

UT-131081-SI



Qwest Corporation dba CenturyLink QC
1600 7th Avenue,
Seattle, Washington 98191
(206) 345-1568
Facsimile (206) 343-4040

Mark S. Reynolds
VP Regional Regulatory & Legislative Affairs

May 31, 2013

Steven V. King
Acting Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, Washington 98504-7250

2013 JUN -3 AM 9:18
COMMUNICATIONS
DIVISION
REGULATORY
ADMINISTRATION

RE: CenturyLink - Annual Affiliated Interest Report

Dear Mr. King:

Attached is a copy of the annual affiliated interest report pursuant to WAC 480-120-395 for CenturyLink. The report contains 2012 information for Qwest Corporation, United Telephone Company of the Northwest and the combined CenturyTel companies (CenturyTel of Washington, Inc., CenturyTel of Inter Island, Inc. and CenturyTel of Cowiche, Inc.).

This report contains revenue and cost data that CenturyLink considers competitively valuable information and CenturyLink believes that it could be harmed if such information were made publicly available. Consequently, CenturyLink requests confidential designation for this data in accordance with WAC 480-07-160.

If you have any questions regarding the information provided, please call Kevin MacWilliams on 206-346-5470.

Sincerely,

for
Mark Reynolds

Enclosures

State of Washington
Affiliated Interest Annual Report
For the Year Ended 2012

For CenturyLink WA Telecommunications Reporting Companies:

- **Qwest Corporation dba CenturyLink QC**
- **United Telephone Company of the Northwest dba CenturyLink**
- **Combined CenturyTel companies:**
 - CenturyTel of Washington, Inc. dba CenturyLink**
 - CenturyTel of Inter Island, Inc. dba CenturyLink**
 - CenturyTel of Cowiche, Inc. dba CenturyLink**

Filing per WAC 480-120-395 - Affiliated interest and subsidiary transactions report:

(1) By June 1 of each year, each telecommunications company subject to the provisions of chapter 80.16 RCW must file a report summarizing all transactions, except for transactions provided at tariff rates that occurred between the company and its affiliated interests, and the company and its subsidiaries, during the period January 1 through December 31 of the preceding year.

(2) The information required in this subsection must be for total company, total state of Washington, and Washington intrastate. The report must include a corporate organization chart of the company and its affiliated interests and subsidiaries.

See confidential Attachment 2 for a corporate organization chart of the company, its affiliates and subsidiaries.

(3) When total company transactions with an affiliated interest or a subsidiary are less than one hundred thousand dollars for the reporting period, the company must provide the name of the affiliated interest or subsidiary participating in the transactions and the total dollar amounts of the transactions. When total company transactions with an affiliated interest or subsidiary equal or exceed one hundred thousand dollars for the reporting period, the company must provide:

Where the total company transactions with an affiliate or a subsidiary are less than one hundred thousand dollars see the 3B series of attachments which include the name of the affiliate or subsidiary and the total dollar amount of transactions. The 3B series of attachments are: 3B-QC for Qwest Corporation, 3B-UTNW for United Tel of NW and 3B-CTL for the combined CenturyTel companies.

Where the total company transactions with an affiliate or a subsidiary equals or exceeds one hundred thousand dollars see below for further detail.

(a) A balance sheet and income statement for such affiliated interest;

See confidential Attachment 3A for the affiliates of all reporting companies.

Confidential per WAC 480-07-160

(b) A description of the products or services provided to or from the company and each such affiliated interest or subsidiary;

See the Account Description on the series of attachments in 3B for each reporting company. See also Attachment 3B-Services.

(c) A description of the pricing basis or costing method, and procedures for allocating costs for such products or services, and the amount and accounts charged during the year

See Attachment 3C Overview of cost allocation process.

(d) A description of the terms of any loans between the company and each such affiliated interest or subsidiary and a listing of the year-end loan amounts and maximum loan amounts outstanding during the year;

As of December 31, 2012 Qwest Corporation owed an affiliate, CenturyTel Investments of Texas, Inc., \$701 million.

As of December 31, 2012 Qwest Communications International, Inc. owed an affiliate, CenturyTel Investments of Texas, Inc. \$2.0 Billion including the \$701 million owed by Qwest Corporation to the same affiliate.

(e) A description of the terms and total amount of any obligation or liability assumed by the company for each such affiliated interest or subsidiary;

As of December 31, 2012 QCII, QCC and QC are jointly and severally liable for equipment leases totaling \$145 million for QCC and \$113 million for QC.

(f) A description of the activities of each such affiliated interest or subsidiary with which the company has transactions;

See Attachment 3F.

(g) A list of all common officers and directors between the company and each such affiliated interest or subsidiary, along with their titles in each organization.

See Attachment 3G.

(3) The report required in this section supersedes the reporting requirements contained in previous commission orders authorizing affiliated interest transactions pursuant to chapter 80.16 RCW.

(4) The company is obligated to file verified copies of affiliated interest contracts and arrangements as stated in WAC 480-120-375 (Affiliated interests -- Contracts or arrangements). [Statutory Authority: RCW 80.01.040, 80.04.160, 81.04.160 and 34.05.353. 05-06-051 (Docket No. A-021178 and TO-030288, General Order No. R-518), § 480-120-395, filed 2/28/05, effective 3/31/05.]

CENTURYLINK, INC.

