

**SERVICES AGREEMENT
AMENDMENT**

WHEREAS, the Regional Oversight Committee (ROC), the regulatory commissions (Commissions) of nine of the ROC states,¹ and the Liberty Consulting Group, Inc. (Liberty) executed a Services Agreement (Services Agreement), dated November 11, 2008, under which Liberty is conducting a detailed review and analysis of the Qwest Performance Assurance Plans and Performance Indicator Definitions (QPAP Review).

WHEREAS, the ROC, Commissions, and Liberty (Supplier) wish to extend the end date of the contract to June 30, 2009.

WHEREAS, the North Dakota Public Service Commission wishes to join the contract, contingent upon special provisions that apply to North Dakota, and the Arizona Corporation Commission has decided to enter into to separate contract with Liberty.

WHEREAS, Liberty plans to add additional consultants (noted in Exhibit A) to work on the project, at no additional cost to the Commissions.

THEREFORE, the ROC, Commissions, and Liberty (Supplier) agree to amend the Services Agreement as follows:

A. Footnote 2 on p. 1 of the Services Agreement is replaced by the following:

The Arizona Corporation Commission and the New Mexico Public Regulation Commission have entered into an individual contract with Liberty Consulting with regard to the QPAP Review but will participate in the effort jointly with the other 9 states.

B. Sections 2 and 3 are replaced by the following:

2. Term:

The term of the Services Agreement is extended to June 30, 2009. The Service Agreement may be further extended by a writing executed by the parties prior to expiration.

3. Service Fees:

During the term of this Agreement, fees for Services rendered to the 9 states under this Agreement shall not exceed:

\$156,819

¹ These states include Arizona, Colorado, Idaho, Iowa, Montana, Nebraska, South Dakota, Utah, and Wyoming.

C. Sections 29 and 30 are added as follows:

29. Special Provisions Applicable to North Dakota

Notwithstanding anything to the contrary in the preceding sections 2, 7, 12, 13, 14, and 18 of this Agreement, the versions of those sections as set forth in Appendix One to this Agreement, which is attached to and made a part of this Agreement, sets forth the versions of sections 2, 7, 12, 13, 14, and 18 that shall apply to the provision of services under this Agreement on behalf of the North Dakota Public Service Commission.

30. Termination for Lack of North Dakota Funding or Authority

The State of North Dakota may terminate this Agreement effective upon delivery of written notice to Supplier or on any later date stated in the notice, if:

- 1) Funding from federal, state of North Dakota, or other sources is not obtained and continued at levels sufficient to allow for purchase of the services or supplies in the indicated quantities or for the indicated term. The Agreement may be modified by mutual consent of the parties in writing to accommodate a reduction in funds.
- 2) Federal or state of North Dakota laws or rules are modified or interpreted in a way that the services are no longer allowable or appropriate for purchase under this Agreement or are no longer eligible for the funding proposed for payments authorized by this Agreement.
- 3) Any license, permit, or certificate required by law or rule, or by this Agreement, is for any reason denied, revoked, suspended, or not renewed.

Any termination of this Agreement under this section is without prejudice to any obligations or liabilities of either party already accrued prior to termination.

D. Appendix One (attached) is added to the agreement

E. Exhibits A and B are replaced by the attached Exhibits A and B.

The Parties, intending to be legally bound, have caused this Agreement to be executed by their authorized representatives.

Supplier

(Authorized Signature)

(Print or Type Name of Signatory)

(Title)

(Execution Date)

Address for Purposes of Notices:

Colorado Public Utilities Commission

(Authorized Signature)

(Print or Type Name of Signatory)

(Title)

(Execution Date)

Address for Purposes of Notices:

Idaho Public Utilities Commission

(Authorized Signature)

(Print or Type Name of Signatory)

(Title)

(Execution Date)

Address for Purposes of Notices:

Montana Public Service Commission

(Authorized Signature)

Colorado Public Utilities Commission

(Authorized Signature)

(Print or Type Name of Signatory)

(Title)

(Execution Date)

Address for Purposes of Notices:

Iowa Utilities Board

(Authorized Signature)

(Print or Type Name of Signatory)

(Title)

(Execution Date)

