Senate Energy & Telecomm.Comm.
Exhibit No. 8
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Bill No. IR 40

Qwest in Montana

April 2005

Qwest

Qwest in Montana

- 405 Montanans work for Qwest across the state
- Serves 350,000 customers
- $31 million annual payroll
- Paid $23 million in state and local taxes last year
- Invested $196 million across the state since January 2000 in high speed Internet, advanced services and other service improvement projects
- Serves 15 communities with high speed Internet service (DSL) and six more, Red Lodge, Laurel, Lolo, Stevensville, Three Forks and Manhattan will be added this spring
- Donated nearly $200,000 to nonprofits in Montana by Qwest Foundation since 2003
- Qwest operates in 13 other Midwest and Western states in addition to Montana

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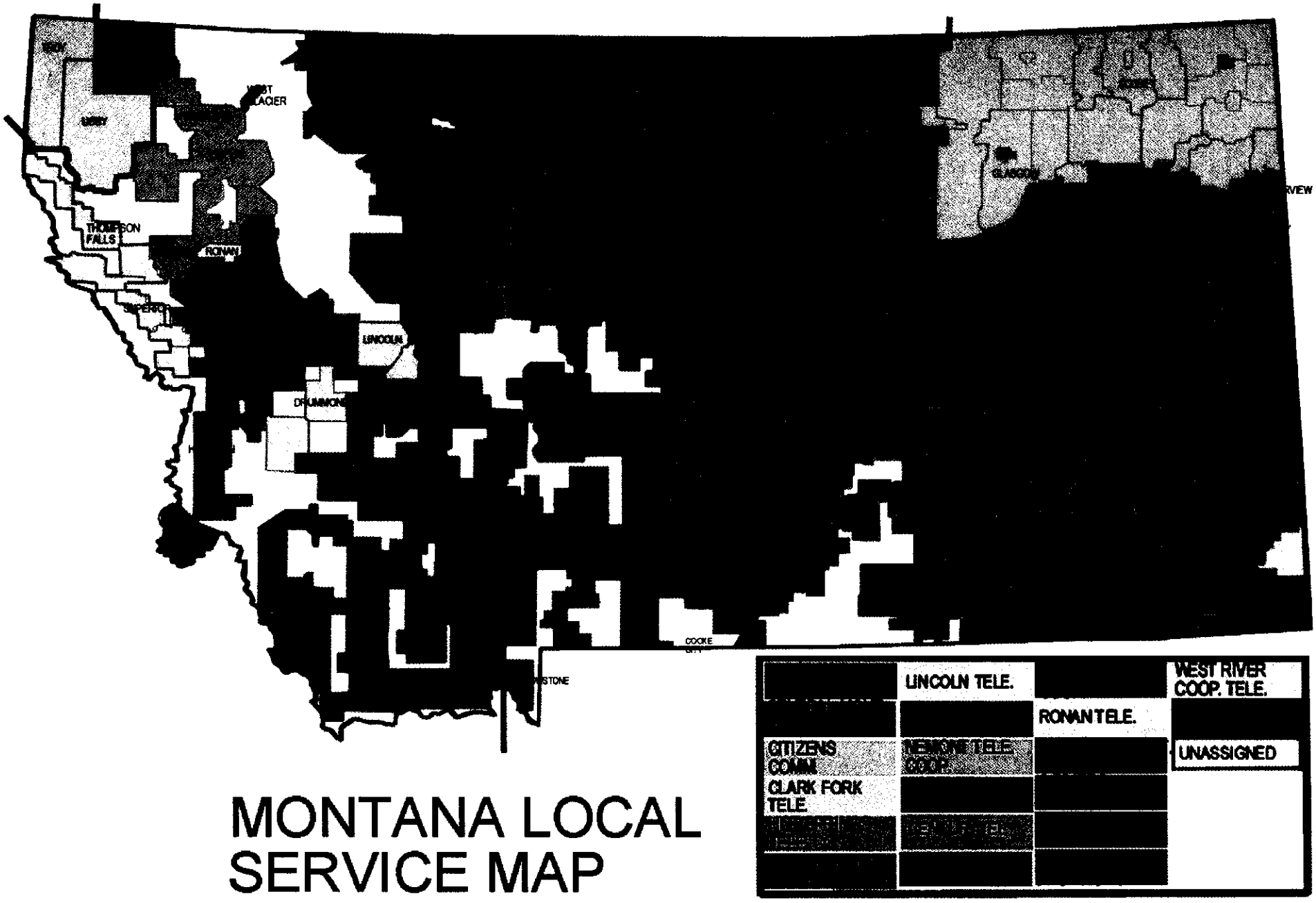