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Attachment 2

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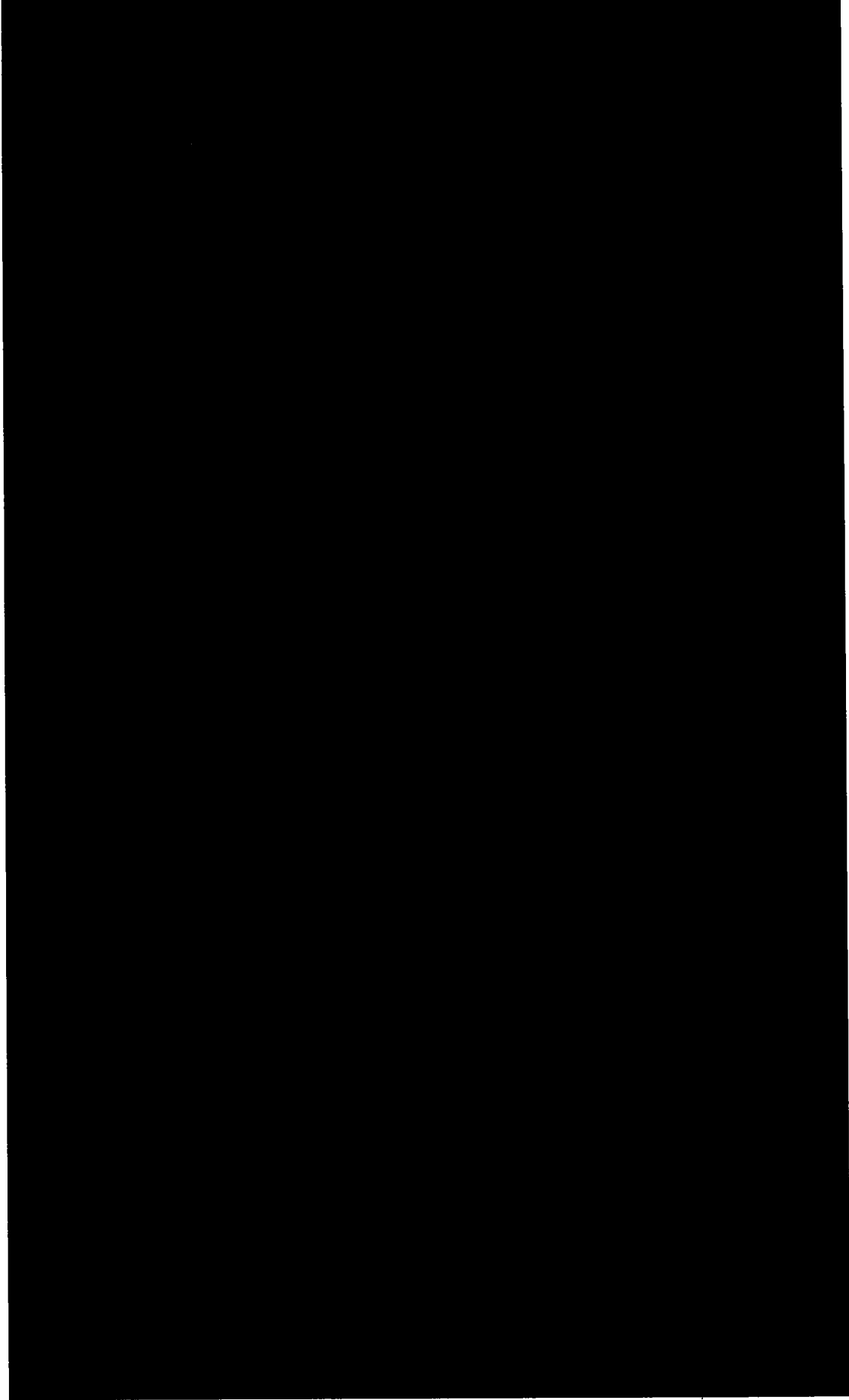
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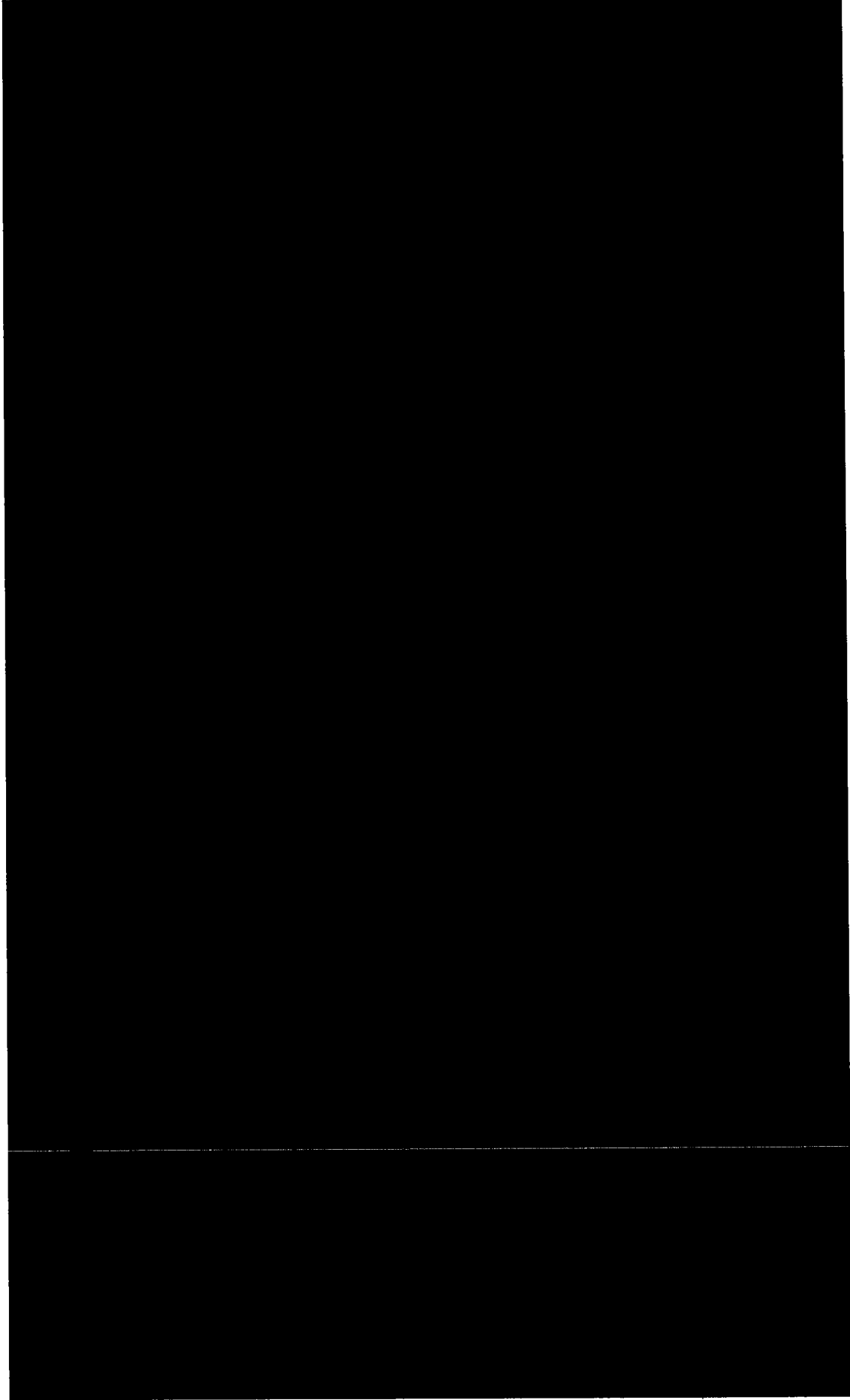
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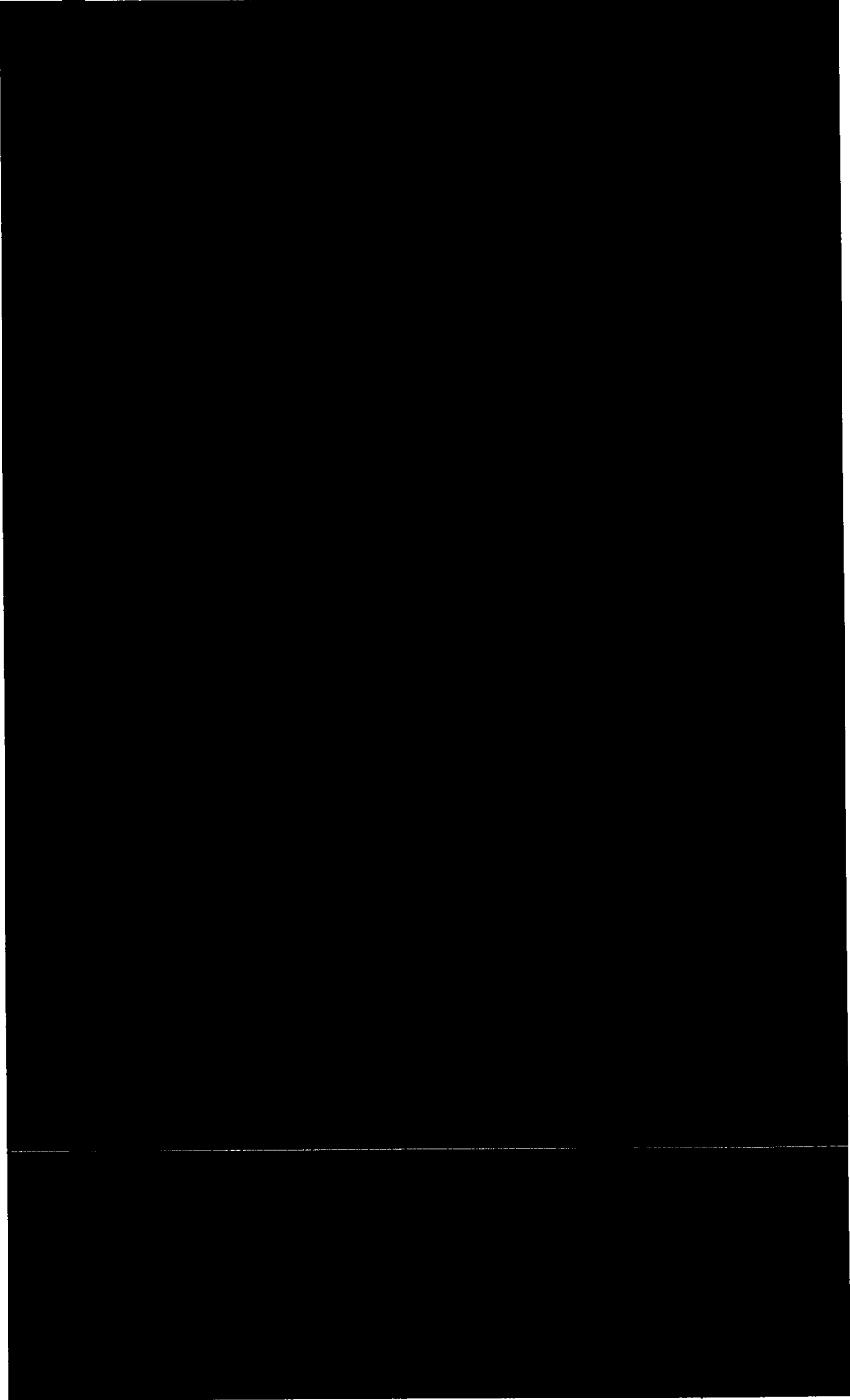
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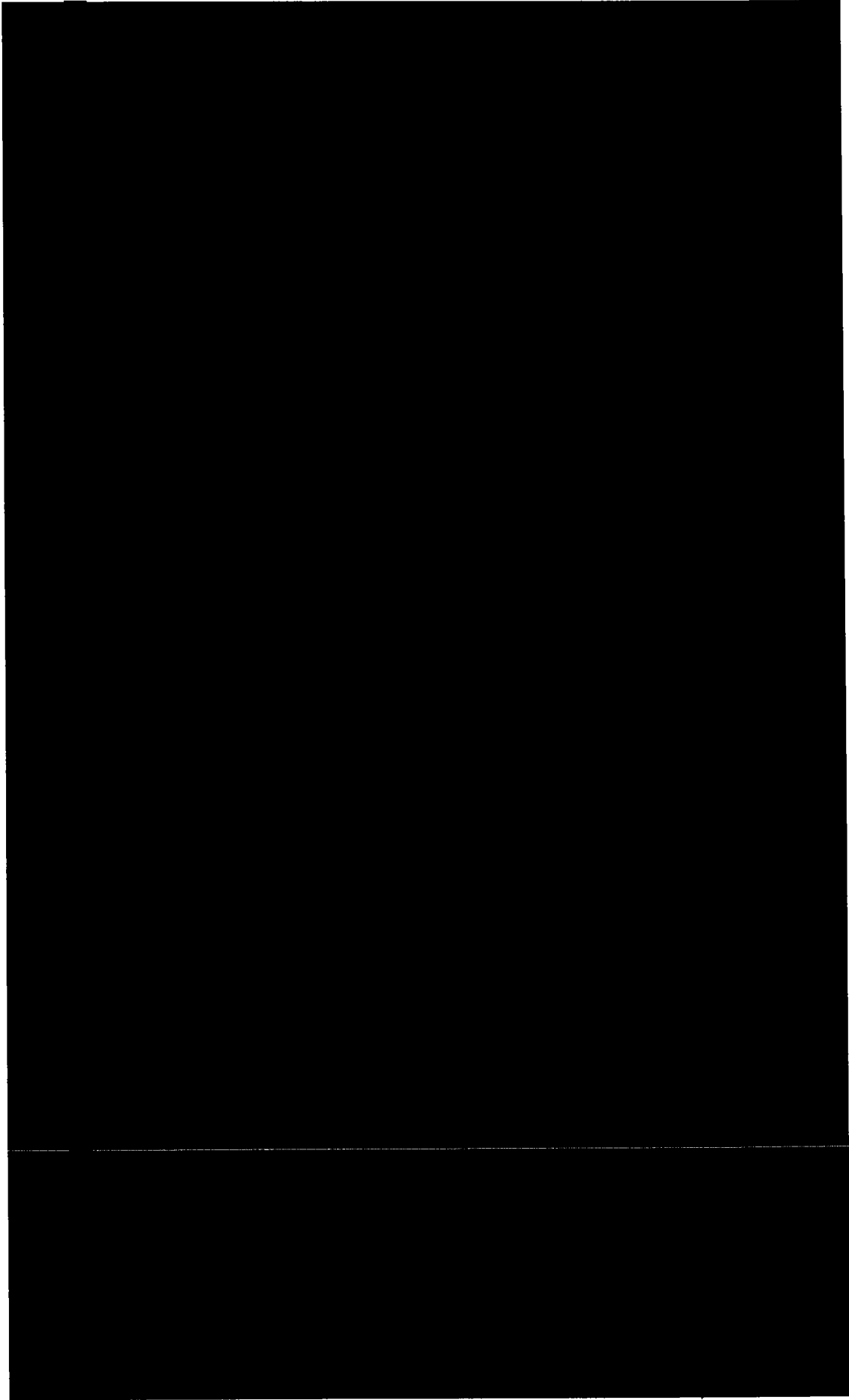
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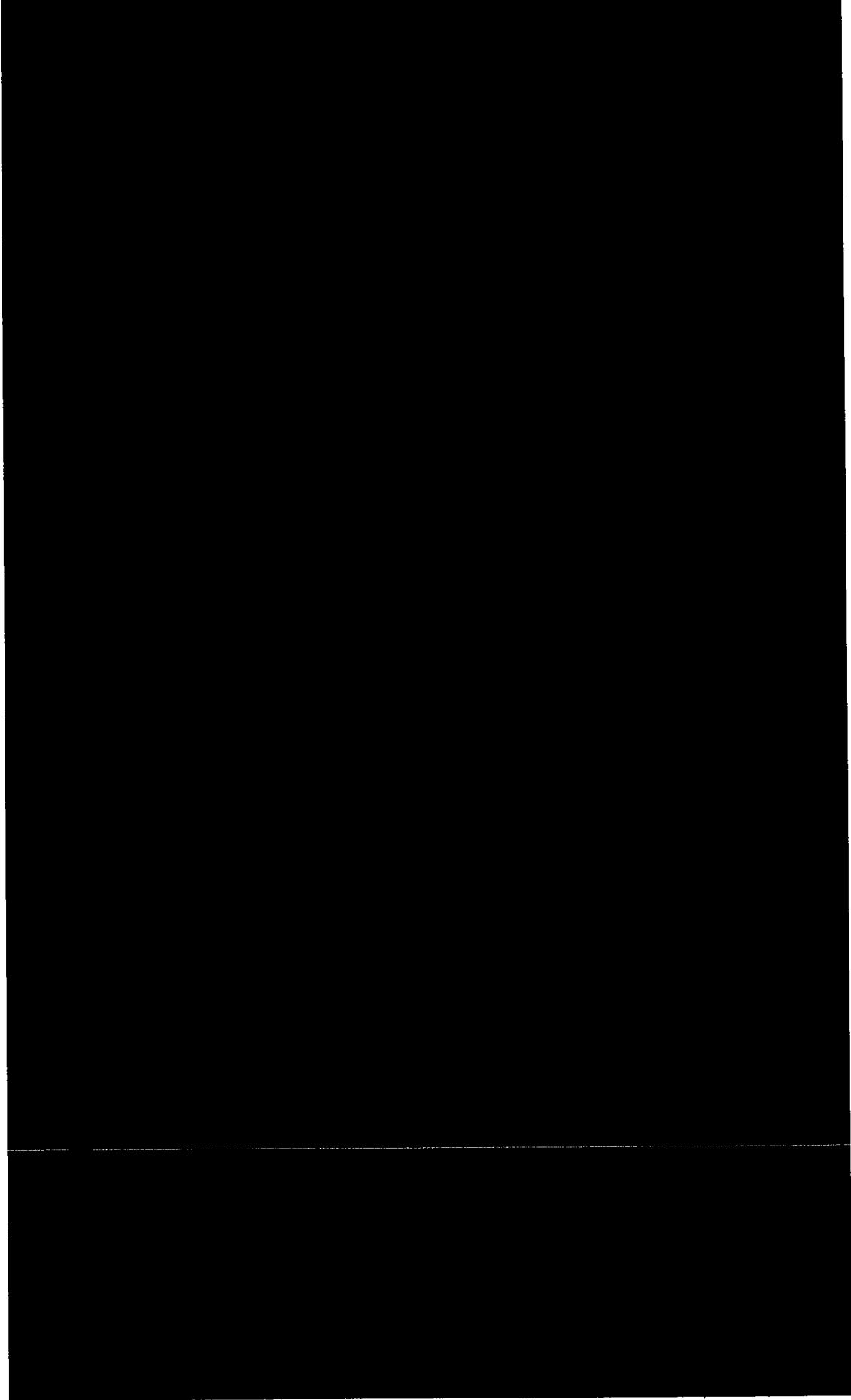
