Q. IF THE BENEFIT OF AND RATIONALE FOR IMPUTATION IS DIMINISHED UNDER MARKET BASED PRICING, SHOULDN'T THE COMMISSION DISPOSE OF THE RATEPAYER INTEREST IMMEDIATELY WHILE THERE IS STILL SOME VALUE?

A. No. The Commission decision to adopt imputation of directory revenues was intended to protect the ratepayer from any harm associated with the transfer of the business to an affiliated company. The ratepayer is not harmed by the termination of imputation when competitive alternatives exist that allow the customers to choose among multiple providers for the telecommunications services they desire.

However, although local markets in Washington are open to competition, competitors may not yet have entered all markets and all consumers may not yet be enjoying the benefits of a fully competitive market. The five ~~eight~~ year period is a reasonable transition which allows the Commission to balance the interest of the ratepayers, shareholders, and the broader public by adopting a resolution of imputation that is fair, that preserves affordable service for those ratepayers that do not yet have choice, that ensures continued efficient and reliable service for Qwest ratepayers and that phases out imputation as customers gain a choice of alternative providers.

Q. WHAT DO YOU MEAN WHEN YOU SUGGEST THAT RESOLUTION OF THIS TRANSACTION ALLOWS QWEST AND ITS RATEPAYERS TO AVOID FUTURE RISK AND UNCERTAINTY?

A. Another factor the Commission should consider is that ratepayers have received the benefit of imputation since 1984, and have received the benefit of the growth in that business through increased imputation. During that time, as now, Qwest has been free to sell the business. The fact that it did not sell the business allowed ratepayers to