clearly intends to have integrated IT systems regardless of any economic advantage it would gain by obtaining the service from an outside provider. The only reasonable conclusion that can be drawn from this contention is that QCC intends to use not just the IT services, but the *integration* of the services to its advantage.

47. Finally, when determining the presence of an outside market both for Accounts Payable services and Human Resources services, QC indicated in each case that its services were customized to provide for specific Qwest Corporation needs. For example, the Accounts Payable explanation provides the following rationale:

> The regulated employees who perform accounts payable functions provide for payment of vendor invoices, payment of employee expenses, image processing, corporate card, vendor base, reconciliation, system administration duties. These employees are specialists for Qwest in the knowledge of our accounts payable process. External vendors do not offer such a broad spectrum of support and services. Nor do they have the expertise specific to Qwest accounts payable process. Therefore, the services performed by these regulated employees are not available in the same degree in the market place.

Once again, Qwest misses the point: The fact that some "customization" of accounts payable, payroll, human resources or any other *generic* corporate management functions may be required does not render these functions incapable of being subject to a fair market value assessment. Indeed, many of these types of generic activities are frequently "outsourced," i.e., purchased from a third-party provider, and are thus amenable to market valuation. To be sure, where the provision of the generic service does not specifically benefit from integration or scope (market dominance) as is the case with services such as payroll and accounts payable, the "cost" and "fair market value" of many such services may not be all that different. However, for services such as billing and collection, where the ability to incrementally include the QCC billing on QC bills may involve little or no additional cost to Qwest when viewed on a consolidated basis, or "joint marketing," where existing QC employees incrementally include a long distance sales activity in inbound customer contacts that arise routinely from QC's dominance of the local market, the "fair market value" to QCC as the purchaser will likely exceed, by a considerable amount, the cost that QC incurs in providing the service. By relying upon "cost" rather than "value," QCC is thus enabled to acquire these services, with all of their associated tangible and intangible benefits, at a small fraction of what a competing long distance provider would be required to incur to produce or otherwise obtain comparable services by or for itself.

48. Qwest's reasoning with respect to its obligations to value a service it provides to QCC "at market" is squarely at odds with the principle of arm's length transactions. By Qwest's reasoning, since "[t]he value of being able to access information in the network cannot be identified in the markets as no such service can be identified," it has no obligation to develop a market value for such information. Again Qwest misses the point: Information that Qwest develops in the normal course of its business would be extremely valuable to QCC; were QCC required to independently acquire these same "intangibles" on its own (if it even could), it would incur substantial out-of-pocket costs. The "market value" of intangibles provided by QC to QCC does not require that QC actually offer to sell access to these intangibles in the marketplace, but rather must be based upon *what QCC would have to pay to independently acquire those same assets on its own.*

49. In short, the "fair market value" of an asset or a service is what the *buyer* of that

asset or service would be *willing to pay* to acquire it, not what the seller incurs to produce it. That amount, in turn, will be dictated not by the seller's cost, but by what the buyer would have to spend to acquire the item in some alternative manner. In an arm's length transaction, the seller would base its price to the buyer not on the seller's cost, but on the buyer's willingness to pay. Acceptance by the Qwest BOC of a payment from QCC that is anything less than QCC's "willingness to pay" amounts to nothing short of an outright cross-subsidy flowing from the BOC to the 272 affiliate.

50. Interestingly, Qwest observes "that some affiliates (such as Section 272 organizations) are limited in the information and applications that are made available to them to comply with appropriate requirements." Yet Qwest BOC customer service representatives will have access to that "information and applications" in the course of their routine work, which work could include providing sales and marketing services for QCC. Qwest's approach is tantamount to ascribing a value of zero to any intangibles that it provides to QCC. This situation would never arise for actual "arm's length" transactions between independent nonaffiliated companies; indeed, it is extremely unlikely, were QC and QCC not part of the same corporate "family," that the Qwest BOC would willingly turn over *any* of its customer, market, or other intangible data to QCC. And that is the ultimate test as to whether the Section 272(b)(5) "arm's length" standard is being satisfied: Would the transaction occur at all, and if it did at what price, were the two entities not affiliated. Clearly, the transactions between QC and QCC do not come even close to satisfying this test.