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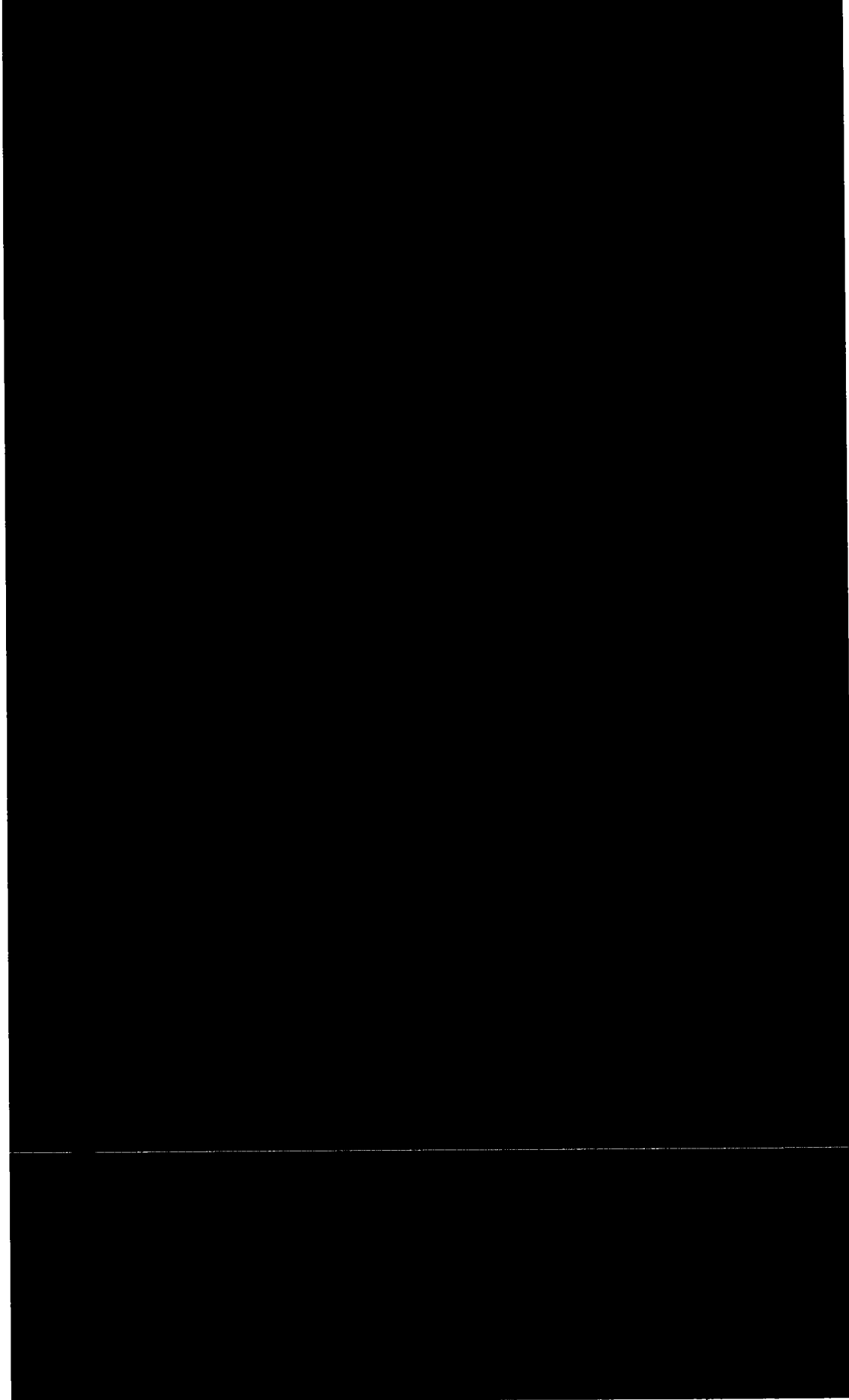
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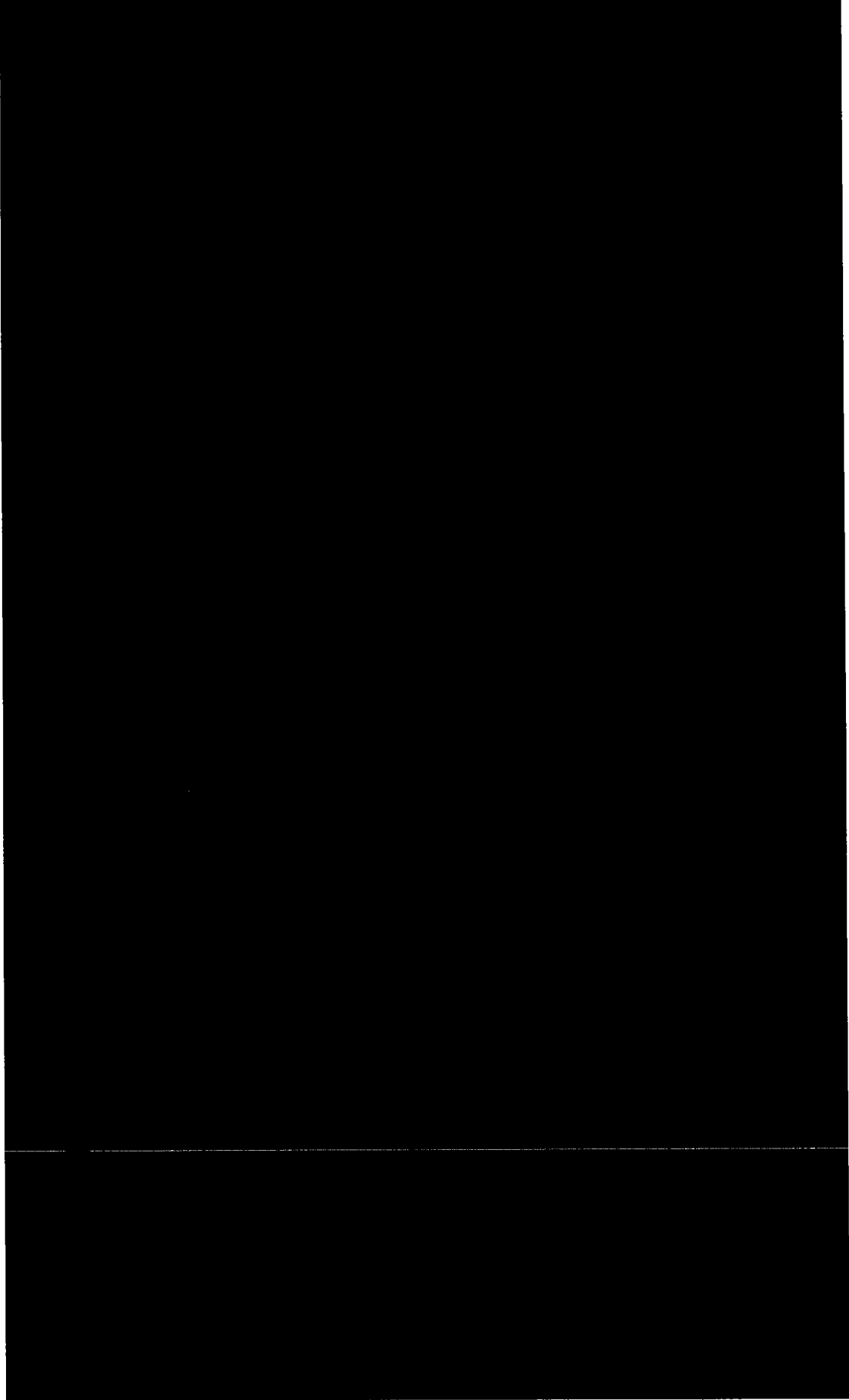
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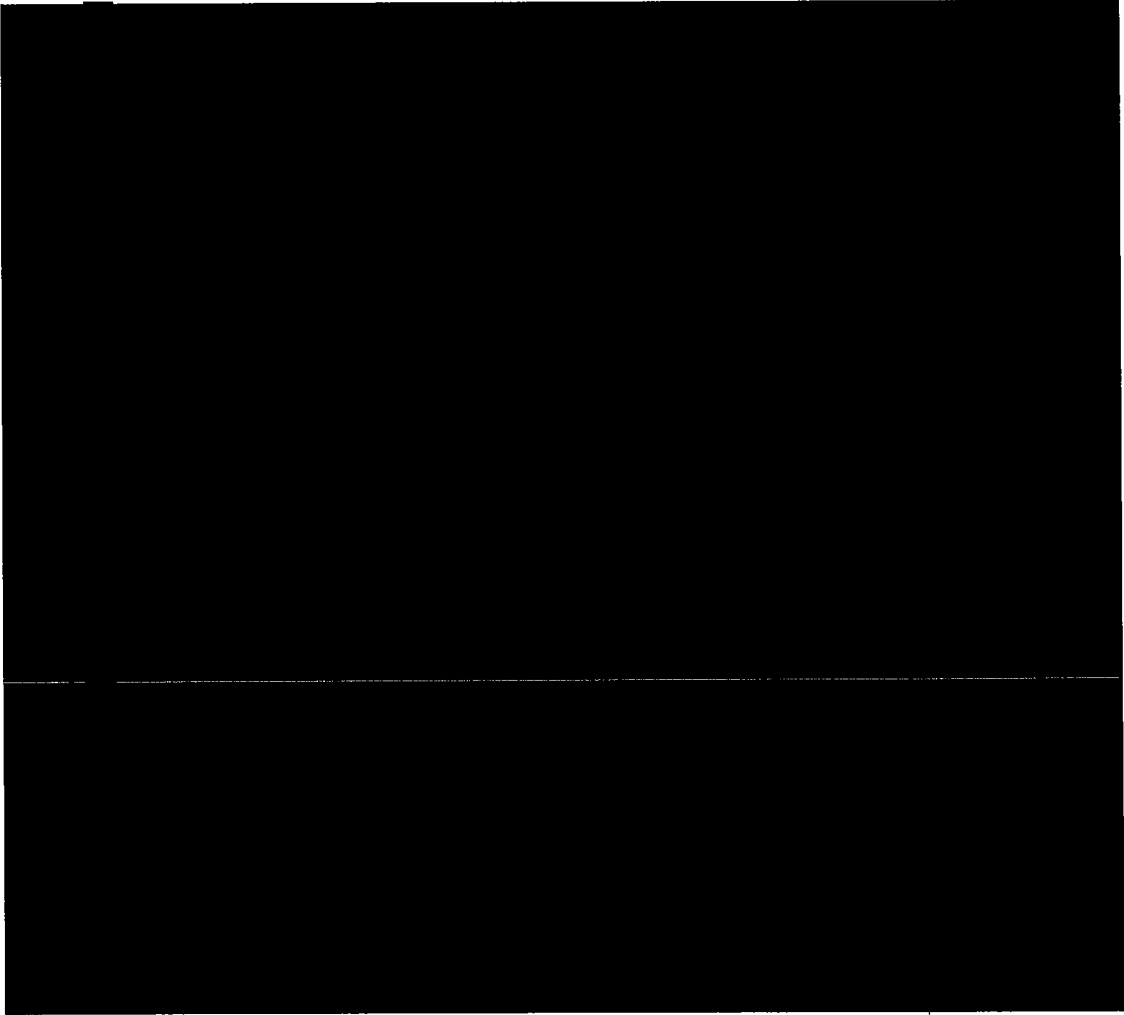
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State of Washington
Affiliated Interest Annual Report
For the Year Ended 2012
For CenturyLink WA Telecommunications Reporting Companies

