

3 According to the Company, it is unable to file the majority of the annual reports due to issues associated with the restatement of its financial reports. The Company seeks an extension of time to file certain reports as follows:

- WAC 480-120-031(4), 2002 annual report with the exception of the ARMIS 43-08 report, 90 day extension until August 1, 2003;
- WAC 480-120-031(9), first quarter 2003 operations statement, 30 day extension until August 1, 2003;
- WAC 480-120-031(9), fourth quarter 2002 operations statement, 90 day extension until August 1, 2003; and
- WAC 480-146-360 subsections 3(a), (b) and (g), 2002 annual affiliated interest transactions report, 90 day extension until September 1, 2003.

DISCUSSION

4 As a result of the restatement of the financial results for 2001 and 2000 by Qwest's parent company, Qwest Communications International, Inc., and the subsequent audits by an external auditor, Qwest's 1999 annual report is the most current, audited report on file with the Commission. Qwest has clarified in the letter filed on April 18, 2003, that it will refile the annual reports for years 2000 and 2001 as necessary to reflect the audited results.

5 Commission Staff reviewed the request and, although with concerns, recommended granting Qwest's modified request for temporary exemption.

6 We concur with Staff's concern that the financial information contained within the reports represents the financial health of a company's operations. Further, Staff often refers to annual reports in its analysis of various filings and on-going issues in contested cases. Annual reports are used as part of the ongoing review

of company operations. In terms of financial information, annual reports are the starting point for validation of revenue requirement filings, trends in revenues and expenses, multiple or unusual fluctuations in accounts that could indicate necessary adjustments, and changes in business practices.

- 7 We also note that there is certain non-financial information contained within both the annual report and the affiliated interest transactions report. Such information is not directly tied to financial statements and could be useful in advance of receiving the requested late-filed 2002 annual report. Qwest has amended its petition, in a letter filed on April 18, 2003, to no longer request an extension of Commission rule requirements for certain subsets of its reports that do not have direct ties to the financial information being restated.

FINDINGS AND CONCLUSIONS

- 8 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, rules, regulations, practices, accounts, securities, and transfers of public service companies, including telecommunications companies. *RCW 80.01.040; Chapter 80.04 RCW and Chapter 80.36 RCW.*
- 9 (2) Qwest is a telecommunications company and is a public service company subject to the jurisdiction of the Commission.
- 10 (3) Qwest is subject to the provisions of RCW 80.04.080 and WAC 480-120-031, requiring telecommunications companies to file an annual report no later than May 1st of each year.

- 11 (4) Qwest is subject to the provisions of RCW 80.04.080 and WAC 480-146-360, requiring telecommunications companies to file an annual report of affiliated interest transactions no later than June 1st of each year.
- 12 (5) WAC 480-120-015 provides that the Commission may grant an exemption from the provisions of any rule in Chapter 480-120 WAC, if consistent with the public interest, the purposes underlying regulation and applicable statutes.
- 13 (6) This matter was brought before the Commission at its regularly scheduled meeting on April 23, 2003.
- 14 (7) After review of the petition filed in Docket UT-030459 by Qwest on April 3, 2003, and modified by letter on April 18, 2003, and giving due consideration, the Commission finds the temporary exemption is consistent with the public interest since inaccurate financial data would be of limited value. Therefore, the Commission grants the request.

ORDER

THE COMMISSION ORDERS:

- 15 (1) The temporary partial exemption sought by Qwest Corporation for WAC 480-120-031(4), WAC 480-120-031(9), and 480-146-360 is granted as follows:
- WAC 480-120-031(4), 2002 annual report with the exception of the ARMIS 43-08 report, 90 day extension until August 1, 2003;
 - WAC 480-120-031(9), first quarter 2003 operations statement, 30 day extension until August 1, 2003;

- WAC 480-120-031(9), fourth quarter 2002 operations statement, 90 day extension until August 1, 2003; and
 - WAC 480-146-360 subsection (3)(a), (b) and (g), 2002 annual affiliated interest transactions report, 90 day extension until September 1, 2003,
- 16 (2) Failure by Qwest Corporation to file its 2002 annual report, fourth quarter 2002 and first quarter 2003 operations statements by August 1, 2003, and its 2002 affiliated interest transactions report by September 1, 2003, may result in the Commission invoking provisions of Chapter 80.04 RCW that provide for penalty assessments.
- 17 (3) The Commission retains jurisdiction over the subject matter and Qwest Corporation to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective this 23rd day of April, 2003.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

PATRICK J. OSHIE, Commissioner