

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

VERIZON NORTHWEST INC.,

Respondent.

) Docket No. UT-040788

)
) MOTION FOR CLARIFICATION AND
) REQUEST FOR EXPEDITED
) TREATMENT

I.

This Motion for Clarification is brought by Verizon Northwest Inc. (“Verizon”) pursuant to WAC 480-07-835 to clarify Order No. 15, released on April 12, 2005 as it pertains to late fees.

II. RELIEF SOUGHT

Verizon requests clarification of Paragraphs 26, 27, 28 30 and 64 of Order No. 15 regarding late fees. Specifically, Verizon asks the Commission to clarify that it did not intend to eliminate approximately \$___ (Confidential) million of the \$38.6 million revenue requirement agreed upon by the parties in the settlement agreement, and approved by this Commission in Paragraphs 19 and 65 of Order No. 15 when it established an expiration date for the late payment fee tariff in Paragraph 26. Verizon further requests clarification of Paragraph 30 regarding Verizon’s reporting obligation regarding the late payment fee.

III. BACKGROUND

Order No. 15 approved the unanimous settlement agreement resolving Verizon's general rate case. An important component producing the \$38.65 million revenue requirement found to be just and reasonable in Order No. 15, was the \$___ (Confidential) million revenue stream provided by consumer and business late payment charges. Order No. 15 requires the tariff setting forth these charges to have a "sunset" date of on December 31, 2007. (¶¶ 26, 64). This is a new condition that was not contained in the Settlement Agreement. It was never proposed by any party. It alters the bottom line financial impact of the Settlement that is critical to Verizon – namely, the establishment of fair, just, reasonable and sufficient rates designed to produce an additional \$38.65 million in revenues. Order No. 15, creates the potential for an automatic revenue reduction as of December 31, 2007 of approximately 22% of the revenue increase found to be just and reasonable by the Commission and the signing parties.

If the \$___ (Confidential) million late payment charge goes away as of December 31, 2007 then Verizon will have been denied the revenue requirement amount it agreed to in the settlement, and the benefit of the carefully worked-out rate design that was premised upon the inclusion of the late payment charge. Paragraph 26 places Verizon at risk of this loss, which no party advocated. At the very least, Paragraph 26 could provide a revenue reduction "gap" from December 31, 2007 until the Commission might decide to extend the late payment tariff or provide other rate increases to make up the needed revenues.

Verizon understands the Commission's concern over the late payment charge and will help in the analysis of its effects on low-income ratepayers.¹ However, Verizon requests that the Commission clarify the order in such a manner so as to eliminate the potential financial risk to Verizon. Verizon suggests that the sunset date be eliminated and replaced with a firm date prior

¹ For example, the order states a concern as to whether late payment charge itself will increase disconnections. Verizon does not disconnect service for nonpayment of the late payment charge itself. Order No 15 at para. 28.

to July 1, 2007 for the completion of any analysis of late payment charge impact with any modification of the late payment tariff, if any, to take place prior to July 1, 2007. ²

Verizon also requests clarification of Paragraph 30 with respect to the new Company reporting requirements that it establishes. As Verizon reads this paragraph, the Company and Commission through its Executive Secretary are to work cooperatively to provide the data most useful to the Commission without undue burden to the Company, because this is a new reporting requirement that applies only to Verizon. It would be very useful if the Commission could confirm Verizon's interpretation of Paragraph 30 and provide further guidance on the type of data the Commission really is most interested in. ³

Accordingly, Verizon asks the Commission to clarify Order No. 15 (¶¶ 26, 27, 28, 30 and 64) as noted above. Verizon's request for clarification should be granted because it best addresses the Commission's concerns about low-income customers. The revenues generated by the late payment charges from these customers are a necessary means of contributing to Verizon's revenues without putting further pressure on basic rates.⁴

² This date is the end of the two-year "Stay-Our Period" under Paragraph 45 of the Settlement Agreement. Any Commission action during the Stay-Out Period is to be revenue neutral.

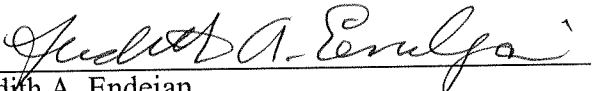
³ Order No. 15 requires Verizon to collect data on customers who would have been assessed a late payment charge and who actually do get assessed a late payment charge. Verizon does not, and cannot, collect data separated by income for customer privacy reasons. The only way for Verizon to identify low-income customers among Verizon customers is their eligibility for the WTAP program, which was established in 1987 by the Legislature to maintain affordability for telephone service for low-income customers. RCW 80.36.410-.475.

⁴ Verizon does not view this motion as a rejection of the new conditions imposed by Order No. 15, but rather as a request for clarification that preserves the intent and purpose of the Settlement Agreement.

Finally, Verizon requests expedited treatment of this motion given the time frame associated with implementation of the Order.

Respectfully submitted this 15th day of April, 2005.

GRAHAM & DUNN PC

By 
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CERTIFICATE OF SERVICE

I hereby certify that I have this 15th day of April 2005, served the true and correct original along with the 15 copies, of the attached document upon the WUTC, via the method(s) noted below, properly addressed as follows:

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I hereby certify that I have this 15th day of April 2005, served a true and correct copy of the attached document upon parties of record, via the method(s) noted below, properly addressed as follows:

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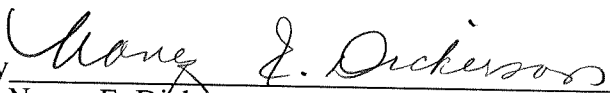
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I declare under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

DATED this 15th day of April, 2005, at Seattle, Washington.

By 
Nancy E. Dickerson
Legal Secretary