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Qwest.

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Ed Henry
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BY COURIER

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September 9, 2005

SEP - 9 2005

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
Room TW B-204
445 12th Street SW
Washington, DC 20554

Federal Communications Commission
Office of Secretary

Re: *In the Matter of Petition of Qwest Corporation for Waiver of Depreciation Regulation Pursuant to 47 C.F.R. § 1.3 – WC Docket No. 05-259*

Dear Ms. Dortch:

On August 11, 2005, Ed Henry and Cronan O'Connell, representing Qwest met with Tamara Preiss, Rodger Woock, Jay Atkinson, Fatina Franklin, Stephen Steckler and Ronald Kaufman of the Wireline Competition Bureau to discuss the above-captioned Petition for Waiver. At that time, the FCC staff raised several questions which Qwest is responding to in the attached material.

Please contact me at 202.429.3122 if you have any further questions.

Sincerely,



Enclosures

Copy to:
Tamara Preiss
Rodger Woock
Jay Atkinson
Fatina Franklin
Stephen Steckler
Ronald Kaufman

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QWEST DEPRECIATION WAIVER EX PARTE
August 11, 2005
FOLLOW-UP QUESTION RESPONSES

1. Accounting for retirements and costs of removal. Describe the affect the adoption of FAS 143 had to Qwest. Was the reserve balance adjusted to remove the salvage impact? If so, what was the impact?

Response: *Following is an excerpt from the Qwest Corporation ("Qwest") 10-K for the year ended December 31, 2003, that describes the affect the adoption of FAS 143 had on Qwest.*

New Accounting Standards

On January 1, 2003, we adopted SFAS No. 143, "Accounting for Asset Retirement Obligations", or SFAS No. 143, which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs, generally referred to as asset retirement obligations. SFAS No. 143 requires entities to record the fair value of a legal liability for an asset retirement obligation. If a reasonable estimate of fair value can be made, the fair value of the liability shall be recognized in the period it is incurred, or if not, in the period a reasonable estimate of fair value can be made. This cost is initially capitalized and then amortized over the estimated remaining useful life of the asset. We have determined that we have legal asset retirement obligations associated with the removal of a limited group of long-lived assets and recorded a cumulative effect of a change in accounting principle charge upon adoption of SFAS No. 143 of \$7 million (an asset retirement obligation of \$12 million net of an incremental adjustment to the historical cost of the underlying assets of \$5 million) in 2003.

Prior to the adoption of SFAS No. 143, we included in our group depreciation rates estimated net removal costs (removal costs less salvage). These costs have historically been reflected in the calculation of depreciation expense and therefore recognized in accumulated depreciation. When the assets were actually retired and removal costs were expended, the net removal costs were recorded as a reduction to accumulated depreciation. While SFAS No. 143 requires the recognition of a liability for asset retirement obligations that are legally binding, it precludes the recognition of a liability for asset retirement obligations that are not legally binding. Therefore, upon adoption of SFAS No. 143, we reversed the net removal costs within accumulated depreciation for those fixed assets where the removal costs exceeded the estimated salvage value and we did not have a legal removal obligation. This resulted in income from the cumulative effect of a change in accounting principle of \$365 million before taxes upon adoption of SFAS No. 143 in 2003. The net income impact of the adoption is \$219 million (\$365 million less the \$7 million charge disclosed above, net of income taxes of \$139 million). Beginning January 1, 2003, the net costs of removal related to these assets are being charged to our consolidated statement of operations in the period in which the costs are incurred.

Breakdown of amounts used in 10-K disclosure:

	(\$M's)
	<u>Reported</u>
Reversal of Excess Removal Costs	<u>365</u>
Net Asset	5
Retirement Obligation	<u>(12)</u>
Net Asset Retirement Obligation	<u>(7)</u>
Cumulative Effect	358
Taxes	<u>(139)</u>
Net Income Impact	<u><u>219</u></u>

2. Plant account install and retirement. Provide a detailed example of how a plant account install and retirement (including salvage impacts) would be accounted for under Qwest's financial books and regulatory books.

Response: See Attachment I.

3. FAS 143. Clarify how Qwest's interpretation of FAS 143 relates to the "legal obligation" to remove an asset.

Response: Qwest uses the following definition of legal obligation contained in paragraph 2 of SFAS 143, "a legal obligation is an obligation that a party is required to settle as a result of an existing or enacted law, statute, ordinance, or written or oral contract or by legal construction of a contract under the doctrine of promissory estoppel [footnote omitted]."

