



Christine O. Gregoire

ATTORNEY GENERAL OF WASHINGTON

900 Fourth Avenue #2000 • Seattle WA 98164-1012

November 1, 2001

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WASH. UT. & TP. COMM.

Theresa Jensen
Director, Regulatory Affairs
Qwest Corporation
1600 7th Avenue, Room 3206
Seattle, WA 98191

8483,423
- 7,692,423

741,000

Re: Qwest Refund Settlement
King County Cause No. 96-2-09623-7 SEA
Infrastructure Investment Report Requirement

Dear Ms. Jensen:

As you know, the Settlement Agreement reached in the Qwest refund proceeding provides for the distribution of \$26 million to fund a list of projects and programs to benefit Washington's telecommunications customers. Of that \$26 million, \$8,433,423 was allocated to a separate account within the US West (now "Qwest") financial system to fund specific network infrastructure improvements for the Enhanced 911 network, Unserved Washington Areas, K-20 educational network, Community Voice Mail and Analog Carrier System Replacement projects.

As part of the Settlement Agreement, the Company agreed to provide the parties to the settlement with quarterly reports on expenditures in the infrastructure account. In a letter dated February 12, 2001, Qwest filed the first report, which reflected infrastructure expenditures through December 31, 2000. The second report was filed by the Company in a letter dated July 2, 2001, and reflected expenditures through the first quarter of 2001. Both filings included a cover letter describing project activities as well as a spreadsheet reflecting the total amount of expenditures for each infrastructure project. The reports for the second and third quarters of 2001 are now overdue.

Maintaining a record of infrastructure expenditures is important not only to track settlement implementation but also because according to the terms of the Settlement Agreement, \$7,692,423 of the \$8,433,423 infrastructure funds are required to be transferred to the escrow account if they are not spent by January 1, 2002. The Settlement Agreement provides that any of the \$7,692,423 funds for the E911, Unserved Washington Areas and Analog Carrier System Replacement remaining in the infrastructure account after January 1, 2002 shall be moved to the escrow account created by the Settlement Agreement. The other \$886,000 is for customer specific projects and may be incurred after January 1, 2002. In the letter dated July 2, 2001, Qwest reported that through the first quarter of 2001, a total of \$4,008,177 has been spent on three of the five projects. Based on that report, \$3,684,246 remains unspent and is subject to the transfer provision.

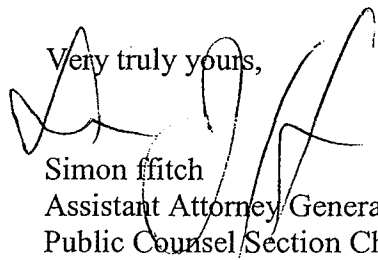
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800-423-423
741,000



To: Theresa Jensen
Re: Qwest Refund Settlement
King Co. Cause # 96-2-09623-7 SEA
Dated: November 1, 2001
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Public Counsel requests that Qwest promptly file the overdue reports reflecting infrastructure account expenditures for the second and third quarters of 2001. While we appreciate the informal updates provided in our meetings and via e-mail, we do not believe these constitute adequate quarterly reports as contemplated in the refund settlement. We do believe the reporting format used in the February and July letter is satisfactory. We also request that on a going forward basis, Qwest file these quarterly reports within 30 days after the end of each quarter. If this is not feasible, we can discuss an alternative timeline.

Very truly yours,



Simon Fitch
Assistant Attorney General
Public Counsel/Section Chief

cc: Glenn Blackmon
Tom Spinks
Greg Trautman