MONTANA LOCAL SERVICE MAP

3-2005

Business and Residential Local Telephone Service

These local service, wireless and Voice over the Internet companies compete with Qwest:

- **Competitive Local Service Companies**
  - AT&T, Blackfoot, MCI, McLeod, Mid-Rivers, Granite, New Access, One-Eighty, Z-Tel and others

- **Wireless companies**
  - Verizon, Cellular One, 3 Rivers and others

- **Voice over Internet (VoIP) companies**
  - AT&T "CallVantage", Packet8, Verizon, Bresnan and others

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Wireline Choices

- More than 25 companies offer traditional, wireline local telephone service in Qwest's Montana territory by:
  - Using their own facilities
  - Having an agreement with Qwest for a portion of the necessary facilities, or
  - Reselling Qwest's services

- None of these 25+ companies are regulated by the Public Service Commission; they are only regulated by the market.

- Local telephone service competition exists not only in the larger cities of Montana, but also in the more rural communities

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Residential Choices

❑ Wireline Competition in MT

- ***AT&T*** provides local and long distance services and competitive features, such as Caller ID, Voice Mail, Call Waiting, in Missoula, Helena, Great Falls, Bozeman, Billings, Butte and in other communities

- ***Blackfoot*** offers these same competitive services in Missoula

- ***MCI*** offers similar competitive services in Missoula, Helena, Great Falls, Bozeman, Billings, Butte and in other communities

Note: Features also include varying amounts of long distance (up to unlimited)

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Residential Choices - Cont.

- **Wireline Competition in MT**
  - ***Mid-Rivers*** offers the same services in Fairview, Glendive, Sidney, Wibaux and Terry
  - ***New Access Communications*** provides those same services in Missoula, Helena, Great Falls, Bozeman, Billings, Butte and surrounding communities
  - ***Z-Tel*** offers those services in Missoula, Helena, Great Falls, Bozeman, Billings and Butte

Competition exists for Qwest in Montana's residential market

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Business Choices

- **Wireline Competition in MT**
  - ***Blackfoot Communications*** offers services to business customers in the Missoula area
  - ***Granite Telecommunications*** serves businesses across Montana
  - ***MCI*** serves businesses in Helena, Great Falls, Bozeman, Billings and Butte and other communities across Montana

Note: Features also include varying amounts of long distance (up to unlimited)

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Business Choices - Cont.

- **Wireline Competition in MT**

  - ***McLeod*** serves businesses in Missoula, Helena, Great Falls, Bozeman, Billings and Butte and other communities across the state

  - ***OneEighty*** provides voice, data, Internet services to businesses in Bozeman and Billings

  - ***Z-Tel*** offers service to business customers across Montana

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Wireless Choices

- **Wireless companies cover most of Montana**
  - ***Verizon Wireless***
  - ***Cellular One***
  - ***3 Rivers Communications***
  - ***Plus others including Qwest Wireless – a small company compared to others above***

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Wireless Choices – Cont.

- According to the FCC, wireless telephone lines increased by 34% between December 2001 and December 2003 while the number of landlines, which is Qwest's "core business" decreased significantly

- Per the FCC:
  - –The number of wireless lines in Montana = 374K
  - –The number of traditional lines in Montana = 502K

These numbers are expected to increase and decline respectively in the next few years.

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Future Technology Is Already Here: Voice over the Internet (VoIP)

- Voice over the Internet allows customers to talk, voicemail, fax over the Internet rather than the traditional telephone network
- Voice over the Internet companies offer basic local and long distance service over high speed lines (e.g., cable modem, DSL)
- Voice over the Internet companies in Montana include AT&T, Packet8, Vonage and Qwest, with Bresnan Communications soon to join this group along with many others.
- As more customers obtain a broadband connection, Voice over the Internet is an increasingly viable local telephone service option.
- According to the FCC, high speed lines in Montana increased by 452% between June 2001 and June 2004.

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VoIP Choices

- ***AT&T*** **is offering its VoIP service for $29.99**

- ***Packet8*** **is currently offering its VoIP residential service for $19.95 and business service for $34.95**

- ***Verizon*** **is offering its VoIP service for $29.95 when combined with its high speed Internet service; otherwise, the price is $34.95**

- ***Bresnan Communications*** **has announced it'll be teaming with Net2Phone to provide VoIP services in the near future**

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Increasing Competition

- The FCC, the Department of Justice and state policy makers declared the Montana market open to competition in 2002
- Wireless substitution is a major reason for line loss today
- VoIP technology is quickly expanding to all major markets
- WiFi and WiMax rapidly changing the world of broadband
- Customers have a variety of choices for service through different technologies including landline, wireless, cable telephony and VoIP

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