

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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

Docket No. UT-
DECLARATION OF KEVIN F.
MACWILLIAMS

I, Kevin MacWilliams declare and state as follows:

1. I am a financial analyst for Qwest Corporation, over the age of eighteen, and otherwise competent to testify.
2. The assets referenced in the attached application refer to a single desktop personal computer CPU and monitor. The employee who uses this equipment was reassigned from Qwest Corporation to Qwest Services Corporation in June 2006 as part of an organizational realignment.
3. The computer and monitor have a net book cost of approximately \$428.00 and a fair market value of approximately \$100.00. In accordance with affiliate transfer rules, the transfer from Qwest Corporation to Qwest Services Corporation will be made at the higher net book cost.
4. Upon Commission approval, the transfer will be recorded and an affiliate bill

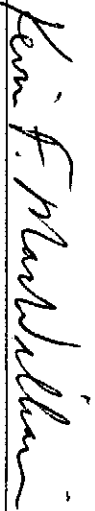
retroactive to July 1, 2006 will be issued to Qwest Services Corporation as rent expense for the period the employee has been at Qwest Services Corporation using these assets.

5. Attached hereto as Exhibit A is the Qwest Corporation financial statements (ARMIS 2005 Income Statement and Balance Sheet).

6. Attached hereto as Exhibit B is the list of assets, net book cost, fair market value and an estimated journal entry for the requested asset transfer.

I DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF WASHINGTON THAT THE FOREGOING IS TRUE AND CORRECT.

Dated this 1st day of February, 2007 at Seattle, Washington.



Kevin F. MacWilliams

FCC Paper Report 43-02
ARMIS USOA Report

COMPANY: QWEST CORPORATION
STUDY AREA: QWEST CORPORATION
PERIOD: From: Jan 2005 To: Dec 2005
COSA: USTR

Approved by OMB
3060-0395
Edition Date: 12/2005
Unrestricted Version
SUBMISSION 01
TABLE I-1

TABLE I-1 - INCOME STATEMENT ACCOUNTS
(Dollars in thousands)

Row/ Acct. No.	Account Title (a)	Amount (b)
----------------------	----------------------	---------------

REVENUE ACCOUNTS

Local Network Services Revenues		
5001	Basic area revenue	3,134,410
5040	Private line revenue	2
5060	Other basic area revenue	1,109,759
520	Local Network Services Revenues	4,244,171
Network Access Services Revenues		
5081	End user revenue	1,111,912
5082	Switched access revenue	790,710
5083	Special access revenue	2,059,454
522	Network Access Services Revenues	3,962,076

5100	Long distance message revenue	53,064
Miscellaneous Revenues		
5230	Directory revenue	74,931
526	Miscellaneous revenue	1,177,741
527	Total Miscellaneous Revenue	1,252,672
5280	Nonregulated operating revenue	488,356
5300	Uncollectible revenue	74,586
530	Total Operating Revenues	9,925,753

EXPENSE ACCOUNTS

Plant Specific Operations		
615	Account 6112 - Motor vehicles expense	11,661
625	Account 6113 - Aircraft expense	2
635	Account 6114 - Tools and other work equipment expense	1,647
6110	Network Support Expenses	13,310

6121	Land & building expense	186,069
6122	Furniture & artworks expense	5,246
6123	Office equipment expense	15,268
6124	General purpose computers expense	320,671
6120	General Support Expenses	527,254

6211	Non-digital switching expense	0
6212.1	Circuit switching expense	169,110
6212.2	Packet switching expense	113
6212	Digital electronic switching expense	169,223
6210	Central Office Switching Expenses	169,223

6220	Operator systems expense	133
6231	Radio systems expense	3,575
6232.1	Electronic circuit expense	162,938
6232.2	Optical circuit expense	37
6232	Circuit equipment expense	162,975
6230	Central Office Transmission Expenses	166,550

FCC Paper Report 43-02
ARMIS USOA Report

COMPANY: QWEST CORPORATION
STUDY AREA: QWEST CORPORATION
PERIOD: From: Jan 2005 To: Dec 2005
COSA: USTR

Approved by OMB
3060-0395
Edition Date: 12/2005
Unrestricted Version
SUBMISSION 01
TABLE I-1

Row/ Acct. No.	Account Title (a)	Amount (b)
----------------------	----------------------	---------------

