

UT-080956-SI



Qwest Corporation
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Seattle, Washington 98191
(206) 345-1568
Facsimile (206) 343-4040

Mark S. Reynolds
Director – Legal Issues
Public Policy

May 30, 2008

Ms. Carole Washburn
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, Washington 98504-7250

RECEIVED
ADMIN. MANAGER
2008 MAY 30 AM 10:30
STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

RE: Qwest Corporation (QC) Annual Affiliated Interest Report

Dear Ms. Washburn:

Attached is a copy of the annual affiliated interest report required by WAC 480-120-395. The report contains information for 2007.

This report contains revenue and cost data that Qwest considers competitively valuable information and Qwest believes that it could be harmed if such information were made publicly available. Consequently, Qwest requests confidential designation for this data in accordance with WAC 480-07-160.

Please call Kevin MacWilliams on 206-346-5470 if you have any questions regarding the information provided in this report.

Very truly yours,

Mark S. Reynolds
Director – Legal Issues

Attachments

Qwest Corporation
State of Washington
Affiliated Interest Annual Report
For the Year Ended 2007

Filing per WAC 480-120-395 - Affiliated interest and subsidiary transactions report:

(1) By June 1 of each year, each telecommunications company subject to the provisions of chapter 80.16 RCW must file a report summarizing all transactions, except for transactions provided at tariff rates that occurred between the company and its affiliated interests, and the company and its subsidiaries, during the period January 1 through December 31 of the preceding year.

(2) The information required in this subsection must be for total company, total state of Washington, and Washington intrastate. The report must include a corporate organization chart of the company and its affiliated interests and subsidiaries.

See confidential Attachment 2 for a corporate organization chart of the company, its affiliates and subsidiary.

(3) When total company transactions with an affiliated interest or a subsidiary are less than one hundred thousand dollars for the reporting period, the company must provide the name of the affiliated interest or subsidiary participating in the transactions and the total dollar amounts of the transactions. When total company transactions with an affiliated interest or subsidiary equal or exceed one hundred thousand dollars for the reporting period, the company must provide:

Where the total company transactions with an affiliate or a subsidiary are less than one hundred thousand dollars Attachment 3B includes the name of the affiliate or subsidiary and the total dollar amount of transactions. Where the total company transactions with an affiliate or a subsidiary equals or exceeds one hundred thousand dollars see below for further detail.

(a) A balance sheet and income statement for such affiliated interest;

See confidential Attachment 3A.

(b) A description of the products or services provided to or from the company and each such affiliated interest or subsidiary;

See the Service Category column on Attachment 3B.

(c) A description of the pricing basis or costing method, and procedures for allocating costs for such products or services, and the amount and accounts charged during the year

See Attachment 3B. The Price column indicates "FDC" for fully distributed cost, "PCP" for prevailing company price, "FMV" for fair market value, "FCP" for fair comp price or "MAL" for Malheur price.

(d) A description of the terms of any loans between the company and each such affiliated interest or subsidiary and a listing of the year-end loan amounts and maximum loan amounts outstanding during the year;

Confidential per WAC 480-07-160

None to report.

(e) A description of the terms and total amount of any obligation or liability assumed by the company for each such affiliated interest or subsidiary:

Qwest Corporation has guaranteed a Malheur note of \$1,500,000, 7.4%, dated September 1, 1976, to United Omaha Life Insurance Company. As no principal repayment is due until maturity (July 14, 2008), the balance as of the end of 2007 is \$1,500,000. The common stock of QC is currently pledged as security collateral for \$850M, QCII's credit facility (undrawn)

(f) A description of the activities of each such affiliated interest or subsidiary with which the company has transactions:

Qwest Services Corporation (QSC)

QSC is the holding company for most Qwest Corporation affiliated Companies.

Qwest Broadband Services, Inc. (BSI)

BSI is a wholly owned subsidiary of Qwest Services Corporation that provides video or other programming services to subscribers.

Qwest Business Resources, Inc. (BRI)

BRI was a wholly owned subsidiary of Qwest Services Corporation that provided procurement, warehousing, real estate, selected corporate/shared and other services to the Qwest family of companies. It merged with and into Qwest Corporation effective 01/31/2008.

Qwest Government Services, Inc. (QGS)

QGS is a wholly owned subsidiary of Qwest Services Corporation that markets integrated telecommunications systems to the federal government, and public tax supported organizations.

Qwest Information Technologies, Inc. (IT Inc.)

IT Inc. was a wholly owned subsidiary of Qwest Services Corporation that provided technology systems development, enhancement, and support. The information systems services and support previously provided by IT Inc. were primarily focused on integrated software and hardware, systems design, development, enhancement and operations of client business applications. IT, Inc. merged with and into BRI effective 01/31/2008.