Qwest contemplates little more than facial compliance with the "separate employees" requirement of Section 272(b)(3), and portrays an organizational structure that amounts

to *de facto* integration of its local and long distance business activities.

51. Another instance where Qwest's transactions fail this arm's length test is in the case of employee transfers among Qwest affiliates. By either contracting for QC "services" or by an outright transfer of employees from QC to QCC, QCC also has access to a highly trained and experienced workforce it obtains without recruitment or training costs. At least one state commission has determined that, with regard to any BOC employee transferred to an affiliate, the affiliate gains intangible value from the BOC, and the BOC is therefore entitled to compensation for that value. Specifically, the California PUC concluded:

> Our basic transfer pricing theory has been to charge the affiliate the higher of cost or market value for transferred services. In this way, we protect ratepayers by assuring that the utility treats an affiliate just as it would any other unaffiliated firm; that is, charge what the market will bear, but decline the transaction if the market will not pay at least the cost of providing the transferred service.
>
> Intangible benefits as defined by this decision are provided at no direct cost to the utility. However, there are other benefits (like technical information) that may be costless to provide yet valuable to receive. We question why a market pricing standard can be used for other costless services, but not for "intangibles." ... We are persuaded that intangible "benefits" of any appreciable magnitude can be identified and priced by an appropriate market pricing standard. ...[70]

The California PUC adopted a 25% "employee transfer fee" to be applied against the annual salary of any Pacific Bell employee that is transferred to an affiliate.[71] Qwest does not contemplate the payment or imputation of any employee transfer fee for employees that are moved from the BOC to QCC.

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70. California Public Utilities Commission, D.87-12-067, 27 CPUC2d 1, 136.

71. *Id.*

52. Qwest has already or is in the process of transferring a large number of BOC employees to QCC. According to a Qwest response to a DOC information request, "110 employees were transferred from the BOC to the 272 Affiliate."[72] Included in those employees moved from the BOC to the 272 Affiliate were <<BEGIN TRADE SECRET

END TRADE SECRET>>[73] On the other hand, the Section 272 Affiliate has transferred 39 employees to the BOC. These mostly consisted of <<BEGIN TRADE SECRET END TRADE SECRET>> employees.[74] In addition, this accounting doesn't even begin to consider the 2,749 employees transferred from the BOC to the Qwest Service Company[75] – nor is it clear that employees transferred to the Service Company were then not immediately reassigned (whether formally transferred or just "loaned" in some manner) to the 272 Affiliate. The 272 Affiliate is gaining high level, experienced professionals from the BOC, while the BOC receives no comparably valuable employees in return. Such transfers would never take place under true "arm's length" conditions between nonaffiliated firms. The very existence of these transfers, coupled with the absence of any employee transfer fee, unambiguously violates the arm's length requirement of Section 272(b)(5).

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72. Qwest response to DOC 15039S1.

73. *Id.*

74. *Id.* <<BEGIN TRADE SECRET END TRADE SECRET>>

75. *Id.*

53. Ms. Brunsting testifies that the Qwest BOC and QCC each do not have any officers or directors who are officers, directors or employees of the other entity.[76] Ms. Schwartz makes a corresponding assertion.[77] Ms. Brunsting states that "[t]he 272 Affiliate and the BOC maintain and will continue to maintain separate payrolls,"[78] and that "[a]s long as the requirements of Section 272 remain in force, no officer, director or employee of the 272 Affiliate will simultaneously *act* as an officer, director or employee of the BOC."[79] The operative word here is "act." Obviously, if confined to separate payrolls, no individual will simultaneously be a legal "employee" of more than one Qwest entity. The payroll designation or the "color code" on the employee's security badge will not and is not contemplated to limit the ability of an individual employee of one Qwest entity to "act as an ... employee" of the other.