4. Pole attachments. How might this waiver request impact Qwest's prices for pole attachments?

Response: Current Qwest annual pole attachment rates for cable providers, using the FCC's methodology and presumptions, are in the range of \$.70 - \$3.00.¹ The impact of the waiver request would slightly narrow that range, from \$.90 - \$2.90, with about half the states seeing some increase and the other half seeing a decrease in rates. The overall Qwest rate would change very little.

5. ARMIS. Why doesn't the net book cost amount (\$16B) included in Attachment A to the waiver tie to Qwest's ARMIS report?

Response: The net book cost amount does tie to Qwest's ARMIS report as shown in Attachment II.

6. Net book calculations. Provide supporting information (gross plant and reserve amounts) to the net book calculations included in Attachment A of the waiver.

Response: The amounts that were included in Qwest's waiver for depreciation regulation, WC 05-259, are highlighted in Attachment II.

7. Reserve balances. Provide Qwest's regulated and financial reserve balances and percentages.

Response: See Attachment II.

¹ In Qwest's territory, one state, Oregon, uses a different assumption for usable pole space and is, therefore, outside the given range. However, the impact of this waiver will be a slight reduction in the Oregon pole rates.

Qwest Corporation
Depreciation Accounting Comparison
Regulatory vs. Financial

The example below compares the accounting impacts of recording a "cradle to grave" asset acquisition on the company's Regulatory books versus the Financial books. The Regulatory example reflects the impact of recognizing net cost of removal as part of the depreciation rate. The Financial example accounts for the net cost of removal as a period expense when incurred in accordance with FAS 143.

Regulatory Books	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24							
	Place Asset	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Cost of Removal	Salvage	Retire Asset	Life of Asset		
Balance Sheet																																
Cash	(12,000)																										(9,000)	600		(20,400)		
Gross Plant	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000			(12,000)	0		
Reserve	(850)	(1,700)	(2,550)	(3,400)	(4,250)	(5,100)	(5,950)	(6,800)	(7,650)	(8,500)	(9,350)	(10,200)	(11,050)	(11,900)	(12,750)	(13,600)	(14,450)	(15,300)	(16,150)	(17,000)	(17,850)	(18,700)	(19,550)				9,000	(600)	12,000	0		
Net Plant	12,000	11,150	10,300	9,450	8,600	7,750	6,900	6,050	5,200	4,350	3,500	2,650	1,800	950	100	(750)	(1,600)	(2,450)	(3,300)	(4,150)	(5,000)	(5,850)	(6,700)	(7,550)					0	0	0	
Total Assets	0	11,150	10,300	9,450	8,600	7,750	6,900	6,050	5,200	4,350	3,500	2,650	1,800	950	100	(750)	(1,600)	(2,450)	(3,300)	(4,150)	(5,000)	(5,850)	(6,700)	(7,550)								
Equity	0	(850)	(1,700)	(2,550)	(3,400)	(4,250)	(5,100)	(5,950)	(6,800)	(7,650)	(8,500)	(9,350)	(10,200)	(11,050)	(11,900)	(12,750)	(13,600)	(14,450)	(15,300)	(16,150)	(17,000)	(17,850)	(18,700)	(19,550)								
Income Statement																																
Outside Plant Maintenance Expense																																
Depreciation Expense		850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850							
Net Income		(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)							

Financial Books	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24							
	Place Asset	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Deprec.	Cost of Removal	Salvage	Retire Asset	Life of Asset		
Balance Sheet																																
Cash	(12,000)																										(9,000)	600		(20,400)		
Gross Plant	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000			(12,000)	0		
Reserve	(500)	(1,000)	(1,500)	(2,000)	(2,500)	(3,000)	(3,500)	(4,000)	(4,500)	(5,000)	(5,500)	(6,000)	(6,500)	(7,000)	(7,500)	(8,000)	(8,500)	(9,000)	(9,500)	(10,000)	(10,500)	(11,000)	(11,500)						12,000	0		
Net Plant	12,000	11,500	11,000	10,500	10,000	9,500	9,000	8,500	8,000	7,500	7,000	6,500	6,000	5,500	5,000	4,500	4,000	3,500	3,000	2,500	2,000	1,500	1,000	500					0	0	0	
Total Assets	0	11,500	11,000	10,500	10,000	9,500	9,000	8,500	8,000	7,500	7,000	6,500	6,000	5,500	5,000	4,500	4,000	3,500	3,000	2,500	2,000	1,500	1,000	500								
Equity	0	(500)	(1,000)	(1,500)	(2,000)	(2,500)	(3,000)	(3,500)	(4,000)	(4,500)	(5,000)	(5,500)	(6,000)	(6,500)	(7,000)	(7,500)	(8,000)	(8,500)	(9,000)	(9,500)	(10,000)	(10,500)	(11,000)	(11,500)								
Income Statement																																
Outside Plant Maintenance Expense																											9,000	(600)		8,400		
Depreciation Expense		500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500							
Net Income		(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)							

