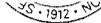


WILLIAM A. MUNDELL  
CHAIRMAN  
JIM IRVIN  
COMMISSIONER  
MARC SPITZER  
COMMISSIONER



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ORIGINAL  
BRIAN C. McNEIL  
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Direct Line: 602-542-3935  
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ARIZONA CORPORATION COMMISSION

June 7, 2002

Teresa Wahlert  
Vice President – Arizona  
Regional Vice President  
Qwest Communications  
3033 North Third Street, Suite 1001  
Phoenix, AZ 85012

Arizona Corporation Commission  
**DOCKETED**

JUN 07 2002

DOCKETED BY	<i>CKO</i>
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RECEIVED  
JUN 11 10 25 02  
ARIZONA CORPORATION COMMISSION  
1200 WEST WASHINGTON STREET  
PHOENIX, ARIZONA 85007

Re: Section 271 of the Telecommunications Act of 1996;  
Docket No. T-00000A-97-0238;  
May 20, 2002 Press Release/Massachusetts Institute of Technology Study

Dear Ms. Wahlert:

Two recent press releases (May 20 and June 3) referenced a Massachusetts Institute of Technology Study authored by Professor Jerry A. Hausman, which predicted \$189 million dollars in annual savings from Qwest Communications' re-entry into the long distance market. I would appreciate it if you would file a letter with Docket Control that identifies the total cost of the study and how much of the cost was paid by Qwest. If there were any other significant contributors, how much each of them paid to finance the study. Thank you for your attention to this matter.

Sincerely,

William A. Mundell  
Chairman, Arizona Corporation Commission

cc: Commissioner Irvin  
Commissioner Spitzer  
Ernest Johnson, Director, Utilities Division  
Chris Kempley, Chief Counsel, Legal Division  
Mark DiNunzio, Assistant Director, Utilities Division  
Docket Control



# NEWS

## **QWEST COMMUNICATIONS CLEARS ALL 14 CHECKLIST ITEMS NECESSARY FOR RE-ENTRY INTO THE LONG-DISTANCE BUSINESS IN ARIZONA**

**Qwest Long-Distance Re-Entry Expected To Save Arizona Customers \$189 Million Annually and Boost State's Economy; FCC Filing Planned In Next Few Weeks**

**PHOENIX, May 20, 2002** — Qwest Communications International Inc. (NYSE:Q), moved a key step closer to offering Arizona customers a real choice in long-distance service when the Arizona Corporation Commission approved the last of the 14 federal checklist items necessary for Qwest's re-entry into the long-distance business in Arizona. Qwest plans to file its application to offer long-distance service in Arizona with the FCC within the next few weeks.

"The commission's action clearly acknowledges that Qwest has opened its local markets to competitors," said Teresa Wahlert, Qwest regional vice president and vice president of policy and law for Arizona. "It reflects a lot of work on the part of the commission, the staff and all industry participants, which will bring more competition, better service and lower prices to customers in the state."

"Through the leadership of Commission Chairman Bill Mundell and Commissioners Jim Irvin and Marc Spitzer, we are on the verge of providing greater local and long-distance competition to Arizona and throughout our local service territory," said Steve Davis, Qwest senior vice president of policy and law.

Qwest's long-distance re-entry will save customers in Arizona more than \$189 million annually, or an average of more than \$78 per residential customer, according to a study by Professor Jerry A. Hausman, director of the Massachusetts Institute of Technology (MIT) Telecommunications Economics Research Program. After Qwest is approved to re-enter the long-distance business, the company will be able to provide customers with another competitive choice for long-distance service, as well as offer bundled services and the convenience of a single bill.

Decisions have now been issued in Arizona on all federally mandated 14-point checklist items. They include: interconnection and collocation; unbundled network elements; poles, ducts, conduits and rights-of-way; loops; transport; switching; 911, directory assistance and operator services; white page directory listings; number administration;

signaling and databases; number portability; dialing parity; resale; and reciprocal compensation.

Qwest has completed a comprehensive operational support systems (OSS) test in Arizona. Additionally, an independent systems test has also been completed for the other 13 states in Qwest's local service territory. Both tests demonstrate Qwest's excellence in providing wholesale services and support to competitive local telephone companies. Qwest has spent in excess of \$3 billion to open its markets to competitors and comply with the Telecommunications Act of 1996, including more than \$180 million on OSS testing.

A study by San Francisco economist Dr. David Sosa, issued by the Goldwater Institute, found that increased long-distance competition and lower prices are expected to save Arizona seniors as much as \$150 annually on their phone bills. Primary and secondary school districts also will benefit significantly from Qwest's entry into long-distance, saving millions in communications and Internet expenses. Moreover, the lower prices will have significant impact on small, rural and urban school districts that currently must spend a greater portion of their budget to pay for communications services; these savings can be redirected to improve student performance and classroom experience.

