



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: December 12, 2002
TO: Division of Division of Competitive Markets and Enforcement (Holman)
FROM: Division of Auditing and Safety (Vandiver) *W*
RE: **Undocketed; Company Name:** Qwest Communications Corporation & Affiliates;
Audit Purpose: Audit Regulatory Assessment Fees (RAFs) for the years 1999, 2000 and 2001; **Audit Control No.** 02-211-3-1

Attached is the final audit report for the utility stated above. I am sending the utility a copy of this memo and the audit report. If the utility desires to file a response to the audit report, it should send the response to me for distribution. There are confidential work papers associated with this audit.

DNV/jcp
Attachment

cc: Division of Auditing and Safety (Hoppe, District Offices, File Folder)
Division of Competitive Markets and Enforcement (Harvey)
General Counsel
Office of Public Counsel

Kathryn Ford, Associate General Counsel
Qwest Communications Corporation & Affiliates
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FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF AUDITING AND SAFETY
BUREAU OF AUDITING*

Orlando District Office

QWEST COMMUNICATIONS CORPORATION AND AFFILIATES

REGULATORY ASSESSMENT FEE INVESTIGATION

**12 MONTHS ENDED
DECEMBER 31, 1999, 2000, 2001 AND THE FIRST SIX MONTHS OF 2002**

**UNDOCKETED
AUDIT CONTROL NO. 02-211-3-1**

A handwritten signature in black ink, appearing to read "Charleston J. Winston", written over a horizontal line.

Charleston J. Winston, Audit Manager

A handwritten signature in black ink, appearing to read "Jeffery A. Small", written over a horizontal line.

Jeffery A. Small, Professional Accountant Specialist

TABLE OF CONTENTS

I.	AUDITOR'S REPORT	PAGE
	PURPOSE	1
	DISCLAIM PUBLIC USE	1
	SUMMARY OF SIGNIFICANT PROCEDURES	2
	SUMMARY OF SIGNIFICANT FINDINGS	2
II.	EXCEPTIONS	
	1. 1999 RAF RETURNS	3
	2. MISCALCULATION OF RAF RETURN	4
	3. OMITTED RAF for 2000	5

**DIVISION OF AUDITING AND SAFETY
AUDITOR'S REPORT**

October 30, 2002

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to audit the Regulatory Assessment Fee (RAF) schedules for the 12 months ended December 31, 1999, 2000, 2001, and the first six months of 2002 for Qwest Communications Corporation and affiliates. These schedules were prepared by the utility as required in Rule 25-4.0161, Florida Administrative Code, (F.A.C.). There is confidential information associated with this audit.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

SUMMARY OF SIGNIFICANT FINDINGS

The company could not provide supporting documentation for its 1999 RAF returns.

SUMMARY OF SIGNIFICANT PROCEDURES

Our audit was performed by examining, on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all the financial transactions of the company. Our more important audit procedures are summarized below. The following definitions apply when used in this report.

Scanned - The documents were read quickly looking for obvious errors.

Compiled - The exhibit amounts were reconciled with the general ledger, and accounts were scanned for error or inconsistency.

SUMMARY OF WORK PERFORMED

REGULATORY ASSESSMENT FEE: Compiled and recalculated the RAF returns. Reconciled amounts with the billing registers. Scanned supporting documentation for the RAF returns.

Exception No. 1

Subject: 1999 RAF Returns

Statement of Fact: Florida Public Service Commission Audit Document/Record Request Notice of Intent (Document Request) requested that the company provide reconciliation of the 1999 RAF returns to its billings registers and general ledgers. The company's response stated that "We have not been able to locate the back-up material of 1999. If we are able to locate that information, we will forward it to your attention as soon as possible." As of the date of this writing, the audit staff has not received the requested information. The audit staff was unable to audit the 1999 RAF returns.

Recommendation: The audit staff was unable to audit the 1999 RAF returns. Defer to the Commission for final disposition.