Address for Purposes of Notices:

Nebraska Public Service Commission

(Authorized Signature)

(Print or Type Name of Signatory)

(Title)

(Execution Date)

Address for Purposes of Notices:

North Dakota Public Service Commission

(Authorized Signature)

Susan E. Wefald

(Print or Type Name of Signatory)

SUSAN E. WEFALD

(Title)

PRESIDENT

(Execution Date) 12-17-08

Address for Purposes of Notices:

600 E BLVD AVE

DEPT 408

BISMARCK ND 58505

Utah Public Service Commission

(Authorized Signature)

(Print or Type Name of Signatory)

(Title)

(Execution Date)

Address for Purposes of Notices:

(Print or Type Name of Signatory)

(Title)

(Execution Date)

Address for Purposes of Notices:

South Dakota Public Utilities Commission

(Authorized Signature)

(Print or Type Name of Signatory)

(Title)

(Execution Date)

Address for Purposes of Notices:

Wyoming Public Service Commission

(Authorized Signature)

(Print or Type Name of Signatory)

(Title)

(Execution Date)

Address for Purposes of Notices:

Appendix One
Provisions Applicable to Services Performed
On behalf of
The North Dakota Public Services Commission

2. Term:

This Agreement shall be effective upon execution of the signatures of Liberty (Supplier) and the North Dakota Public Service Commission and shall expire on December 31, 2008. The Agreement may be extended by a writing executed by the parties prior to expiration.

7. Confidential Information:

Supplier agrees not to use or disclose any information that is confidential or exempt from mandatory public disclosure which it receives from the state of North Dakota, its agencies, officers and employees (State) under this agreement except as necessary to carry out the purposes of this agreement or as authorized in advance by State. State agrees not to disclose any information it receives from Supplier, which Supplier has previously identified as confidential, and which State determines, in its sole discretion, is protected from mandatory public disclosure under a specific exception to the North Dakota open records law found in North Dakota Century Code chapter 44-04. The duty of State and Supplier to maintain confidentiality of information under this section continues beyond the term of this agreement, including any extensions or renewals.

Supplier understands that, except for disclosures prohibited in North Dakota Century Code chapter 47-25.1, the State must disclose to the public upon request any records it receives from Supplier. Supplier further understands that any records that are obtained or generated by the Supplier under this contract, except for records that are confidential under North Dakota Century Code chapter 47-25.1, may, under certain circumstances, be open to the public upon request under North Dakota open records law. Supplier agrees to contact the State immediately upon receiving a request for information under the open records law and to comply with the State's instructions on how to respond to the request.

12. Indemnification:

Supplier agrees to defend, indemnify, and hold harmless the State, from and against claims based on the vicarious liability of the State or its agents, but not against claims based on the State's contributory negligence, comparative and/or contributory negligence or fault, sole negligence, or intentional misconduct. This obligation to defend, indemnify, and hold harmless does not extend to professional liability claims arising from professional errors and omissions. The legal defense provided by Supplier to the State under this provision must be free of any conflicts of interest, even if retention of separate legal counsel for the State is necessary. Supplier also agrees to defend, indemnify, and hold the State harmless for all costs, expenses, and attorneys' fees incurred if the State prevails in an action against Supplier in establishing and litigating the indemnification coverage provided herein. This obligation shall continue after the termination of this agreement.

13. Limitation of Liability:

This paragraph does not apply to the State.

14. Insurance:

Supplier shall secure and keep in force during the term of this agreement and Supplier shall require all subcontractors, prior to commencement of an agreement between Supplier and the subcontractor, to secure and keep in force during the term of this agreement, from insurance companies, government self-insurance pools or government self-retention funds, authorized to do business in North Dakota, the following insurance coverages:

- 1) Commercial general liability, including premises or operations, contractual, and products or completed operations coverages (if applicable), with minimum liability limits of \$250,000 per person and \$1,000,000 per occurrence.
- 2) Automobile liability, including Owned (if any), Hired, and Non-Owned automobiles, with minimum liability limits of \$250,000 per person and \$1,000,000 per occurrence.
- 3) Workers compensation coverage meeting all statutory requirements. The policy shall provide coverage for all states of operation that apply to the performance of this contract.
- 4) Employer's liability or "stop gap" insurance of not less than \$1,000,000 as an endorsement on the workers compensation or commercial general liability insurance.
- 5) Professional errors and omissions, including a three year "tail coverage endorsement," with minimum liability limits of \$1,000,000 per occurrence and in the aggregate.

