
2. GENERAL REGULATIONS - CONDITIONS OF OFFERING

2.6 SPECIAL TAXES, FEES AND CHARGES

A. Description

This Section lists the municipal utility occupation taxes applicable in Washington. Rate schedules of the Company do not include any portion of municipal occupation, business, excise or use of the streets taxes.

In order to reimburse the Company for local taxes where now imposed, or which may be imposed, or which have been assessed, an equivalent amount may be billed by the Company to its exchange customers on a pro rata basis, as shown in this Section.

B. Terms and Conditions

1. In municipalities or Tax Jurisdictions that impose a utility occupation tax on gross revenues or gross income from the telecommunications business, but which exclude charges that are passed on to customers to compensate for the cost of the municipal tax, the effective rate for billing will be the ordinance tax rate. This rate will be applied to telecommunications business revenues as defined in the ordinance.
2. In municipalities or Tax Jurisdictions that impose a utility occupation tax on gross revenues or gross income from the telecommunications business but which do not exclude charges that are passed on to customers to compensate for the cost of the tax, the effective rate for billing will be determined by dividing the ordinance tax rate by one minus the ordinance tax rate $[R/(1-R)]$. The rate determined will be applied to telecommunications business revenues as defined in the ordinance.
3. In municipalities or Tax Jurisdictions that include toll revenues within the definition of telecommunications business, the applicable effective rate for billing will be applied to 100% (unless a lower percentage is specified in the ordinance) of the charges for sent-paid and received-collect intrastate toll messages billed to customers within these municipalities or Tax Jurisdictions, including intrastate Wide Area Telephone Service (WATS) and intrastate Private Line Transport Service, all after deduction of amounts representing independent company settlements.

2. GENERAL REGULATIONS - CONDITIONS OF OFFERING

2.6 SPECIAL TAXES, FEES AND CHARGES

B. Terms And Conditions (Cont'd)

4. In municipalities or Tax Jurisdictions that impose a tax on specific telecommunication company revenues, such as but not limited to local service, toll, or miscellaneous revenues, the effective rate for billing will be equal to the ordinance rate, or where miscellaneous revenues are taxed, the ordinance rate divided by one minus the ordinance rate $[R/(1-R)]$. The applicable billing rate will be applied to the specific telecommunications company revenues enumerated in the ordinance, but will not be applied to any such revenues that constitute competitive telecommunications service as defined in RCW 82.16.010.
5. In municipalities or Tax Jurisdictions that have assessed amounts related to municipal occupation business, excise or use of streets taxes on the Company, the effective tax rate for billing shall be increased by an amount sufficient to recover the amounts assessed over as close to a one year period as possible. To the extent that the assessment is appealed and the assessment is reduced or abated, the effective tax rate for billing shall be decreased over a period that is as close to a one year period as possible. In municipalities or Tax Jurisdictions that impose a utility occupation tax on gross revenues or gross income from the telecommunications business and which do not exclude charges that are passed on to customers to compensate for the cost of the municipal tax, the effective rate for billing will be determined by dividing the ordinance tax rate plus the recovery percentage for assessed taxes by one minus the ordinance tax rate plus the recovery percentage for assessed taxes $[(R + \text{recover percent} / 1 - (R + \text{recovery percentage})]$. The rate determined will be applied to telecommunications business revenues as defined in the ordinance and limited by state law.

C. Tax Rates

Each customer within the corporate limits of each of the following municipalities or Tax Jurisdictions will be billed a pro rate portion of a sum equal to the amount of the taxes which the Company is required to pay for exchange services and intrastate message toll services in that municipality. This is done by additions to each bill for the services. The customers' pro rata portion will be determined from B.4., preceding, which correspond to the references used in the Condition(s) column below. The percentages from the applicable municipalities or Tax Jurisdictions ordinances are shown in the rate column. The effective tax rate for billing includes the applicable business license fee.