Valuation of Services Provided to or by an Affiliate

With respect to services provided between the regulated activities of the Company, and its non-regulated affiliates, the services are valued in the following order:

- a. The services are sold at the current effective tariff rate (including tariffs on file with State Commissions).
- b. If a tariff rate does not exist, the service is valued at the market rate. Market rate is defined as the prevailing price provided to unaffiliated persons or entities. To qualify for prevailing price valuation, at least 25 percent of the sales for the service would have to come from unaffiliated parties.
- c. If a prevailing price is not applicable, the cost of the service is sold between the Company and the non-regulated affiliate at the lower of fully distributed cost or fair market value if the service is provided to the Company and the higher of fully distributed cost or fair market value if the Company provides the service to its affiliates.

Assets or Services Provided by the Company to its Affiliates:

Special Access Services

The company provides dedicated (point to point) circuits to its affiliates.

Billing and Collection Services

The company provides billing and collection services to affiliates that have operations within its local exchange areas. Charges associated with long distance service and internet service is billed to the company's customers on their local service bill.

Fees

The company charges fees to affiliates when customer service representatives sell products or services of an affiliate.

Telecommunications Services

The company provides local telephone services, based on tariffed rates, to affiliates located within its exchange area.

Assets

The company does not normally provide assets to its affiliates.

Employee Services

The company has employees who perform services for its affiliates. These services include installation and maintenance services provided by technicians.

Assets or Services Received by the Company from its Affiliates:

Materials and Supplies

CenturyTel Supply Group, Inc. provides provisioning of regulated and nonregulated telecommunications products as a single service, which includes sourcing through delivery.

Telecommunications Services

The company receives long distance and internet access service from affiliates.

Assets

The company does not normally receive assets from its affiliates.

Administrative Services

- Financial Services (Accounting Services, Budgeting and Planning, Internal Auditing, External Reporting, Payroll, Accounts Payable, Tax, Treasury Services, Investor Relations, Billing Services, Purchasing)
- Regulatory
- Human Resources
- Engineering Services
- Network Operations Management
- External Affairs
- Marketing
- Information Services (data processing)

- CenturyLink, Inc. provides administrative services to all affiliates. These services include:
 - Executive Management
 - Legal Services

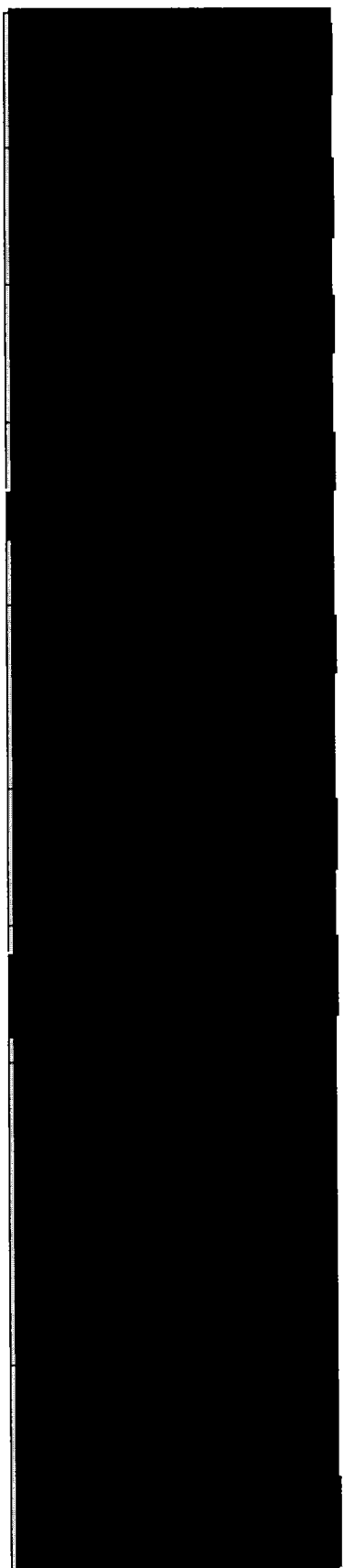
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2012 WASHINGTON AFFILIATE ANNUAL REPORT
CENTURYLINK