Assumptions	Regulatory Books	Financial Books
Cost of new Poleline Investment (20 poles)		
Cost of Pole	500	500
Installation	100	100
Cost of Poles (20 poles @ 500/pole)	10,000	10,000
Installation (20 poles @ 100/pole)	2,000	2,000
Depreciation Parameters		
Estimated Useful Life	24	24
Estimated Removal Cost %	-75%	-75%
Estimated Salvage Value	5%	5%
Depreciation Rate Calculation		
Percent to be recovered	170%	100%
	(100% - Future Net Salvage)	(100%)
Depreciation Rate	7.08%	4.17%
	(170%) / Est. Life	(100%) / Est. Life

Quest Corporation
Depreciation Accounting Comparison
Regulatory vs. Financial
(with an Asset Retirement Obligation)

The example below compares the accounting impacts of recording a "cradle to grave" asset acquisition on the company's Regulatory books versus the Financial books. This example assumes that the Company has a legal obligation to remove these poles at the end of their useful lives. The Regulatory example reflects the impact of recognizing net cost of removal as part of the depreciation rate. The Financial example accounts for the net cost of removal in accordance with FAS 143.

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24			
Regulatory Books																												
Balance Sheet																												
Cash	(12,000)																											
Gross Plant	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	
Reserve	(800)	(1,700)	(2,500)	(3,400)	(4,250)	(5,100)	(5,950)	(6,800)	(7,650)	(8,500)	(9,350)	(10,200)	(11,050)	(11,900)	(12,750)	(13,600)	(14,450)	(15,300)	(16,150)	(17,000)	(17,850)	(18,700)	(19,550)	(20,400)	(21,250)	(22,100)	(22,950)	
Net Plant	12,000	10,300	9,450	8,600	7,750	6,900	6,050	5,200	4,350	3,500	2,650	1,800	950	100	(750)	(1,600)	(2,450)	(3,300)	(4,150)	(5,000)	(5,850)	(6,700)	(7,550)	(8,400)	(9,250)	(10,100)	(10,950)	
Total Assets	0	11,150	10,300	9,450	8,600	7,750	6,900	6,050	5,200	4,350	3,500	2,650	1,800	950	100	(750)	(1,600)	(2,450)	(3,300)	(4,150)	(5,000)	(5,850)	(6,700)	(7,550)	(8,400)	(9,250)	(10,100)	
Equity	0	(850)	(1,700)	(2,550)	(3,400)	(4,250)	(5,100)	(5,950)	(6,800)	(7,650)	(8,500)	(9,350)	(10,200)	(11,050)	(11,900)	(12,750)	(13,600)	(14,450)	(15,300)	(16,150)	(17,000)	(17,850)	(18,700)	(19,550)	(20,400)	(21,250)	(22,100)	
Income Statement																												
Outside Plant Maintenance Expense		850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850
Depreciation Expense		(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)
Net Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24			
Financial Books																												
Balance Sheet																												
Cash	(12,000)																											
Gross Plant	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	
ARO Asset	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	
Reserve	(800)	(1,000)	(1,300)	(1,600)	(2,000)	(2,300)	(2,600)	(3,000)	(3,300)	(3,600)	(4,000)	(4,300)	(4,600)	(5,000)	(5,300)	(5,600)	(6,000)	(6,300)	(6,600)	(7,000)	(7,300)	(7,600)	(8,000)	(8,300)	(8,600)	(9,000)	(9,300)	
Net Plant	14,174	13,598	12,942	12,326	11,709	11,093	10,477	9,860	9,244	8,628	8,012	7,395	6,779	6,163	5,546	4,930	4,314	3,698	3,081	2,465	1,848	1,233	616	0	(8,000)	600	0	
Total Assets	2,791	13,598	12,942	12,326	11,709	11,093	10,477	9,860	9,244	8,628	8,012	7,395	6,779	6,163	5,546	4,930	4,314	3,698	3,081	2,465	1,848	1,233	616	0	(8,000)	600	0	
Asset Retirement Obligation	(2,791)	(2,930)	(3,077)	(3,230)	(3,382)	(3,562)	(3,740)	(3,927)	(4,123)	(4,329)	(4,546)	(4,773)	(5,012)	(5,262)	(5,525)	(5,801)	(6,082)	(6,368)	(6,708)	(7,082)	(7,404)	(7,779)	(8,163)	(8,571)	(9,000)	9,000	600	
Total Liabilities & Equity	(2,791)	(7,951)	(13,598)	(22,299)	(33,089)	(46,447)	(62,447)	(81,089)	(102,469)	(126,589)	(154,469)	(186,111)	(221,512)	(260,864)	(304,116)	(351,268)	(402,320)	(458,272)	(519,124)	(584,876)	(655,528)	(731,180)	(811,832)	(907,484)	(1,000,000)	(1,000,000)	9,000	600
Income Statement																												
Outside Plant Maintenance Expense		500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Depreciation Expense		116	116	116	116	116	116	116	116	116	116	116	116	116	116	116	116	116	116	116	116	116	116	116	116	116	116	116
ARO Depreciation		147	147	154	162	170	178	187	196	206	216	227	239	251	263	276	289	303	316	329	343	357	370	389	408	429	450	472
Accretion Expense																												
Net Income		(750)	(763)	(770)	(778)	(789)	(794)	(803)	(813)	(822)	(833)	(844)	(855)	(867)	(879)	(893)	(908)	(923)	(939)	(952)	(969)	(989)	(1,005)	(1,024)	(1,045)	(1,065)	(1,085)	