Qwest Interprise America (QIA)

QIA was a wholly owned subsidiary of Qwest Services Corporation that provided integrated data network services and voice and data customer premise equipment (CPE). It merged with and into QSC effective 9/30/2007.

Qwest Communications Corporations (QCC)

QCC is a wholly owned subsidiary of Qwest Services Corporation, which provides services such as toll, internet, private line, integrated data network services, and voice and data customer premise equipment (CPE).

Qwest Long Distance Corp. (QLDC)

QLDC is a wholly owned subsidiary of Qwest Services, which acts as a reseller to provide in region interLATA long distance services.

Malheur Home Telephone Company (Malheur)

Malheur is a wholly owned subsidiary of Qwest Corporation that provides a full range of telecommunications services in Ontario, Nyssa, Vale, and Oregon Slope, Oregon.

Qwest Wireless, LLC (QW)

Qwest Wireless is a wholly owned subsidiary of Qwest Services Corporation that provides Personal Communications Services.

Qwest N. Limited Partnership (QNLP)

Limited partnership-leasing company.

Qwest Communications International LTD (QCIL)

Foreign corporation.

Qwest Transoceanic, Inc. (QTO)

Holding company for international assets/operations.

OnFiber Communications Inc.

OnFiber designed, constructed, and managed custom designed networks for business customers. OnFiber merged with and into QCC effective 10/31/2007.

(g) A list of all common officers and directors between the company and each such affiliated interest or subsidiary, along with their titles in each organization.

See Attachment 3G.

(3) The report required in this section supersedes the reporting requirements contained in previous commission orders authorizing affiliated interest transactions pursuant to chapter 80.16 RCW.

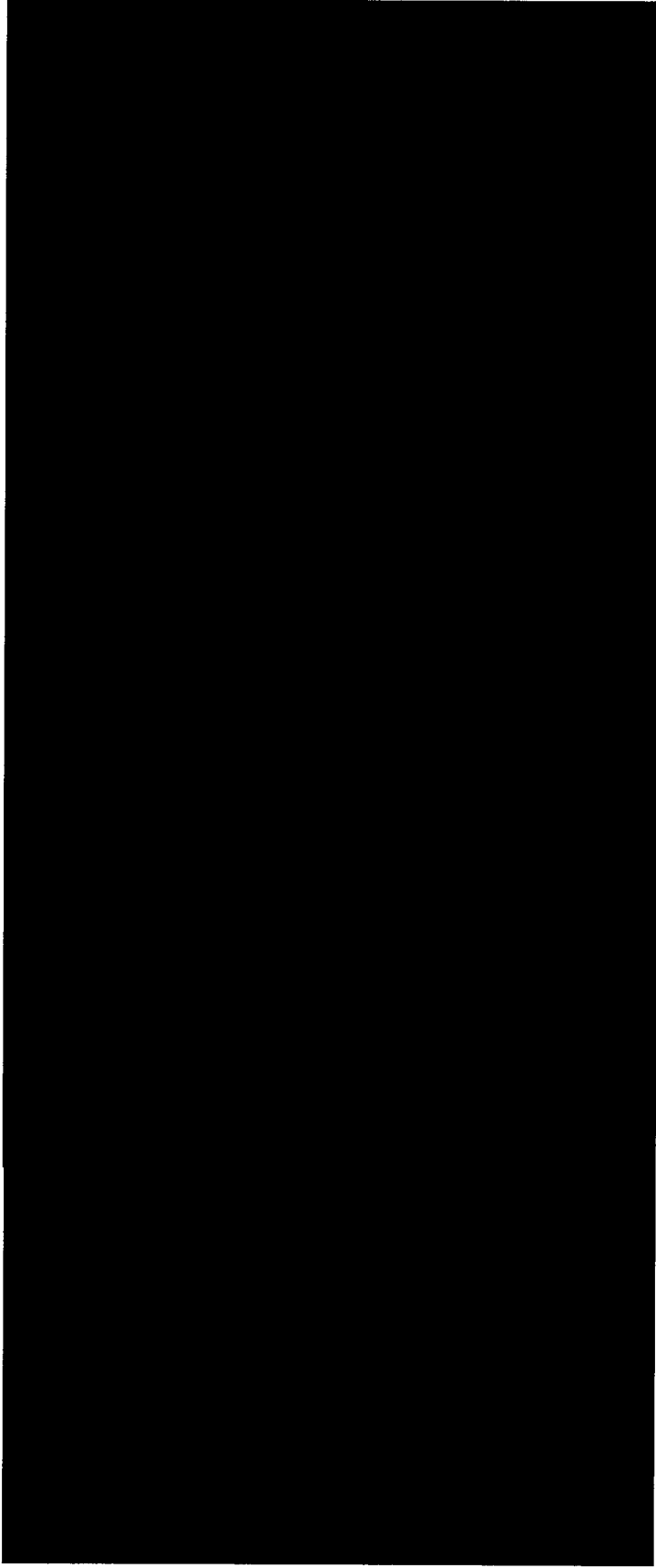
(4) The company is obligated to file verified copies of affiliated interest contracts and arrangements as stated in WAC 480-120-375 (Affiliated interests -- Contracts or arrangements).

