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**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of

Qwest Corporation for an Order Approving an
Asset Transfer from Qwest Corporation to Qwest
Services Corporation and to Qwest Business
Resources, Inc.

DOCKET NO. UT- _____

APPLICATION FOR APPROVAL
OF ASSET TRANSFER

Qwest Corporation (“QC”), by and through its undersigned attorneys, requests the authority to transfer certain personal property (personal computer equipment) to affiliates Qwest Services Corporation (“QSC”) and Qwest Business Resources, Inc (“QBRI”). This application is made pursuant to RCW 80.12.020 and 80.16.010, et seq. and WAC 480-143-120, 480-143-140 and 480-146-350.

1. Description of the Relevant Organizational Structure.

QSC is an affiliate and wholly-owned subsidiary of Qwest Communications, Inc. (“QCI”). QC, QBRI and Qwest Communications Company (“QCC”) are each affiliates and wholly-owned subsidiaries of QSC. Thus, the proposed transfer of computer equipment from QC to its parent (QSC) and to its affiliate (QBRI) constitutes an affiliate transaction governed by Chapter 80.16, RCW, and Chapter 480-146, WAC.

2. Description of the Proposed Transfer.

The personal property to be transferred consists entirely of general purpose personal computers, monitors and printers with an estimated aggregate net book value of \$725,868.¹ If this

¹ The calculation of the net book value of the computer equipment to be transferred is more specifically described in

1 application is approved, QC will thereafter advise the Commission in writing of the exact date the
2 transaction is consummated and the final amounts recorded on QC's books of account to complete and
3 document the transfer of property. The final amounts will be determined in an inventory to be
4 completed by year-end.

5 The transfer of these assets is associated with the movement of 297 QC employees as part of a
6 realignment of personnel among affiliates to establish QCC as QCI's long distance subsidiary in
7 compliance with Section 272 of the 1996 Telecommunications Act.

8 As part of this realignment, functions to be used by all Qwest companies were moved into
9 QSC, a services company. In Washington, 296 employees were transferred from QC to QSC and one
10 1 employee was transferred from QC to QBRI in March 2001. As these employees were transferred
11 to QSC and QBRI, the general support computer assets they were using also needed to be transferred.
12 In this application, QC requests approval for the transfer of computer assets used by these 297
13 employees. Additionally, for the period between March 2001 and the date QC records the final asset
14 transfer, QC will be compensated for use of these assets through affiliate billing.

15 **3. QC's Application is Reasonable, Compliant with Statutory and Regulatory**
16 **Requirements and in the Public Interest.**

17 By this application, including its exhibits, QC has satisfied its obligation under WAC 480-143-
18 120 and -140 to state and verify the facts concerning the transaction and include QC's current financial
19 statements and copies of all transfer instruments. In this regard, attached are the following required
20 exhibits:

21 Exhibit A – Transfer Instruments: This exhibit describes the estimated
22 journal entry that will effect and record the transaction; it also contains
23 the current estimates of the assets and net book value that will, if
approved, be transferred from Qwest Corporation to Qwest Services
Corporation and Qwest Business Resources, Inc.

24 Exhibit B – Current Financial Statements: A copy of the current financial
25 statements for Qwest Corporation, including income statements as of
26 August 2001 and December 2000 and the balance sheet as of August

Exhibit A.

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2001.

In addition, consistent with the affiliate transactions statutes and regulations (see e.g., WAC 480-146-350), the proposed transfer is squarely in the public interest. The ratepayer benefits of the asset transfer include: (1) a more efficient use of employees through consolidation of functions; (2) cost sharing among multiple affiliates purchasing services from a single company; and (3) QC will be relieved of excess computer assets that it does not need due to the transfer of employees from QC to affiliates.

Accordingly, QC respectfully requests the Commission to approve the above-described transfer of assets from QC to QSC and QBRI.

DATED October ____, 2001.

Qwest

By: _____
Adam L. Sherr, WSBA #25291

VERIFICATION

I, Kevin F. MacWilliams, am an employee of Qwest Corporation. I have read the foregoing Application for Approval of Asset Transfer and I declare, under penalty of perjury under the laws of the State of Washington, that the contents thereof are true and correct.

DATED October ____, 2001, at Seattle, Washington.

Kevin F. MacWilliams

EXHIBIT A
(Transfer Instruments)

QC anticipates making the following journal entry to record the asset transfer:

DR General Purpose Computers - Removals (FRC 361X, Account 3121.24)	\$283,932
DR Equity (Account 4510.1110)	\$725,868
CR General Purpose Computers – Capital (FRC 361C, Account 2124)	 \$1,009,800

This data is an estimate of the net book cost (“NBC”) subject to the completion of an inventory by year-end 2001. The estimated gross plant and depreciation reserve are based on a sample of the actual costs associated with approximately 25% of the total Qwest Corporation employee transfers that occurred in this employee realignment. The estimates were derived by multiplying the number of employee transfers (297) times the actual costs determined in the sample. In the sample, actual costs per employee transfer are \$3,400 for gross plant and \$956 for depreciation reserve.

This transaction will record the retirement and transfer of the assets at NBC, which is, in compliance with the applicable affiliate interest accounting rules (incorporated by reference in WAC 480-120-031(1)) regarding the sale of regulated assets to an affiliate, at the higher of NBC or fair market value.

EXHIBIT B

(Current Financial Statements)

A copy of the current financial statements for Qwest Corporation, including income statements as of August 2001 and December 2000 and the balance sheet as of August 2001.

[SEE ATTACHED]