	Regulatory Books	Financial Books
Assumptions		
Cost of new Poleline Investment (20 poles)	500	500
Cost of Pole	100	100
Installation	100,000	10,000
Cost of Poles (20 poles @ 5000 each)	10,000	10,000
Installation (20 poles @ 100 each)	2,000	2,000
Depreciation Parameters		
Estimated Useful Life	24	24
Estimated Removal Cost, %	-75%	-75%
Estimated Salvage Value	5%	5%
Depreciation Rate Calculation		
Percent to be recovered	170%	100%
Depreciation Rate	(100% - Figure Net Salvage)	(100%)
Additional Asset Retirement Obligation Assumption	7.05%	4.17%
Risk-free Interest Rate	(170%) / Est. Life	(100%) / Est. Life
	5.00%	5.00%

Qwest Corporation 1/1/2005 Net Book Detail (\$000)

Account	Category	Financial Reporting (FR)			FCC Reporting (MR)			Net Plant	Reserve Percent	
		Investment	Reserve	Net Plant	Investment	Reserve	Net Plant	Difference	FR	MR
		a	b	c=a+b	d	e	f=d+e	g=c-f	h=b/a	i=e/d
2111 LAND		100,674	0	100,674	100,674		100,674	0	0.0%	0.0%
2112 MOTOR VEHICLES		371,554	(245,003)	126,551	371,554	(261,157)	110,397	16,154	65.9%	70.3%
2113 AIRCRAFT		1,875	(825)	1,050	1,875	(848)	1,028	23	44.0%	45.2%
2114 TOOLS AND OTHER WORK EQUIP		294,521	(169,500)	125,022	294,521	(84,174)	210,347	(85,326)	57.6%	28.6%
2121 BUILDINGS		2,796,656	(936,098)	1,860,558	2,784,408	(803,305)	1,981,104	(120,546)	33.5%	28.9%
2122 FURNITURE		3,164	(2,750)	414	3,164	(2,775)	389	25	86.9%	87.7%
2122 ARTWORKS		1,130		1,130	1,130	0	1,130	0	0.0%	0.0%
2123 OFFICE EQUIPMENT		65,815	(57,394)	8,421	65,660	(58,522)	7,138	1,283	87.2%	89.1%
2124 GEN PURPOSE CMPTR		1,419,528	(1,365,638)	53,889	1,424,541	(1,391,103)	33,438	20,451	96.2%	97.7%
SUB TOTAL GENERAL SUPPORT		5,054,918	(2,777,209)	2,277,709	5,047,528	(2,601,883)	2,445,645	(167,935)	54.9%	51.5%
2211 ANALOG SW EQUIP					0	39,191	39,191	(39,191)	0.0%	0.0%
2212 DIGITAL SW EQUIP		7,702,056	(5,403,696)	2,298,361	7,468,970	(4,208,618)	3,260,352	(961,991)	70.2%	56.3%
2220 OPERATOR SYSTEMS		18,828	(14,033)	4,795	18,790	(10,874)	7,916	(3,121)	74.5%	57.9%
2231 RADIO SYSTEMS		233,800	(202,709)	31,090	233,668	(206,304)	27,364	3,727	86.7%	88.3%
2232 CIRCUIT		10,574,872	(7,086,613)	3,488,259	10,583,363	(7,720,645)	2,862,718	625,541	67.0%	73.0%
SUB TOTAL CENTRAL OFFICE		18,529,556	(12,707,051)	5,822,505	18,304,791	(12,107,250)	6,197,541	(375,036)	68.6%	66.1%
2311 STATION APPARATUS		35,985	3	35,988	35,985	(15,615)	20,370	15,618	0.0%	43.4%