Qwest Corporation

WN U-40
EXCHANGE AND
NETWORK SERVICES
WASHINGTON

SECTION 2
1st Revised Sheet 67
Cancels Original Sheet 67

2. GENERAL REGULATIONS - CONDITIONS OF OFFERING

2.6 SPECIAL TAXES, FEES AND CHARGES

C. Tax Rates (Cont'd)

The municipal occupation, business, excise and use of streets taxes are listed below:

| MUNICIPALITY OR TAX JURISDICTION | EXCHANGE | KIND OF TAX | RATE | EFFECTIVE TAX RATE FOR BILLING | APPLICABLE CONDITION(S) |
|--|----------------------|-------------------|----------|--------------------------------------|----------------------------|
| Aberdeen | Aberdeen- Hoquiam | [1] | 6.0% | 6.0% | 1 & 3 |
| Airway Heights | Spokane | [1] | 6.0% | 6.0% | 1 & 3 |
| Algona | Auburn | [1] | 6.0% | 6.382% | 2 & 3 |
| Asotin | Clarkston | [1] | 6.0% | 6.0% | 1 & 3 |
| Auburn | Auburn | [1] | 4.5% | 4.5% | 1 & 3 |
| Bainbridge Island | Bainbridge Island | [1] | 6.0% (I) | 6.382% (I) | 2 & 3 |
| Battle Ground | Battle Ground | [1] | 6.0% | 6.0% | 1 |
| Bellevue | Bellevue | [1] | 6.0% | 6.382% | 2 & 3 |
| Bellingham | Bellingham | [1] | 6.0% | 6.0% | 1 & 3 |
| Black Diamond | Black Diamond | [1] | 6.0% | 6.0% | 1 & 3 |
| Blaine | Blaine | [1] | 6.0% | 6.0% | 1 & 3 |
| Bonney Lake | Sumner | [1] | 6.0% | 6.0% | 1 & 3 |
| Bremerton | Bremerton | [1] | 6.0% | 6.382% | 2 & 3 |
| Brewster | Brewster | [1] | 6.0% | 6.382% | 2 & 3 |
| Buckley | Buckley | [1] | 6.0% | 6.0% | 1 & 3 |

[1] Occupation

Qwest Corporation

WN U-40
EXCHANGE AND
NETWORK SERVICES
WASHINGTON

SECTION 2
1st Revised Sheet 68
Cancels Original Sheet 68

2. GENERAL REGULATIONS - CONDITIONS OF OFFERING

2.6 SPECIAL TAXES, FEES AND CHARGES

C. Tax Rates (Cont'd)

| MUNICIPALITY OR TAX JURISDICTION | EXCHANGE | KIND OF TAX | RATE | EFFECTIVE TAX RATE FOR BILLING | APPLICABLE CONDITION(S) | |
|--|----------------------|-------------------|----------|--------------------------------------|----------------------------|-----|
| Carnation | Carnation | [1] | 6.0% | 6.0% | 1 & 3 | |
| Cashmere | Cashmere | [1] | 4.5% | 4.5% | 1 & 3 | |
| Castle Rock | Castle Rock | [1] | 5.0% | 5.0% | 1 | |
| Centralia | Centralia | [1] | 6.0% | 6.382% | 1 & 3 | |
| Chehalis | Chehalis | [1] | 6.0% | 6.382% | 2 & 3 | |
| Clarkston | Clarkston | [1] | 6.0% | 6.0% | 1 | |
| Cle Elum | Cle Elum | [1] | 6.0% | 6.0% | 1 & 3 | |
| Colfax | Colfax | [1] | 6.0% | 6.0% | 1 & 3 | |
| College Place | Walla Walla | [1] | 5.4% | 5.4% | 1 | |
| Colville | Colville | [1] | 4.5% (I) | 4.712% (I) | 2 & 3 | (C) |
| Cosmopolis | Aberdeen- Hoquiam | [1] | 6.0% | 6.0% | 1 & 3 | |
| Coulee Dam | Coulee Dam | [1] | 6.0% | 6.0% | 1 & 3 | |
| Coupeville | Coupeville | [1] | 6.0% | 6.0% | 2 & 3 | |
| Dayton | Dayton | [1] | 6.0% | 6.0% | 1 | |
| Deer Park | Deer Park | [1] | 6.0% | 6.0% | 1 & 3 | |
| Des Moines | Des Moines | [1] | 6.0% | 6.00% | 1 & 3 | |
| DuPont | Tacoma | [1] | 6.0% | 6.382% | 2 & 3 | |

