

**BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of	)	DOCKET NO. UT-030459
	)	
Qwest Corporation	)	ORDER NO. 02
	)	
Petitioner,	)	
	)	
Seeking Exemption from Portions	)	
of WAC 480-120-304 and WAC	)	
480-146-360 Relating to Reporting	)	ORDER DENYING COMPANY
Requirements of	)	ADDITIONAL TIME TO FILE
Telecommunications Companies	)	ANNUAL REPORT, QUARTERLY
to File Annual and Quarterly	)	REPORTS, AND AFFILIATED
Reports and Affiliated Interest	)	INTEREST TRANSACTIONS
Transactions Report.	)	REPORT
.....	)	

**BACKGROUND**

- 1     On June 30, 2003, Qwest Corporation (Qwest or the Company) filed with the Commission a second request for an extension of time to file its 2002 annual report, its fourth quarter 2002 and first quarter 2003 operations statements (quarterly reports), and its 2002 annual report of affiliated interest transactions as required by WAC 480-120-304, and WAC 480-146-360, respectively.
- 2     According to the Company, it is unable to file the majority of the reports due to issues associated with the restatement of its financial reports. The Company seeks an additional extension of time to file these reports until November 3, 2003. The reason stated for this extension is similar to the Company's initial petition to request an extension of time to file. The Commission granted the initial request allowing Qwest to file its 2002 annual reports, quarterly reports, and affiliated interest transactions report no later than August, and September 1, 2003, respectively.

## DISCUSSION

- 3 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. The financial and accounting information contained in the annual reports provide foundation for understanding and review of the financial operation and capital structure of the Company. We concur with staff's view that this type of information is useful for evaluating Qwest's past, present and future performance. In today's dynamic financial market, the usefulness of the financial information goes hand-in-hand with timeliness.
- 4 Qwest's request for an additional extension of time to file its annual reports should be denied because the financial statements provides important information regarding the Company's past earnings and its future prospect. The quarterly accounting information represents a snap-shot in time of the financial health of the Company's operations. In terms of financial accounting information, annual reports are the starting point for validation of revenue requirement filings, cost expenditures, credit reports, trends in revenues and expenses, multiple or unusual fluctuations in accounts that could indicate necessary adjustments, and changes in business practices.
- 5 We share staff's concern. The Commission believes that a further delay and the lack of this important financial information will hinder our ability to fully analyze Qwest's financial status on a timely basis and will reduce the usefulness of the annual reports. The Commission therefore see no compelling reason to grant an additional extension.

## FINDINGS AND CONCLUSIONS

- 6 (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.*
- 7 (2) Qwest is a telecommunications company and is a public service company subject to the jurisdiction of the Commission.
- 8 (3) Qwest is subject to the provisions of RCW 80.04.080 and WAC 480-120-304, requiring telecommunications companies to file an annual report no later than May 1<sup>st</sup> of each year.
- 9 (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 1<sup>st</sup> of each year.
- 10 (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. The Commission finds no convincing reason to grant the exemption from the rule for the second time.
- 11 (6) This is the second extension request received by the Commission from Qwest . The initial request for extension of time to file its annual reports in order to comply with the Commission's rules was granted on the condition that the Company be diligent in its effort to file its reports by August 1, 2003.

- 12 (7) This matter was brought before the Commission at its regularly scheduled meeting on July 23, 2003.
- 13 (8) After review of the second petition filed in Docket UT-030459 by Qwest on June 30, 2003, and giving due consideration, the Commission finds that no additional extension should be granted.

## ORDER

### THE COMMISSION ORDERS:

- 14 (1) The Commission denies the further exemption sought by Qwest Corporation, for an additional extension of time to file its 2002 annual report, quarterly reports of 2002 and 2003, and its affiliated interest transactions reports.
- 15 (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.
- 16 (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 23<sup>rd</sup> day of July, 2003.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

RICHARD HEMSTAD, Commissioner

PATRICK J. OSHIE, Commissioner