2341 LARGE PBX		25	(0)	25	25	1,379	1,404	(1,379)	0.0%	-5486.0%
2351 PUBLIC TELEPHONE EQUIPMENT		0	0	0	0	(0)	0	0	-127.1%	100.0%
2362 OTHER TERMINAL EQUIPMENT		408,542	(326,792)	81,750	408,520	(240,023)	168,497	(86,748)	80.0%	58.8%
SUB TOTAL INFORMATION ORGINATION / TERMINATION		444,552	(326,789)	117,763	444,531	(254,260)	190,271	(72,508)	73.5%	57.2%
2411 POLE LINES		261,676	(177,909)	83,768	261,604	(327,327)	(65,723)	149,490	68.0%	125.1%
2421 AERIAL CABLE		1,345,546	(939,967)	405,579	1,344,880	(1,055,327)	289,553	116,027	69.9%	78.5%
2422 UNDERGROUND CABLE		3,464,451	(2,677,081)	787,369	3,461,019	(2,405,632)	1,055,387	(268,017)	77.3%	69.5%
2423 BURIED CABLE		10,711,588	(6,807,283)	3,904,305	10,574,847	(7,213,892)	3,360,956	543,349	63.6%	68.2%
2424 SUBMARINE CABLE		11,702	(9,111)	2,591	11,691	(8,524)	3,168	(577)	77.9%	72.9%
2426 INTRABUILDING CABLE		389,217	(297,003)	92,214	389,176	(336,420)	52,756	39,459	76.3%	86.4%
2431 AERIAL WIRE		43,544	(35,518)	8,026	43,544	(70,782)	(27,218)	35,244	81.6%	162.5%
2441 CONDUIT SYSTEMS		2,286,042	(719,865)	1,566,177	2,281,996	(734,457)	1,547,539	18,638	31.5%	32.2%
SUB TOTAL CABLE AND WIRE		18,513,766	(11,663,737)	6,850,029	18,368,757	(12,152,340)	6,216,416	633,613	63.0%	66.2%
TOTAL TPIS (before amortizable assets)		42,542,792	(27,474,786)	15,068,006	42,165,606	(27,115,733)	15,049,872	18,134	64.6%	64.3%
2681 CAPITAL LEASE		34,815	(14,313)	20,502	34,815	(14,313)	20,502	0	41.1%	41.1%
2682 LEASEHOLD IMPROVEMENTS		57,493	0	57,493	57,488	0	57,488	5	0.0%	0.0%
SUB TOTAL AMORTIZABLE TANGIBLE ASSETS		92,307	(14,313)	77,995	92,302	(14,313)	77,989	5	15.5%	15.5%
2690 INTANGIBLES		790,145	0	790,145	808,548	0	808,548	(18,403)	0.0%	0.0%
TOTAL TELEPHONE PLANT IN SERVICE		43,425,244	(27,489,099)	15,936,146	43,066,466	(27,130,046)	15,936,410	(264)	63.3%	63.0%
2003 PLANT UNDER CONSTRUCTION		107,257	(161)	107,096	107,034	(161)	106,873	222	0.2%	0.2%
2006 NON-OPERATING PLANT		5,944	0	5,944	5,944	0	5,944	0	0.0%	0.0%
SUB TOTAL PLANT UNDER CONST AND NON-OP		113,201	(161)	113,040	112,978	(161)	112,817	222	0.1%	0.1%
GRAND TOTAL		43,538,445	(27,489,260)	16,049,186	43,179,434	(27,130,207)	16,049,227	(41)	63.1%	62.8%
CORRESPONDING ARMIS ROWS 210 / 340 / 350					43,179,434	27,130,207	16,049,227			

Data filed in Attachment A of Qwest's Waiver of Depreciation Regulation, WC 05-259