[1] Occupation

Qwest Corporation

WN U-40
EXCHANGE AND
NETWORK SERVICES
WASHINGTON

SECTION 2
2nd Revised Sheet 69
Cancels 1st Revised Sheet 69

2. GENERAL REGULATIONS - CONDITIONS OF OFFERING

2.6 SPECIAL TAXES, FEES AND CHARGES

C. Tax Rates (Cont'd)

| MUNICIPALITY OR TAX JURISDICTION | EXCHANGE | KIND OF TAX | RATE | EFFECTIVE TAX RATE FOR BILLING | APPLICABLE CONDITION(S) |
|--|----------------------|-------------------|----------------------------|--------------------------------------|----------------------------|
| Electric City | Coulee Dam | [1] | 6.0% | 6.0% | 1 |
| Enumclaw | Enumclaw | [1] | 6.0% | 6.0% | 2 & 3 |
| Ephrata | Ephrata | [1] | 5.0% | 5.0% | 1 & 3 |
| Everett | Everett | [1] | 4.5% | 4.5% | 1 & 3 |
| Federal Way | Federal Way | [1] | 5.0% | 5.0% | 1 & 3 |
| Ferndale | Ferndale | [1] | 5.0% | 5.0% | 1 & 3 |
| Fife | Tacoma | [1] | 4.5% | 4.5% | 1 & 3 |
| Fircrest | Tacoma | [1] | 6.0% | 6.0% | 1 |
| Grand Coulee | Coulee Dam | [1] | 6.0% | 6.0% | 1 & 3 |
| Hoquiam | Aberdeen- Hoquiam | [1] | 6.0% | 6.0% | 1 & 3 |
| Issaquah | Issaquah | [1] | 6.0% | 6.0% | 1 & 3 |
| Kalama | Kalama | [1] | 6.0% | 6.382% | 2 & 3 |
| Kelso | Longview- Kelso | [1] | 6.0% | 6.0% | 1 & 3 |
| Kent | Kent | [1] | 4.8% | 4.8% | 1 & 3 |
| Kirkland | Kirkland | [1] | 6.5% (bus.) 5.0% (res.) | 6.0% 5.0% | 1&3 1&3 |
| LaCenter | LaCenter | [1] | 0.0% (R) | 0.0% (R) | 2 & 3 |

[1] Occupation

Qwest Corporation

**WN U-40
EXCHANGE AND
NETWORK SERVICES
WASHINGTON**

SECTION 2
1st Revised Sheet 70
Cancels Original Sheet 70

2. GENERAL REGULATIONS - CONDITIONS OF OFFERING

2.6 SPECIAL TAXES, FEES AND CHARGES

C. Tax Rates (Cont'd)

| MUNICIPALITY OR TAX JURISDICTION | EXCHANGE | KIND OF TAX | RATE | EFFECTIVE TAX RATE FOR BILLING | APPLICABLE CONDITION(S) | |
|--|----------------------|-------------------|-------|--------------------------------------|----------------------------|------|
| Lacey | Olympia | [1] | 6.0% | 6.0% | 1 & 3 | (M) |
| Lake Forest Park | Seattle | [1] | 6.0% | 6.382% | 2 & 3 | (M) |
| Lakewood | Tacoma | [1] | 6.0% | 6.382% | 2&3 | |
| Langley | Langley | [1] | 6.0% | 6.0% | 1 & 3 | |
| Longview | Longview- Kelso | [1] | 6.0% | 6.0% | 1 & 3 | |
| Lummi Indian Reservation | Bellingham | [1] | 5.0% | 5.26% | 2 & 3 | |
| Lynden[2] | Lynden | [1] | 4.0% | 4.0% | 1 & 3 | |
| Maple Valley | Maple Valley | [1] | 2.25% | 2.25% | 1 & 3 | |
| Marysville | Marysville | [1] | 5.0% | 5.0% | 1 & 3 | |
| Medina | Bellevue | [1] | 0% | 0% | 4 | |
| Mercer Island City of | Seattle | [1] | 6.0% | 6.0% | 1 & 3 | |
| Milton | Tacoma | [1] | 5.8% | 5.8% | 1 | |
| Monroe | Monroe | [1] | 5.0% | 5.0% | 1 & 3 | |
| Moses Lake | Moses Lake | [1] | 6.0% | 6.0% | 1 & 3 | |
| Mountlake Terrace | Mountlake Terrace | [1] | 6.0% | 6.0% | 1 & 3 | (M1) |

[1] Occupation

[2] 1.0% tax rate on amount \$5,000.00+ per customer, per month.

(M) Material moved from Sheet 69.

(M1) Material moved to Sheet 71.