The insurance coverages listed above must meet the following additional requirements:

- 1) Any deductible or self-insured retention amount or other similar obligation under the policies shall be the sole responsibility of the Supplier.
- 2) This insurance may be in policy or policies of insurance, primary, and excess, including the so-called umbrella or catastrophe form and must be placed with insurers rated "A-" or better by A.M. Best Company, Inc., provided any excess policy follows form for coverage. Less than an "A-" rating must be approved by the State. The policies shall be in form and terms approved by the State.
- 3) The duty to defend, indemnify, and hold harmless the State under this agreement shall not be limited by the insurance required in this agreement.
- 4) The state of North Dakota and its agencies, officers, and employees (State) shall be endorsed on the commercial general liability policy, including any excess policies (to the extent applicable), as additional insured. The State shall have all the benefits, rights, and coverages of an additional insured under these policies.
- 5) The insurance required in this agreement, through a policy or endorsement, shall include:
 - a) a "Waiver of Subrogation" waiving any right to recovery the insurance company may have against the State;
 - b) a provision that the policy and endorsements may not be canceled or modified without thirty days' prior written notice to the undersigned State representative;

- c) a provision that any attorney who represents the State under this policy must first qualify as and be appointed by the North Dakota Attorney General as a Special Assistant Attorney General as required under North Dakota Century Code section 54-12-08;
 - d) a provision that Supplier's insurance coverage shall be primary (i.e. pay first) as respects any insurance, self-insurance or self-retention maintained by the State and that any insurance, self-insurance or self-retention maintained by the State shall be in excess of the Supplier's insurance and shall not contribute with it;
 - e) cross liability/severability of interest for all policies and endorsements;
 - f) the legal defense provided to the State under the policy and any endorsements must be free of any conflicts of interest, even if retention of separate legal counsel for the State is necessary;
 - g) the insolvency or bankruptcy of the insured Supplier shall not release the insurer from payment under the policy, even when such insolvency or bankruptcy prevents the insured Supplier from meeting the retention limit under the policy.
- 6) The Supplier shall furnish a certificate of insurance to the undersigned State representative prior to commencement of this agreement. All endorsements shall be provided as soon as practicable.
- 7) Failure to provide insurance as required in this agreement is a material breach of contract entitling the State to terminate this agreement immediately.

18. Dispute Resolution:

Supplier agrees to attempt to resolve disputes arising from this contract by informal administrative process and negotiations in lieu of litigation. Continued performance by Supplier during disputes is assured. State does not agree to binding arbitration, mediation, or any other form of mandatory alternative dispute resolution. The parties may enforce their rights and remedies in judicial proceedings. State does not waive any right to a jury trial.

Exhibit A to Service Agreement between Liberty and the ROC and Commissions

STATEMENT OF WORK

Dated as of November 11, 2008 between The Liberty Consulting Group, Inc. (Liberty or Supplier), and the ROC and Commissions

This Statement of Work is attached to and made a part of the Services Agreement described in the heading above (Agreement). In the event that any term of this Statement of Work conflicts with anything contained in the Agreement, this Statement of Work will control for purposes of the scope of work only. Unless otherwise defined herein, all capitalized terms in this Statement of Work will have the meanings set forth in the Agreement.

Scope of Services. Supplier will provide the following Services to the ROC and Commissions.

