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ARIZONA CORPORATION COMMISSION

October 5, 2004

Mr. Norman G. Curtright
QWEST CORPORATION
Law Department – Regulatory Section
4041 North Central Avenue, Suite 1100
Phoenix, Arizona 85012

Arizona Corporation Commission
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Mr. Timothy Berg
FENNEMORE CRAIG
3003 North Central, Suite 2600
Phoenix, Arizona 85012

Re: Qwest Corporation's Amended Renewed Price Regulation Plan
Docket No T-01051B-03-0454

Dear Messrs. Curtright and Berg:

As you are aware, Judge Rodda's most recent procedural order required Qwest Corporation ("Qwest" or the "Company") to respond to all of Staff's and its Consultant's outstanding and overdue data requests by October 1, 2004. We have reviewed the responses recently provided by Qwest in response to Judge Rodda's procedural order and would note the following significant omissions for the record.¹

There still appears to be significant outstanding discovery relating to Qwest's affiliate transactions with BSI, and its allocation of investment in deregulated or interstate services, including DSL and Choice TV. There are also missing attachments and non-responsive discovery responses regarding the Company's legislative activities, consolidated income tax returns, pension assets and accounting for TPUC and AFUDC. Given this failure by Qwest to provide the information requested at all or in other instances in a timely manner, and the fact that Staff just received the Company's Year 2000 Separations Study, the Staff and its Consultant's still have significant gaps in their testimony which they cannot address until they receive the information identified below and have an opportunity to do follow-up discovery in some instances.

Significant discovery was submitted by Staff Consultant Dunkel on August 27, 2004 on the issue of Qwest's charges to BSI. Responses to WDA 10-018(b) and (j) provided by Qwest on September 28, 2004 indicate that the Company will be doing some major revision to the rates

¹ We have also included a few later data requests issued by Utilitech to which the Company has not adequately responded or has not provided attachments that it referred to in its responses.

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charged by Qwest to BSI. However, Qwest has not provided the results of its rate revisions for BSI to Staff yet for its further review and analysis.

We have been provided no information yet on the amount of Qwest's investment in fiber, remote terminals and/or cross connects and USAMS facilities used to provide Choice TV, and the portion of that investment Qwest has allocated to the intrastate jurisdiction. Qwest indicated in its August 3, 2004 response to WDA 04-27 that it would take approximately 20 days to complete this study. This information is very important since Choice TV is a deregulated service and the intrastate jurisdiction should not be supporting these costs which could be substantial. Qwest was originally asked for this information on July 13, 2004.

On August 20, 2004, Mr. Dunkel submitted his eighth set of data requests to Qwest pertaining to separations issues with regard to the DSL investment of the Company. Both Staff and Mr. Dunkel have no record of Qwest ever having responded to WDA 8-007 and 8-009 seeking information on these DSL separations issues. Additionally, Qwest's responses to WDA 8-13(c) and (d) are inadequate. Again, this information is important because we are likely dealing with a significant investment by the Company, all of which should not be supported by the intrastate jurisdiction.

We would also note that Staff finally received, on October 4, 2004, Qwest's response to WDA 2-20 (submitted June 17, 2004) and WDA 08-01(f) (submitted August 20, 2004) both of which requested a copy of Qwest's Year 2000 separations study. Staff's inability to obtain the Company's study until this week, has delayed a significant and important part of its analysis on separations issues by several months. If you recall, because of its importance to Staff's analysis, Staff raised this issue repeatedly in its ongoing conversations with Qwest concerning outstanding discovery issues and each time the Company responded with something short of the actual study.

Staff also has no record of Qwest's responding to WDA 4-020 and 4-021 yet (submitted July 13, 2004) pertaining to Qwest's Arizona Exchange and Network services Price Cap Tariff, Section 4.1(C).

Finally, Utilitech has not received several attachments referred to in Qwest's responses to UTI 11-14S1 (Consolidated Income Tax Information)(highly confidential Attachment A is missing); UTI 13-10 (Attachment A is missing), and UTI 15-17 (no attachments received). Additionally, Utilitech has not received answers from the Company responsive to UTI 9-14 and UTI 9-15 concerning legislative activities. And, the Company's response to UTI 16-17 merely referred to Qwest witness Grate's rejoinder testimony in Qwest's last rate case; without providing an actual copy of what Mr. Grate was relying upon to support his testimony in this case. Staff also finds Qwest's response to UTI 16-13 to be non-responsive; as the Company did not produce the documentation that would allow Utilitech to verify the Company's accounting for differences in TPUC and AFUDC policies of other regulatory jurisdictions in its region that differ from the FCC.

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Staff would appreciate an immediate update from Qwest as to when it can expect Qwest's responses to this still outstanding discovery. Please do not hesitate to contact me if you have any questions concerning this letter. Thank you in advance for your cooperation with this matter.

Sincerely,

A handwritten signature in black ink that reads "Maureen A. Scott". The signature is written in a cursive, flowing style.

Maureen A. Scott
Attorney, Legal Division

cc: Christopher C. Kempley
Ernest G. Johnson
Elijah Abinah
All Parties of Record