BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of	)	
	)	
United Telephone Company of the	)	DOCKET NO.
Northwest For An Accounting Order	)	
Regarding Treatment of Settlement	)	Petition of United Telephone Company
Terms Related to Sale of Directory	)	of the Northwest
Operations	)	
....	)	

INTRODUCTION

1 United Telephone Company of the Northwest, doing business as Embarq (hereinafter "United" or "Company") files this petition pursuant to WAC 480-07-880 and -885 and Order No. 06, *Approving and Adopting Settlement Agreement,* which the Commission entered in Docket No. UT-051291. United files this request in order to create a side record to establish that it has complied with the terms of Section E.1 of the Settlement Agreement ("Agreement"), which the Commission adopted in Order No. 06.

2 In Order No. 06, the *Commission* ordered as follows:

> United, whether doing business under that name or another, is required to file a petition for an accounting order within 30 days after its separation from Sprint to establish its authority to maintain deferral, side-bar, or such other account(s) as necessary to make effective the terms of Section E.1. of the Settlement Agreement. The filing is to be made as a "subsequent filing" under WAC 480-07-880 and -885.

United separated from Sprint on May 17, 2006.

TERMS OF SETTLEMENT AGREEMENT – SECTION E.1

3 Section E.1c. of the Agreement requires that the Washington ratepayer portion of the gain on sale of Sprint's directory publishing operations be amortized over ten years resulting in an annual amortization of $1.451M. Section E.1c. provides:

> "The $9,789,750 will be amortized over ten years resulting in an annual amortization of $1.451M. This directory gain on sale amortization will begin on January 1, 2008, or on the effective date of any new rates that are developed as a result of a rate case or an earnings investigation, whichever is earlier. At the time the directory gain on sale amortization described in this section begins, the

> amortization will replace existing directory imputation. The amortization period will continue for ten years, after which time the directory gain on sale amortization will cease."

4 United intends to comply with this provision of the Settlement Agreement by adjusting its annual and quarterly intrastate financial regulatory results that it reports to the Commission. The adjustment will for the purposes of future rate cases, earnings investigations or other proceedings that include a review of United's earnings, to reflect additional pre-tax income of $1.451M on an annualized basis. The adjustment will begin on January 1, 2008, or on the effective date of any new rates that are developed as a result of a rate case or an earnings investigation, whichever is earlier. The adjustment will continue for 10 years after which time it will no longer be reflected in United's intrastate financial regulatory results reported to the Commission. United will rely on accounting side records to track the adjustment.

5 The amortization of the directory gain approved by the Commission in Order No. 06 will replace a directory imputation adjustment, consistent with the terms of the Agreement.

CONCLUSION

6 United respectfully requests that the Commission issue an accounting order approving the Company's proposed actions, as described in this Petition, as fully compliant with the requirements of Section E.1 of the Settlement Agreement, in Docket UT- 051291.

Respectfully submitted this 24th day of May 2006.

By: ____________________

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