1		However, if the Commission believes that the public interest requires the continued subsidization of
2		services that are not CTS (hereinafter "tariffed") services, it is necessary and appropriate for the
3		Commission to consider what level of subsidy these services still require and for how much longer.
4		It is also necessary and appropriate for the Commission to determine what amount of gain would
5		be required to provide the level of subsidy the Commission believes is necessary to prevent
6		ratepayer harm over the period of time the Commission believes the subsidy remains necessary.
7		The number of services qualified as CTS in Washington has increased over time. If that historical
8		trend continues in Washington, the percentage of Qwest's Washington revenues from tariffed rates
9		subject to cost-of-service regulation is almost certain to continue declining. Of course, services are
10		more likely to become CTS qualified if the Commission does not use subsidies to set rates that
11		create price barriers to competition.
12		GAIN ALLOCATION PRINCIPLES AND FACTS
13	Q.	IN YOUR DIRECT TESTIMONY, YOU RELY ON THE PRINCIPLES SET FORTH IN
13 14	Q.	IN YOUR DIRECT TESTIMONY, YOU RELY ON THE PRINCIPLES SET FORTH IN <i>DCC</i> AND <i>IPTA</i> TO DETERMINE WHO SHOULD RECEIVE THE GAIN ON THE
	Q.	
14	Q.	DCC AND IPTA TO DETERMINE WHO SHOULD RECEIVE THE GAIN ON THE
14 15	Q.	<i>DCC</i> AND <i>IPTA</i> TO DETERMINE WHO SHOULD RECEIVE THE GAIN ON THE SALE OF DEX. DO THE OPPOSING PARTIES ASSERT THAT THESE CASES ARE
14 15 16	<b>Q.</b> A.	<i>DCC</i> AND <i>IPTA</i> TO DETERMINE WHO SHOULD RECEIVE THE GAIN ON THE SALE OF DEX. DO THE OPPOSING PARTIES ASSERT THAT THESE CASES ARE NOT AN APPROPRIATE BASIS FOR DETERMINING WHO SHOULD RECEIVE
14 15 16 17	-	<i>DCC</i> AND <i>IPTA</i> TO DETERMINE WHO SHOULD RECEIVE THE GAIN ON THE SALE OF DEX. DO THE OPPOSING PARTIES ASSERT THAT THESE CASES ARE NOT AN APPROPRIATE BASIS FOR DETERMINING WHO SHOULD RECEIVE THE GAIN?
14 15 16 17 18	-	<i>DCC</i> AND <i>IPTA</i> TO DETERMINE WHO SHOULD RECEIVE THE GAIN ON THE SALE OF DEX. DO THE OPPOSING PARTIES ASSERT THAT THESE CASES ARE NOT AN APPROPRIATE BASIS FOR DETERMINING WHO SHOULD RECEIVE THE GAIN? No. None of these witnesses has asserted that the principles of <i>DCC</i> and <i>IPTA</i> are inappropriate

<sup>&</sup>lt;sup>11</sup> In her testimony Ms. Koehler-Christensen describes how to appropriately calculate the gain to which these principles should be applied.