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14 **BEFORE THE ARIZONA CORPORATION COMMISSION**

15 IN THE MATTER OF QWEST  
16 COMMUNICATIONS INTERNATIONAL  
17 INC.'S, QWEST SERVICES  
18 CORPORATION'S, AND QWEST  
19 CORPORATION'S NOTICE OF SALE,  
20 REQUEST FOR WAIVER, OR  
21 APPLICATION FOR APPROVAL OF THE  
22 SALE OF THE ARIZONA OPERATIONS OF  
23 QWEST DEX, INC.

DOCKET No. T-01051B-02-0666

**QWEST'S RESPONSE TO THE UNITED STATES DEPARTMENT OF DEFENSE'S APPLICATION FOR INTERVENTION**

24 Qwest Corporation ("Qwest") hereby responds to the Application for Intervention filed in  
25 this matter by the United States Department of Defense ("DOD") and all other affected Federal  
26 Executive Agencies ("FEA"), on January 10, 2003 ("Application"). Arizona law does not  
authorize intervention by DOD/FEA. The Application, therefore, should be denied.

Pursuant to Arizona Administrative Code ("A.A.C.") R14-3-105, intervention may be granted only if the applicant for intervention demonstrates that its interests are "directly and substantially affected" by the proceeding. The rule further provides that "[n]o application to intervene shall be granted where by so doing the issues theretofore presented will be unduly broadened . . . ." *Id.* In an apparent attempt to satisfy these regulatory standards, the Application

1 states, "DOD/FEA is a customer with a significant potential economic interest in this proceeding  
2 and would be affected by its outcome." Application at 2. A potential economic interest is not a  
3 direct and substantial interest as required for intervention under R14-3-105(A). The granting of  
4 DOD and "all other affected Federal Executive Agencies" would also unduly broaden the scope  
5 of this proceeding for a number of reasons. Application at 1. DOD/FEA requests intervention to,  
6 among other things, "produce and cross-examine witnesses, and be heard in person or by counsel,  
7 upon brief and at oral argument...." Application at 3.

8 DOD/FEA's reliance on its status as a customer of Qwest as the basis for its claim that it  
9 may be affected by this docket does not create a legal interest that justifies intervention. The  
10 A.A.C. R14-2-803 notice filed by Qwest Communications International, Inc. ("QCI"), Qwest  
11 Services Corporation ("QSC"), and Qwest does not raise any issues relating to the provision of  
12 services by the regulated public service corporation. To the contrary, the application clearly  
13 demonstrates that the regulated operations of Qwest will be unchanged by the proposed sale.  
14 Specifically, the sale will not result in: (1) increased capital costs to Qwest; (2) additional costs  
15 allocated to the Arizona jurisdiction; or (3) a reduction of Qwest's net operating income. The sale  
16 will not impair Qwest's financial status, prevent Qwest from attracting capital at fair and  
17 reasonable term, or impair its ability to provide safe, reasonable and adequate service. In short,  
18 Qwest's corporate structure and its operations in Arizona will be unaffected by the sale. Rates  
19 charged by Qwest to customers such as the DOD/FEA are not affected by this transaction. The  
20 prices the DOD/FEA pays, if any, for directory advertising are not subject to regulation and thus  
21 do not provide a basis for intervention.

22 In these circumstances, DOD/FEA has not demonstrated and cannot demonstrate that its  
23 legal interests may be directly and substantially affected by the sale of Dex's Arizona assets. *See*  
24 A.A.C. R14-3-105. Alternatively, if the Commission is inclined to permit DOD/FEA's  
25 intervention, it should limit such intervention to the sole issue of the impact of the Dex sale on  
26 telecommunication services provided by the regulated entity, Qwest, to military installations and

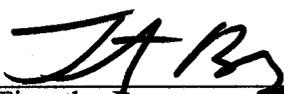
1 affected Federal civilian agencies in Arizona.

2 DATED this 16<sup>th</sup> day of January, 2003.

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16 **ORIGINAL** and **13 COPIES** filed  
17 this 16<sup>th</sup> day of January, 2003, to:

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22 **COPY** hand-delivered this 16<sup>th</sup> day of  
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