54. Ms. Brunsting explains that "Qwest has a policy prohibiting the loan or 100% use of an employee between the BOC and the 272 Affiliate for more than four months out of any twelve-month period."[80] But this "prohibition" is in all material respects equivalent to saying that "Qwest has a policy permitting the loan or 100% use of an employee between the BOC and the 272 Affiliate for up to four months out of any twelve-month period." A BOC employee that is "loaned" or "100% used by" the 272 Affiliate is, for all practical purposes,

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76. Brunsting (QCC), at 13-14.

77. Schwartz (QC), at 16.

78. Brunsting (QCC), at 14.

79. *Id.*, emphasis supplied.

80. *Id.*, at 15.

"acting" as an employee of the 272 Affiliate for the duration of that "loan" or "use." This fact is confirmed by Qwest itself, which readily concedes that "[t]he activities performed by a loaned BOC employee would be directed by QCC management."[81] The color of the dot on the employee's badge or the name of the paying entity notwithstanding, such a "loaned BOC employee" would be "acting" as an employee of QCC for the duration of the "loan."

55. This "four month" policy is, at the very least, curious: By instituting such a "policy" and by discussing it in its Section 272 Affidavits, Qwest would appear (although admittedly not explicitly) to be suggesting that this "policy" somehow works to satisfy the requirements of Section 272(b)(3) with respect to employee separation between the two entities. There is, of course, nothing in the language of Section 272(b)(3) or in any FCC interpretations of which I am aware that could be read as suggesting that "separate" means "for at least eight months out of each twelve-month period." A practice of "lending" BOC employees to the 272 Affiliate, or of the 272 Affiliate otherwise "using" BOC employees to support its activities, is the economic and functional equivalent of having common employees, save only for the color of the dot on the employee's badge and the name of the entity on the employee's paycheck. The Commission should find that this practice constitutes a clear and unambiguous violation of Section 272(b)(3).

56. Significantly, Qwest's "policy" regarding the maximum of four months per twelve-month period appears to apply only in the case of "full-time" assignment of an employee to the other entity. Qwest explains that "[t]he policy reference to '4 months' refers to the loan

81. Qwest response to DOC 15044.

of an employee for '4 consecutive months on a full-time basis over a 12-month period."[82] But even this "policy" is, apparently, easily circumvented:

> Many BOC employees perform services for QCC which [sic] require some activity by them on a daily, weekly or monthly basis. This is not considered a loaned employee situation such as is covered by the [4-month] policy, but rather is the normal requirement of the provision of the particular service shown on the various work orders and these BOC employees' activities are directed by the BOC who [sic] is the provider of the service.[83]

Qwest confirms that BOC employees may either be "loaned" to the 272 Affiliate or may "perform services for QCC which require some activity by them on a daily, weekly or monthly basis." These "services" would include, *inter alia*, joint marketing, billing and collection, billing inquiry services, human resources, payroll, finance and accounting, and other perhaps unspecified functions. The *effect* of this arrangement is *full functional integration* of the Qwest BOC and 272 Affiliate entities. If it were Congress' intention to sanction the level of functional integration that Qwest has described in its Affidavits, no purpose would be served by requiring the BOC to "go through the motions" of Section 272(b) at all.

57. Ms. Brunsting asserts that "[s]everal policies and guidelines are in place to restrict the sharing of information by employees who move between [Qwest] entities."[84] Ms. Brunsting's description is unclear as to whether such "policies and guidelines" apply to

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82. *Id.*

83. *Id.*

84. Brunsting (QCC), at 16.

"loaned" employees or to BOC employees who "perform services for QCC." Indeed, the Qwest *Code of Conduct* to which Ms. Brunsting refers would seem to *permit*, and certainly not prohibit, the use and exchange of confidential information among Qwest entities:

> CONFIDENTIAL INFORMATION: You must safeguard all confidential information. Use the information for Qwest business only. Disclose it only to those people with a legitimate need to know. Do not discuss it with people outside Qwest, including family, and do not use it for personal gain. Do not leave confidential records out where they can be easily read by others.[85]

