

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 SECOND
SUPPLEMENTAL INFORMATION IN
CONNECTION WITH APPLICATION
REGARDING TRANSFER AND SALE OF
THE BUILDING LOCATED AT 1600 – 7th
AVENUE**

- 1 In connection with the purchase and sale transaction involving 1600 – 7th 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”), have advocated 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.¹

¹ 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.

3 CenturyLink QC states that upon approval these additional conditions, Qwest will share the proceeds from the sale with the ratepayers in the amount and manner set forth herein.² 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,³ 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 \$11.1 million, as shown in Confidential Attachment E, including the supplemental information filed in this Second Supplemental filing. 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, or, in limited instances, will increase speeds and replace copper with fiber (2) at speeds ranging from 256K to 40/20MEG depending on the location along the route. These central offices and 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, 4,022 living units will be newly enabled. In addition, CenturyLink QC will make a contribution of \$100,000.00 to Community Voice Mail, to support service to those least able to afford it.

5 CenturyLink QC proposes the \$11.1 million investment in facilities, including fiber, to facilitate high speed internet capability over the next 24 months. CenturyLink QC will report on this investment on a timeline as requested by Staff, to be determined after investment begins.

² The Commission approved the transfer and sale on March 21, 2012, and instructed Staff to bring a proposal for distribution of the gain back before the Commission within 90 days.

³ 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.

- 6 CenturyLink will appear at the June 14, 2012 open meeting to answer any questions about the commitments herein.

DATED this 4th day of June, 2012.

CENTURYLINK

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