

1 relationship discussed in the Accounting Order.<sup>6</sup> The Commission should issue  
2 an order that resolves the directory issue through the continuation of the existing  
3 directory earnings imputation until any ratepayer interest in the sale proceeds is  
4 satisfied which is projected to be ~~2008~~2011. QC's proposal strikes an appropriate  
5 balance among the interests of ratepayers, shareholders and the broader public  
6 that is fair and that preserves affordable, efficient, reliable and available service as  
7 Washington transitions to a fully competitive market. If the Commission  
8 determines that it is required to approve the Dex sale, I recommend that it adopt  
9 Qwest's proposal to continue existing imputation for a finite period of time and to  
10 do so without further conditions.

11 **III. THE TRANSACTION**

12 **Q. PLEASE PROVIDE AN OVERVIEW OF THE STRUCTURE OF THE**  
13 **TRANSACTION**

14 A. The sale will be completed in two stages for a total sale price of \$7.05 billion.  
15 The first stage of the sale (Dexter) involved all Qwest Dex operations in  
16 Colorado, Iowa, Minnesota, Nebraska, New Mexico, North Dakota, and South  
17 Dakota for an agreed purchase price of approximately \$2.75 billion. The first  
18 stage of the sale closed on November 8, 2002.

19 The second stage of the sale (Rodney) involves all Dex operations in Arizona,  
20 Idaho, Montana, Oregon, Utah, Washington, and Wyoming for an agreed  
21 purchase price of approximately \$4.30 billion and is scheduled to close in 2003.

22 The purchase price for Rodney is subject to adjustment based upon the final

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<sup>6</sup> Accounting Order, ¶¶ 172, 173.