Note the references here to "Qwest business only" and to "people outside Qwest." These references to "Qwest" make no distinction among entities within Qwest and imply no specific prohibition against the sharing or exchanging of information *within and among different Qwest entities*. The phase "legitimate need to know" could be interpreted as embracing the prohibited sharing of information between the Qwest BOC and 272 Affiliate entities, but the Code of Conduct itself makes no reference to any specific Qwest entities nor advises employees as to any legal restrictions to which Qwest is subject with respect to the sharing of information within the Qwest family. Insofar as QCC claims it is *already* 272 compliant, had Qwest intended to enforce this distinction among its employees, the Code of Conduct should have already been modified.

58. Beyond that, it is a practical impossibility to limit the exchange of Qwest BOC and 272 Affiliate information when the same person performs services for both entities. Qwest's ability to engage in the kind of marketing practices that the Commission prohibited in the case of intraLATA toll services (and that it should prohibit for interLATA services as well)

85. Schwartz (QC), Exhibit MES-272-15, at 14.

arises directly from the ability of the Qwest BOC service representative to instantly utilize the confidential information acquired as part of the *local service* transaction to benefit the long distance affiliate.

59. Both the Brunsting and Schwartz Affidavits paint a picture of a highly integrated organization that pays no more than lip service to the requirements of Section 272(b)(3) and that ignores at its most fundamental level any realistic policy basis for the separate affiliate requirement. In Qwest's fanciful interpretation of the federal statute, all that Section 272(b)(3) requires is different colored dots and separate payrolls (which can still be prepared by the same BOC or service company payroll department, including being prepared in the same file and even printed in the same batch). These entirely superficial gestures cannot and do not come even remotely close to complying with Section 272(b)(3), and the Commission should so conclude.

Due to the highly integrated nature of the Qwest BOC/QCC operation, there is no basis for the Commission to determine whether, in performing the myriad of "services" that are being contemplated for the BOC to undertake on behalf of QCC, the result will not amount to *de facto* access to the BOC's capital assets by QCC.

60. Section 272(b)(4) requires that Qwest's long distance affiliate "may not obtain credit under any arrangement that would permit a creditor, upon default, to have recourse to the assets of the Bell operating company." This provision would prohibit a BOC from pledging its assets to secure a QCC credit obligation, and it would also prohibit the BOC entity from providing capital to finance the 272 Affiliate's operations, since that BOC-provided capital would necessarily involve recourse to the BOC's assets.

61. The specific functional integration that Qwest contemplates as between its BOC and QCC entities requires the former to provide an extensive array of services for and on behalf of the latter. QCC will have few employees of its own, relying upon BOC employees for a wide variety of sales, marketing, billing, collection, human resources, payroll, accounting, finance, real estate, and other support activities. The provision of these functions by the Qwest BOC will (presumably) be compensated via intercompany transfer payments flowing from QCC to the BOC entity. The timing of these payments relative to the dates at which the BOC's services are actually furnished is critical to the determination of compliance or non-compliance with Section 272(b)(4). Specifically, if the BOC entity maintains a net account receivable from the Section 272 Affiliate, it is in effect providing capital to finance the affiliate's operations, which will be reflected as an account payable on the 272 Affiliate's balance sheet. In response to an information request, Qwest provided the Department with copies of bills showing exactly this type of unpaid balance.[86] Qwest had not even levied a late fee on the balance carried over, despite the fact that such a late fee is required by the Master Services Agreement, Amendment #1.[87] Moreover, in the event of default on the part of the 272 Affiliate, the BOC will be left with a potentially uncollectible receivable, which is the financial equivalent in all material respects of an "arrangement that would permit a creditor [the BOC in this case], upon default [by QCC], to have recourse to the assets of the Bell operating company." Indeed, were the BOC effectively forced to write-off QCC's obligations in the event of default, the accounting effect of such a write-off would be the same as an uncompensated transfer of funds from the BOC entity to the 272 affiliate; while

