARRIERS?

A. Verizon appears to confuse the issue of unnecessary expansion of the AUSF, with the funding mechanism itself. No party in this case supports the unnecessary expansion of the fund. Qwest proposed mechanisms, such as the basic local rate benchmark and earnings reviews to ensure any support provided by the fund is, in fact, necessary. However, excluding wireless carriers from contributing to an AUSF funding mechanism is not competitively neutral and will distort marketplace decisions between wireline and wireless service. Further, wireless carriers receive benefits from the AUSF because the fund results in higher subscription to telephone services which benefits all network customers.

VI. SUMMARY OF TESTIMONY

Q. CAN YOU BRIEFLY SUMMARIZE YOUR TESTIMONY?

A. Yes. Qwest proposes that the AUSF rules be changed in order to be eligible to utilize the AUSF for access reform. LECs must first increase end user rates to a benchmark level determined by the Commission to recover the reductions in intrastate access revenue. Second, if LECs seek support from the AUSF because increases to end users rates are insufficient to cover their financial needs, carriers must meet the terms of a simplified earnings showing per the existing AUSF rules. Additionally, the basis for collecting the AUSF funds should change to a uniform
surcharge on intrastate revenues of all telecommunications carriers in the state, including wireless, rather than the current collection mechanism.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.
BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE REVIEW AND POSSIBLE REVISION OF ARIZONA UNIVERSAL SERVICE FUND RULES, ARTICLE 12 OF THE ARIZONA ADMINISTRATIVE CODE

DOCKET NO. RT-00000H-97-0137

IN THE MATTER OF THE INVESTIGATION OF THE COST OF TELECOMMUNICATIONS ACCESS

DOCKET NO. T-00000D-00-0672

STATE OF DENVER
COUNTY OF DENVER

AFFIDAVIT OF
PETER COPELAND

Peter Copeland, of lawful age being first duly sworn, deposes and states:

1. My name is Peter Copeland. I am Director, Legal Issues for Qwest Corporation in Denver, Colorado. I have caused to be filed written Rejoinder Testimony in Docket Nos. RT-00000H-97-0137 and T-00000D-00-0672.

2. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.

Further affiant sayeth not.

Peter Copeland

SUBSCRIBED AND SWORN to before me this 1st day of March, 2010.

Notary Public

My Commission Expires: 7/25/2012