Qwest Corporation

**WN U-40
EXCHANGE AND
NETWORK SERVICES
WASHINGTON**

SECTION 2
1st Revised Sheet 71
Cancels Original Sheet 71

2. GENERAL REGULATIONS - CONDITIONS OF OFFERING

2.6 SPECIAL TAXES, FEES AND CHARGES

C. Tax Rates (Cont'd)

| MUNICIPALITY OR TAX JURISDICTION | EXCHANGE | KIND OF TAX | RATE | EFFECTIVE TAX RATE FOR BILLING | APPLICABLE CONDITION(S) | |
|--|--------------|-------------------|-------|--------------------------------------|----------------------------|-------|
| Mount Vernon | Mount Vernon | [1] | 6.0% | 6.0% | 1 & 3 | (M) |
| Moxee City[2] | Yakima | [1] | 6.0% | 6.0% | 1 & 3 | (T) |
| Naches | Naches | [1] | 6.0% | 6.0% | 1 & 3 | (M) |
| Napavine | Chehalis | [1] | 5.0% | 5.0% | 1 | |
| Normandy Park | Seattle | [1] | 6.0% | 6.382% | 2 & 3 | |
| North Bend | North Bend | [1] | 6.0% | 6.0% | 1 & 3 | |
| Northport | Northport | [1] | 6.0% | 6.0% | 1 & 3 | |
| Oak Harbor | Oak Harbor | [1] | 6.0% | 6.0% | 1 & 3 | |
| Oakville | Rochester | [1] | 4.15% | 4.15% | 1 | |
| Ocean Shores | Copalis | [1] | 6.0% | 6.0% | 1 | |
| Okanogan | Okanogan | [1] | 6.0% | 6.0% | 1 | |
| Olympia | Olympia | [1] | 6.0% | 6.0% | 1 & 3 | |
| Omak | Omak | [1] | 6.0% | 6.0% | 1 & 3 | |
| Oroville | Oroville | [1] | 6.0% | 6.0% | 1 & 3 | |
| Othello | Othello | [1] | 6.0% | 6.0% | 1 & 3 | |
| Pasco | Pasco | [1] | 8.5% | 8.5% | 1 & 3 | |
| Pateros | Pateros | [1] | 6.0% | 6.0% | 1 | (M1) |
| [1] Occupation | | | | | | |
| [2] Limits the tax to \$3,000 per customer, per month. | | | | | | (T-M) |
| (M) Material moved from Sheet 70. | | | | | | |
| (M1) Material moved to Sheet 72. | | | | | | |

Qwest Corporation

**WN U-40
EXCHANGE AND
NETWORK SERVICES
WASHINGTON**

**SECTION 2
1st Revised Sheet 72
Cancels Original Sheet 72**

2. GENERAL REGULATIONS - CONDITIONS OF OFFERING

2.6 SPECIAL TAXES, FEES AND CHARGES

C. Tax Rates (Cont'd)

| MUNICIPALITY OR TAX JURISDICTION | EXCHANGE | KIND OF TAX | RATE | EFFECTIVE TAX RATE FOR BILLING | APPLICABLE CONDITION(S) | |
|---|------------------|----------------------------|-------------|---|------------------------------------|------|
| Pomeroy | Pomeroy | [2] | 6.0% | 6.0% | 1 & 3 | (M) |
| Port Angeles | Port Angeles | [1] | 5.5% | 5.5% | 1 & 3 | |
| Port Orchard | Port Orchard | [1] | 6.0% | 6.0% | 1 & 3 | (M) |
| Port Townsend | Port Townsend | [1] | 6.0% | 6.0% | 1 | |
| Poulsbo | Poulsbo | [1] | 6.0% | 6.0% | 1 & 3 | |
| Puyallup | Puyallup | [1] | 6.0% | 6.0% | 1 & 3 | |
| Raymond | Raymond | [1] | 6.0% | 6.0% | 1 | |
| Redmond | Bellevue | [1] | 5.5% | 5.82% | 2 & 3 | |
| Renton | Renton | [1] | 6.0% | 6.0% | 1 & 3 | |
| Ridgefield | Ridgefield | [1] | 6.0% | 6.0% | 4 | |
| Riverside | Omak | [1] | 6.0% | 6.0% | 1 & 3 | |
| Roslyn | Roslyn | [1] | 5.0% | 5.263% | 2 | |
| Roy | Roy | [1] | 4.0% | 4.0% | 1 & 3 | |
| Seattle | Seattle | [1] | 6.0% | 6.382% | 2 & 3 | |
| Sequim | Sequim | [1] | 3.0% | 3.0% | 1 & 3 | (M1) |

[1] Occupation

(M) Material moved from Sheet 71.

(M1) Material moved to Sheet 73.

