

Verizon-MCI Merger
Total System Synergies Allocable to Washington Intrastate
 (Millions of Dollars)

A	B	C	D	E	F	G	H	I	J	K
	Increased Revenue	Reduced Expense	Increased EBITDA*	Reduced Net Capital	Total Net Synergies	Washington Intrastate	Discount Factor @ 8.68% (PC 131 Att1, p13)	PV WA Synergies	Ratepayer Share	PV Ratepayer Share
	PC DR 210	PC DR 210	B+C	PC DR 210	D+E	F*(*****)	1/1.0868 ⁿ	G*H	Note 1	H*J
2007**						\$ -		\$ -	\$ 4.35	
2008						\$ -		\$ -	\$ 8.69	
2009						\$ -		\$ -	\$ 8.69	
2010						\$ -		\$ -	\$ 8.69	
2011						\$ -		\$ -	\$ 8.69	
2012						\$ -		\$ -	\$ 8.69	
2013						\$ -		\$ -	\$ 8.69	
2014						\$ -		\$ -	\$ 8.69	
Total						\$ -		\$ 80.57		\$ 46.57
Percent of Synergies										58%

* Earnings Before Income Taxes, Depreciation, and Amortization

** Figures for 2007 are halved to reflect the July 1, 2007 start date for any rate changes.

Note 1:

Reduction of July 1, 2007 Increase by \$1.00 per line:	Lines	Lines*\$12
Residential Local Service	-	-
Business Local Service	-	-
Centrex ISDN	-	-
Residential Packages	-	-
		<u>8,691,153</u>

Source: Response to PC D.R. 220, page 1.