ATTACHMENT 3B-CTL

Affiliate Revenue

Total Company & Washington Transactions > \$100K

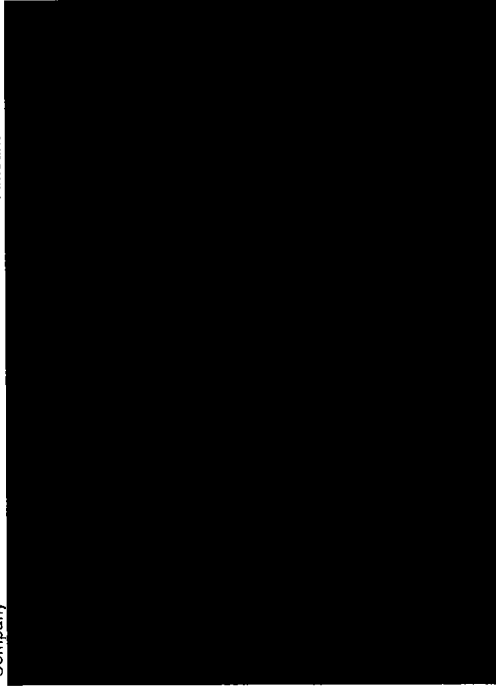


Affiliate Revenue

Total Company Transactions <\$100K

Company

Amount

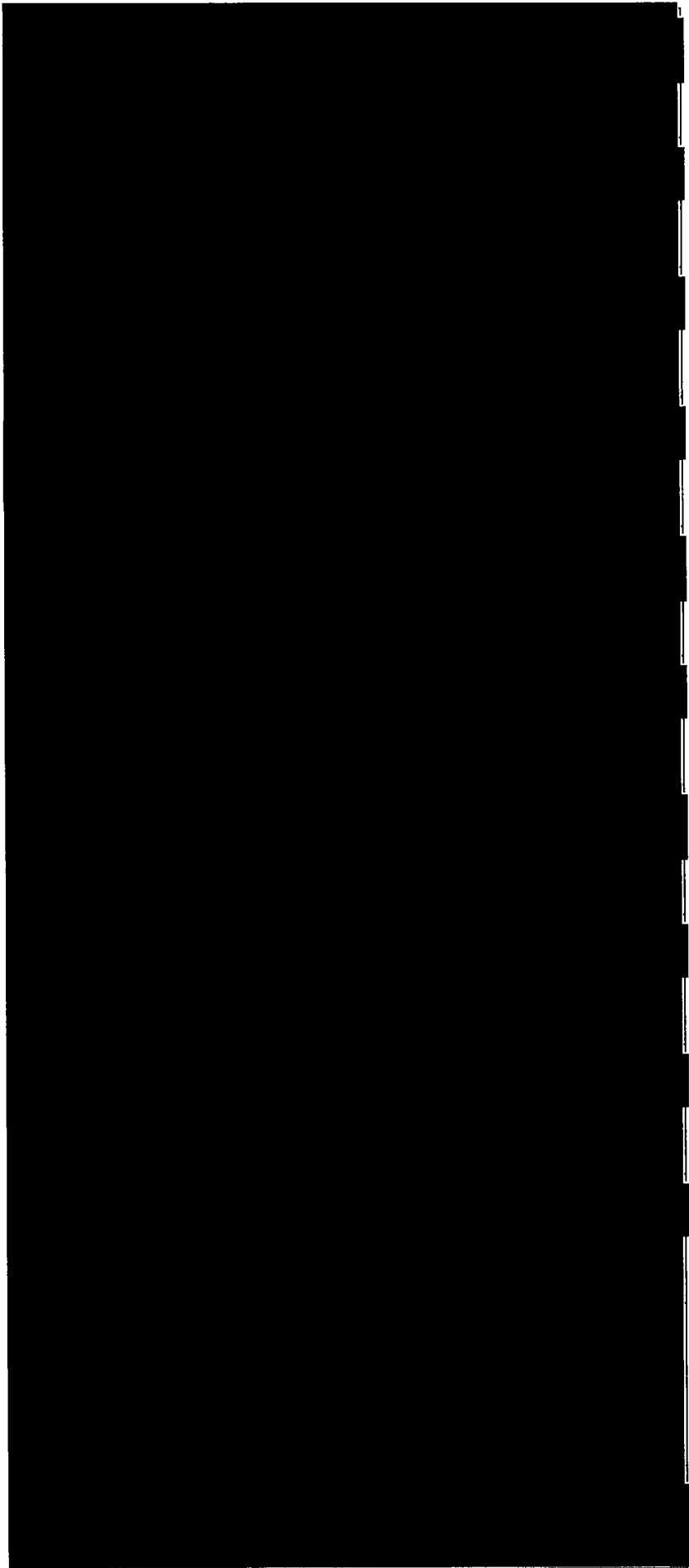


2012 WASHINGTON AFFILIATE ANNUAL REPORT
CENTURYLINK

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Total Company & Washington Transactions > \$100K

Affiliate Expense

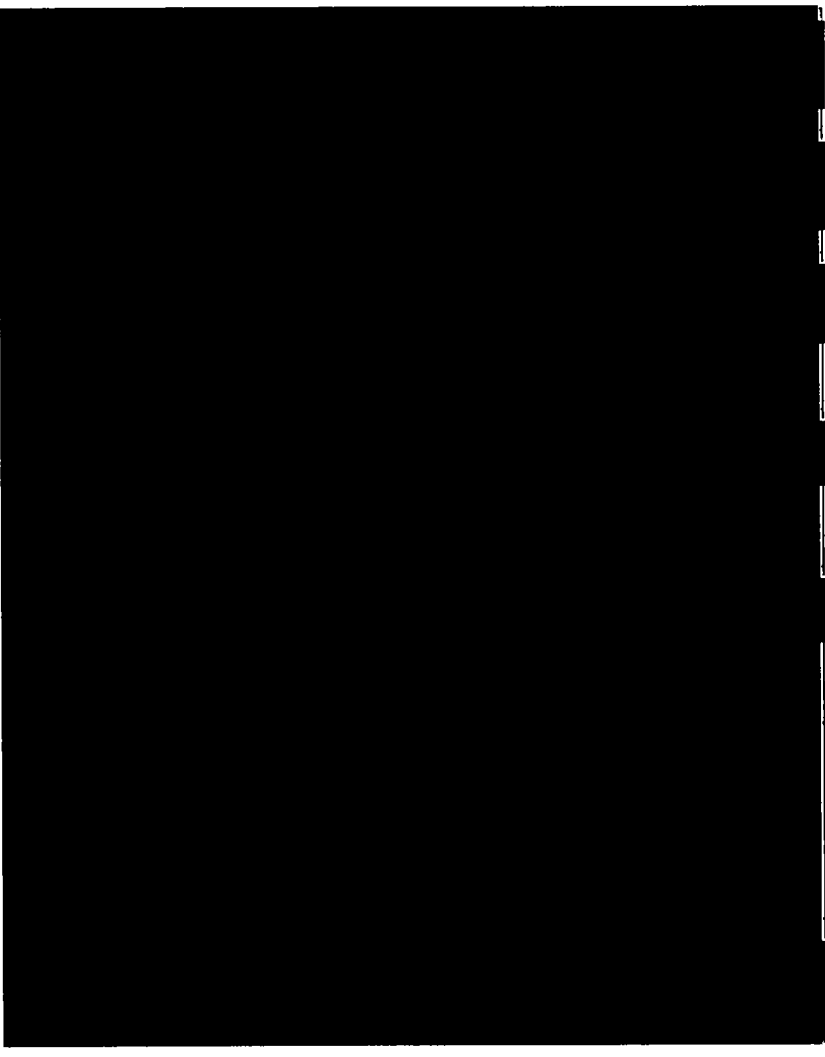


2012 WASHINGTON AFFILIATE ANNUAL REPORT
CENTURYLINK

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Total Company & Washington Transacti

Affiliate Expense



2012 WASHINGTON AFFILIATE ANNUAL REPORT
CENTURYLINK

Affiliate Expense

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Total Company Transactions <\$100K

