

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of  
QWEST CORPORATION Regarding  
the Sale and Transfer of Property

Docket No.

QWEST CORPORATION'S APPLICATION  
REGARDING TRANSFER AND SALE OF  
1915 TERRY AVENUE BUILDING

1 Qwest Corporation ("Qwest"), by and through its undersigned counsel, hereby submits this application pursuant to Chapters 80.12 RCW and 480-143 WAC. This application regards the permanent transfer and sale of the land and building located at 1915 Terry Avenue, Seattle, Washington, to Washington Real Estate Holdings, LLC.

**I. RELIEF REQUESTED**

2 Qwest respectfully requests the Commission enter an order approving the sale pursuant to Chapters 80.12 RCW and 480-143 WAC.

**II. DESCRIPTION OF THE TRANSACTION**

3 The sale is comprised of a purchase agreement executed on March 17, 2005, and ancillary agreements attached as exhibits to the purchase agreement. The transaction is an arms length

transaction, negotiated between unaffiliated parties, neither one being under a compulsion to buy or sell. Pursuant to WAC 480-143-120, a copy of the purchase agreement is attached hereto as Confidential Exhibit A. A brief description of the transaction follows:

- Assets. This transaction involves the sale the land and building located at 1915 Terry Avenue, Seattle, Washington, including certain leases associated with the building, as well as certain intangible assets associated with the building. A complete legal description of the property is included in Exhibit A to the Sale and Purchase Agreement.
- Purchase Price. Contained in Confidential Exhibit A.
- Closing Date. The sale agreement states that closing will take place no later than December 30, 2005, or on an earlier date mutually agreed upon by the buyer and seller. There is a separate deadline for regulatory approval that requires Qwest to obtain Commission authorization to transfer the property within 90 days of the effective date of the agreement.

### III. DISCUSSION

4 RCW 80.12.020 requires pre-approval of any sale, lease, assignment or other disposal by a public service company of any of its franchises, properties or facilities which are necessary or useful in the performance of its duties to the public. The Commission's rules clarify that, for purposes of RCW 80.12.020, property is not "necessary or useful" if it is excluded from the public service company's rate base. *WAC 480-143-180(4)*.

5 The assets that are being transferred in this case have been included in Qwest's Washington rate base, and have been used by Qwest in the provision of telecommunications services in Washington and in other states. The Terry Avenue building has, in the past, housed employees who performed the following functions: network design, provisioning and resource allocation, Business Markets sales and support, and Information Technologies mid-range data center operations.

6 Qwest respectfully requests the Commission to promptly approve the sale as being consistent with the public interest for a number of reasons.

7 First, the property being disposed of is no longer necessary or useful to Qwest in its provision of services to the public. The building has housed as many as 1,000 employees in the past. However, the size of Qwest's workforce in Washington has declined over the years, and the current staffing levels are such that there is adequate space in the Qwest building at 1600 – 7th Avenue in Seattle to accommodate all of the employees from Terry Avenue. Thus, Qwest will consolidate those employees into existing Qwest properties.

8 Second, the sale is being conducted at an opportune time to maximize the return on the asset. Interest rates are low, enabling potential buyers to obtain attractive financing. The property was aggressively marketed by a professional real estate broker with substantial experience selling commercial property of this type. The inventory of available commercial property in Seattle is such that there is neither over supply nor scarcity. Qwest received multiple offers for the property and selected the highest bidder. Qwest believes that the sale price reflects fair market value for the property.

9 Third, the sale will improve Qwest's financial health, adding cash and eliminating the costs associated with owning and operating a large office building.

10 Pursuant to WAC 480-143-140, a copy of Qwest's current financial statement is attached to this application as Exhibit B. To assist in the Commission's review of this matter, a copy of the proposed journal entries is attached as Exhibit C.

11 Due to the deadlines contained in the Agreement, Qwest respectfully requests that the Commission give this matter expedited consideration and approve it at an open meeting within the next 60 days.

#### IV. CONCLUSION

12 For the foregoing reasons, Qwest respectfully requests that the Commission expeditiously

consider this application and approve the transfer of property as described herein.

DATED this 8<sup>th</sup> day of April, 2005.

QWEST



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Lisa A. Anderl, WSBA #13236  
Adam L. Sherr, WSBA #25291  
1600 7<sup>th</sup> Avenue, Room 3206  
Seattle, WA 98191  
Phone: (206) 398-2500

**CERTIFICATION PURSUANT TO WAC 480-143-140**

I, LaRae Dodson, Director-Real Estate of Qwest Corporation, hereby certify that the information contained in this Application is true and correct to the best of my knowledge and belief under penalty of perjury under the laws of the State of Washington. Signed at Denver, Colorado this \_\_\_\_\_ day of April, 2005.

A handwritten signature in black ink, appearing to read "LaRae Dodson", written over a horizontal line.

LaRae Dodson  
Qwest Corporation