

**CenturyLink’s September 7, 2018
Supplemental Responses to
UTC Information Request**

**ATTACHMENT 1
January 12, 2018**

Please provide the following information **by February 12, 2018:**

CenturyTel of Inter Island, CenturyTel of Cowiche, CenturyTel of Washington, United Telephone Company of the Northwest, and Qwest Corporation (hereinafter “CenturyLink”) objects to the Staff’s information requests regarding the federal Tax Cuts and Jobs Act (TCJA). The information sought may be relevant if a company is rate regulated, or rate of return regulated, but the Company is not. Pursuant to the Commission’s order in Docket No. UT-130477, all of the CenturyLink companies in Washington are regulated under an alternative form of regulation (AFOR). Under the terms of the AFOR, which extends through January 2021, the Commission has granted an exemption from rate of return regulatory treatment. In fact, the CenturyLink companies have complete pricing flexibility under the AFOR, and rates are governed by the competitive market, not by the Commission. Thus, federal tax savings, if any, play no part in setting CenturyLink’s rates for telecommunications services.

Furthermore, under the AFOR the CenturyLink companies are to be regulated “as if” they were competitively classified companies. To date, the competitive companies in the state have not been asked to respond to these requests. The CenturyLink companies should be treated the same.

Without waiver of this objection, CenturyLink provides the following responses:

1. Accumulated Deferred Federal Income Tax (ADFIT) balance as of December 31, 2017, for Total Washington and Washington Intrastate.

Response: The requested information is not yet available and will not be available until after the books are closed and jurisdictional separations has been completed.

April 30, 2018 Supplemental Response: Please see the table below for the requested information:

Company	Total State	Intrastate
CenturyTel of Washington	(\$29,646,493)	(\$20,660,641)
CenturyTel of Inter Island	(\$4,745,335)	(\$3,307,024)
CenturyTel of Cowiche	(\$7,856)	(\$5,366)
Qwest Corporation	(\$46,956,033)	(\$33,855,300)
United Telephone Company of the Northwest	(\$2,245,061)	(\$1,517,886)

2. The amount of excess deferred income tax reserve as described in the Internal Revenue Code at 26 U.S.C. § 168(i)(9)(A)(ii) as of December 31, 2017, for Total Washington and Washington Intrastate, to comply with the TCJA.

Response: The requested information is not yet available and will not be available until after the books are closed, adjusting entries are made and separations has been run.

April 30, 2018 Supplemental Response: Provided below is the requested excess deferred Federal Income Tax resulting from the Tax Cuts and Jobs Act of 2017 (TCJA) for Total Washington. The amount allocable to Intrastate is indeterminant at this time. The amount of the excess deferred income tax expense recognized in future periods will be apportioned to the Intrastate jurisdiction per 47 CFR Part 36 Section § 36.411(b) Operating taxes – Account 7200 as follows: “Operating Federal, State and local income taxes are apportioned among the operations on the basis of the approximate net taxable income (positive or negative) applicable to each of the operations.” That is, the apportionment to Intrastate will be based on the information within future periods.

Company	Total State	Intrastate
CenturyTel of Washington	(\$12,514,925)	indeterminant
CenturyTel of Inter Island	(\$1,952,878)	indeterminant
CenturyTel of Cowiche	(\$8,172)	indeterminant
Qwest Corporation	(\$44,454,110)	indeterminant
United Telephone Company of the Northwest	(\$121,683)	indeterminant

August 30, 2018 Supplemental Response: CenturyLink has no additional information to provide at this time. Because Part 36 provides no method for separating excess accumulated deferred federal income taxes between interstate and intrastate the amount of excess deferred Federal Income Tax resulting from the Tax Cuts and Jobs Act of 2017 (TCJA) on a Washington intrastate basis remains indeterminant. As explained in CenturyLink’s April 30, 2018 supplemental response, the amount of the excess deferred income tax expense recognized in future periods will be apportioned to the Intrastate jurisdiction in accordance with 47 CFR Part 36 Section § 36.411(b) Operating taxes – Account 7200 as follows: “Operating Federal, State and local income taxes are apportioned among the operations on the basis of the approximate net taxable income (positive or negative) applicable to each of the operations.” Thus, the apportionment to Intrastate will be based on the information within future periods.

September 7, 2018 Supplemental Response: Provided below are the Total State amounts of Excess Deferred Income Tax (EDIT) recorded in 2017 in Accumulated Deferred Income Tax and the Intrastate portion using 2017 Separations factors.

Company	Total State	Intrastate
CenturyTel of Washington	(12,514,925)	(8,721,651)
CenturyTel of Inter Island	(1,952,878)	(1,360,961)
CenturyTel of Cowiche	(8,172)	(5,581)
Qwest Corporation	(44,454,110)	(32,051,413)
United Telephone Company of the Northwest	(121,683)	(82,270)

3. The amount of excess deferred income tax expense the Company is currently collecting through Washington Intrastate rates and charges as of January 1, 2018, through December 31, 2018.

Response: Because the company's rates were not established pursuant to rate base rate-of-return rate making, the amount of excess deferred tax liability the company is currently collecting in rates is indeterminant.

4. A proposed amortization schedule for numbers 2. and 3. (above) along with a supporting rationale for each schedule. Please identify and describe the amortization assumption, e.g., composite, average rate, or other alternative method.

Response: Because the Company's rates were not established pursuant to rate base rate-of-return rate making, the company has no amortization proposal.

5. In the event that all impacts of the TCJA are not fully known to the Company by the due date set forth in this information request, please provide a date certain by which the Company intends to supplement its response including its plans to address these impacts.

Response: The Company will supplement its answer to information requests 1 and 2 on May 1, 2018 or sooner if the information becomes available before then.

6. Supporting workpapers in electronic format with all formulae and links intact. See WAC 480-07-510(3)(c).

Response: The Company has no workpapers pertaining to the responses to this information request.