

FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

March 1, 2001

Mr. Peter Rohrbach
Hogan & Hartson L.L.P.
Counsel for Qwest Communications International, Inc.
555 Thirteenth Street, NW
Washington, DC 20004

RE: *Qwest Merger Orders*, CC Docket No. 99-272

Dear Mr. Rohrbach:

This letter addresses certain issues related to the audit provisions of the *Qwest Merger Orders*.¹ As explained below, I grant the request of Qwest Communications International, Inc. (“Qwest”) for a limited extension of time to submit the first annual audit report required by the *Qwest Merger Orders*.

The *First Qwest Merger Order* requires Qwest to obtain and pay for an independent audit of its compliance with section 271 of the Communications Act of 1934, as amended.² Pursuant to the *First Qwest Merger Order*, the independent auditor must perform an annual “examination engagement” assessing Qwest’s divestiture of certain in-region interLATA assets and its on-going relationship with the buyer of those assets.³ The Order requires the independent auditor to submit a publicly available report that identifies any instances of noncompliance. Throughout the engagement, the independent auditor operates under the supervision of the Common Carrier Bureau.

Qwest (acting on behalf of the independent auditor) has requested a limited extension of the first deadline for submitting the audit report, which is March 10, 2001.⁴ In its letter, Qwest explains that the independent auditor needs additional time to complete its work because the final details of its statistical sampling plan and other testing steps were generally not finalized until January 2001. I further understand

¹ Qwest Communications International, Inc. and U S West, Inc., Applications for Transfer of Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License, CC Docket 99-272, *Memorandum Opinion and Order*, 15 FCC Rcd 5376 (2000) (“*First Qwest Merger Order*”); *Memorandum Opinion and Order*, 15 FCC Rcd 11,909 (2000) (“*Second Qwest Merger Order*”).

² 47 U.S.C. § 271; see *First Qwest Merger Order* at paras. 27, 71.

³ *First Qwest Merger Order* at paras. 27, 71; *Second Qwest Merger Order* at paras. 42, 47.

⁴ Letter from Peter A. Rohrbach, Counsel for Qwest Communications International, Inc., to Carol Matthey, Deputy Chief, Common Carrier Bureau, FCC (Jan. 26, 2001) (“*Qwest January 26, 2001 Letter*”). Qwest submitted additional correspondence from the independent auditor. In the *First Qwest Merger Order*, the Commission established the release date of March 10 as the deadline for the annual audit. See *First Qwest Merger Order* at para. 71. The independent auditor evaluates Qwest’s compliance on a calendar year cycle with submission of the publicly available audit report on March 10 of the subsequent year

that the testing procedures for evaluating Qwest's compliance with the requirements concerning shared volume commitments and combined commissions in pre-existing customer contracts were not resolved until February 2001. Finally, Qwest requests permission to synchronize the required annual corporate certification with the submission of the annual audit report.⁵ Based on the circumstances, I conclude a limited extension of time is warranted. Therefore, the applicable deadline is April 16, 2001 for the audit report governing Qwest's compliance during calendar year 2000. In addition, I clarify that Qwest should submit its mandatory annual certification at the same time it submits its annual independent audit report.

Please do not hesitate to contact me if I can be of further assistance. You may also contact Anthony Dale in the Common Carrier Bureau at (202) 418-2260 for further information on this matter.

Sincerely,

Carol E. Matthey
Deputy Chief, Common Carrier Bureau

cc: Sharon Devine, Qwest Communications International, Inc.

⁵ *Qwest January 26, 2001 Letter* at 2; *see First Qwest Merger Order* at para. 70 (requiring Qwest's management to certify that its divestiture-related activities are consistent with its representations to the Commission in the merger proceeding and that Qwest continues to comply with section 271).