ROC Collaborative Review of the Qwest Performance Assurance Plans (QPAPs)

Work Plan

Introduction

The Qwest Regional Operating Committee (ROC) has requested the Liberty Consulting Group (Liberty) to conduct a review of the Qwest Performance Assurance Plan (QPAP¹) for the regulatory commissions (Commissions) of 11 of the 14 ROC states. These 11 Commissions include the Arizona Corporation Commission, the Colorado Public Utilities Commission, the Idaho Public Utilities Commission, the Iowa Utilities Board, the Montana Public Service Commission, the Nebraska Public Service Commission, the New Mexico Public Regulation Commission, the North Dakota Public Service Commission, the South Dakota Public Utilities Commission, the Utah Public Service Commission, and the Wyoming Public Service Commission.²

The QPAP is a mechanism through which Qwest makes payments to the states and/or to competitive local exchange providers (CLECs) if its performance in providing wholesale services to the CLECs fails to meet the defined standards of certain performance measures that are documented in the Qwest Performance Indicator Descriptions (PIDs). Qwest has filed a QPAP in each of the 14 ROC states. The QPAPs include provisions for their review after certain events have occurred to determine whether they should remain in operation and, if so, whether they should be modified. The triggering event for this review varies from state to state, and the various triggers include Qwest's filing for section 272 relief and a specific point in time (five and one-half years after the QPAP's commencement or six months prior to the QPAP's proposed end). Because these triggers have occurred or are about to occur, the Commissions have elected to

¹ This term is taken in this document to include the Colorado Performance Assurance Plan (CPAP).

² The Oregon Public Utility Commission and Washington Utilities and Transportation Commission have elected to participate in the review as an observer. The Minnesota Public Utilities Commission has elected not to participate.

begin the QPAP reviews and have asked Liberty to conduct an analysis of the QPAPs to facilitate the reviews. The Commission Staffs have defined the scope of this review to include:

- A detailed review and analysis of both the performance plan and PIDs, which would include draft recommendations concerning a) the current effectiveness, value, and usefulness of the performance plan and PID measures in relation to their intended purpose and function; b) whether some or all of the performance plan or PID measures may no longer be necessary; and c) possible modifications to the performance plan and PID measures. The review, analysis and draft recommendations should be provided in a baseline document, and the baseline document may be used for collaborative discussions between the various Commission Staffs, Qwest and the CLECs and/or for use by individual Commissions in their separate state six-month, six-year, or other appropriate dockets.
- The review will include the participation of and consultation with the QPAP stakeholders: Qwest, Competitive Local Exchange Carriers with business in the relevant fourteen-state region, and the appropriate participating state public commission regulatory bodies.
- Each state would receive a copy of the analysis and report and then use the data and findings in whatever capacity it sees fit.

The Commission Staffs also recommended that the cost be apportioned to the states in the same manner as the Qwest QPAP audits.

The following provides Liberty's proposed work plan to address the scope of this review together with an estimate of the cost of the work. Any work associated with collaborative discussions that might take place in any of the states after Liberty produces draft recommendations is not included in this proposal. Liberty and the ROC will assess what work may remain to be performed associated with such collaborative discussions after the draft recommendations are released.

Proposed Work Plan

Liberty believes that in order to best determine the effectiveness, value, and usefulness of the QPAPs, it is important not only to explore the trends in the performance results during the period in which the QPAPs have been operating and the trends in the industry during the same period but also to reexamine the structure of the QPAPs and PID measures in light of these trends to determine whether they have met the objectives they were originally intended to meet. In addition, Liberty believes it is important to review recommendations and experiences from the stakeholders most affected by the QPAPs: the Commissions, the CLECs, and Qwest. Thus, Liberty proposes that the analysis consist of five separate but related investigations:

1. Analysis of QPAP payments and PID results
2. Analysis of the structural components of the QPAPs
3. Analysis of the structure of the PID measures
4. Analysis of recommendations and experiences of stakeholders
5. Analysis of the competitive environment.

Liberty plans to perform these five streams of analysis in parallel, using insights gained from any one analysis stream to inform the other investigations. In some of these analysis streams there is the potential for Liberty to need access to confidential or proprietary information. In such cases, Liberty will assure protection of such information, including the execution of the necessary confidentiality agreements with the parties involved.

