

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

*In the Matter of the Joint Application of Verizon Communications Inc. and Frontier
Communications Corporation For An Order Declining to Assert Jurisdiction Over, or, in the
Alternative, Approving the Indirect Transfer of Control of Verizon Northwest Inc.*

Docket No. UT-090842

**PUBLIC COUNSEL'S SUPPLEMENTAL RESPONSE TO JOINT APPLICANTS
DATA REQUEST NO. 73**

Request No: 73
Directed to: Public Counsel
Date received: November 4, 2009
Prepared by: Sarah Shifley
Date prepared: November 12, 2009

Joint Applicants Data Request No. 73

On page 27 of Mr. Hill's testimony, he states that "Because Verizon would benefit monetarily from making assumptions or allocations in that process that lead to a higher valuation of those assets (e.g., higher revenues, lower operating expenses), and because the transaction valuation and financial projections are grounded on those assumptions and allocations, examining the efficacy of those allocations and the resulting representation of Spinco financials would seem to be a reasonable course of action." Is it Mr. Hill's position that Verizon did not make a good faith effort in drafting Spinco's financial statements? If so, please identify every basis for the position and provide all documents Mr. Hill considered in forming the position.

RESPONSE:

As confirmed during the November 5, 2009 telephone conversation between Verizon attorney, Gregory Romano, and Public Counsel attorney, Sarah Shifley, Mr. Hill is currently unavailable due to a medical emergency. Public Counsel cannot respond to this data request without consulting with Mr. Hill. Thus, Public Counsel is not providing a response and/or stating an objection to this data request at this time and cannot anticipate when it will be able to do so.

SUPPLEMENTAL RESPONSE (11/24/09):

Prepared by: Stephen G. Hill

The job of Verizon's managers is to make a profit. The higher the sale price for the Spinco assets, the higher the probability for increased profitability at Verizon. If, in carving-out the

financial data for "Spinco" Verizon is able to increase the value of those assets, it will do so.
Given the

**[Public Counsel's Supplemental Response to Joint Applicants Data Request No. 73
(Continued)]**

complexity of the task of carving out operations related to more than four million telephone customers and the assumptions inherent in any sort of allocation process of that magnitude, it is reasonable to believe that there are ample opportunities to affect the valuation of the Spinco assets. This is not "bad faith," it is simply business.