

1 A. I will refer to Qwest Corporation, the provider of telecommunications services in Washington, as
2 “QC.” I will refer to QC’s predecessors in Washington, which include U S WEST
3 Communications, Pacific Northwest Bell Telephone Company, The Pacific Telephone and
4 Telegraph Company, Sunset Telephone and Telegraph Company, and several other corporations
5 as “the Company.” I will refer to QC’s corporate parent, Qwest Services Corporation, as
6 “QSC.” I will refer to QSC’s directory subsidiary, Qwest Dex, Inc., which is being sold and
7 which is the subject of this proceeding, as “Dex.” I will refer to as Qwest Communications
8 International Inc., QSC’s parent corporation and the ultimate parent of QC and Dex, as “QCI.”

9 **Q. WHAT PARTICULAR ISSUES WILL YOU ADDRESS?**

10 A. I will address assertions and arguments made by Dr. Selwyn, Mr. Brosch and Mr. King
11 concerning:

- 12 • the significance of the longstanding subsidy that directory operations has provided ratepayers in
13 the determination of how the gain should be allocated between owners and ratepayers;
- 14 • the application of the principles of gain allocation on the disposition of assets set forth in
15 *Democratic Central Committee of the District of Columbia v. Washington Metropolitan*
16 *Transit Commission*, 458 F. 2d 786 (D.C. Cir. 1973), reh den, cert den, 415 US 935
17 (1973) (hereinafter “DCC”) and its progeny, *Illinois Public Telecommunications*
18 *Association v. Federal Communications Commission and United States of America*, 326
19 U.S. App. D.C. 1 at 43: 117 F3d 555; (July 1, 1997) (hereinafter “IPTA”);
- 20 • the changes in the regulatory scheme in Washington over time, the history of the Company’s
21 telephone operations and directory publishing operations in Washington and the resultant
22 shifting of risks and burdens between shareholders and ratepayers;