



STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250
(360) 664-1160 • TTY (360) 586-8203

July 29, 2008

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QWEST
REGULATORY LAW

Mark Reynolds, Assistant Vice President
Qwest Corporation
1600 7th Avenue, Room 3206
Seattle, Washington 98191

RE: Completion of the Yakima Airport CERB Project

Dear Mr. Reynolds:

On July 25, 2007, a meeting to discuss the US West refund escrow accounts was attended by Wilford Saunders, UTC, Simon ffitich and Steve Johnson, Public Counsel, and by phone Mark Reynolds and Kevin Macwilliams, Qwest.

According to notes in an e-mail dated July 26, 2007, by Steven Johnson, attendees agreed that if within one month (by August 31, 2007) Qwest could provide some form of documentation with a date certain, that is within one year, for the completion of the Yakima project, the CERB account would remain open for one year. At the end of that year, August 1, 2008, the CERB balance would be swept into the K-20 account and the CERB account would be closed. Any outstanding invoices relating to the Yakima Airport Project with detailed itemization similar to that provided with previous invoices for the Yakima project would be paid up to the balance of the account if submitted prior to July 15, 2008.

If within one month (by August 31, 2007) Qwest was unable to provide a date certain for the completion of the Yakima project with some form of documentation, the outstanding invoice would be processed, and the CERB account closed on October 1, 2007, with all remaining funds swept to the K-20 account.

On August 6, 2007, Donald Hartzog, Qwest, memorialized in a letter to Simon ffitich and Wilford Saunders Qwest's commitment to complete the Yakima Airport CERB Project by June 30, 2008. Any outstanding invoices relating to the Yakima Airport Project with detailed itemization similar to that provided with previous invoices for the project would be paid up to the balance of the account if submitted prior to July 15, 2008. Mr. Hartzog affirmed that if Qwest had not completed the project, including the submission of invoices for payment, by



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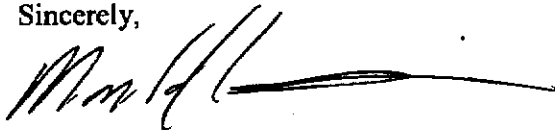
August 1, 2008, all remaining funds in the CERB escrow account would be transferred to another escrow account and would no longer be available for the payment of Qwest's invoices on the project.

In a letter dated July 3, 2008, Mr. Hartog provided Simon ffitch and Mark Vasconi, Acting Assistant Director – Telecom Staff, a recount of a meeting held on May 29, 2007, where he advised that Qwest was unable to complete the project in the specified timeframe. Mr. Hartog requested that Qwest be allowed to extend the project completion commitment to November 15, 2008.

Staff and Public Counsel have conferred regarding the request for an extension of time to November 15 for the project completion commitment of the Yakima CERB project. Escrow parties are willing to grant an extension of the current project deadline from July 31 to August 31, 2008, but will require evidence that physical construction activity has begun on the Yakima Valley Boulevard segment. Evidence should include contracts with vendors, work orders, invoices and photographs. Evidence showing that construction has begun on the Washington Avenue segment should be provided to Sharyn Bate or myself by August 15, 2008.

As Mr. Hartog stated in his July 3, 2008, letter, if Qwest has not completed the project, including the submission of invoices for payment, by December 1, 2008, all remaining funds in the CERB escrow account will be swept to the K-20 account and will no longer be available for the payment of Qwest's invoices on the project.

Sincerely,



Mark Vasconi
Acting Assistant Director – Telecommunications

cc: Donald Hartzog, Design Engineering Manager
Simon ffitch, Assistant Attorney General
Tom Spinks, Public Counsel
Steven Johnson, Policy Advisor