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MEDIA RELEASE

For Immediate Release
Contact: Commissioners
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Public Regulation Commission Orders Qwest to Invest Company must hold to its AFOR investment commitment in New Mexico.

Santa Fe, N.M. – In the most important ruling of the new year thus far, the New Mexico Public Regulation Commission unanimously ruled today that Qwest is not in compliance with the Alternate Form of Regulation (AFOR) investment commitment to New Mexico, which requires the company to invest \$788 million over a period of five years, 2001 through 2006.

After careful deliberations, PRC found Qwest's level of investment to be significantly below its obligation. If the current trend in the company's investment expenditures continues, there will be a serious shortfall of around \$200 million dollars, and possibly more, at the end of the AFOR period, March 8, 2006.

Based on these findings, the commission decided to address the matter now to give Qwest time to come into compliance within the AFOR period. They also have concluded that if Qwest fails to satisfy its commitment, the shortfall must be credited or refunded to New Mexico customers. Credits or refunds will be given to both business and residential customers.

- The Commission also ruled that: Qwest must file reports quarterly detailing how it will comply with its AFOR investment commitment starting May 20, 2005.
- There will be an independent audit of Qwest's AFOR investments. Qwest shall select the company by July 1, 2005, subject to Commission approval, and shall pay for costs not to exceed \$250,000.

- The Commission would credit expenditures for removal of load coils towards the AFOR investment requirement, as well as incremental increases over pre-AFOR levels in disputed intrastate software investments. Credit was not allowed for investments by Qwest's former wireless subsidiary or its long distance affiliate.

The commission is creating a new implementation and enforcement procedure (in Case No. 05-00094-UT) to consider remaining, or ongoing, information and issues, including how credits or refunds should be determined and passed on to Qwest's customers and whether to order some disbursement of credits or refunds to Qwest's customers after the conclusion of period 4 of the AFOR.

As well as stating that Qwest must fulfill its investment obligations in New Mexico, the commission also made clear they would prefer Qwest to meet its obligations to invest in much needed infrastructure improvements and rural community telecommunications.

Commissioners continue to be available to answer questions; 505-827-6940.

Qwest Investigation Case, Case Number: 04-000237-UT