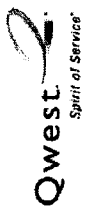
[Statutory Authority: RCW 80.01.040, 80.04.160, 81.04.160 and 34.05.353. 05-06-051 (Docket No. A-021178 and TO-030288, General Order No. R-518), § 480-120-395, filed 2/28/05, effective 3/31/05.]

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Qwest *Spirit of Service*
Entities Income Sheet
(Dollars in thousands)
Year: 2007

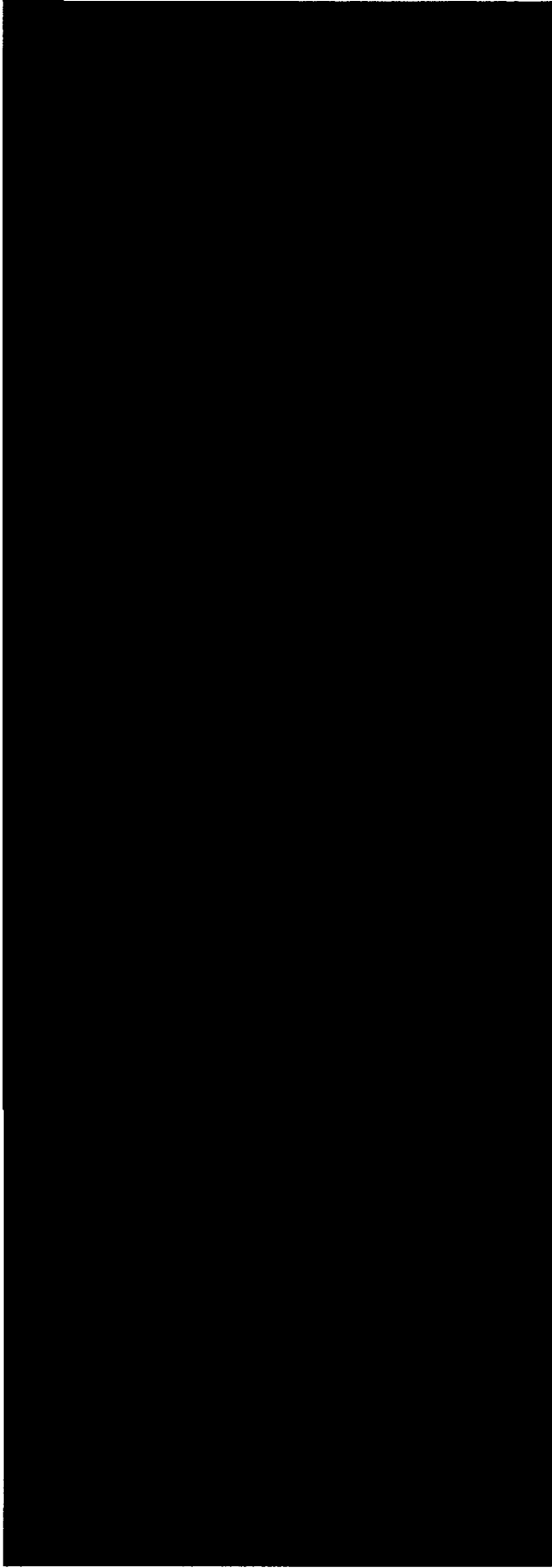
UNAUDITED





Entities Balance Sheet
(Dollars in thousands)
Year: 2007

UNAUDITED



Attachment 3B
Redacted
Qwest Corporation
Payments To Affiliates
2007

Price	Service Category	Main Acct	2007 Jan - Dec Qwest FCC Regulated	2007 Jan - Dec Washington FCC Regulated	2007 Jan - Dec Washington FCC Intrastate Regulated

QWEST
DIRECTORS and OFFICERS
as of December 19, 2007

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Attachment 3G

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Attachment 3G

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**SUBSIDIARIES OF
QWEST COMMUNICATIONS
INTERNATIONAL INC.
as of December 19, 2007**

[REDACTED]

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Attachment 3G

