accounts, implemented by an accounting adjustment. It revises USWC's earnings for regulatory purposes (that is, for setting rates), to reflect a *portion* [emphasis added] of affiliate U S WEST DEX's earnings.'"[27]

Identifying and removing that portion of the gain related to the business that was not part of Qwest's results of operations prior to the 1984 transfer leaves the remaining gain that is arguably subject to sharing between ratepayers and shareholders ~~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 strikes an appropriate balance among the ratepayers, shareholders and the broader public that is fair and that preserves affordable, efficient, reliable and available service.

Q. WHAT IS LCI?

A. LCI was a subsidiary of QCI before it merged with U S WEST, Inc. (USWC's parent corporation) in June of 2000. LCI's financial results have never been imputed into regulated results of operations or a cost of service calculation in any state. Therefore it has no relationship to the directory publishing business and generates no publishing revenues. Furthermore, it is highly probable there is no gain on the Dex sale attributable to LCI; however, if there were it is not attributable to Washington regulated operations.

[27] Accounting Order, ¶ 172.