6311	Station apparatus expense	17,503
6341	Large private branch exchanges expense	19,816
6351	Public telephone terminal equipment expense	2,243
6362	Other terminal equipment expense	111,643
6310	Information Origination/Termination Expenses	151,205

6411	Poles expense	23,226
6421	Aerial cable expense	126,415
6422	Underground cable expense	47,966
6423	Buried cable expense	594,633
6424	Submarine and deep sea cable expense	3
6426	Intrabuilding network cable expense	16,487
6431	Aerial wire expense	3,910
6441	Conduit systems expense	8,962
6410	Cable and Wire Facilities Expenses	821,602

650	Total Plant Specific Operations Expenses	1,849,277
-----	--	-----------

Plant Nonspecific Operations		
6511	PHFTU expense	0
665	Account 6512 - Provisioning expense	23,198
6510	Other Property, Plant and Equipment Expenses	23,198
6531	Power expense	68,054
6532	Network administration expense	13,851
6533	Testing expense	158,841
675	Account 6534 - Plant operating administration expense	254,344
685	Account 6535 - Engineering expense	77,994
6530	Network Operations Expenses	573,084
6540	Access expense	250,987
6561	Depreciation-TPIS expense	2,836,243
6562	Depreciation-PHFTU expense	0
6563	Amortization-tangible expense	21,374
6564	Amortization-intangible expense	332,517
6565	Amortization-other expense	0
6560	Depreciation & Amortization Expense	3,190,134
690	Total Plant Nonspecific Operations Expenses	4,037,403

Customer Operations		
6611	Product management and sales expense	438,928
6613	Product advertising expense	172,922
6610	Marketing Expenses	611,850

6621	Call completion expense	13,138
6622	Number services expense	49,743
6623	Customer services expense	677,890
6620	Service Expense	740,771
700	Total Customer Operations Expenses	1,352,621

6720	General & Administrative	894,198
6790	Provision for uncollectible notes receivable	0

FCC Paper Report 43-02
ARMIS USOA Report

Approved by OMB
3060-0395
Edition Date: 12/2005
Unrestricted Version
SUBMISSION 01
TABLE 1-1

COMPANY: QWEST CORPORATION
STUDY AREA: QWEST CORPORATION
PERIOD: From: Jan 2005 To: Dec 2005
COSA: USTR

Row/ Acct. No.	Account Title (a)	Amount (b)
710	Total Corporate Operations Expenses	894,198
720	Total Operating Expenses	8,133,499
730	Income Before Other Operating Items and Taxes	1,792,254
7100	Other operating income and expenses	495
Operating Taxes		
7210	Operating investment tax credits-net	21,844
7220	Operating federal income taxes	717,276
7230	Operating state and local income taxes	94,770
7240	Operating other taxes	328,813
7250	Provision for deferred operating income taxes-net	-461,202
7200	Operating Taxes	657,813
7300	Nonoperating income and expense	15,708
7400	Nonoperating taxes	5,385
7500	Interest and related items	630,973
7600	Extraordinary items	0
7910	Income effects of jurisdictional ratemaking differences-net	-20,667
7990	Nonregulated net income	0
790	Net income	493,619
830	Total number of employees at the end of the year	26,875
840	Number of full-time employees	26,177
850	Number of part-time employees	698
860	Total Compensation for the year	1,614,107

FOOTNOTE TABLE

Row/Col/FN#	Text
665/B/20	DECREASE DUE TO WRITE-OFFS IN 2004.
5100/B/21	DECREASE DUE TO COMPETITIVE LOSSES.
5300/B/22	CHANGE FROM LAST YEAR DUE TO SETTLEMENTS IN 2004.
6124/B/23	INCREASE DUE TO CHANGE IN COST ALLOCATIONS AND PRICING FROM AFFILIATES AND PROJECT DIRECT EXPENSES.
6351/B/24	DUE TO SALE OF PUBLIC TELEPHONES, EXPENSE DECREASED. CERTAIN UNITS REMAIN AND EXPENSES WILL CONTINUE UNTIL THEY ARE FULLY DECOMMISSIONED.
6411/B/25	CHANGE DUE TO POLE ATTACHMENT CONTRACT SETTLEMENT.
6540/B/26	CHANGE DUE TO CARRIER SETTLEMENT AND AN INCREASE IN THE FEDERAL USE ASSESSMENT RATE.
6613/B/27	INCREASE DUE TO ADVERTISING AND PROMOTIONAL PROGRAMS.
7230/B/28	CHANGE DUE TO PRIOR YEAR TAX TRUE UPS AND CHANGES IN TAXABLE INCOME.
7250/B/29	CHANGE DUE TO PRIOR YEAR TAX TRUE UPS AND CHANGES IN TAXABLE INCOME.
7300/B/30	CHANGE DUE TO 1) LEGAL SETTLEMENT, 2) DISCONTINUED