Qwest Corporation

**WN U-40
EXCHANGE AND
NETWORK SERVICES
WASHINGTON**

SECTION 2
1st Revised Sheet 73
Cancels Original Sheet 73

2. GENERAL REGULATIONS - CONDITIONS OF OFFERING

2.6 SPECIAL TAXES, FEES AND CHARGES

C. Tax Rates (Cont'd)

| MUNICIPALITY OR TAX JURISDICTION | EXCHANGE | KIND OF TAX | RATE | EFFECTIVE TAX RATE FOR BILLING | APPLICABLE CONDITION(S) | |
|--|------------------|-------------------|-------|--------------------------------------|----------------------------|-----|
| Shelton | Shelton | [1] | 6.0% | 6.0% | 1 & 3 | (M) |
| Shoreline | Seattle | [1] | 6.0% | 6.382% | 2 & 3 | |
| Snohomish | Snohomish | [1] | 6.0% | 6.0% | 1 & 3 | |
| South Cle Elum | Cle Elum | [1] | 6.0% | 6.0% | 1 & 3 | (M) |
| Spokane | Spokane | [1] | 6.0% | 6.382% | 2 & 3 | |
| Stanwood | Stanwood | [1] | 6.0% | 6.0% | 1 | |
| Steilacoom | Tacoma | [1] | 6.0% | 6.382% | 2 & 3 | |
| Sumner[2] | Sumner | [1] | 5.25% | 5.25% | 1 | |
| Tacoma | Tacoma | [1] | 6.0% | 6.382 | 2 & 3 | |
| Town of Clyde Hill | Bellevue | [1] | 6.0% | 6.0% | 1 & 3 | |
| Town of Hunts Point | Bellevue | [1] | 6.0% | 6.0% | 4 | |
| Town of Yarrow Point | Bellevue | [1] | 5.0% | 5.0% | 4 | |
| Tumwater | Olympia | [1] | 6.0% | 6.0% | 1 & 3 | |
| Union Gap | Yakima | [1] | 6.0% | 6.0% | 1 & 3 | |
| University Place | University Place | [1] | 6.0% | 6.382% | 2 & 3 | |

[1] Occupation

[2] Limits the tax to \$750.00 per customer, per month.

(M) Material moved from Sheet 72.

(M1) Material moved to Sheet 74.

(M1)

Qwest Corporation

**WN U-40
EXCHANGE AND
NETWORK SERVICES
WASHINGTON**

**SECTION 2
1st Revised Sheet 74
Cancels Original Sheet 74**

2. GENERAL REGULATIONS - CONDITIONS OF OFFERING

2.6 SPECIAL TAXES, FEES AND CHARGES

C. Tax Rates (Cont'd)

| MUNICIPALITY OR TAX JURISDICTION | EXCHANGE | KIND OF TAX | RATE | EFFECTIVE TAX RATE FOR BILLING | APPLICABLE CONDITION(S) | |
|---|-----------------|----------------------------|-------------|---|------------------------------------|--------|
| Vader | Vader | [1] | 6.0% | 6.382% | 2 & 3 | (M) |
| Vancouver | Vancouver | [1] | 6.0% | 6.0% | 1 & 3 | |
| Waitsburg | Waitsburg | [1] | 6.0% | 6.0% | 1 | |
| Walla Walla[2] | Walla Walla | [1] | 6.0% | 6.0% | 1 & 3 | (T)(M) |
| Warden[3] | Warden | [1] | 6.0% | 6.0% | 1 & 3 | (T) |
| Washougal | Washougal | [1] | 6.0% | 6.0% | 1 & 3 | |
| Waterville | Waterville | [1] | 6.0% | 6.0% | 1 & 3 | |
| Wilbur | Wilbur | [1] | 6.0% | 6.0% | 1 & 3 | |
| Wilkenson | Buckley | [1] | 5.0% | 5.0% | 1 & 3 | |
| Winlock | Winlock | [1] | 6.0% | 6.382% | 2 & 3 | |
| Woodinville | Bothell | [1] | 4.0% | 4.166% | 2 & 3 | |
| Yakima[4] | Yakima | [1] | 4.4% | 4.4% | 1 | (T) |

[1] Occupation (T)

[2] Not less than \$1,000.00 per year. (T-M)

[3] Ordinance states that the tax rate (billing rate) for B.3., preceding, shall not apply to the monthly billing which exceeds \$2,000.00 in revenue to any person. (T)

[4] Applies to the first \$500.00 of taxable revenue, per customer, per month. (T)

(M) Material moved from Sheet 73.