86. Qwest response to DOC 15031.

87. Schwartz (QC), Exhibit MES-272.7.

having no net effect on the Qwest consolidated financial statements, the transaction would constitute a "forgiveness of indebtedness" by the BOC to the benefit of the 272 affiliate, and would be recorded as a gain on the 272 affiliate's books.[88]

62. Incredibly, both the Brunsting and Schwartz Affidavits are entirely silent on this point. While assuring the Commission that the BOC will not guarantee any credit extended to QCC, neither witness addresses the matter of the extent to which the BOC's provisioning of an extensive array and quantity of services to QCC, for which they will be paid at a later date, will itself have the effect of the BOC providing capital financing (in the form of an account receivable) to QCC, or what happens in the event of default on the part of QCC with respect to such receivable. Indeed, Ms. Brunsting states that:

> The Master Services Agreement ("MSA") between the BOC and the 272 Affiliate states that contracts entered into by the 272 Affiliate are the sole responsibility of the 272 Affiliate and have no recourse to the BOC's assets. In case of default, liability is limited to charges for costs incurred under the Agreement.[89]

The Master Services Agreement, however, provides for payment by the Affiliate 30 days after *receipt* by QCC of the invoice from the BOC, creating in excess of 30 days' of effectively permanent financing of QCC's purchases of BOC services, i.e., the time between the Affiliate's receipt of the services and the BOC's receipt of compensation. In addition, to the extent that the Qwest BOC must pay its employees for their time spent on behalf of QCC

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88. It is my understanding that in the event of default on the part of QCC, the Qwest BOC would be placed in the same position as any other unsecured creditor insofar as its ability to "collect" the debt from the 272 affiliate.

89. Brunsting (QCC), at 18.

before receiving payment from QCC for those services, the Qwest BOC is advancing cash for QCC's benefit for which it will not be reimbursed until a later date. Put another way, were the individuals performing services for QCC employed by QCC, QCC would be required to pay these people sooner than it is required to reimburse the Qwest BOC for the use of the BOC's employees. Assuming that affiliate services are ongoing in nature (as is indicated by the affiliated agreements), QCC will have a permanent liability for BOC services that, if previous billing is any indication, would likely run into the millions of dollars.

63. Another means by which the BOC entity could effectively "finance" QCC is via the affiliates' *Billing and Collection Agreement.* Under the terms of the billing and collection services that QC will be furnishing to QCC, the BOC entity will acquire QCC's receivables and make a "settlement payment" to QCC for their value. The timing of those settlement payments relative to the timing of the BOC entity's receipt of payments from its end user customers is critical to any determination as to whether Qwest will be in compliance with Section 272(b)(4), yet Qwest has provided no evidence or testimony addressing this issue.

64. Absent a definitive showing that in providing services to QCC the BOC entity will not also be a *de facto* creditor to QCC — a showing that is conspicuously absent from Qwest's 272 Affidavits — the Commission has no basis to determine that the Qwest BOC/272 Affiliate relationship satisfies Section 272(b)(4).

Conclusion

65. Qwest has not provided this Commission with evidence sufficient for the

Commission to conclude that Qwest has satisfied the requirements of Sections 272(a) and (b) of the 1996 *Act*. Instead, Qwest has described an operating arrangement between the BOC and 272 Affiliate entities that amounts to functional integration of their operations. The impropriety of this arrangement cannot be overcome by nonsubstantive facial "compliance" measures such as nominally "separate" employees that in fact "act" simultaneously as employees of both entities in direct violation of Section 272(b)(3). QC and QCC are in no sense dealing with each other "at arm's length" as required by Section 272(b)(5), and by virtue of the extensive array and quantity of "services" that QCC will be "purchasing" from QC, the BOC entity is contributing to the capital financing and extending unsecured credit to QCC, in violation of Section 272(b)(4). And even considered under the relatively narrow application of the Section 272(b)(1) "operate independently" requirement as adopted by the FCC, Qwest has failed to demonstrate that the two entities will not in fact be jointly utilizing transmission and switching facilities.