Analysis 1 – Historical QPAP Payments and PID Results

One method of assessing how well the QPAPs and PID measures are working is to examine trends in the payments, transactions volumes, and PID measure results over the life of the QPAPs. One purpose of this examination is to identify measures that are either (a) generating payments or (b) consistently meeting the standards and generating no payments. The analysis would also examine PID measures that Qwest reports but are not currently part of the QPAPs; Liberty will assess whether there is still any value in Qwest's reporting these measures or if any should be considered for future inclusion in the QPAPs. In addition, Liberty will examine trends in transaction volumes and assess whether some PID measures or measure reporting dimensions contain so few transactions that they may no longer have value. Liberty will also examine any cases where PID measures have been removed from a QPAP and will assess whether there is any evidence that this has influenced Qwest performance.

This analysis will include the following steps:

- Obtain QPAP reports for the participating states showing payments since the inception of the QPAP (or for a minimum of five years) and the triggers for the payments
- Obtain reports of all PID results for the last five years in the participating states.
- Determine whether there are PID measures showing consistently low activity volumes and low or minimal QPAP payments.
- Determine whether there are PID measures that are consistently out of compliance with the benchmark and/or generating significant QPAP payments.
- Determine whether there are PID measures whose associated volumes or payments are increasing (even if small).
- Determine whether there are PID measure product disaggregations that are experiencing low activity volumes.
- Look for cases where PID measures have been removed from a QPAP in any of the participating states and analyze the impact of such removal on Qwest performance.

Liberty estimates that this work will require 16 weeks: six weeks to collect the data and 10 weeks for analysis.

Analysis 2 – QPAP Structure

The purpose of this analysis is to determine whether the current structure of the QPAP is meeting its original objectives. Liberty will search for any documentation or other evidence that helps to clarify the original objectives. The analysis performed of the historical QPAP payments will be used to help direct this investigation. The analysis will include the following steps:

- Obtain the latest QPAP (Exhibit K) for each of the states participating in the review.
- Obtain any documentation or other evidence that clarifies the objectives of the QPAP components.
- Review the structural components of the QPAPs (e.g., statistical methods, payment levels, payment triggering mechanisms).
- Examine the impact of differences among the QPAPs in the participating states.
- Identify any components that do not appear to be meeting their apparent objectives or are no longer relevant.

Liberty estimates that this work will require eight weeks: two weeks to obtain the documentation and six weeks for analysis.

Analysis 3 – PID Measure Structure

The purpose of this analysis is to determine whether the current structure of the performance measures is meeting its original objectives. Liberty will search for any documentation or other evidence that helps to clarify the original objectives. The analysis of the historical PID measure results will be used to help direct this investigation. The analysis will include the following steps:

- Obtain the latest version of the 14-state PID documentation.
- Obtain any knowledge or stakeholder experience that might clarify the objectives of the PID measures and their components.
- Review the structure of the PID measures (*e.g.*, formula, exclusions, reporting disaggregations).
- Identify any PID measures or components of the measures that either do not appear to be meeting their apparent objectives or are no longer relevant.

Liberty estimates that this work will require 10 weeks: two weeks to obtain the documentation and eight weeks for analysis.

Analysis 4 – Stakeholder Input

In addition to examining the historical record and the structures of the QPAPs and PID measures, Liberty will seek input from the principal stakeholders of the QPAPs: the Commissions, the CLECs, and Qwest. Liberty will ask the Staffs from each of the participating Commissions to provide their own experiences, concerns, recommendations, and objectives for the QPAPs. In addition, Liberty will ask them to provide lists of CLECs to contact regarding their experiences. Then, Liberty will contact the CLECs and Qwest for their input. This analysis will include the following steps:

- Liberty will ask the Commission Staffs for the participating states for their input on the following questions:
 - What components of the QPAPs (including the PID measures involved) are working well and are believed to be necessary to preserve going forward?
 - What components of the QPAPs (including the PID measures involved) are not working well and should be changed going forward? If any, how should they be changed?
 - What components of the QPAPs (including the PID measures involved) are unnecessary and should be dropped going forward?
 - What other comments or input do you have?
- Liberty will ask Qwest the same questions as those asked of the Staffs.
- Liberty will ask the Staffs to provide lists of CLECs to contact.
- Liberty will ask the CLECs the same questions as those asked of the Staffs.
- As necessary, Liberty will seek clarification of the responses.

Liberty estimates that this work will require 10 weeks: six weeks to obtain the input from the parties and four weeks for follow-up questions and analysis.

