

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of)	DOCKET UT-081501
)	
Qwest Corporation,)	ORDER 01
)	
For Order Approving an Agreement for)	
Transfer of Land and Building located at)	
1600 – 7 th Avenue, Seattle, Washington)	ORDER GRANTING
to INGCAL 7 th AVENUE LLC)	APPLICATION
.....)	

BACKGROUND

- 1 On August 13, 2008, Qwest Corporation (Qwest or Company) filed with the Washington Utilities and Transportation Commission (Commission) an Application seeking approval under RCW 80.12 and WAC 480-143 of an agreement for the transfer of the land and office building located at 1600 – 7th Avenue, Seattle, Washington (“property”) from Qwest to INGCAL 7th AVENUE LLC (INGCAL). Qwest updated this Application on September 12, 2008. The updated version is called the “Application” in this order.

- 2 Qwest (or its predecessor companies) has owned and occupied the property since 1976 and used it in providing telecommunications service in Washington, as well as other states. The building has 32 floors; however, as Qwest’s Washington work force has been reduced, Qwest’s need for space has substantially diminished. This led Qwest to put the property up for sale. Qwest received 15 offers on the property and selected the highest bid, which was tendered by INGCAL. Following the proposed transfer, Qwest will lease back from the new owner the building space necessary to continue its Seattle operations.

- 3 Qwest’s Application includes the documentation required by WAC 480-143-120. This documentation is a detailed explanation of the sale, the Company’s current financial statement, a signed purchase and sales agreement, a lease-back agreement and a copy of the proposed journal entries. The net book cost of the property is provided in confidential Attachment E to the Application and the sales price is included in confidential Attachment A, titled “Reinstatement of and Second Amendment to Agreement for Sale and Purchase of Real Property.” Under the sales agreement, Qwest will transfer the

assets to INGCAL at market value, which exceeds the property's net book cost. INGCAL is not affiliated with Qwest.

- 4 Qwest, Commission Staff, the Office of Public Counsel of the Office of the Attorney General (Public Counsel), and the Department of Defense and all other Federal Executive Agencies (DOD/FEA) held extensive discussions prior to Qwest's filing its application on August 13, 2008.¹ While it does not appear there is any dispute that the property transfer is at arm's length, and that the sale is otherwise appropriate, initially there were differing views regarding: (1) the amount of the gain; 2) whether any of this amount (however calculated) can or should be shared with Washington customers, and 3) if so, how the gain should be shared. Qwest's Application reflects a compromise result based on negotiations among the entities involved with reviewing this matter.
- 5 We have considered this matter and determine that the application should be approved as filed.

FINDINGS AND CONCLUSIONS

- 6 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including telecommunications companies. *RCW 80.01.040, RCW 80.04, RCW 80.08, RCW 80.12, RCW 80.16 and RCW 80.36.*
- 7 (2) Qwest Corporation, a Colorado corporation, is a telecommunications company and a public service company subject to Commission jurisdiction.
- 8 (3) This matter came before the Commission at its regularly scheduled meeting on September 25, 2008. At that meeting, counsel for Qwest agreed that the

¹ Qwest filed an application for approval of the same transaction on May 28, 2008. The filing was assigned Docket UT-080923. Qwest withdrew that application while settlement discussions were ongoing with the parties that expressed an interest in that filing.

Commission has jurisdiction to enforce the commitments contained in the Application.²

- 9 (4) After reviewing the Application, and giving due consideration to all relevant matters and for good cause shown, the Commission finds the Application is consistent with the public interest and should be granted as filed. In particular, the Commission recognizes that the result reflected in the Application is a compromise result of negotiations among the various entities involved. The Commission understands Qwest's Application contains proposals the Company or the other entities involved might not make if this matter were litigated. The Commission further understands that because this is a settled matter, the result contained in the Application, and approved by this order, is not precedential.

ORDER

THE COMMISSION ORDERS:

- 10 (1) Qwest's Application for approval of an agreement for the transfer of the land and building located at 1600 – 7th Avenue, Seattle, Washington is granted as described in the Application.
- 11 (2) Qwest shall file with the Commission any transaction document that changes from the copy that was filed with the updated application.
- 12 (3) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it. Nor shall this Order be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.

² Also during the meeting, Qwest's representative clarified that Qwest's commitment in the Application to contribute \$200,000 to Community Voice Mail is limited to Community Voice Mail service in Washington state. Community Voice Mail is a program that provides voicemail service to those who are homeless and without the ability to have voicemail service that allows them to receive messages from social service organizations, employers, family members or others.

- 13 (4) The Commission retains jurisdiction over the subject matter and Qwest to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective September 25, 2008.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK H. SIDRAN, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner