

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of Qwest Corporation's Motion for an
Alternative Procedure to Manage the Section 271 Process)
Case No. USW-T-00-3)
)
)

**STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD**

IN RE:)
DOCKET NO. INU-00-2)
QWEST CORPORATION)
)

**DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA**

IN THE MATTER OF the Investigation Into Qwest)
Corporation's Compliance with Section 271 of the)
Telecommunications Act of 1996)
Docket No. D2000.5.70)
)

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

Qwest Corporation)
Section 271 Compliance)
Investigation)
Case No. PU-314-97-193)
)

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Qwest Corporation for)
Approval of Compliance with 47 U.S.C. § 271(d)(2)(B))
Docket No. 00-049-08)
)
)

BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

IN THE MATTER OF THE APPLICATION OF QWEST)
CORPORATION REGARDING 271 OF THE FEDERAL)
TELECOMMUNICATIONS ACT OF 1996, WYOMING'S)
PARTICIPATION IN A MULTI-STATE SECTION 271)
PROCESS, AND APPROVAL OF ITS STATEMENT OF)
GENERALLY AVAILABLE)
DOCKET No. 70000-TA-00-599)
)

BEFORE THE NEW MEXICO REGULATION COMMISSION

IN THE MATTER OF Qwest Corporation's Section 271)
Application and Motion for Alternative Procedure to)
Manage the Section 271 Process)
Utility Case No. 3269)
)

AFFIDAVIT OF JUDITH L. BRUNSTING

STATE OF)
)ss.
COUNTY OF)

Judith L. Brunsting declares as follows:

My name is Judith L. Brunsting. My business address is 198 Inverness Drive West, 2nd floor, Englewood, Colorado, 80112. I am Senior Director of 272 Business Development in Qwest Corporation.

The KPMG LLP attestation identified several transactions where costs incurred on behalf of Qwest Corporation (“ the Qwest BOC”) were neither properly processed nor posted. Qwest Communications Corporation (“ the 272 Affiliate”) corrected all of the identified discrepancies by posting the transaction on the website and by billing or booking these transactions by November 15, 2001, with the exception that catch up billing for all discrepancies other than Discrepancy H are being billed in November, 2001, and a \$9000 adjustment for Discrepancy C that is being booked in November 2001.

The 272 Affiliate has also implemented and is in the process of implementing several new internal controls intended to provide reasonable assurance that intercompany transactions initiated by the 272 Affiliate are identified, reduced to writing, accurately processed and posted. Specifically, the 272 Affiliate has put in place or will have in place by December 3, 2001 the following controls for the identified discrepancies:

Discrepancy C: FMV studies were not performed for nine real estate properties for which FMV studies were required. The nine properties were billed at FDC.

This discrepancy occurred because task orders were priced without a review for

proper determination of whether Fair Market Value (“FMV”) or Fully Distributed Cost (“FDC”) should be used. A new control is being implemented that requires the Business Unit Affiliate Manager’s (“BUAM”) supervisor review the calculation to ensure both an FDC and an FMV analysis have been completed. Any task order without this support will not be processed by the BUAM. This control is designed to ensure that a FMV study is performed timely and the invoice will be processed accurately. Additionally, a 272 checklist is being established to track all new services provided by the 272 Affiliate to the Qwest BOC. The Director-Corporate Accounting, Qwest Services Corporation (“QSC”) will have responsibility for monitoring the checklist to ensure that all items are completed in a timely manner prior to signature.

Discrepancy D: In developing the rate for the service of leasing test equipment, incorrect data inputs were utilized.

This discrepancy resulted from the 272 Affiliate not having its own FDC model to determine pricing. To expedite billing, the 272 Affiliate used an alternative method to arrive at an FDC rate that was incorrect. An FDC model that is compliant with the FCC’s affiliate rules has now been developed and will be used for all the 272 Affiliate pricing.

Discrepancy H: The lease agreement for fiber optical capacity was not accounted for, billed (including interest charges) or posted to the website during the examination period.

This discrepancy occurred because after the merger, personnel unfamiliar with affiliate billing requirements inadvertently stopped billing for this pre-merger agreement. A new control has been implemented for the Controller of Qwest Network Construction Services (“QNCS”) to inform the 272 Affiliate of any new or proposed transactions. Additionally, the Director-Corporate Accounting will request a review of the billing system quarterly to identify new transactions from QNCS.

Discrepancy I: Real estate occupancy services and the use of PBX services were

provided but not accounted for, billed (including interest charges) or reduced to writing during the examination period.

This discrepancy occurred because of a lack in communications between the Human Resources department (“HR”), the Real Estate organization, and the BUAM. To ensure that all intercompany real estate services are properly captured, the following new controls will be developed by December 13, 2001 and implemented by December 31, 2001. HR will now send a report of any changes in legal entity to Real Estate who will distribute the information to the BUAM. The BUAM will be responsible for identifying the potential impact on other affiliates or agreements. Additionally, the Real Estate organization will perform quarterly reviews and notes changes to the BUAM.

Discrepancy J: Audio conferencing services were provided but not accounted for, billed (including interest charges) or reduced to writing during the examination period.

The discrepancy occurred because the employee responsible for accounting and billing did not follow company policies. Personnel changes were made and company policy is being enforced and followed. This service is now being provided by a third party vendor. Any decision to provide this service internally again in the future will be made only if an acceptable billing solution can be found.

Discrepancy K: Private line circuits for in-region interLATA official communication services were provided but not accounted for, billed (including interest charges) or reduced to writing during the examination period.

The issue for this service was determining how to issue a bill when the systems were not accepting data which then resulted in no billing, no written agreement and no posting. This occurred because a Section 271 protection was built into the ordering system so in-region interLATA services could not be offered. To facilitate proper billing in the future, a manual process was implemented to identify all circuits and rates being used for official service. In order to ensure that accurate billings are processed on a timely basis, this

information has been entered into a database which will feed the monthly billing system.

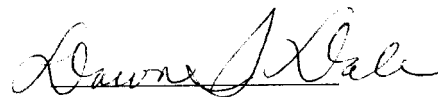
Discrepancy L: Calling card services were provided but not reduced to writing during the examination period.

This discrepancy was discovered by comparing services listed on the website to billings. It was not discovered on a timely basis however. To improve the timeliness of reducing services to writing a 272 checklist is being established to track all new services provided by the 272 Affiliate to the Qwest BOC. The Director-Corporate Compliance will have responsibility for monitoring the checklist to insure that all items are completed in a timely manner prior to signature. Additionally, both entities will deploy additional training to all involved organizations and employees.

I hereby swear and affirm that the statements and data contained in the attached affidavit are true and correct to the best of my knowledge and belief.


JUDITH L. BRUNSTING

SUBSCRIBED AND SWORN before me this 15th day of November, 2001.



Notary Public

My Commission Expires:

2/7/04