66. Finally, Qwest appears to be planning extensive "joint marketing" of the BOC's local and QCC's long distance service in a manner that this Commission has previously rejected with respect to intraLATA toll services. This type of "joint marketing," in which QCC is to be afforded preemptive access to the entire Qwest BOC customer base, violates the Section 272(b)(5) "arm's length" requirement by inadequately compensating the BOC entity for the extremely valuable (to QCC) joint marketing services it is to perform, resulting in cross-subsidization of QCC's operations by the BOC entity and its local service customers. Qwest's pursuit of these types of "joint marketing" arrangements has the potential to diminish competition in the interLATA long distance market, and as such is decidedly contrary to the public interest.

67. Accordingly, the Commission should find that Qwest is not in compliance with Sections 272(a) and (b) and that by virtue of this lack of *true* structural separation and arm's length inter-affiliate dealings, Qwest has failed to satisfy the Section 272(d)(3)(C) requirement that "the requested authorization is consistent with the public interest, convenience, and necessity."

68. This completes my testimony at this time.

VERIFICATION

I declare under the pains and penalties of perjury that the foregoing Affidavit is true and correct to the best of my knowledge, information, and belief.

Executed on this 5 day of December 2001.

Lee L. Selwyn

Commonwealth of Massachusetts)
) ss.
County of Suffolk)

Subscribed and sworn to before me this 5th day of December 2001.

Ellen B. Wasserman
Notary Public

My commission expires 3/31/06

ELLEN B. WASSERMAN MASSACHUSETTS NOTARY PUBLIC

Attachment 1

Statement of Qualifications

ECONOMICS AND
TECHNOLOGY, INC.

DR. LEE L. SELWYN

Dr. Lee L. Selwyn has been actively involved in the telecommunications field for more than twenty-five years, and is an internationally recognized authority on telecommunications regulation, economics and public policy. Dr. Selwyn founded the firm of Economics and Technology, Inc. in 1972, and has served as its President since that date. He received his Ph.D. degree from the Alfred P. Sloan School of Management at the Massachusetts Institute of Technology. He also holds a Master of Science degree in Industrial Management from MIT and a Bachelor of Arts degree with honors in Economics from Queens College of the City University of New York.

Dr. Selwyn has testified as an expert on rate design, service cost analysis, form of regulation, and other telecommunications policy issues in telecommunications regulatory proceedings before some forty state commissions, the Federal Communications Commission and the Canadian Radio-television and Telecommunications Commission, among others. He has appeared as a witness on behalf of commercial organizations, non-profit institutions, as well as local, state and federal government authorities responsible for telecommunications regulation and consumer advocacy.

He has served or is now serving as a consultant to numerous state utilities commissions including those in Arizona, Minnesota, Kansas, Kentucky, the District of Columbia, Connecticut, California, Delaware, Maine, Massachusetts, New Hampshire, Vermont, New Mexico, Wisconsin and Washington State, the Office of Telecommunications Policy (Executive Office of the President), the National Telecommunications and Information Administration, the Federal Communications Commission, the Canadian Radio-television and Telecommunications Commission, the United Kingdom Office of Telecommunications, and the Secretaria de Comunicaciones y Transportes of the Republic of Mexico. He has also served as an advisor on telecommunications regulatory matters to the International Communications Association and the Ad Hoc Telecommunications Users Committee, as well as to a number of major corporate telecommunications users, information services providers, paging and cellular carriers, and specialized access services carriers.

Dr. Selwyn has presented testimony as an invited witness before the U.S. House of Representatives Subcommittee on Telecommunications, Consumer Protection and Finance and before the U.S. Senate Judiciary Committee, on subjects dealing with restructuring and deregulation of portions of the telecommunications industry.

