

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of  
CENTURYLINK Regarding the Sale  
and Transfer of Property

Docket No. UT-120128

**CENTURYLINK'S SUPPLEMENTAL  
INFORMATION IN CONNECTION WITH  
APPLICATION REGARDING TRANSFER  
AND SALE OF THE BUILDING LOCATED  
AT 1600 – 7<sup>th</sup> AVENUE**

- 1 In connection with the purchase and sale transaction involving 1600 – 7<sup>th</sup> Avenue, Seattle Washington, Qwest Corporation (“CenturyLink QC”), hereby provides the following supplemental information.
- 2 CenturyLink QC understands that Commission Staff (“Staff”), Public Counsel, and the U.S. Department of Defense and all other Federal Executive Agencies (“DoD/FEA”), would advocate for some sharing of the proceeds of the sale. After discussions with those parties, CenturyLink QC is willing to agree to certain additional terms to establish that the transaction is in the public interest.<sup>1</sup>
- 3 CenturyLink QC states that upon approval of this application without further conditions,

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<sup>1</sup> The treatment of the transaction and the sharing of the proceeds in this case is the result of a compromise by all parties and should not be deemed to be the result that any party would endorse in any future proceedings. Nor does any party believe that the result in this case should be precedential in any other proceeding under Chapter 80.12 RCW.

Qwest will share the proceeds from the sale with the ratepayers in the amount and manner set forth herein. The determination of the amount shared is consistent with the methodology in the case involving the sale of the Centralia Power Plant, Docket Nos. UE-991255, et al. While CenturyLink QC believes that this case is distinguishable from Centralia,<sup>2</sup> CenturyLink QC is nonetheless willing to offer a direct return to the ratepayers in order to facilitate the prompt approval of the transaction. The commitments made herein are expressly conditioned upon the closing of the sale transaction.

4 CenturyLink QC will make certain investment commitments totaling \$11.2 million, as shown in Confidential Attachment E. These commitments will (1) deploy broadband along the identified routes, to customers who do not have broadband available today from either CenturyLink QC or a cable provider, (2) at speeds ranging from 256K to 40/20MEG depending on the location along the route. These routes are not otherwise projected to be served and are not in the company's plans for deployment over the next three years. In all, 3,739 living units will be newly enabled.

5 In order to retain the confidentiality of the purchase price until the transaction closes, the calculation that produces the amount to be shared is shown in Confidential Attachment F, but the total amount that will be returned to the benefit of ratepayers is \$11.2 million. CenturyLink QC proposes to do so through investment in facilities, including fiber, to facilitate high speed internet capability over the next 18 months. CenturyLink QC will report on this investment on a timeline as requested by Staff, to be determined after investment begins.

6 These investments in the deployment of high speed internet services are consistent with the public interest as indicated by the legislature in Senate Bill 6438.<sup>3</sup>

7 Sec. 1 (1) The legislature finds and declares the following:

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<sup>2</sup> In Centralia the issue was the sale of a system, which is treated for regulatory accounting purposes in the same way as sales of plant with traffic. However, this case involves the sale of a building and land, which is "plant without traffic," and no gain is calculated on the building but only on the land in such sale. Also, Centralia would not require actual payment or expenditure of the proceeds – the shared portion of the gain would be returned to ratepayers via accounting adjustments in a future rate case proceeding.

<sup>3</sup> 2007 WA S.B. 6438, signed 3/31/2008, Ch. 2008-262 (added new section to RCW 43.105).

(a) The deployment and adoption of high-speed internet services and information technology has resulted in enhanced economic development and public safety for the state's communities, improved health care and educational opportunities, and a better quality of life for the state's residents;

(b) Continued progress in the deployment and adoption of high-speed internet services and other advanced telecommunications services, both land-based and wireless, is vital to ensuring Washington remains competitive and continues to create business and job growth; and

(c) That the state must encourage and support strategic partnerships of public, private, nonprofit, and community-based sectors in the continued growth and development of high-speed internet services and information technology for state residents and businesses.

- 8 Finally, in addition to the high speed internet investment commitments, but not to exceed the \$11.2 million total investment, Qwest will make an investment to deploy facilities along three routes as requested by the DoD/FEA, deploying facilities to benefit national security. The routes are identified on Confidential Attachment G. If and when DoD/FEA orders services over those facilities, the tariffed or contracted monthly recurring rate for those services will apply.
- 9 CenturyLink will appear at the March 20, 2012 open meeting to answer any questions about this application and the commitments herein.

DATED this 13<sup>th</sup> day of March, 2012.

CENTURYLINK



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