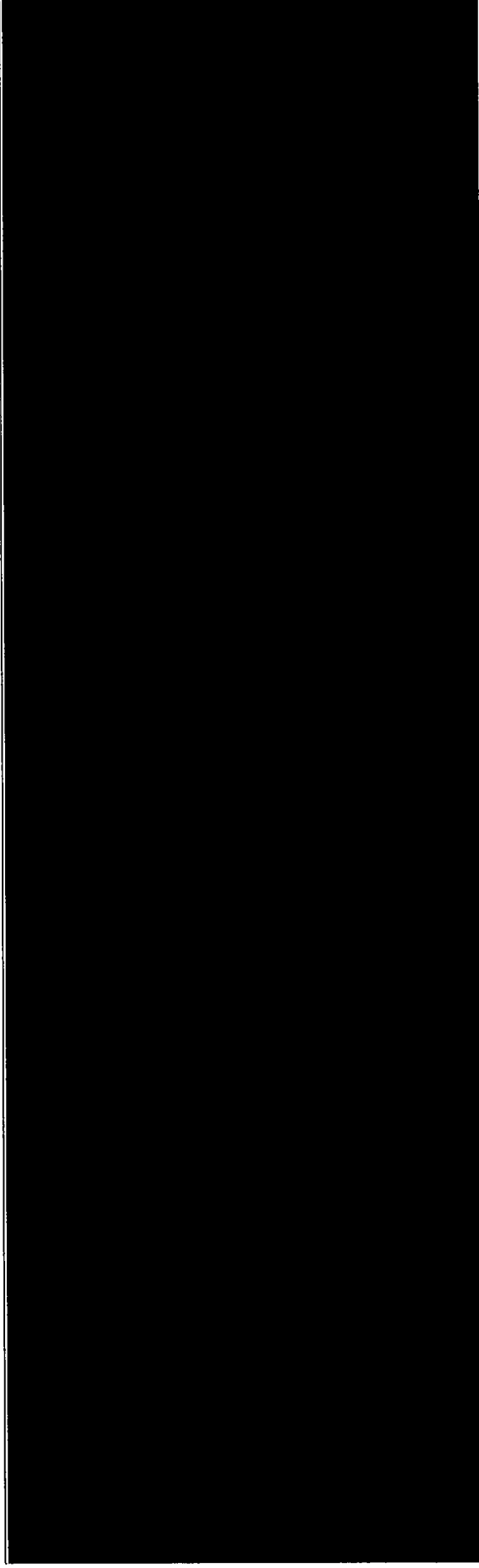
Company

Amount

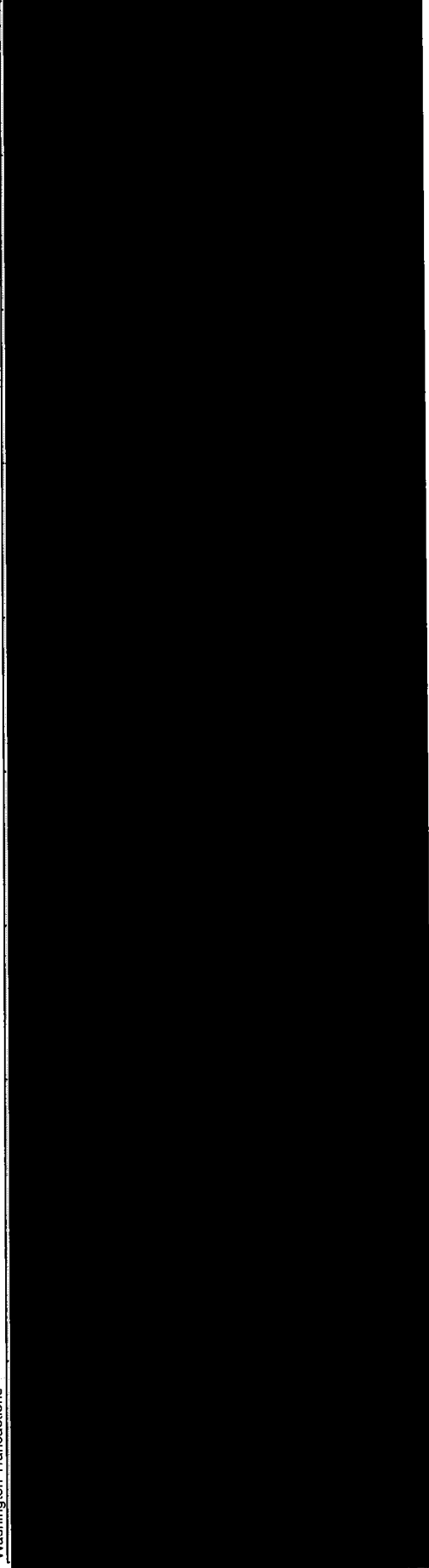


Total Company Transactions > \$100K

Affiliate Revenue



Washington Transactions

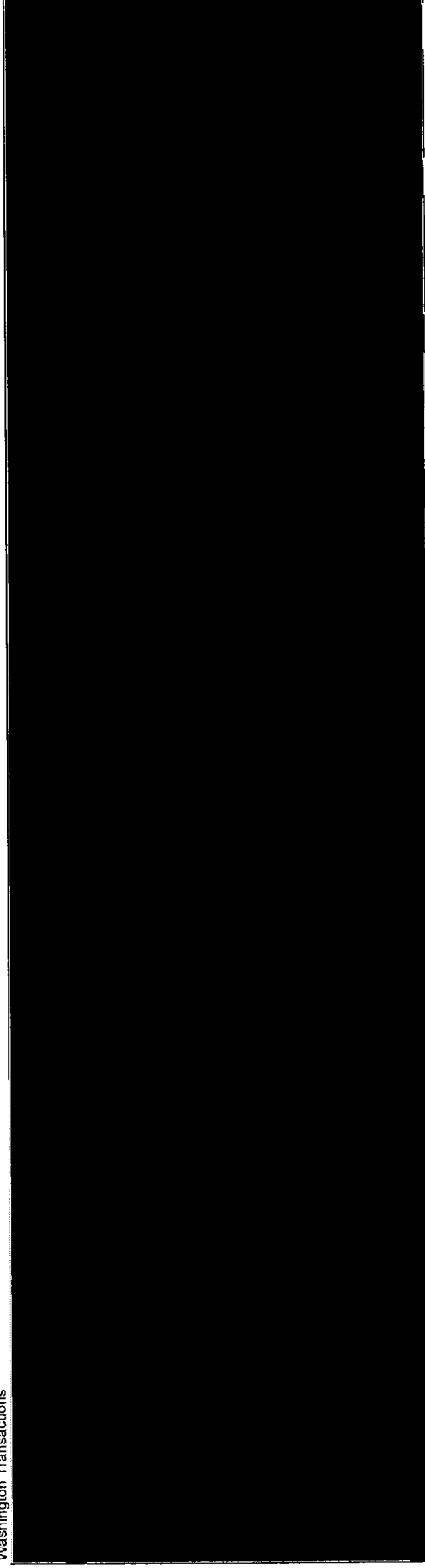


Total Company Transactions > \$100K

Affiliate Revenue

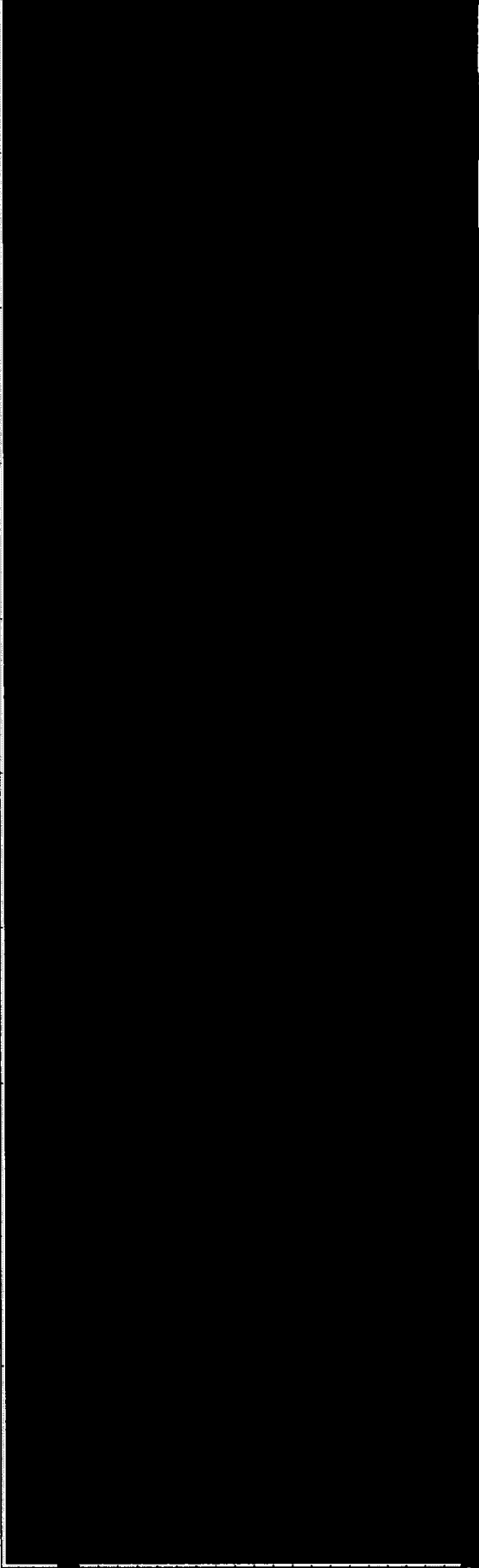


Washington Transactions

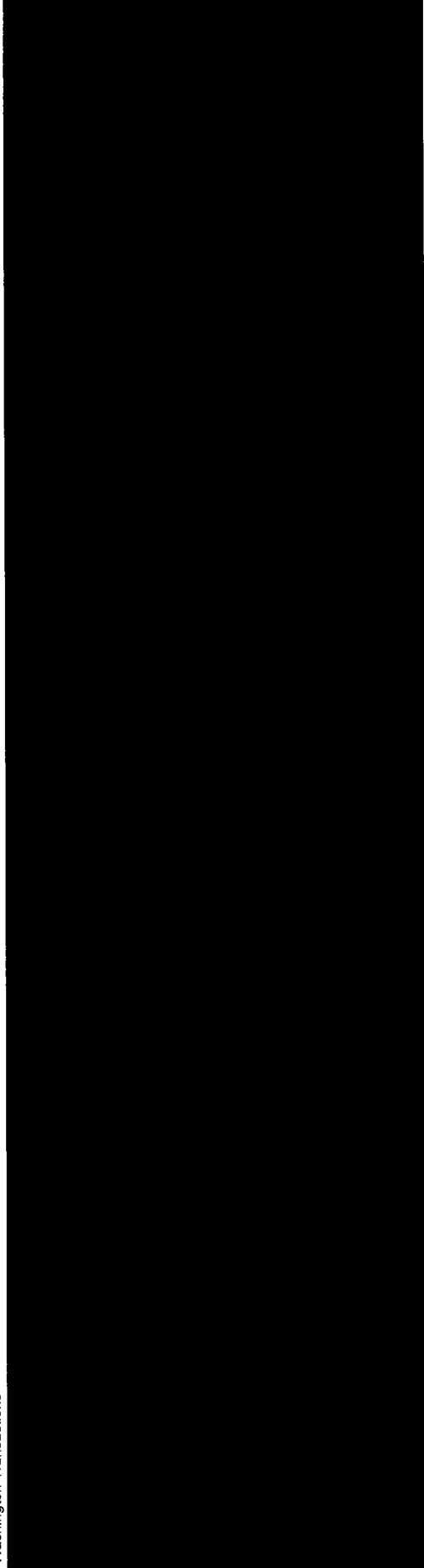


Total Company Transactions > \$100K

Affiliate Revenue



Washington Transactions

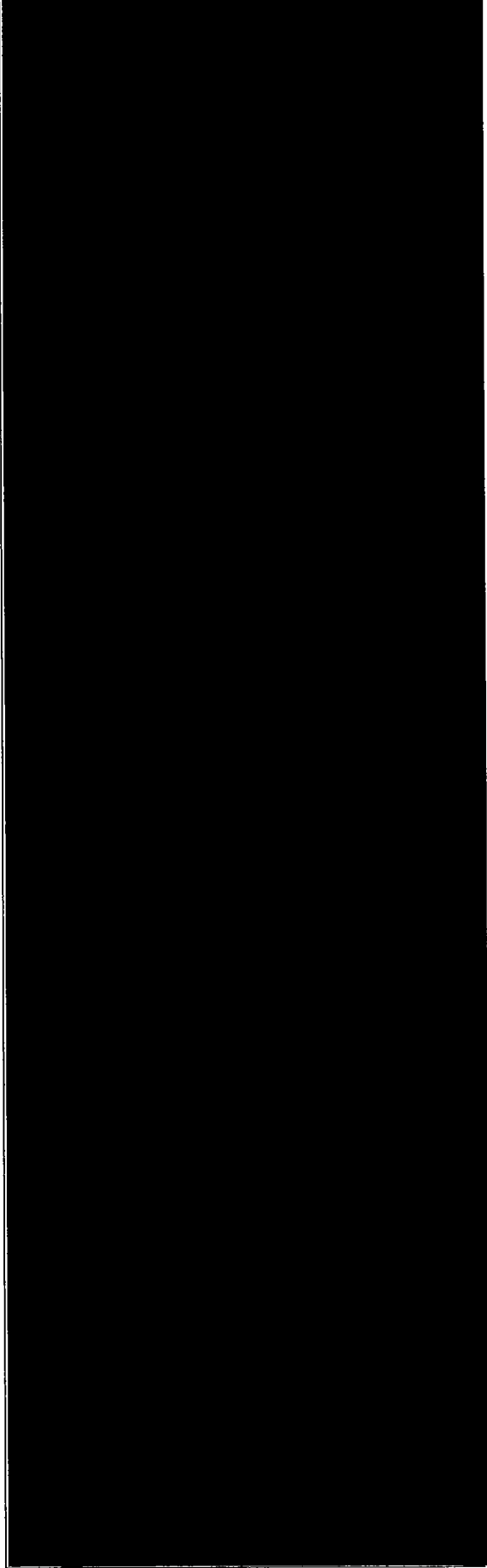


2012 WASHINGTON AFFILIATE ANNUAL REPORT
CENTURYLINK

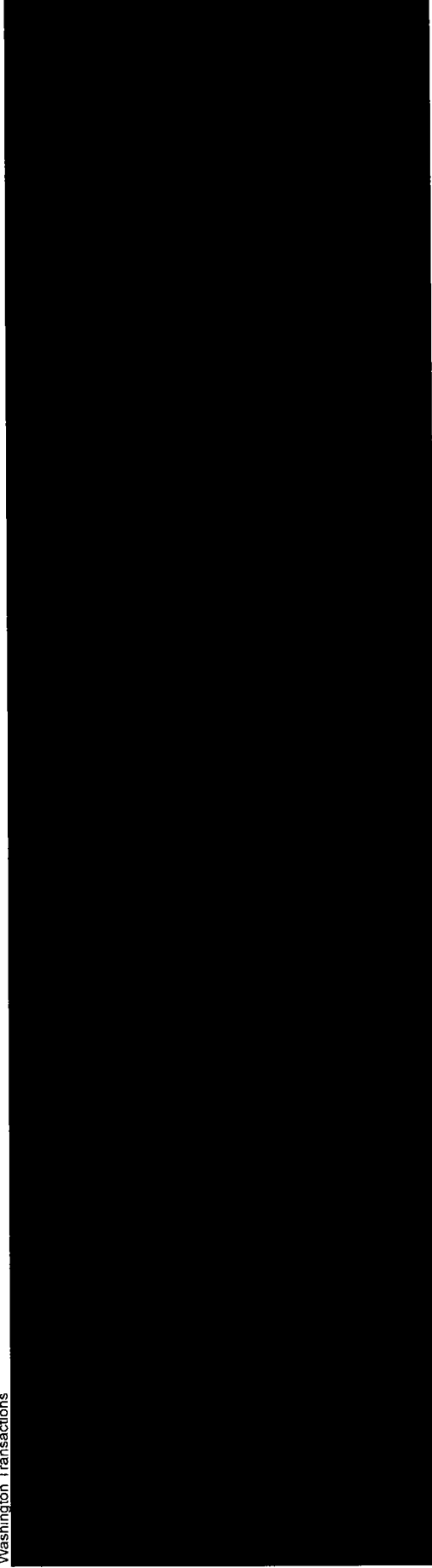
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Total Company Transactions > \$100K