In 1970, he was awarded a Post-Doctoral Research Grant in Public Utility Economics under a program sponsored by the American Telephone and Telegraph Company, to conduct research on the economic effects of telephone rate structures upon the computer time sharing industry. This work was conducted at Harvard University's Program on Technology and Society, where he was appointed as a Research Associate. Dr. Selwyn was also a member of the faculty at the College of Business Administration at Boston University from 1968 until 1973, where he taught courses in economics, finance and management information systems.

Dr. Selwyn has published numerous papers and articles in professional and trade journals on the subject of telecommunications service regulation, cost methodology, rate design and pricing policy. These have included:

"Taxes, Corporate Financial Policy and Return to Investors"
National Tax Journal, Vol. XX, No.4, December 1967.

"Pricing Telephone Terminal Equipment Under Competition"
Public Utilities Fortnightly, December 8, 1977.

"Deregulation, Competition, and Regulatory Responsibility in the Telecommunications Industry"
Presented at the 1979 Rate Symposium on Problems of Regulated Industries - Sponsored by: The American University, Foster Associates, Inc., Missouri Public Service Commission, University of Missouri-Columbia, Kansas City, MO, February 11 - 14, 1979.

"Sifting Out the Economic Costs of Terminal Equipment Services"
Telephone Engineer and Management, October 15, 1979.

"Usage-Sensitive Pricing" (with G. F. Borton)
(a three part series)
Telephony, January 7, 28, February 11, 1980.

"Perspectives on Usage-Sensitive Pricing"
Public Utilities Fortnightly, May 7, 1981.

"Diversification, Deregulation, and Increased Uncertainty in the Public Utility Industries"
Comments Presented at the Thirteenth Annual Conference of the Institute of Public Utilities, Williamsburg, VA - December 14 - 16, 1981.

"Local Telephone Pricing: Is There a Better Way?; The Costs of LMS Exceed its Benefits: a Report on Recent U.S. Experience."
Proceedings of a conference held at Montreal, Quebec - Sponsored by Canadian Radio-Television and Telecommunications Commission and The Centre for the Study of Regulated Industries, McGill University, May 2 - 4, 1984.

"Long-Run Regulation of AT&T: A Key Element of A Competitive Telecommunications Policy"
Telematics, August 1984.

"Is Equal Access an Adequate Justification for Removing Restrictions on BOC Diversification?"
Presented at the Institute of Public Utilities Eighteenth Annual Conference, Williamsburg, VA - December 8 - 10, 1986.

"Market Power and Competition Under an Equal Access Environment"
Presented at the Sixteenth Annual Conference, "Impact of Deregulation and Market Forces on Public Utilities: The Future Role of Regulation" Institute of Public Utilities, Michigan State University, Williamsburg, VA - December 3 - 5, 1987.

"Contestable Markets: Theory vs. Fact"
Presented at the Conference on Current Issues in Telephone Regulations: Dominance and Cost Allocation in Interexchange Markets - Center for Legal and Regulatory Studies Department of Management Science and Information Systems - Graduate School of Business, University of Texas at Austin, October 5, 1987.

"The Sources and Exercise of Market Power in the Market for Interexchange Telecommunications Services"
Presented at the Nineteenth Annual Conference - "Alternatives to Traditional Regulation: Options for Reform" - Institute of Public Utilities, Michigan State University, Williamsburg, VA, December, 1987.

"Assessing Market Power and Competition in The Telecommunications Industry: Toward an Empirical Foundation for Regulatory Reform"
Federal Communications Law Journal, Vol. 40 Num. 2, April 1988.

"A Perspective on Price Caps as a Substitute for Traditional Revenue Requirements Regulation"
Presented at the Twentieth Annual Conference - "New Regulatory Concepts, Issues and Controversies" - Institute of Public Utilities, Michigan State University, Williamsburg, VA, December, 1988.

"The Sustainability of Competition in Light of New Technologies" (with D. N. Townsend and P. D. Kravtin)
Presented at the Twentieth Annual Conference - Institute of Public Utilities Michigan State University, Williamsburg, VA, December, 1988.

