

**BEFORE THE WASHINGTON UTILITIES
AND TRANSPORTATION COMMISSION**

**In the Matter of the Investigation Into)
U S WEST Communications, Inc.'s) Docket No. UT-003022
Compliance With Section 271 of the)
Telecommunications Act of 1996)**

_____)
)
**In the Matter of U S WEST Communications,) Docket No. UT-003040
Inc.'s Statement of Generally Available)
Terms Pursuant to Section 252(f) of the)
Telecommunications Act of 1996)**

**SUPPLEMENTAL AFFIDAVIT OF CORY W. SKLUZAK
ON BEHALF OF AT&T**

REGARDING SECTION 272

PUBLIC VERSION

January 4, 2002

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REGARDING SECTION 272**

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AT&T Communications of the Pacific Northwest, Inc., TCG Seattle and TCG Oregon (collectively "AT&T") hereby submit this Supplemental Affidavit of Cory W. Skluzak addressing the supplemental filings Qwest has made on Section 272 issues.

1. My name is Cory W. Skluzak. My business address is 1875 Lawrence Street, Suite 1000, Denver, Colorado 80202. I am employed by AT&T Corp. ("AT&T") as a policy analyst in the Access Management Group, and I previously filed testimony on section 272 issues in this proceeding.

2. The purpose of this affidavit is to discuss the continuing failure of Qwest Corporation, formerly U S WEST Communications, Inc., ("Qwest" or "QC"), Qwest Long Distance, Inc. formerly U S WEST Long Distance, Inc. ("Qwest LD"), and its new section 272 affiliate, Qwest Communications Corporation ("QCC"),¹ to meet its burden of establishing that it will operate in compliance with section 272 of the Telecommunications Act of 1996 (the "Act") if, and when, it is granted authorization to provide in-region interLATA services.

3. As I described in my original affidavit, AT&T conducted three on-site reviews, or tests, of Qwest affiliated transactions, the last of which was in May 2001. During the week of November 25, 2001, I reviewed additional affiliated transactions between Qwest and QCC for the time period of May through October 2001. This review was made to refresh the previous

¹ After the merger of Qwest Communications International, Inc. and U S WEST, Inc., the name of U S WEST Long Distance, Inc. was changed to Qwest Long Distance, Inc. It should be noted that, according to Qwest's testimony, Qwest Long Distance, Inc., was to have merged with QCC sometime in May 2001. I was unable to determine from my review, or from the direct testimony filed by Qwest and QCC, whether this merger has yet occurred.

1 testing. Although the same conventions used for the previous reviews were followed, only
2 QCC's expenses were reviewed and fewer selections were made due to time constraints.

3 4. From my supplemental review, I noted deficiencies with respect to Section
4 272(b)(3) and I list them as follows:

5 a. **PROPRIETARY:**
6 ~~XX~~
7 ~~XX~~
8 ~~XX~~
9 ~~XX~~. There is no
10 difference between when these employees are acting as Qwest employees
11 and when they are functioning as QCC employees. The PUC's inquiry
12 should be as to the functional operation and not who cuts the payroll
13 check.

14 b. **PROPRIETARY:**
15 ~~XX~~
16 ~~XX~~
17 ~~XX~~
18 ~~XXXXXXXXXXXXXXXXXXXX~~. This invoice is related to the above, but now the
19 percentages are much less. Qwest, at a minimum, should be required to
20 explain why this is, what type of work is being performed at QCC and
21 whether there is functional separation of these Qwest employees.

22
23 5. With respect to the nondiscrimination safeguards in Section 272(c)(1),
24 examination of a recent invoice from Qwest to QCC for May, 2001 revealed that certain
25 financial services (for "Bismarck Bankruptcy" per the work order) were provided for the time
26 period October 2000 – April 2001. However, the work order was not signed until May 11, 2001.
27 The presumption is that it wasn't posted until sometime after the signature. Thus, this appears to
28 be a violation of the 10-day posting rule and the provision of services to QCC on a
29 discriminatory basis.

1 6. Qwest has also continued its historical failure to charge interest on outstanding
2 amounts payable by Qwest LD and QCC. Although Qwest claims to have rectified this situation,
3 I noted at least one invoice from April 2001 where this did not appear to be the case.

4 **PROPRIETARY:**

5 XXX
6 XXX
7 XXX
8 XXX

9 7. Discrimination also may be occurring in relation to Qwest’s bill printing and
10 processing work order.² The work order shows a fully distributed cost to QCC of \$ 0.07/page.
11 Inquiry to AT&T personnel reveals that Qwest is charging AT&T a much higher price. Further
12 investigation is necessary to determine if Qwest is discriminating on the basis of price as well as
13 the nature of the service (Qwest provides mailing as well as printing for QCC).

14 8. An invoice from July, 2001 was examined that related to the Work Order for
15 Technical Accounting that implied the merger of another affiliate into QCC. **PROPRIETARY:**

16 XXX
17 XXX
18 XXX. Qwest should come

19 forth with all details surrounding this merger of LCI, formerly one of the largest long distance
20

² See <http://www.qwest.com/about/policy/docs/qcc/currentDocs.html>

1 carriers in the nation, so that the WUTC can determine compliance of this entity with the
2 requirements of section 272.

3 9. Accordingly, even if Qwest has corrected the deficiencies identified in the report
4 prepared by KPMG, LLP (“KPMG”), entitled “Qwest Corporation Report of Independent Public
5 Accountants, Attestation Examination with respect to – Report of Management on Compliance
6 with Applicable Requirements of Section 272 of the Telecommunications Act of 1996,
7 November 9, 2001,” Qwest has failed to demonstrate that it *currently* is in compliance with all of
8 the requirements of Section 272. Additional investigation and continued vigilance will be
9 required before the Commission should have any confidence in Qwest’s assertions that it is
10 satisfying and will continue to satisfy, its obligations under Section 272.