

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 99A-407T

IN THE MATTER OF THE APPLICATION OF QWEST COMMUNICATIONS CORPORATION, LCI INTERNATIONAL TELECOM CORP., USLD COMMUNICATIONS, INC. AND U S WEST COMMUNICATIONS, INC. FOR APPROVAL OF THE MERGER OF THEIR PARENT CORPORATIONS, QWEST COMMUNICATIONS INTERNATIONAL INC. AND U S WEST, INC.

**ORDER GRANTING VARIANCE,
EXTENDING TIME TO FILE
2002 AUDIT REPORT OF QWEST
CORPORATION'S LOCAL
NETWORK INVESTMENTS**

Mailed Date: December 9, 2003

Adopted Date: December 3, 2003

I. BY THE COMMISSION

A. Statement

1. On November 25, 2003, Qwest Corporation (Qwest) filed a Motion for Variance related to the filing of its local network investment audit report. This audit is a requirement of Qwest included in Decision No. C00-0041 related to the merger of Qwest Communications International, Inc., and U S WEST, Inc.

2. The 2002 audit would normally have been due on March 31, 2003, but Qwest requested a waiver on March 21, 2003 and was given an extension in Decision No. C03-0423 to file the report - until July 31, 2003. Qwest requested a second extension of time until November 30, 2003, granted by Decision No. C03-0968. In this current filing, Qwest requests a further extension of time until February 27, 2004.

3. Qwest asserts in its filing, that KPMG Consulting (KPMG) has recently advised Qwest that it will be unable to meet the current November 30, 2003 deadline for the 2002 audit and report. KPMG stated to Qwest that this audit and report is dependent on the restated audited financial statements which have been completed at the Qwest consolidated level, but not at the Qwest Corporation level.

4. On December 1, 2003, Staff of the Commission (Staff) filed a Response to Motion for Variance¹ indicating that Staff has concerns with Qwest's use of the terms "attestation examination" by Qwest in its filing. Staff states that it does not oppose the additional extension of time, but is concerned that Qwest will file an audit that fails to fully comply with the requirements in our Decision No. C00-0041.

5. Good cause has been stated for the requested variance, and we will grant the motion. We fully expect Qwest's audit and report to comply with our Decision No. C00-0041 where we stated, we:

require periodic audits addressing the adequacy of maintenance and modernization of the merged company's circuits switched PSTN in Colorado. These audits shall be performed annually by independent third parties that report to both the merged company and the Commission on the condition and the adequacy of USWC's maintenance and wire center modernization. The audit will report on USWC's compliance with state and nationally recognized standards to include good engineering practices.

6. We also note, that this grant of a further extension of time does not obviate the requirement that Qwest file its 2003 audit and report by March 31, 2004.

¹ Staff filed an errata to this Response on December 2, 2003. The errata corrected the references to the "Federal Communications Commission" and replaced those references with the "Securities and Exchange Commission."

II. ORDER**A. The Commission Orders That:**

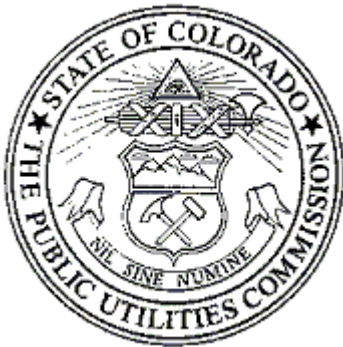
1. The motion filed by Qwest Corporation for a variance from the Commission requirement that the annual audit of Qwest Corporation's local network investments is due no later than the first quarter of 2003, is granted.

2. The Commission modifies the audit requirement of Decision No. C00-0041 to require that the audit of Qwest Corporation's local network investments for the year 2002 is due no later than February 27, 2004.

3. This Order is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
December 3, 2003.**

(S E A L)



ATTEST: A TRUE COPY

Bruce N. Smith
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

GREGORY E. SOPKIN

POLLY PAGE

JIM DYER

Commissioners