FCC Paper Report 43-02
ARMIS USOA Report

Approved by OMB
3060-0395
Edition Date: 12/2005
Unrestricted Version
SUBMISSION 01
TABLE I-1

COMPANY: QWEST CORPORATION
STUDY AREA: QWEST CORPORATION
PERIOD: From: Jan 2005 To: Dec 2005
COSA: USTR

WIRELESS DIVIDENDS (OWNERSHIP TRANSFERRED TO PARENT),
3) PAY PHONE SALE IN 2004 AND 4) NET DIFFERENCE IN ENTR
RESTRUCTURE PAYMENTS.

7400/B/31
7910/B/32

INCREASE DUE TO INCREASE IN TAXABLE INCOME.
CHANGE DUE TO ELIMINATION OF JURISDICTIONAL ACCOUNTING
FOR SELECTED STATES IN 2005 OFFSET BY ADOPTION OF SOP 9
CAPITALIZED SOFTWARE IN SEVERAL STATES IN 2004.
METHODODOLOGY CHANGE CONCERNING THE TREATMENT OF NON-
RECURRING CO-LOCATION REVENUE FROM CONTRA CAPITAL TO
REVENUE. NO LONGER USING TIME AND MATERIAL TO BILL
CUSTOMERS BUT RATHER STATEMENT OF GENERALLY AVAILABLE
TERMS AND CONDITIONS FOR INTERCONNECTION (SGAT) RATES.

ALL/L/33

FCC Paper Report 43-02
ARMIS USOA Report

COMPANY: QWEST CORPORATION
STUDY AREA: QWEST CORPORATION
PERIOD: From: Jan 2005 To: Dec 2005
COSA: USTR

Approved by OMB
3060-0395
Edition Date: 12/2005
Unrestricted Version
SUBMISSION 01
TABLE B-1

TABLE B-1 - BALANCE SHEET ACCOUNTS
(Dollars in thousands)

Row/ Acct. No.	Account Title (a)	Amount (b)
Current Assets		
1120	Cash and equivalents	171,027
1170	Receivables	1,210,473
1171	Allowance for doubtful accounts	66,061
1220	Inventories	60,164
120	Total Noncash Current Assets	1,204,576
1280	Prepayments	18,569
1350	Other current assets	7,773
130	Total Current Assets	1,401,945
Noncurrent Assets		
1406	Nonregulated investments	0
1410	Other noncurrent assets	1,229,668
1438	Deferred maintenance, retirements and other deferred charges	346,646
1500	Other jurisdictional assets-net	92,067
150	Total Noncurrent Assets	1,668,381

TABLE B-1 - BALANCE SHEET ACCOUNTS
(Dollars in thousands)