Analysis 5 – Industry Trends

The purpose of this analysis is to determine trends in the competitive local telecommunications industry in the participating states that might affect the continued applicability of the QPAPs. In particular,

- Liberty will try to obtain information on the number of active CLECs and other competitors in each of the participating states.

- If needed as a supplement to the PID reports, Liberty will ask Qwest (through the participating states) to provide the volume of transaction activity for each of the CLECs if there is missing information regarding this in the PID reports.
- To the extent that the information is available, Liberty will seek information on the market shares the carriers have in each of the participating states.
- To the extent that the information is available, Liberty will analyze the financial viability of the competitors in each of the participating states.
- Liberty will evaluate the nature of the market, investigating whether there are key submarkets for which the nature of competition is different from the general market and how this might affect the requirements for the QPAPs.

Liberty will use this information to determine to what extent the QPAPs still address the needs of the current telecommunications marketplace. This analysis would explore whether either some portions of or the entirety of the QPAPs should be eliminated because they no longer are needed to facilitate competition or they should be modified to address the changed nature of the competition.

Liberty estimates that this work will require eight weeks: four weeks to gather and four weeks to analyze the data.

Draw Conclusions and Develop Recommendations

Based on the five streams of analysis described above, Liberty will:

- Evaluate the continued need for QPAPs. Are they necessary or helpful in maintaining a competitive market?
- Identify PID measures that should be eliminated if the QPAPs are to be continued.
- Identify modification in PID measures that should be introduced if the QPAPs are to be continued.
- Identify QPAP structural components that should be eliminated if the QPAPs are to be continued.
- Identify QPAP structural components that should be modified if the QPAPs are to be continued.
- Identify PID measure structural components that should be eliminated if the QPAPs are to be continued.
- Identify PID measure structural components that should be modified if the QPAPs are to be continued.
- If the CLECs mainly compete in certain submarkets or there are a large number of CLECs that compete in these submarkets, evaluate whether the QPAPs should be reconfigured to address the special nature of those submarkets.
- If the competitive market has changed substantially from the initiation of the QPAPs through the addition of new types of service providers, consider possible additions to the QPAPs to address the needs of these new competitors.

Liberty estimates that this work will require four weeks after the conclusion of the five analysis streams.

Draft Report on Conclusions and Recommendations

Liberty will draft a report describing its conclusions and recommendations and then release it to the Commission Staffs for review and comments. To the extent that the Commission Staffs

decide that other stakeholders should review and comment on the draft report, Liberty will also release the report to those stakeholders. Such review and comment will be limited to the verification of the accuracy of the information Liberty includes in the report. Liberty estimates that it will take three weeks to draft the report after formulating the conclusions and recommendations.

Produce Final Report

After receiving comments from the stakeholders, Liberty will modify the draft report as necessary and produce a final report. Liberty proposes that the stakeholders be given two weeks to comment on the draft report. Liberty estimates that it will take two more weeks after receiving these comments to produce a final report.

Service Sites. Services will be performed at the following locations:

Generally at Supplier's home offices.

Service Specifications/Performance Standards. Services will be performed by Supplier according to the following Specifications and Performance Standards:

Liberty will follow the guidelines listed below in the conduct of this review:

- Recognize that the ROC is responsible for supervising the performance of the QPAP Review.
- Work closely with the ROC with the review and monitoring of the audit.
- Follow generally-accepted standards and procedures applicable to telecommunications regulatory proceedings for submitting data and interview requests and conducting interviews.
- Submit draft work products to the ROC and Commissions for review.

Liberty also makes the following commitments for the conduct of this QPAP Review:

- Liberty's work products will provide the background necessary to give readers a clear understanding of the issues identified and any problems that Liberty may discover.
- Liberty's work products will present a clear discussion of those issues and problems, as well as conclusions and recommendations supported by appropriate analyses and work papers.
- Work papers developed by Liberty will be available to both the ROC and the Commissions upon reasonable request.

Liberty will:

- Encourage frequent, informal communications between the review team, the ROC, and any other participating parties.
- Provide monthly written status reports to the ROC and Commissions. These reports will list the schedule for planned work, work accomplished, and any exceptions and other issues noted. The reports will provide a narrative description of the progress to date and the reasons for any differences between the project schedule and actual progress. Liberty will issue these reports within five working days of the end of the month that is the subject of the report beginning with the end of December, 2008.

