

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

QWEST CORPORATION,

Respondent.

DOCKET NO. UT-032162

JOINT MOTION FOR  
APPROVAL OF FULL  
SETTLEMENT

1 Commission Staff and Qwest Corporation (collectively referred to as “the Parties”) jointly request that the Commission approve the Parties’ settlement agreement, which resolves all issues in the above docket. This motion is made pursuant to WAC 480-07-730 and WAC 480-07-740.

**I. THE COMPLAINT**

2 On August 10, 2004, the Commission issued a complaint alleging that Qwest had filed late and inaccurate reports with the Commission and had maintained

inaccurate accounts.<sup>1</sup> The Complaint alleged that the following reports were filed late: the fourth quarter 2002 report, the first quarter 2003 report, the second quarter 2003 report, the third quarter 2003 report, the 2002 annual report, and the 2002 affiliated interest report.<sup>2</sup> The Complaint alleged that Qwest filed 12 reports that were revised following Qwest's extensive restatement process. Those reports were the four quarterly reports from 2000, the four quarterly reports from 2001, the annual reports from 2000 and 2001, and the affiliated interest reports from 2000 and 2001.<sup>3</sup> Finally, the Complaint alleged that Qwest failed to maintain accounts pursuant to the Uniform System of Accounts (USOA).<sup>4</sup>

## II. THE AGREEMENT

3 The Parties have entered into a settlement resolving all issues raised by the Complaint in a manner consistent with the law and the public interest. With regard to the First Cause of Action, Qwest admits violations of the Commission's Order No. 02 from Docket No. UT-030495 dated July 23, 2003, RCW 80.04.080, and WAC 480-120-304(1) by failing to file its 2002 annual report until December 23, 2003.<sup>5</sup>

4 With regard to the Second Cause of Action, Qwest admits violations of the Commission's Order No. 02 from Docket No. UT-030459 dated July 23, 2003, RCW

---

<sup>1</sup> *WUTC v. Qwest Corporation*, Docket No. UT-032162, Complaint and Notice of Prehearing Conference (August 10, 2004) (Complaint).

<sup>2</sup> *Id.* at ¶¶ 16-34 (First thru Fourth Causes of Action).

<sup>3</sup> *Id.* at ¶¶ 35-39 (Fifth Cause of Action).

<sup>4</sup> *Id.* at ¶¶ 40-43 (Sixth Cause of Action).

80.04.080, and WAC 480-120-304(2) by failing to file its fourth quarter 2002 report until December 22, 2003, and its first quarter 2003 report until April 29, 2004.<sup>6</sup>

5 With regard to the Third Cause of Action, Qwest admits violations of RCW 80.04.080 and WAC 480-120-304(2) by failing to file its second and third quarter 2003 reports until April 29, 2004.<sup>7</sup>

6 With regard to the Fourth Cause of Action, Qwest admits violations of the Commission's Order No. 02 from Docket No. UT-030459 dated July 23, 2003, RCW 80.04.080, and WAC 480-146-360 by failing to file portions of its 2002 affiliated interest report until December 2003.<sup>8</sup>

7 With regard to the Fifth Cause of Action, the Parties agree that no penalty should be assessed and that this cause of action should be dismissed. Staff recommends that the Commission make no finding that Qwest violated state law under the Fifth Cause of Action due to admissions made under the Sixth Cause of Action.<sup>9</sup> Dismissing the Fifth Cause of Action is in the public interest in this case.

8 With regard to the Sixth Cause of Action, Qwest admits violations of WAC 480-120-302 or *former* WAC 480-120-031 resulting from failure to maintain accounts in

---

<sup>5</sup> *WUTC v. Qwest Corporation*, Settlement Agreement at ¶ 3.2 (November 9, 2004).

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> *Id.* at ¶ 3.3.

accordance with the USOA due to certain misinterpretations or misapplications of GAAP.<sup>10</sup>

9           The settlement agreement calls for Qwest to pay a penalty of \$48,000 for the violations incurred. The Parties agree that this amount, in combination with the admissions discussed above, fairly and fully resolves the Complaint and is in the public interest. The Parties agree that Qwest will pay this amount within 15 days of the Commission's order approving the settlement agreement.

10           The Parties agree that, going forward Qwest will comply with all applicable Commission rules and statutes.<sup>11</sup> Qwest also commits that the financial reports it files and the accounts it maintains will be accurate in all material aspects. When inaccuracies occur, Qwest will promptly correct any material inaccuracies.<sup>12</sup>

### III. CONCLUSION

11           The settlement agreement entered into by the parties fully resolve the issues raised by the Complaint. The settlement agreement provides a resolution consistent with the law and the public interest. As such, the Parties urge the Commission to approve the settlement agreement in its entirety. The Parties are prepared to provide

---

<sup>10</sup> *Id.* at ¶ 3.2.

<sup>11</sup> *Id.* at ¶ 3.5

<sup>12</sup> *Id.* at ¶ 3.6

the Commission with additional information, if required, at the Commission's request.<sup>13</sup>

DATED this 9<sup>th</sup> day of November 2004.

CHRISTINE O. GREGOIRE  
Attorney General



LISA WATSON, WSBA #31549  
Assistant Attorney General  
Counsel for Washington Utilities and  
Transportation Commission Staff

QWEST CORPORATION



LISA A. ANDERL, WSBA #13236  
ADAM L. SHERR, WSBA #25291  
Counsel for Qwest Corporation

---

<sup>13</sup> *Id.* at ¶4.4.