"Adapting Telecom Regulation to Industry Change: Promoting Development Without Compromising Ratepayer Protection" (with S. C. Lundquist)
IEEE Communications Magazine, January, 1989.

"The Role of Cost Based Pricing of Telecommunications Services in the Age of Technology and Competition"
Presented at National Regulatory Research Institute Conference, Seattle, July 20, 1990.

"A Public Good/Private Good Framework for Identifying POTS Objectives for the Public Switched Network" (with Patricia D. Kravtin and Paul S. Keller)
Columbus, Ohio: *National Regulatory Research Institute*, September 1991.

"Telecommunications Regulation and Infrastructure Development: Alternative Models for the Public/Private Partnership"
Prepared for the Economic Symposium of the International Telecommunications Union Europe Telecom '92 Conference, Budapest, Hungary, October 15, 1992.

"Efficient Infrastructure Development and the Local Telephone Company's Role in Competitive Industry Environment" *Presented at the Twenty-Fourth Annual Conference, Institute of Public Utilities, Graduate School of Business, Michigan State University, "Shifting Boundaries between Regulation and Competition in Telecommunications and Energy"*, Williamsburg, VA, December 1992.

"Measurement of Telecommunications Productivity: Methods, Applications and Limitations" (with Françoise M. Clottes)
Presented at Organisation for Economic Cooperation and Development, Working Party on Telecommunication and Information Services Policies, '93 Conference "Defining Performance Indicators for Competitive Telecommunications Markets", Paris, France, February 8-9, 1993.

"Telecommunications Investment and Economic Development: Achieving efficiency and balance among competing public policy and stakeholder interests"
Presented at the 105th Annual Convention and Regulatory Symposium, National Association of Regulatory Utility Commissioners, New York, November 18, 1993.

"The Potential for Competition in the Market for Local Telephone Services" (with David N. Townsend and Paul S. Keller)
Presented at the Organization for Economic Cooperation and Development Workshop on Telecommunication Infrastructure Competition, December 6-7, 1993.

"Market Failure in Open Telecommunications Networks: Defining the new natural monopoly," *Utilities Policy*, Vol. 4, No. 1, January 1994.

The Enduring Local Bottleneck: Monopoly Power and the Local Exchange Carriers, (with Susan M. Gately, et al) a report prepared by ETI and Hatfield Associates, Inc. for AT&T, MCI and CompTel, February 1994.

Commercially Feasible Resale of Local Telecommunications Services: An Essential Step in the Transition to Effective Local Competition, (Susan M. Gately, et al) a report prepared by ETI for AT&T, July 1995.

"Efficient Public Investment in Telecommunications Infrastructure" *Land Economics*, Vol 71, No.3, August 1995.

Funding Universal Service: Maximizing Penetration and Efficiency in a Competitive Local Service Environment, Lee L. Selwyn with Susan M. Baldwin, under the direction of Donald Shepheard, A Time Warner Communications Policy White Paper, September 1995.

Stranded Investment and the New Regulatory Bargain, Lee L. Selwyn with Susan M. Baldwin, under the direction of Donald Shepheard, A Time Warner Communications Policy White Paper, September 1995

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Dr. Selwyn has been an invited speaker at numerous seminars and conferences on telecommunications regulation and policy, including meetings and workshops sponsored by the National Telecommunications and Information Administration, the National Association of

Regulatory Utility Commissioners, the U.S. General Services Administration, the Institute of Public Utilities at Michigan State University, the National Regulatory Research Institute at Ohio State University, the Harvard University Program on Information Resources Policy, the Columbia University Institute for Tele-Information, the International Communications Association, the Tele-Communications Association, the Western Conference of Public Service Commissioners, at the New England, Mid-America, Southern and Western regional PUC/PSC conferences, as well as at numerous conferences and workshops sponsored by individual regulatory agencies.

Attachment 2

Qwest Responses to Information Requests Referenced in this Affidavit

Attachment 3

Qwest Affiliate Agreements and Associated Inter-entity Billing