- Use project management, scheduling, and reporting systems capable of scheduling, providing status reporting, and performing document tracking and retrieval.
- Maintain a database that will track all documents/information requested and received.
- Keep the ROC and the Commissions of findings and other issues as they emerge.

Liberty's deliverables for the QPAP review will include:

- Monthly progress reports.
- A draft report for review and comment by the ROC and Commissions.
- A final report as specified by the ROC, including electronic, hard copy, and both public and confidential versions as required.

The draft and final reports will detail specific findings, conclusions, and recommendations. Liberty will maintain a system that will enable users of the report to quickly and easily trace back statements of fact, findings, conclusions, and recommendations to supporting documentation such as interview notes and company-provided documents. Liberty agrees to support its final report and appear before any participating state Commission conducting a proceeding regarding the final audit report upon request. The expense of such appearance is not included within the project total for this QPAP Review.

Service Fees. During the term of this Statement of Work, fees for Services rendered hereunder will be held firm at \$156,819 and are as follows:

Cost and Timeline

The work on this plan will begin as soon as the contract or contracts for the work are complete and signed, although some of the initial requests for data could begin prior to the execution of the contracts. Liberty estimates that it will take 29 weeks to complete this work plan after commencement of the project. This includes

- Analysis streams 1 to 5 (running concurrently): 16 weeks
- Conclusion and recommendation formulation: 4 weeks
- Produce and distribute draft report: 3 weeks
- Stakeholders comment on the draft report: 2 weeks
- Produce final report: 2 weeks.

Liberty will provide a seasoned team to work on this project, all of whom have extensive experience with wholesale performance plans and measures and, in particular, with those that Qwest uses. This team includes:

John Antonuk – Engagement Director

Charles King – Project Manager

Robert Falcone – Measure and Industry Analysis

Alan Salzberg – Statistician and Performance Plan Analysis

Jonathan Scott – Performance Plan Analysis

Nicole Martin – Project Coordinator

Liberty estimates the cost of this work as follows:

Consultant Hours	\$201,374
Travel Expense	\$20,000
<u>Administrative Expense</u>	<u>\$10,000</u>
Total	\$231,374
Less New Mexico and Arizona	\$74,555
Total Due under Contract	\$156,819

Assuming the same allocation method among the states as was used in the 2005 QPAP audit (proportional to the total QPAP payments during 2005), this cost would be allocated as follows:

State	2005 PAP Payments	Fraction	Cost
Arizona*	1,424,251	0.2785	\$64,439
Colorado	1,613,467	0.3155	\$73,000
Idaho	138,433	0.0271	\$6,263
Iowa	329,663	0.0645	\$14,915
Montana	164,480	0.0322	\$7,442
Nebraska	151,000	0.0295	\$6,832
New Mexico**	223,593	0.0437	\$10,116
North Dakota	154,579	0.0302	\$6,994
South Dakota	197,086	0.0385	\$8,917
Utah	474,255	0.0927	\$21,457
Wyoming	243,103	0.0475	\$10,999
Total	5,113,910	1.0000	\$231,374

***The payments for the Arizona Corporate Commission (ACC) will not exceed \$50,000 unless otherwise approved by Liberty Consulting and the ACC Director - Utilities Division through an amendment to the contract. Liberty Consulting will adjust the work tasks and product provided to the ACC if necessary in order to not exceed the \$50,000 limit. Liberty shall consult with and come to agreement with the ACC Director of the Utilities Division on any adjustments (if necessary) to the work tasks and work product ultimately provided to the ACC.**

****The payments from the New Mexico PRC are subject to separate contracts and only included here for purposes of identification of the complete effort.**

Labor, Tools, Equipment and Materials. Supplier will be responsible for supplying all labor, tools, equipment and materials necessary to provide the Services.

Reimbursable Expenses. The Commissions will reimburse Supplier for necessary and reasonable expenses incurred by Supplier in the performance of this Statement of Work, in accordance with the procedures and criteria set forth below.

