matter, recognizes that the sales proceeds include not only the current value of the directory publishing business that was transferred to an unregulated affiliate in 1984, but ~~. The sale~~ also ~~includes~~ other lines of business that were developed in unregulated subsidiaries separate from Qwest's local exchange business and its ratepayers. In particular, I refer to the portion of the sale connected with 1) LCI; 2) the NewVentures/Internet lines of business; 3) secondary directories; and 4); non-Qwest listings in primary directories. I explain each of these in detail below. Identifying and removing that portion of the gain associated with these items leaves the gain associated with that portion of the sale that is arguably subject to sharing between ratepayers and customers, recognizing the balancing of interests required in this exercise. The gain calculation then determines the portion of this remaining gain allocable to the Washington jurisdiction. Using this figure, as set forth in Confidential Exhibit TAJ-2C, I then propose a specific disposition of this gain that fairly and effectively balances ratepayer and shareholder interests.

Q. WHY DO THE RATEPAYERS HAVE A CLAIM OVER ONLY A PORTION OF THE SALE PROCEEDS?

A. Any ratepayer interest in the value of the directory publishing business is based on the Commission's recognition that, prior to 1984, publishing revenues and expenses were a part of Qwest's (the Company's) results of operation for regulatory purposes, which the Commission described as a "regulatory asset" of the Company. Since 1989 in Washington, directory revenue imputation has served as a mechanism by which the Company's operating results are restated to reflect earnings as if the Yellow Pages directory business had not been transferred to an affiliate in 1984. As this Commission has held, "[I]mputation is the ascription or attribution of income, not recorded otherwise on any of USWC's