

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

IN THE MATTER OF THE PETITION  
OF CENTURYLINK, QC, FOR  
WAIVER OF A REPORTING  
REQUIREMENT IMPOSED IN  
DOCKET NO. U-89-3524-AT

Docket No. UT-(new)

CENTURYLINK'S PETITION FOR  
WAIVER

1 In this petition, CenturyLink QC requests a waiver of a provision in a 1990 settlement affecting Pacific Northwest Bell Telephone Company (subsequently U S WEST, Qwest, and now CenturyLink QC). Docket No. U-89-3524-AT was the 1989 application of Pacific Northwest Bell Telephone Company to merge with Northwestern Bell Telephone Company and the Mountain States Telephone and Telegraph Company (to be renamed U S WEST Communications) ("USWC"). The Commission's Second Supplemental Order, issued, November 9, 1990, modified a settlement agreement between the company and the Commission Staff and then approved the merger subject to the conditions in the modified settlement agreement.

2 Section 5 of the Settlement Agreement is entitled "Commission Access to Information." Subsection B, entitled "Specific Requirements" includes, at enumerated item 10, the following condition:

**Within sixty days of any change, USWC will file with the WUTC a report of any changes in the methodology used to allocate regional costs, and an explanation of the reason(s) for the change in methodology.**

3 USWC never changed the methodology used to allocate regional costs, and so no report was ever required or filed pursuant to this condition. However, this will change when Qwest Corporation's accounting processes are integrated into CenturyLink's accounting systems.

CenturyLink operates in excess of 100 local telephone companies, all of which must bear a portion of shared costs. Consequently, the methodology Qwest uses to allocate regional costs will be replaced by the methodology CenturyLink uses to allocate costs among all its many companies.

4 The allocation of shared costs is relevant to regulators if and when they employ cost-of-service (aka rate-of-return) ratemaking principles. For example, on April 24, 2008, the FCC found that AT&T, as a price cap carrier generally not subject to rate-of-return regulation, had demonstrated that forbearance from enforcing the FCC's Cost Assignment Rules satisfied the standard for forbearance under section 10 of the Communications Act of 1934 as amended.<sup>1</sup> On its own motion, the FCC extended its Cost Assignment Rules forbearance to Qwest and Verizon.<sup>2</sup>

5 Most Qwest Corporation services are competitively classified in Washington and the Commission does not now regulate Qwest Corporation's rates under rate-of-return principles. In the event the Commission were to investigate Qwest Corporation's rates pursuant to rate of return regulation principles, the Commission would be free to investigate the methods by which shared costs were allocated to Qwest Corporation. However, there is no need to expend Commission or CenturyLink resources to review the allocation of shared costs unless and until such an investigation occurs. Consequently, the condition to file a report of methodology changes within 60 days should be waived.


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<sup>1</sup> FCC 08-120, Released April 24, 2008. Under that standard, the FCC is required to forbear from any statutory provision or regulation if it determines that (1) enforcement of the regulation is not necessary to ensure that charges and practices are just, reasonable, and not unjustly or unreasonably discriminatory; (2) enforcement of the regulation is not necessary to protect consumers; and (3) forbearance is consistent with the public interest. 47 U.S.C. § 160(a).

<sup>2</sup> FCC 08-203A, Released September 6, 2008.

Respectfully submitted this 19<sup>th</sup> day of October, 2011.

CENTURYLINK, INC.  
QWEST CORPORATION

By: 

Lisa A. Anderl, WSBA # 13236  
1600 – 7<sup>th</sup> Ave., room 1506  
Seattle, Washington 98191  
(206) 345-1574  
Fax: (206) 343-4040  
[Lisa.Anderl@CenturyLink.com](mailto:Lisa.Anderl@CenturyLink.com)