

Qwest

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***Via E-Mail and
Overnight Mail***

Ms. Carole J. Washburn, Executive Secretary
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA 98504-7250

Re: Docket No. A-021178 - Financial Reporting Rulemaking
Comments of Qwest Corporation

Dear Ms. Washburn:

These comments are submitted in response to the Commission's May 6, 2005 Opportunity to Submit Written Comments on Proposed Rules in the above-referenced docket. Before addressing its issues of concern, Qwest wishes to express its appreciation to the Commission for not moving forward with the previous proposal to require five business days advanced notice of securities issuances. Qwest thanks the Commission for carefully considering and responding to Qwest's earlier comments and concerns.

Qwest has one principal area of concern with regard to the current securities rules proposal. The concern relates to the two *post hoc* reporting requirements, the sixty day report found at proposed WAC 480-120-365(6) and the annual report found at proposed WAC 480-120-389. Whereas the Commission's current rule requires public service companies to more generally describe the use of proceeds (*see WAC 480-146-340(2)*), the proposed rules appear to require more specific descriptions. *Proposed WAC 480-120-365(6)(b); 480-120-389(1)(b)*.

This new specificity, albeit somewhat undefined under the proposed rules, may in some cases be cumbersome, impractical or impossible to provide. Cash, of course, is fungible. If Qwest (for example) raises \$100 million on June 15 through a bond issuance and generates \$800 million over the course of 2005 from operations, it is frankly impossible to track (in most cases) the ultimate disposition of every dollar raised through the hypothetical June 15 securities issuance.

In some cases, tracking the disposition of a securities issuance will not be difficult. For instance, if Qwest borrows \$100 million in order to refinance a \$100 million Qwest obligation coming due

Ms. Carole J. Washburn
Washington Utilities and
Transportation Commission
May 25, 2005
Page 2

in late 2005, tracking and reporting the disposition of the funds will not be cumbersome. If, to the contrary, Qwest borrows \$100 million to invest in its network, that would be more difficult to track with absolute precision because such activities occur over time, and the inflow of cash from operations will limit the ability to precisely track every dollar.

A second concern caused by the present draft of the sixty day notice required under proposed WAC 480-120-365(6) is that cash raised through a securities issuance may well not be spent within sixty days of the securities issuance. As such, imposing a requirement to itemize the ultimate disposition of proceeds within sixty days will, in many cases, create an obligation that no company can satisfy.

To alleviate both concerns identified above, Qwest recommends that the Commission add the words "if known" or "to the extent known" to both proposed WAC 480-120-365(6)(b) and 480-120-389(1)(b). This would more appropriately balance the Commission's desire to track the result of each securities issuance with public service companies' capabilities to reasonably track such information given the fungibility of dollars and the timing of company expenditures.

Sincerely,

Adam L. Sherr

ALS/llw