Row/ Acct. No.	Account Title (aa)	Beginning Balance (ab)	Additions (ac)	Retireme nts (ad)	Transfers/ Adjustments (ae)	Ending Balance (af)
Plant						
2001	Telecommunications plant in service (TPIS)	43,066,456	821,665	717,603	22,080	43,192,598
2002	Property held for future telecomm. use (PHFTU)	0	0	0	0	0
2003	Telecommunications plant under construction (TPUC)	107,034	415,921	0	-294,060	228,895
2005	Telecommunications plant adjustment	0	0	0	0	0
2006	Nonoperating plant	5,944	4,988	0	-3,457	7,475
2007	Goodwill	0	0	0	0	0
210	Total Plant	43,179,434	1,242,574	717,603	-275,437	43,428,968
TPIS - General Support						
2111	Land	100,674	224	1,845	181	99,234
2112	Motor vehicles	371,554	7,860	7,524	31	371,921
2113	Aircraft	1,875	0	0	0	1,875
2114	Tools and other work equipment	294,521	21,100	1,017	722	315,326
2121	Buildings	2,784,408	18,323	40,717	55,090	2,817,104
2122	Furniture	4,294	8	473	1	3,830
2123	Office equipment	65,660	1,447	108	1,533	68,532
2124	General purpose computers	1,424,541	6,584	177,314	284	1,254,095
2110	Land and Support Assets	5,047,527	55,546	228,998	57,842	4,931,917
TPIS - Central Office						
2211	Non-digital switching	0	0	0	0	0
2212.1	Circuit switching	7,241,474	15,382	145,620	-39,499	7,071,737
2212.2	Packet switching	227,496	7,320	6,652	78,265	306,429
2212	Digital electronic switching	7,468,970	22,702	152,272	38,766	7,378,166
2210	Central Office-Switching	7,468,970	22,702	152,272	38,766	7,378,166
2220	Operator Systems	18,790	0	5,099	-2	13,689
2231	Radio systems	233,668	2,350	14,910	1,358	222,466
2232.1	Electronic circuit	10,583,363	287,226	211,078	111,681	10,771,192
2232.2	Optical circuit	0	0	0	0	0
2232	Circuit equipment	10,583,363	287,226	211,078	111,681	10,771,192
2230	Central Office-Transmission	10,817,031	289,576	225,988	113,039	10,993,658
TPIS - Information Origination/Termination						
2311	Station apparatus	35,985	11	0	0	35,996
2321	Customer premises wiring	0	0	0	0	0
2341	Large private branch exchanges	25	0	25	0	0
2351	Public telephone terminal equipment	0	0	0	0	0
2362	Other terminal equipment	408,520	16,144	1,763	1,188	424,089
2310	Information Origination/Termination	444,530	16,155	1,788	1,188	460,085
TPIS - Cable & Wire						
2411	Poles	261,604	6,767	5,231	1,354	264,494
2421	Aerial cable	1,344,880	31,443	11,205	2,209	1,367,327
2422	Underground cable	3,461,019	58,247	15,510	20,108	3,523,864
2423	Buried cable	10,574,847	268,560	59,381	95,786	10,879,812
2424	Submarine and deep sea cable	11,691	0	0	0	11,691
2426	Intrabuilding network cable	389,176	10,439	1,843	673	398,445
2431	Aerial wire	43,544	907	470	-3	43,978
2441	Conduit systems	2,281,996	33,541	3,778	22,170	2,333,929
2410	Cable and Wire Facilities	18,368,757	409,904	97,418	142,297	18,823,540
240	Total TPIS (before amortizable assets)	42,165,605	793,883	711,563	353,130	42,601,055
TPIS - Amortizable Assets						
2681	Capital leases	34,815	296	6,040	-64	29,007
2682	Leasehold Improvements	57,488	2,418	0	-16,019	43,887
2680	Amortizable Tangible Assets	92,303	2,714	6,040	-16,083	72,894
2690.1	Network software	163,388	16,223	0	-66,289	113,322
2690.2	General purpose computer software	645,160	8,845	0	-248,678	405,327
2690	Intangibles	808,548	25,068	0	-314,967	518,649
260	Total TPIS	43,066,456	821,665	717,603	22,080	43,192,598

TABLE B-1 - BALANCE SHEET ACCOUNTS

(Dollars in thousands)

