

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 04V-084T

IN THE MATTER OF THE APPLICATION OF QWEST CORPORATION FOR A WAIVER OF REQUIREMENTS FOR ANNUAL AUDIT OF APPENDIX B UNDER RULE 10.3, 4 CCR 723-27.

ORDER GRANTING VARIANCE

Mailed Date: April 7, 2004
Adopted Date: April 7, 2004

I. BY THE COMMISSION

A. Statement

1. On February 26, 2004, Qwest Corporation (Qwest) filed an Application requesting that the Commission waive the requirement of Rule 10.3 of 4 *Code of Colorado Regulations* 723-27 that requires it to provide its Appendix B, certified by a certified public accountant (CPA), as part of its annual report. Appendix B contains the company's financial statements that segregate unregulated and deregulated operations from regulated operations.

2. The 2003 Appendix B audit would normally be due on April 30, 2004 with Qwest's 2003 annual report filing with the Commission. Rule 10.3 requires that it be certified by a CPA. Qwest states that it seeks a waiver of the CPA certification requirement due to the high cost of an external audit and that an audit was recently completed for Qwest's 2002 Appendix B that was due to be filed on February 27, 2004. Qwest states that the cost of an audit for the 2003 Appendix B would be approximately \$150,000. A recently completed audit of the 2002 Appendix B was filed with the Commission on February 27, 2004. Qwest asserts that there

were no significant modifications of its cost allocations methods between calendar year 2002 and 2003.

3. We point out that consideration of, and granting Qwest's request for a waiver of the Commission Rules here in no way should be construed as an acceptance by the Commission of the methods and procedures used by Qwest to prepare and report its Appendix B results. Qwest must still meet its burden of defending the cost allocation methods when they are at issue.

4. Nonetheless, we find good cause has been stated for the requested waiver of Rule 10.3 which we shall treat as a request for variance, and grant the application.

II. ORDER

A. The Commission Orders That:

1. The application filed by Qwest Corporation for a variance from Commission Rule 4 *Code of Colorado Regulations* 723-27-10.3, that requires Qwest Corporation obtain certification from a certified public accountant for its Appendix B, for the year 2003, is granted.

2. This Order is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
April 7, 2004.**

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

Commissioners