Affiliate Revenue

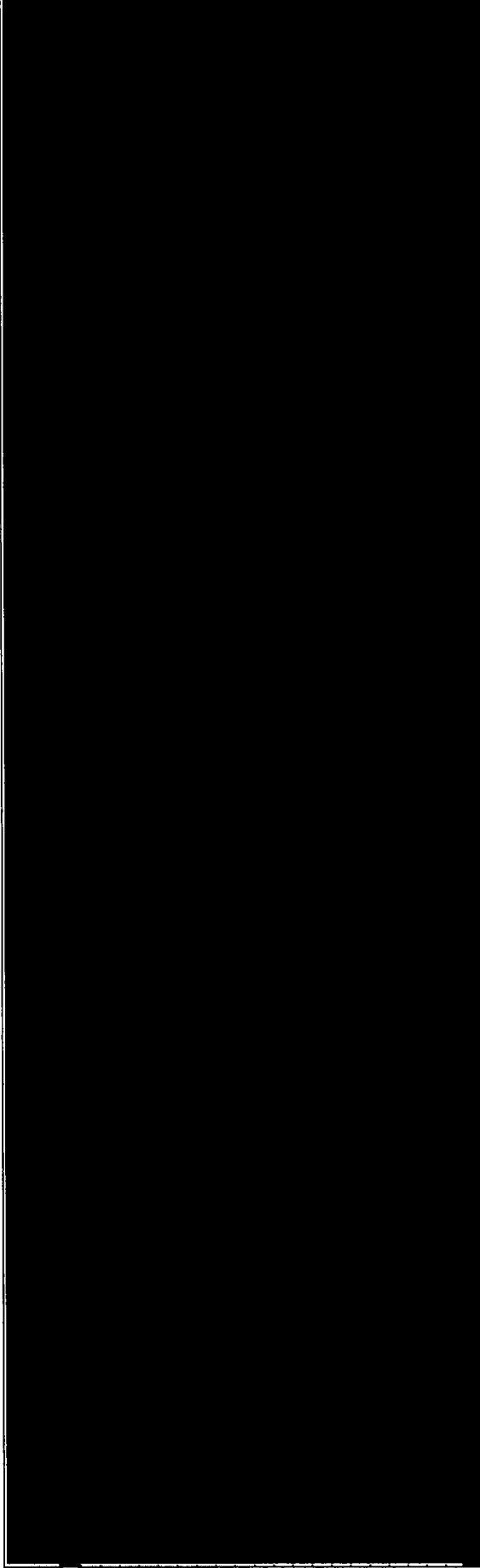


Washington Transactions

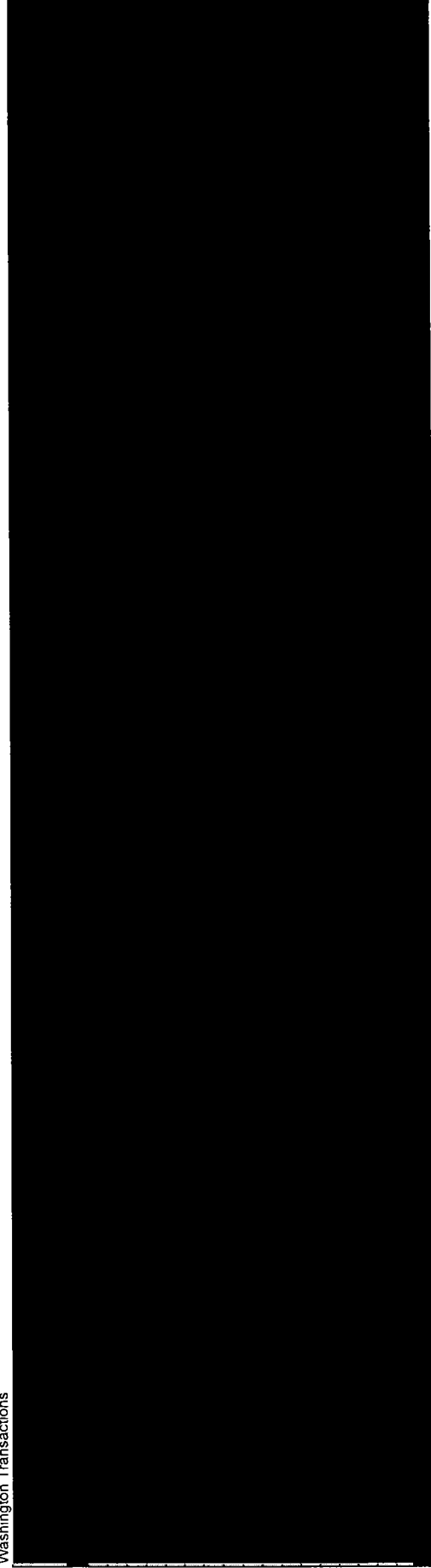


Total Company Transactions > \$100K

Affiliate Revenue



Washington Transactions

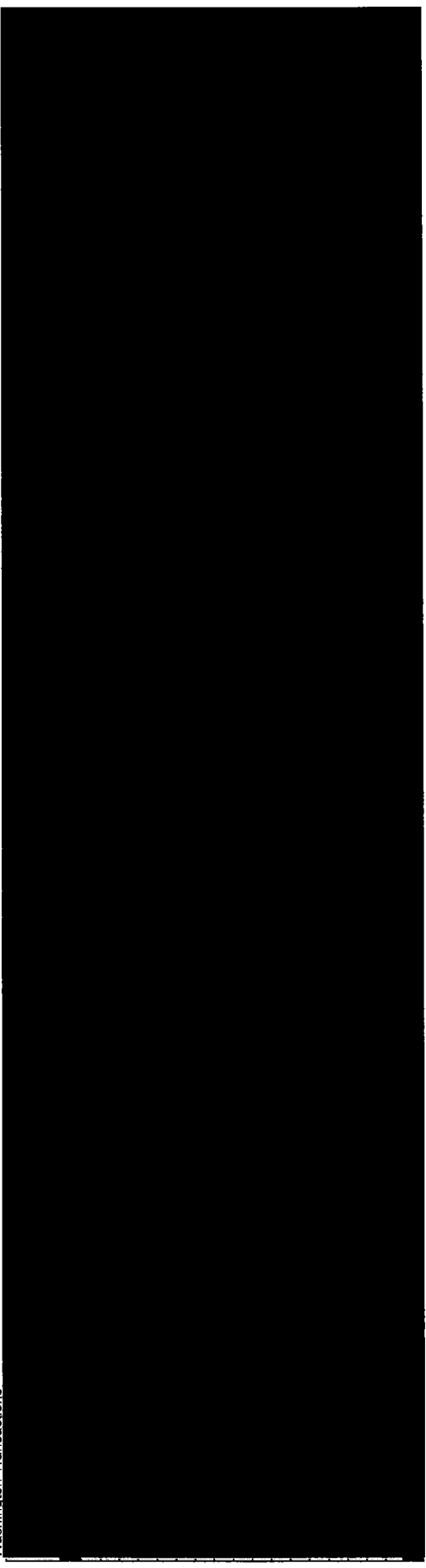


Total Company Transactions > \$100K

Affiliate Revenue



Washington Transactions

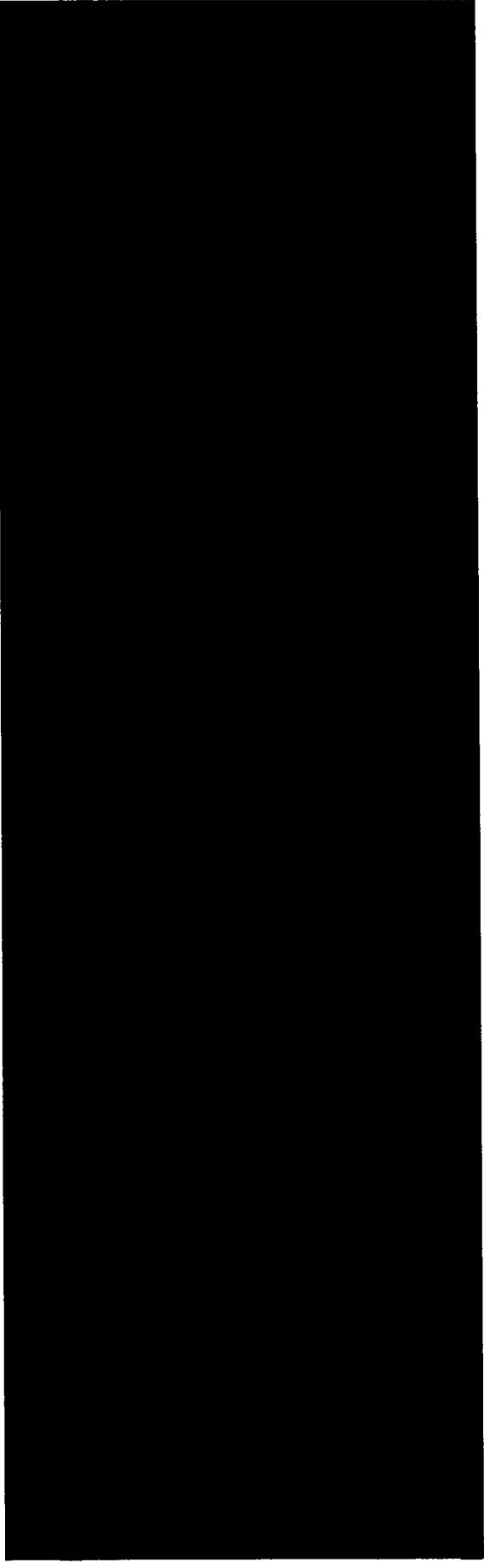


2012 WASHINGTON AFFILIATE ANNUAL REPORT
CENTURYLINK

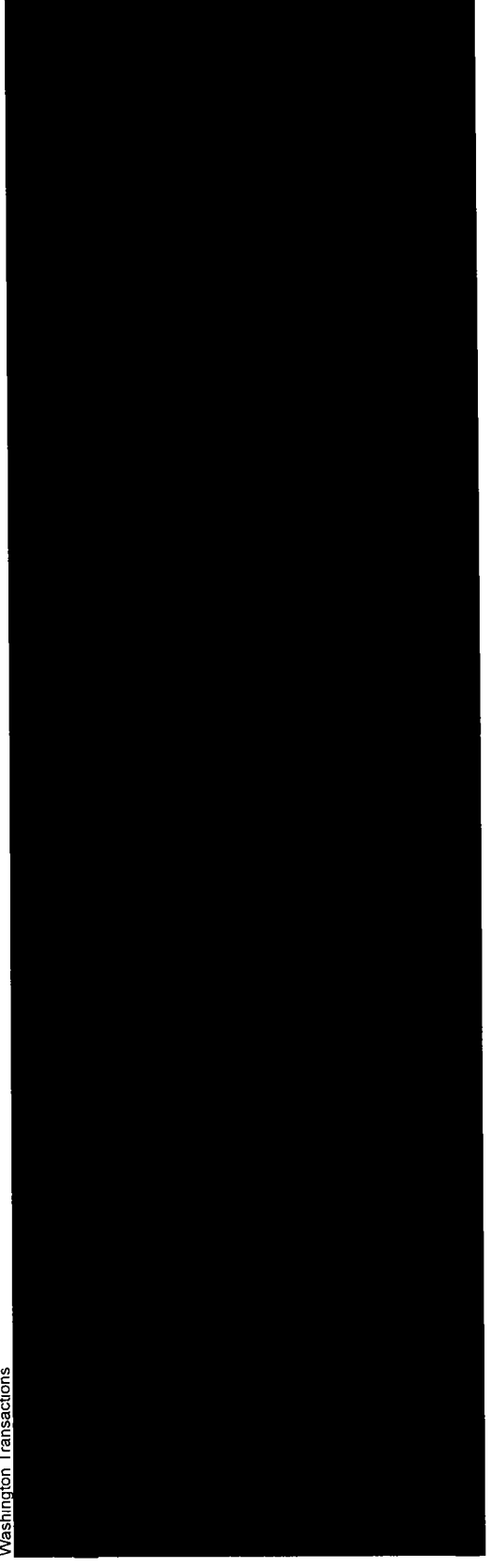
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Total Company Transactions > \$100K

Affiliate Revenue



Washington Transactions



Total Company Transactions > \$100K



Affiliate Revenue

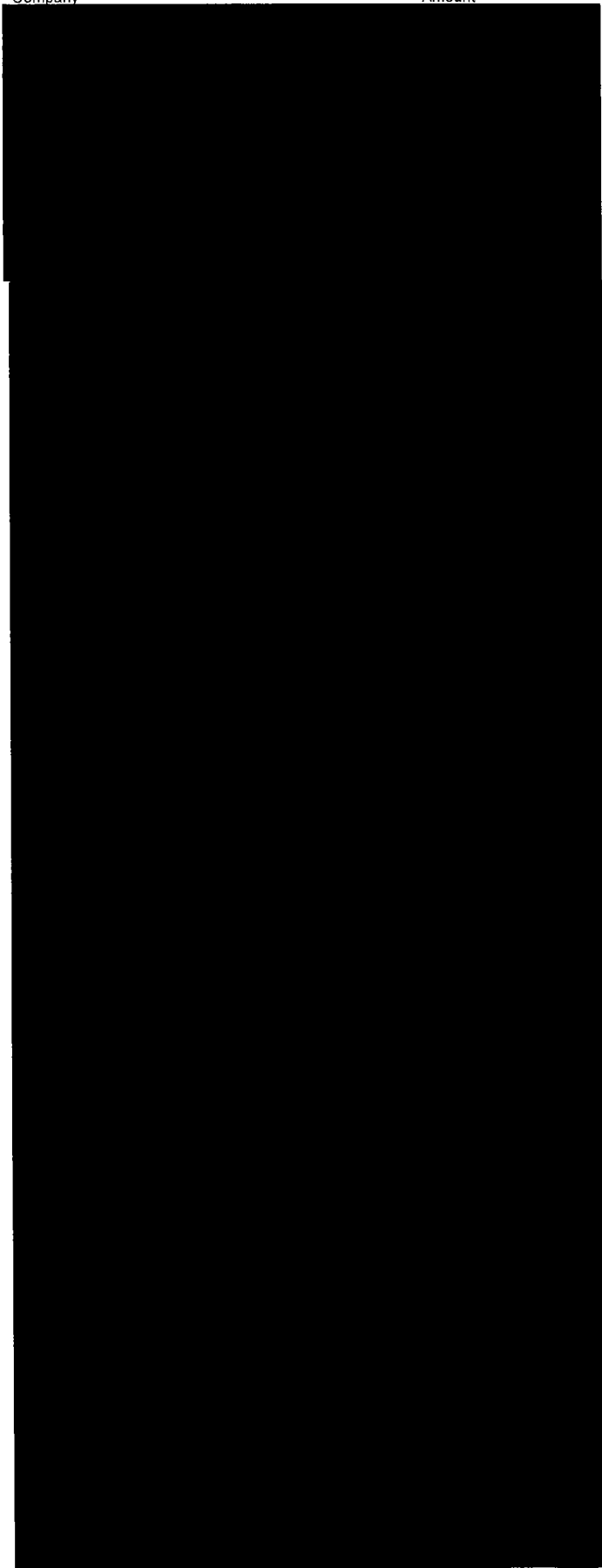
Washington Transactions



Total Company Transactions <\$100K
Company

Amount

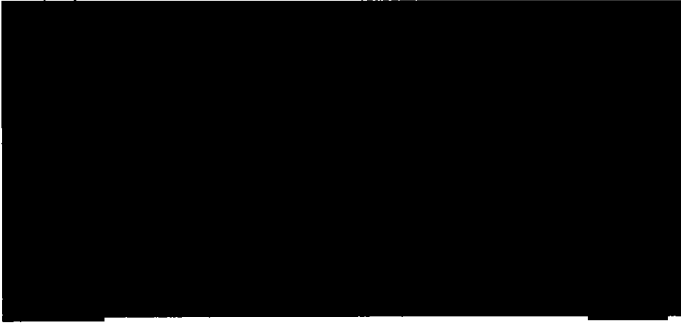
Affiliate Revenue



Total Company Transactions <\$100K
Company

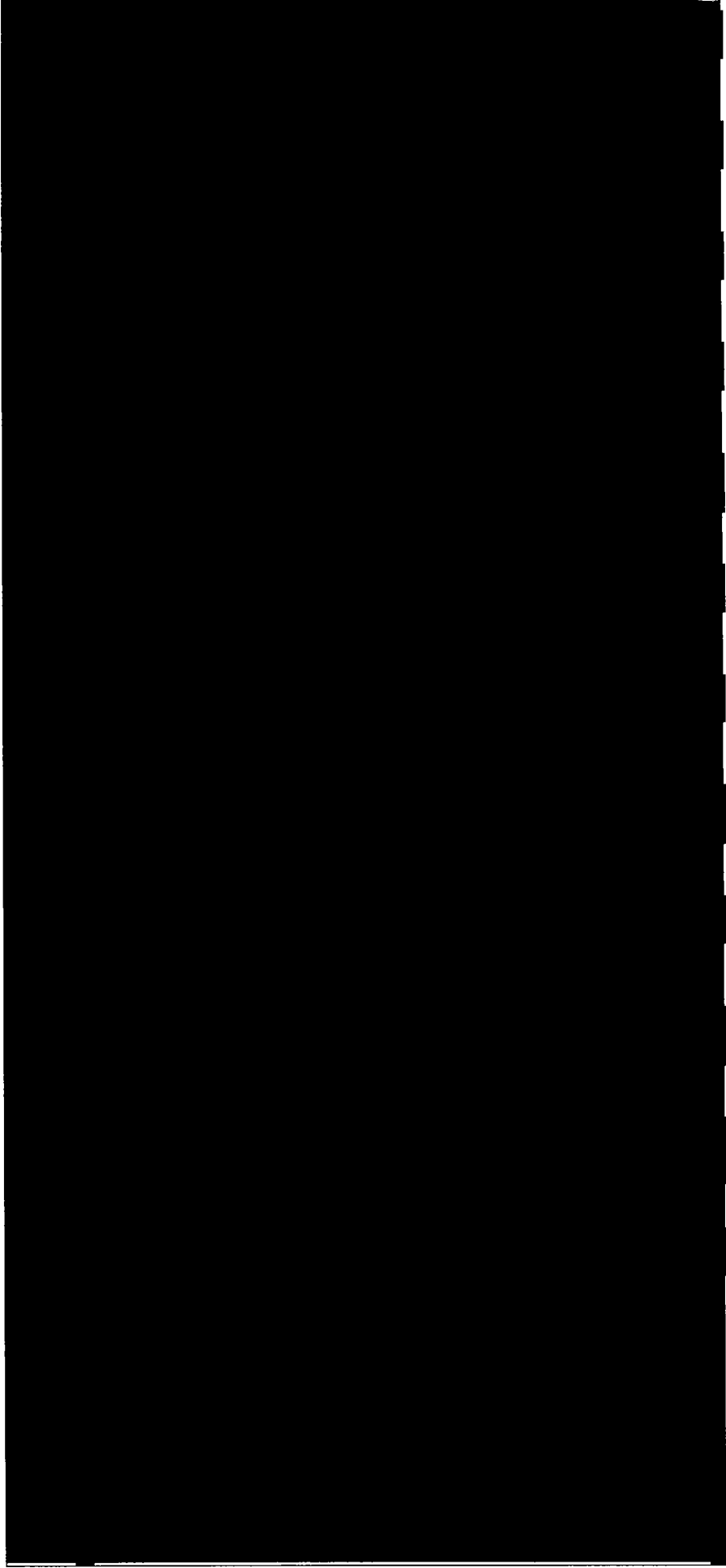
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Affiliate Revenue