(1) Payment Procedure.

(a) Supplier shall initially be responsible for out-of-pocket and travel expenses and shall reimburse Supplier personnel, as appropriate.

(b) Supplier will then invoice the Commissions according to the portions set forth in Exhibit B to the Agreement for the travel. All out-of-pocket, travel, transportation and meal expenses, for which reimbursement is sought, shall be included on an itemized, expense report. Such expenses shall be invoiced on the next regular invoice submission, but in any event not more than thirty (30) days after the expense was incurred. The expense report, with supporting documentation (i.e. receipts), shall be submitted with the invoice. Payment shall be subject to approval by the ROC and the Commissions.

(2) Payment Policy. Approved travel and out-of-pocket expenses incurred in performing under the Agreement shall be invoiced to the Commissions according to the portions set forth in Exhibit B to the Agreement at cost.

(3) Reimbursement will be as follows:

- (i) Commercial Transportation: on an "incurred cost" basis at economy or coach rates;
- (ii) Personal Automobile, Mileage: at 58.5 cents per mile for actual miles traveled in performance under the Agreement;
- (iii) Automobile, Rental: where necessary for performance under the Agreement and this SOW, a subcompact or compact shall be used unless more than four people share the same car. Where two or more of Supplier personnel are at the same site in connection with the Agreement, one car shall be shared by up to four individuals unless approved otherwise in advance by the Commissions;
- (iv) Lodging: at reasonable rates for the locale;
- (v) Meals: shall not exceed \$35.00 per day per person;
- (vi) Telephone Calls: those specific local, cellular/wireless and long distance calls necessary to provide the Services under this Agreement.

(4) Supplier will not be reimbursed for local travel incurred as a result of Supplier personnel commuting from such Supplier personnel's residence, or a Supplier facility, to a Commission or other facility to perform work hereunder, including but not limited to the use of rental vehicles.

(5) In no event shall the ROC or the Commissions be liable for any travel charges associated with relocation of Supplier personnel without the prior written approval of the ROC and Commissions.

Project Managers.

ROC:

Supplier:
Charles King

Project Changes. Any changes to the Services to be performed under this Statement of Work must be in writing and signed by the parties and a representative from the ROC Executive Committee.

Exhibit B of Services Agreement between Liberty and Qwest

Exhibit B

Parties subject to billing	Invoice Allocation	Billing Addresses
Arizona	0.2785	Arizona Corporation Commission, Attn: Armando Fimbres, 1200 W. Washington, Phoenix, AZ 85007-2996
Colorado	0.3155	Colorado Public Utilities Commission, Attn: Lynn Notarianni 1560 Broadway Suite 250, Denver, CO 80202
Idaho	0.0271	Idaho PUC, Attn: Carolee Hall, P O Box 83720, Boise, Idaho 83720-0074
Iowa	0.0645	Iowa Utilities Board, Attn: Dennis Rosauer, 350 Maple Street, Des Moines, IA 50319-0069
Montana	0.0322	Montana PSC, Attn: Kate Whitney, P.O. Box 202601, Helena, Mt. 59620-2601
Nebraska	0.0295	Nebraska PSC, Attn: John Burvairnis, P.O. Box 94927, Lincoln, NE 68509-4927
New Mexico	0.0437	New Mexico PRC, Attn: Mike Ripperger, Marian Hall, 224 E. Palace Ave., Santa Fe, NM 87501
North Dakota	0.0302	North Dakota Public Service Commission, Attn: Patrick Fahn, 600 East Boulevard, Bismark, N.D. 58505-0480
South Dakota	0.0385	S.D. Public Utility Commission, Attn: Terri LaBrie-Baker, 500 E. Capital Ave., Pierre, S.D. 57501
Utah	0.0927	Utah Public Service Commission, Attn: Bill Duncan, Heber M. Wells Bldg., 160 E. 300 South, 4th Floor, Salt Lake City, Utah 84111
Wyoming	0.0475	Wyoming PSC, Attn: Barbara Iversen, Hansen Bldg., 2515 Warren Ave. Suite 300, Cheyenne, Wy. 82002

Addresses will be updated by ROC as needed