Row/ Acct. No.	Account Title (a)	Amount (b)
Depreciation and Amortization		
3100	Accumulated depreciation	29,324,218
3200	Accumulated depreciation - PHFTU	0
3300	Accumulated depreciation - nonoperating	161
3410	Accumulated amortization - capitalized leases	10,213
340	Total Depreciation and Amortization	29,334,592
350	Net Plant	14,094,376
360	Total Assets	17,164,702
Current Liabilities		
4000	Current accounts and notes payable	986,693
4040	Customer's deposits	11,465
4070	Income taxes - accrued	209,483
4080	Other taxes - accrued	209,072
4100	Net current deferred operating income taxes	43,620
4110	Net current deferred nonoperating income taxes	2,673
4130	Other current liabilities	817,116
410	Total Current Liabilities	2,280,122
4200	Long-term debt and funded debt	7,662,250
Other Liabilities and Deferred Credits		
4300	Other long-term liabilities and deferred credits	3,072,703
4320	Unamortized operating investment tax credits - net	103,923
4330	Unamortized nonoperating investment tax credits-net	0
4340	Net noncurrent deferred operating income taxes	1,954,955
4341	Net deferred tax liability adjustments	309,057
4350	Net noncurrent deferred nonoperating income taxes	13,670
4361	Deferred tax regulatory adjustment - net	-309,056
4370	Other jurisdictional liabilities/deferred credits-net	-73,270
430	Total Other Liabilities and Deferred Credits	5,071,982
Stockholders' Equity		
4510	Capital stock	10,454,238
4520	Additional paid-in capital	64,328
4530	Treasury stock	0
4540	Other capital	0
4550	Retained earnings	-8,368,218
440	Total Stockholders' Equity	2,150,348
450	Total Liabilities and Stockholders' Equity	17,164,702
460	Retained Earnings (Beginning of Year)	-6,619,587
465	Net Income	493,618
470	Dividends Declared	2,250,000
475	Miscellaneous Debits	-9,436
480	Miscellaneous Credits	-1,685
490	Retained Earnings (End of Year)	-8,368,218

TABLE B-1 - BALANCE SHEET ACCOUNTS
(Dollars in thousands)

FOOTNOTE TABLE

Row/Col/FN#	Footnote
1120/B/1	FUNDING APPLIED TO OPERATING, FINANCING AND INVESTING A
1350/B/2	ACCRUED CAPITALIZED COMPENSATED ABSENCES RECLASSIFIED TO PROPERTY, PLANT AND EQUIPMENT (PP&E).
1500/B/3	CHANGE DUE TO ELIMINATION OF JURISDICTIONAL ACCOUNTING FOR SELECTED STATES IN 2005 OFFSET BY ADOPTION OF SOP 9 CAPITALIZED SOFTWARE IN SEVERAL STATES IN 2004.
2690.1/AF/5	SEE FOOTNOTE 7, ROW 2690
2690.2/AF/6	SEE FOOTNOTE 7, ROW 2690
4070/B/8	DECREASE DUE TO TAX TRUE UPS.
4100/B/9	CHANGE DUE TO PRIOR YEAR TAX TRUE UPS AND CHANGES IN TAXABLE INCOME.
4130/B/10	DECREASE DUE TO SHORT TERM DEBT, DIVIDENDS PAYABLE AND EMPLOYEE BENEFITS.
4370/B/11	CHANGE DUE TO ELIMINATION OF JURISDICTIONAL ACCOUNTING FOR SELECTED STATES IN 2005 OFFSET BY ADOPTION OF SOP 9
2003/AF/4	CAPITALIZED SOFTWARE IN SEVERAL STATES IN 2004. CHANGE DUE TO TRANSFER OF CAPITALIZED SOFTWARE TO IN-SE WHEN TOTAL PROJECTS ARE FUNCTIONAL, RATHER THAN PROJECT AS THEY ARE COMPLETED.
2690/AF/7	DECREASE DUE TO AMORTIZATION EXCEEDING THE SOFTWARE PLACED IN SERVICE.

**Qwest Corporation
Washington**

a) Asset Listing:

Mfr.	Description / Tag	Quantity	Original Cost	Accumulated Depreciation	Net Book Cost (NBC)	Fair Market Value (FMV)
COMPAQ	CPU	1	\$ 885.05	\$ 457.28	\$ 427.77	\$ 50.00
HP	MONITOR	1	817.12	817.12	-	50.00
		2	\$1,702.17	\$ 1,274.40	\$ 427.77	\$ 100.00

The assets are desktop computer CPU and monitor. An employee of QC is being transferred to QSC.

b) Estimated Journal Entry:

Account Description	Account #	Debit	Credit
General Purpose Computers – Personal Computers (FRC 361C)	2124		1,702.17
Accumulated Depreciation - Personal Computers	3121.24	1,274.40	
Capital Stock - Affiliate Transfers - Asset Transfer	4510.61	427.77	
Total		1,702.17	1,702.17

This transaction will record the retirement from QC Washington books of account and the transfer of assets at Net Book Cost (NBC). The transfer at NBC is in compliance with applicable affiliate interest rules regarding the sale of regulated assets to an affiliate at the high of NBC or fair market value (FMV).