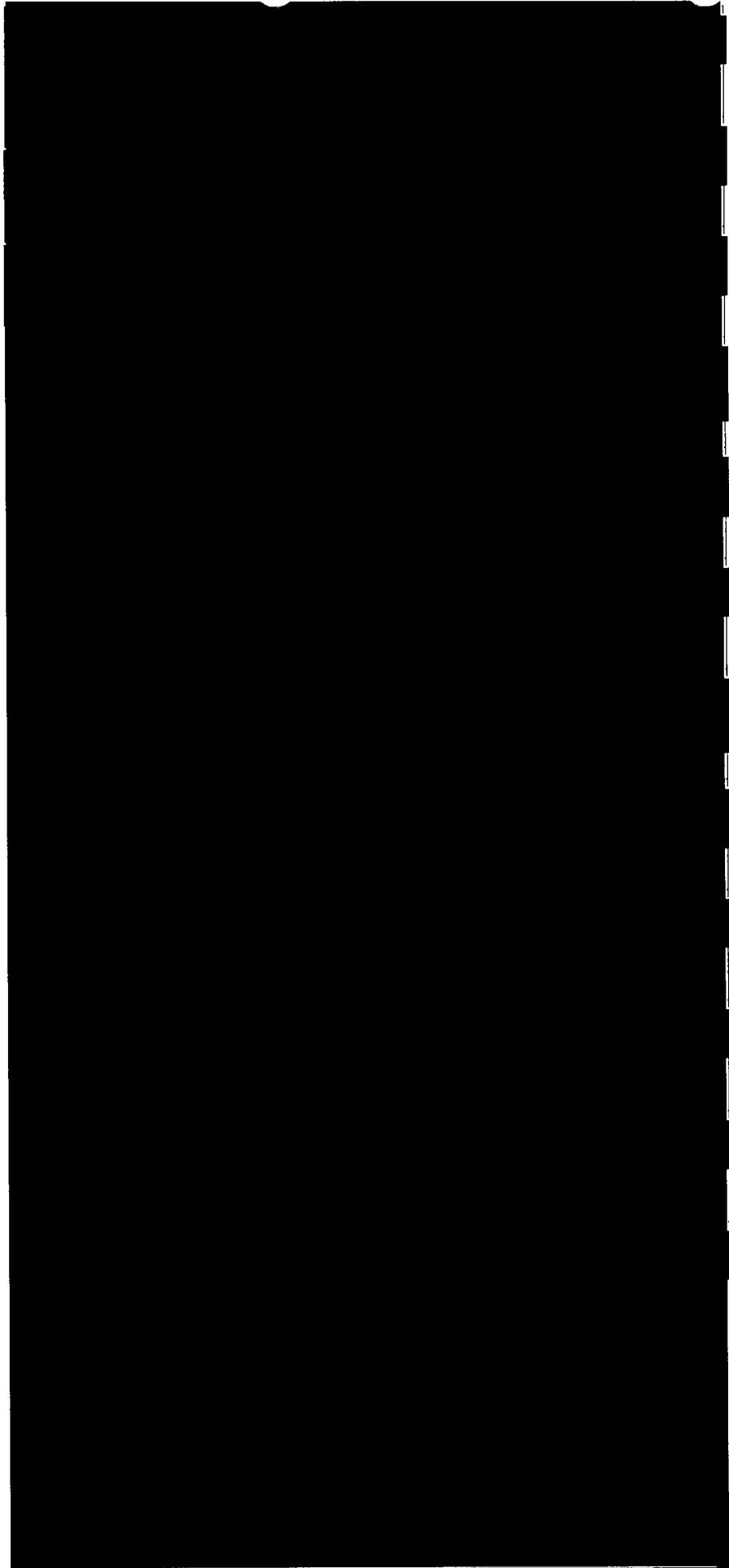
Total Company Transactions > \$100K

Affiliate Expense



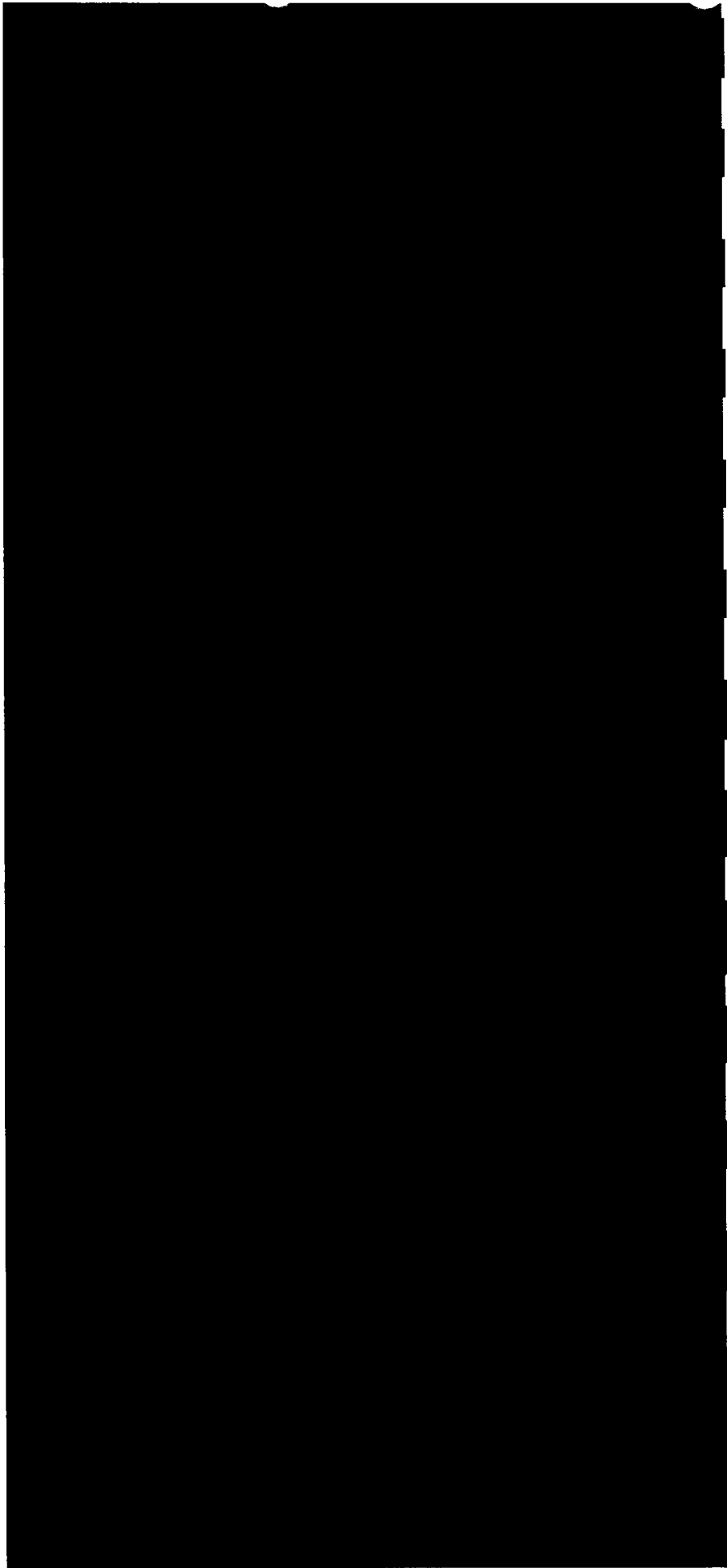
Total Company Transactions > \$100K

Affiliate Expense



Total Company Transactions > \$100K

Affiliate Expense



Total Company Transactions > \$100K



Affiliate Expense

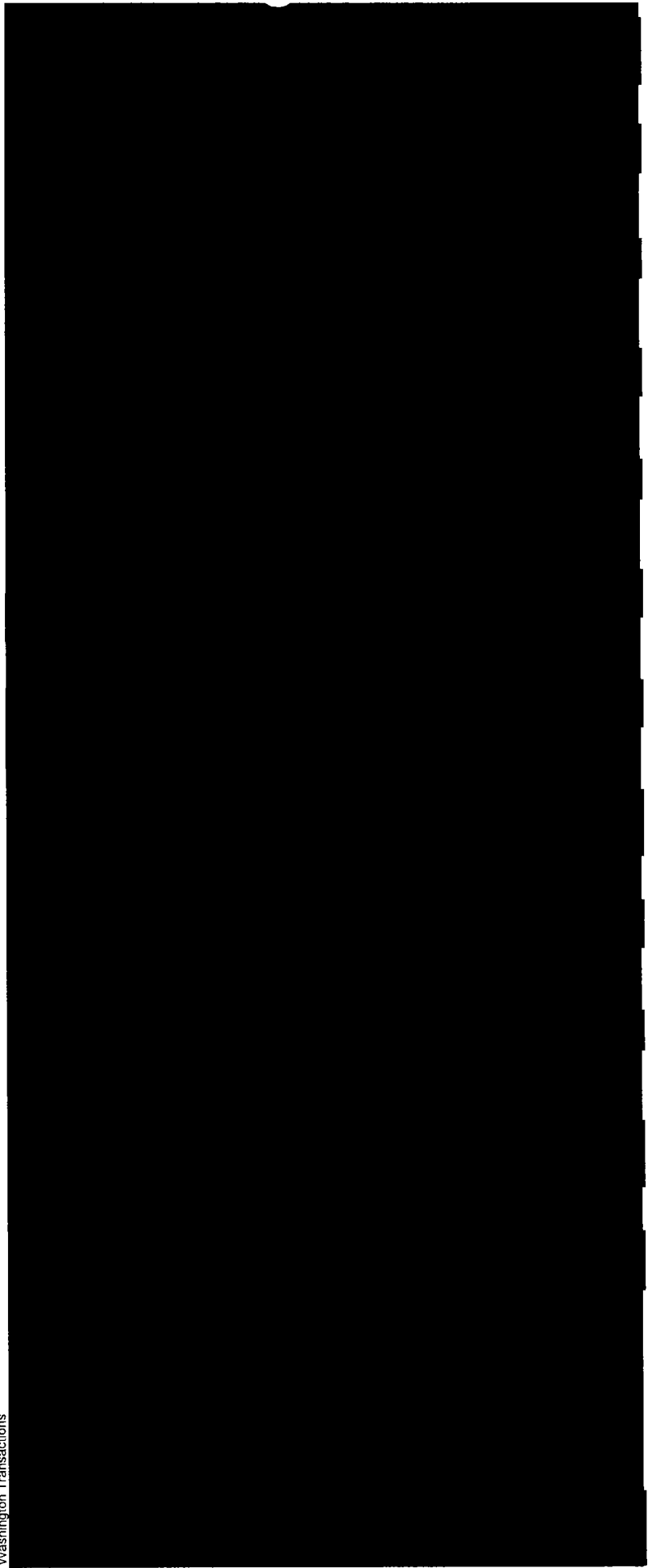
Washington Transactions

Affiliate Expense



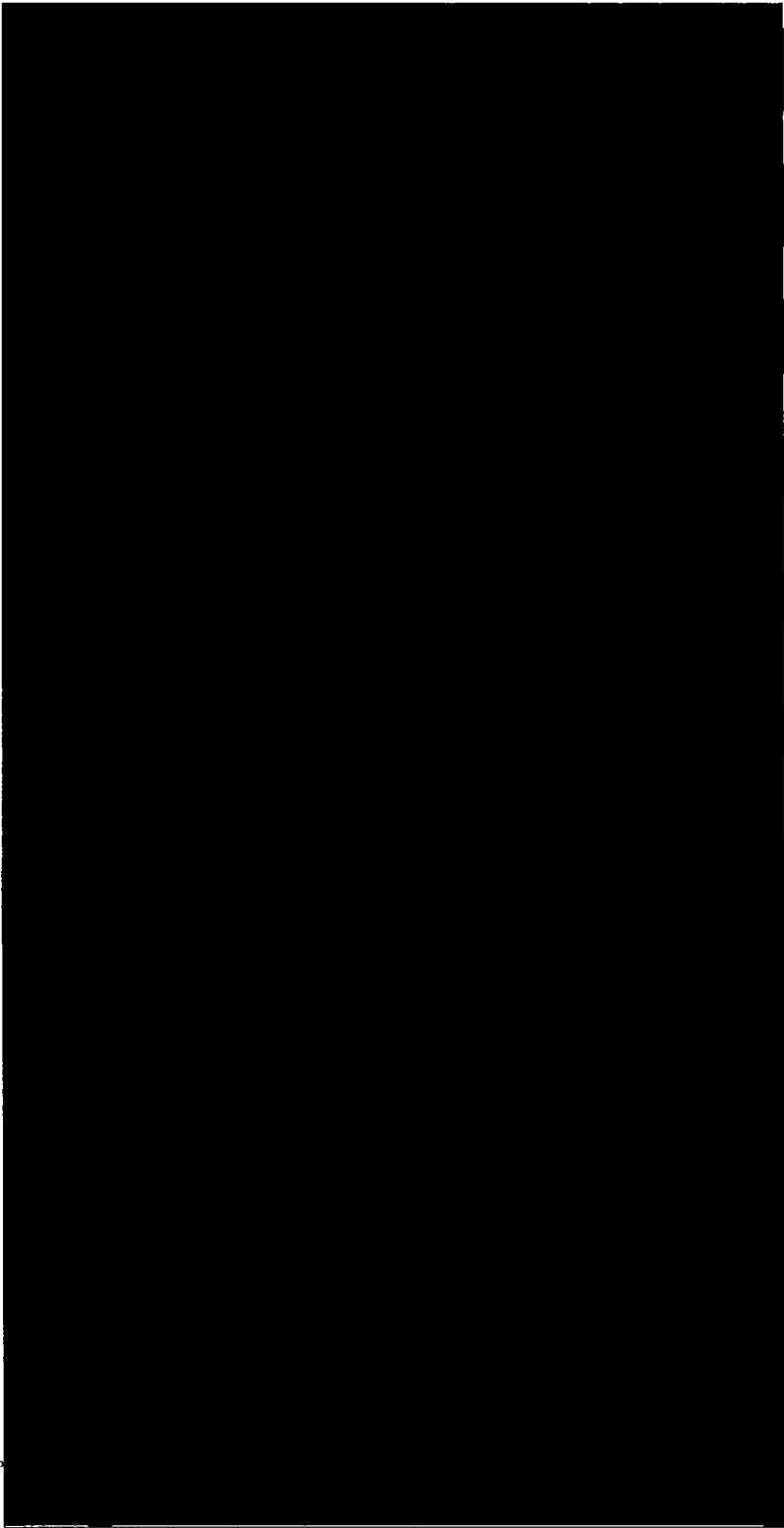
Washington Transactions

Affiliate Expense

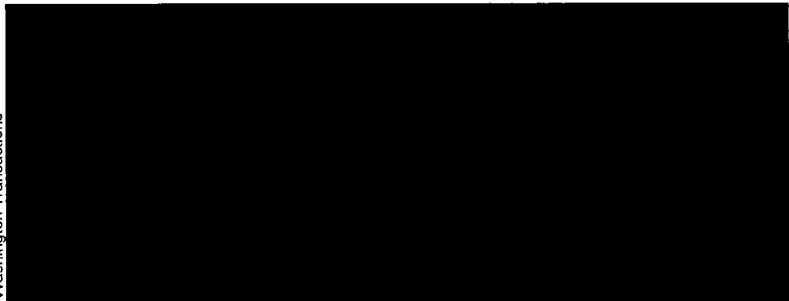


Washington Transactions

Affiliate Expense



Washington Transactions



Affiliate Expense

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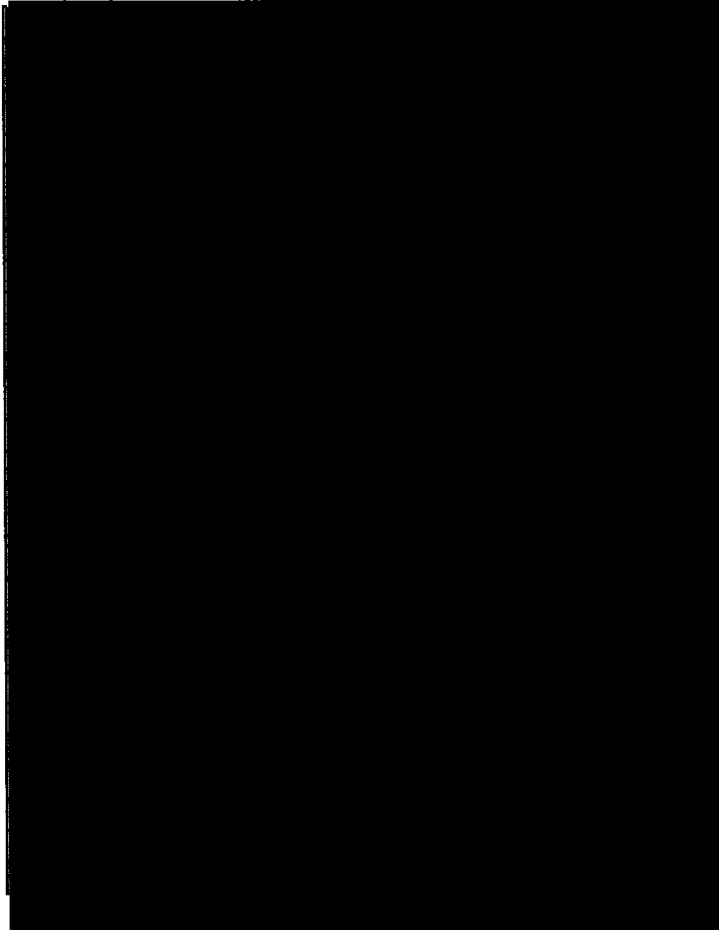
2012 WASHINGTON AFFILIATE ANNUAL REPORT ATTACHMENT 3B-QC
CENTURYLINK

Total Company Transactions <\$100K

Affiliate Expense

Company

Amount



Affiliate Revenue

Total Company & Washington Transactions > \$100K

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Affiliate Revenue

Total Company Transactions <\$100K

Company	Amount
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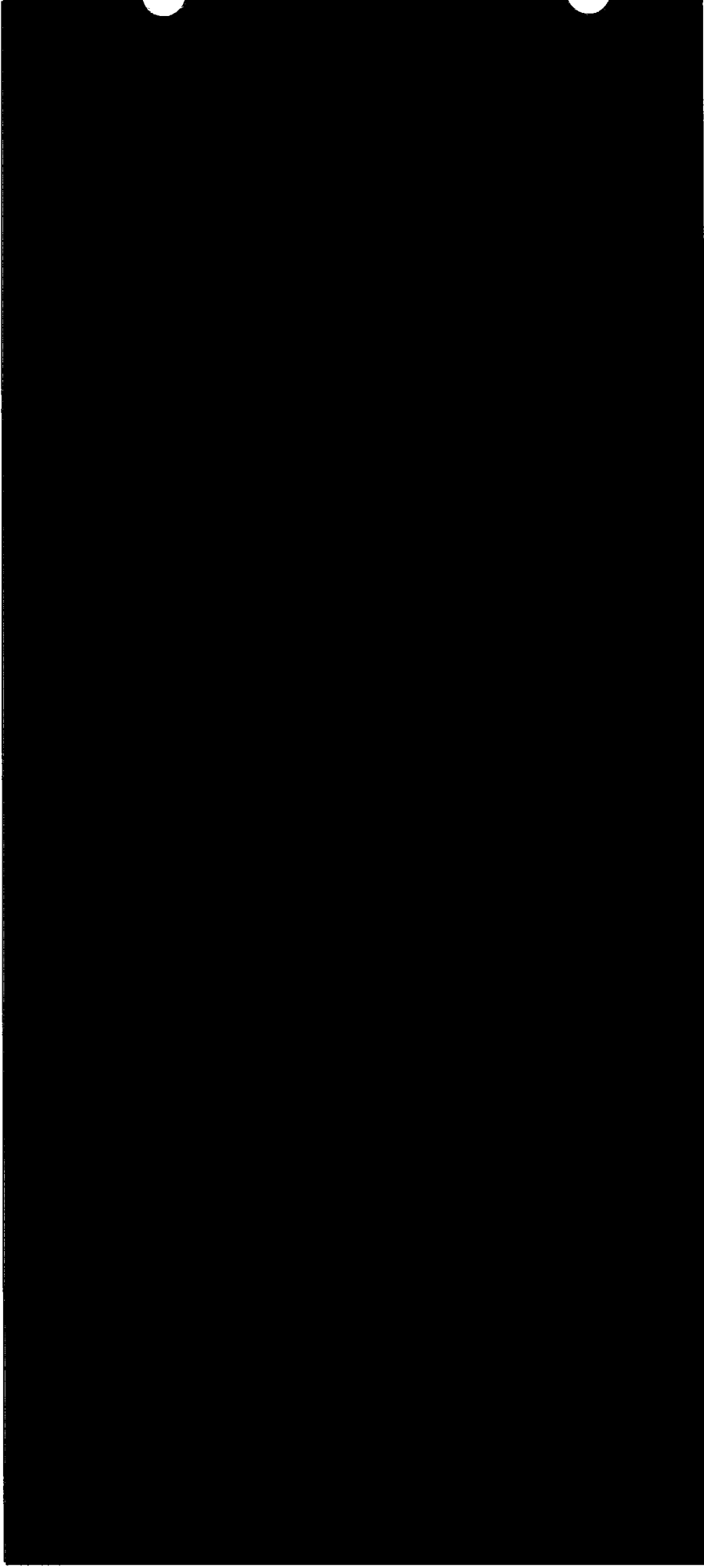
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2012 WASHINGTON AFFILIATE ANNUAL REPORT
CENTURYLINK

ATTACHMENT 3B-JTNW

Affiliate Expense

Total Company & Washington Transactions > \$100K



Total Company Transactions <\$100K

Affiliate Expense

Company	Amount
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**CenturyLink, Inc.
Overview of Cost Allocation Process**

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CenturyLink, Inc.
Overview of Cost Allocation Process

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**CenturyLink, Inc.
Overview of Cost Allocation Process**

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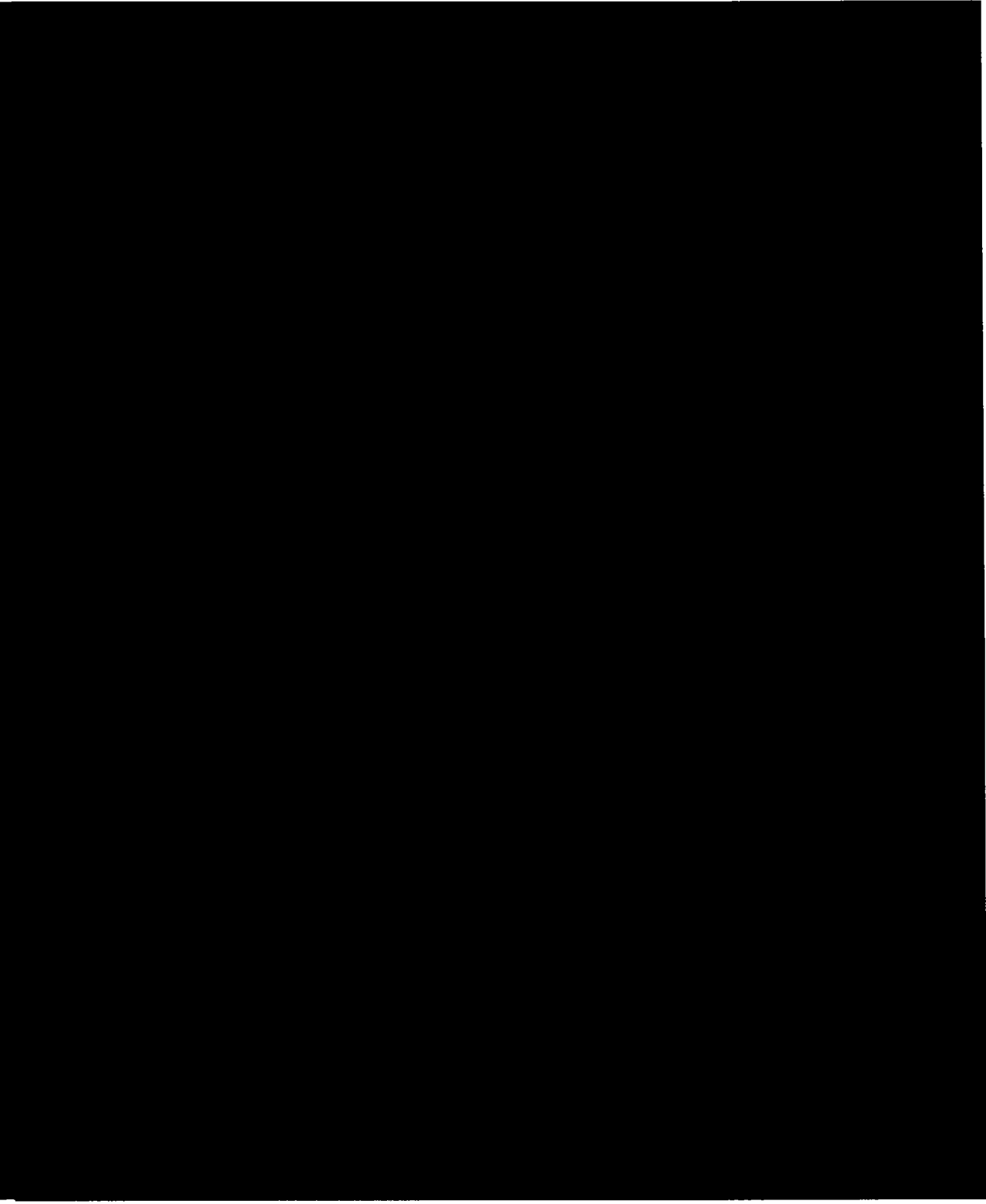
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Attachment 3F

DESCRIPTION OF AFFILIATES



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Attachment 3G

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Attachment 3G

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