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NEWS RELEASE

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PUC SETS NEW RATE CAP FOR QWEST'S BASIC RESIDENTIAL PHONE SERVICE

DENVER – The Colorado Public Utilities Commission (PUC) today set a maximum rate of \$16.52 a month for Qwest Communication's stand-alone basic residential telephone service, with the rate cap increasing to \$17.00 a year from now.

The PUC rejected Qwest's request to establish the rate ceiling at \$18.24 per month, instead choosing \$16.52 based on an analysis of cost changes and national price trends. If Qwest raises its residential rate to the cap, the increase will equal the 11 percent increase in national average prices since 1995, when the Colorado legislature froze basic residential rates at \$14.88.

A law passed in 2008 lifted the statutory rate cap and gave the PUC the authority to determine the maximum basic residential rate based on each provider's costs and revenues, the average national price for comparable service, and flexible-pricing options.

The PUC's decision will allow Qwest to make an immediate filing to raise the basic stand-alone residential rate up to \$1.62 more per month, or about 11 percent. A year from now, Qwest would be able to raise its residential rate another 48 cents, if it chooses to do so.

The PUC also approved an 11 percent increase in the rate cap for basic measured service and basic message service.

Customers who purchase Qwest residential service as part of a package would not be affected by the changes.

DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.

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