When Qwest acquired U S WEST, the company had to divest itself of its long-distance operations in the 14 western states where U S WEST provided local service. Under the Telecommunications Act of 1996, Qwest can re-enter the long-distance business once its application to the FCC has been approved.

### **About Qwest**

Qwest Communications International Inc. (NYSE: Q) is a leader in reliable, scalable and secure broadband data, voice and image communications for businesses and consumers. The Qwest Macro Capacity® Fiber Network, designed with the newest optical networking equipment for speed and efficiency, spans more than 190,000 miles globally. For more information, please visit the Qwest Web site at [www.qwest.com](http://www.qwest.com).

###

This release may contain projections and other forward-looking statements that involve assumptions, risks and uncertainties. Readers are cautioned not to place undue reliance on these statements, which speak only as of the date of this release. These statements may differ materially from actual future events or results. Readers are referred to the documents filed by Qwest Communications International Inc. (together with its affiliates, "Qwest", "we" or "us") with the Securities and Exchange Commission (the "SEC"), specifically the most recent reports which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements, including but not limited to: the duration and extent of the current economic downturn in our 14-state local service area, including its effect on our customers and suppliers; any adverse outcome of the SEC's current inquiries into Qwest's accounting policies, practices and procedures; adverse results of increased review and scrutiny by regulatory authorities, media and others (including any internal analyses) of financial reporting issues and practices or otherwise; rapid and significant changes in technology and markets; failure to achieve the projected synergies and financial results expected to result from the acquisition of U S WEST, and difficulties in combining the operations of the combined company; our future ability to provide interLATA services within our 14-state local service area; potential fluctuations in quarterly results; volatility of Qwest's stock price; intense competition in the markets in which we compete; changes in demand for our products and services; adverse economic conditions in the markets served by us or by companies in which we have substantial investments; dependence on new product development and acceleration of the deployment of advanced new services, such as broadband data, wireless and video services, which could require substantial expenditure of financial and other resources in excess of contemplated levels; higher than anticipated employee levels, capital expenditures and operating expenses; adverse changes in the regulatory or legislative environment affecting our business; adverse developments in commercial disputes or legal proceedings; and changes in the outcome of future events from the assumed outcome included by Qwest in its significant accounting policies. The information contained in this release is a statement of Qwest's present intention, belief or expectation and is based upon, among other things,

the existing regulatory environment, industry conditions, market conditions and prices, the economy in general and Qwest's assumptions. Qwest may change its intention, belief or expectation, at any time and without notice, based upon any changes in such factors, in Qwest's assumptions or otherwise. The cautionary statements contained or referred to in this release should be considered in connection with any subsequent written or oral forward looking statements that Qwest or persons acting on its behalf may issue. This release may include analysts' estimates and other information prepared by third parties for which Qwest assumes no responsibility. Qwest undertakes no obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

The Qwest logo is a registered trademark of, and CyberCenter is a service mark of, Qwest Communications International Inc. in the U.S. and certain other countries.

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for consumer choice & fair competition

P.O. BOX 7767, PHOENIX, AZ 85011  
866-647-9122

For Immediate Release  
Monday, June 3, 2002

For more information, contact:  
Jeff Mirasola, 602-630-8224

## Arizona Consumer Coalition Welcomes Lower Long Distance Phone Prices

PHOENIX – A statewide consumer coalition today welcomed the announcement that Arizona phone customers will see lower long distance prices when Qwest enters the state's long-distance market – whether they choose Qwest or another company.

“This proves what we have been saying for months – real competition will bring lower prices, improved service and advanced technology to Arizona consumers,” said Jeff Mirasola, executive director of Arizonans for Consumer Choice and Fair Competition. “This is good news for our state's consumers, and it will only get better when Qwest is approved to offer interstate long distance service here.

“With this pricing plan in place, other long distance companies will be forced to really compete for the first time,” Mirasola said. “Competitive market pressures will benefit our state's consumers, who should be able to save money no matter which company they choose.”

Qwest announced today that it would offer a residential long distance rate of 10 cents per minute – without the monthly fee customary with most long distance plans. That, along with businesses' savings, will save Arizona residents about \$189 million a year, according to a study by Professor Jerry Hausman, director of the Massachusetts Institute of Technology Telecommunications Research Program.

Individually, residential and business consumers each will save more than \$137 million annually in the state of Arizona. That adds up to \$1 billion a year in combined savings region-wide.

Currently, about half of AT&T's residential customers (those who are not on a monthly calling plan) pay 35 cents per minute plus a \$1.50 monthly fee and possibly other hidden fees. AT&T residential customers not on a calling plan who make 30 minutes of long distance calls per month and switch to Qwest will save \$9.00 per month.

Arizonans for Consumer Choice and Fair Competition is a group of more than 37,000 individual consumers, businesses and organizations who want to bring, full and fair competition to the state's telecommunications markets: local phone, long distance, wireless, cable and high-speed Internet.

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