

Woes may affect request for long-distance entry
BY ED TAYLOR TRIBUNE

The criminal probe into Qwest Communications International by the U.S. Justice Department is one more complication for the troubled telecommunications company as it tries to win regulatory approval to sell long-distance service in Arizona.

The Denver-based company is seeking approval from state and federal regulators to enter the long-distance business in its 14-state local service territory. The company has placed high priority on getting into the business to increase its lagging revenue.

Arizona Corporation Commission chairman Bill Mundell said the three-member panel may await the outcome of the criminal inquiry before determining whether Qwest should be allowed into Arizona's long-distance market. "The one thing I don't want is to grant . . . approval and then one week later a criminal indictment comes down against them," he said.

The commission has delayed final consideration of Qwest's application while it investigates charges that Qwest used coercive tactics to keep competitors from opposing its request during regulatory proceedings.

Qwest officials say the legal issue should have no bearing on its entry into the long-distance market.

Mundell listed other controversies embroiling the company that he thinks could be relevant to Qwest's application:

- * Lawsuits by Arizona's attorney general related to slamming and cramming practices by the company.
- * A civil investigation into the company's accounting practices by the Securities and Exchange Commission.
- * Controversy surrounding the company's Arizona School Facilities Board bid to provide Internet access to Arizona schools.

The criminal probe is one more to add to the list, Mundell said.

"Any time there is a criminal investigation by a U.S. attorney, that is a very serious matter," he said. "I have said and continue to say that all of Qwest's past behavior is relevant to whether it's in the public interest for Qwest to enter the long-distance market."

Qwest spokesman Mark Genrich declined to speculate on the effect of the criminal investigation because "we don't know what it's about." He added that the various controversies "all have their appropriate venues where they are being considered, but the commission's own staff has looked at the issue of public interest and has concluded that they are unaware of any unusual circumstances that would make Qwest's entry contrary to the public interest."

He said regulators in five states have approved Qwest's long-distance applications, and they have been sent to the Federal Communications Commission for final approval. The company expects to forward approvals from four other states to the FCC within a few days, he said. Those regulators are looking at the same issues and have determined they should not delay the company's applications, he said.

Qwest officials say the company's entry into long distance will reduce prices for consumers.