

David S. Valdez
Vice President
Public Policy & External Affairs



June 3, 2005

WA0101RA
1800 41st Street
P.O. Box 1003
Everett, WA 98201

Phone 425 261-5691
Fax 425 261-5262

Ms. Carole Washburn, Executive Secretary
Washington Utilities and
Transportation Commission
1300 S. Evergreen Park Drive S.W.
Olympia, Washington 98504-7250

Dear Ms. Washburn:

Subject: Verizon Northwest Inc. Recommendations Regarding Data for the Residential Late Payment Charge and Request for Clarification - WUTC Docket No. UT-040788

Verizon Northwest Inc. ("Verizon NW") submits its recommendations regarding the data to be provided for the residential late payment charge. The Company has developed its proposal with significant input from both Staff and Public Counsel. Verizon NW agrees to meet the data requirements and timing of the reports as required in Order No. 15 and clarified in Order No. 17 as follows:

Requirements from Order No. 15 and 17 (see attached Sample Report)

- "Beginning with baseline statistics for Washington intrastate for calendar 2004 and the first three months of 2005, the Company must track late payments that would require a late payment charge if the proposed tariff had been in effect." (Order No. 15, par. 27)
- "The Company must also report actual application of the late payment charge for periods after the charge is authorized." (Order No. 15, par. 28)
- "It must report the number of "qualifying" late payments in absolute terms and as a proportion of total residential or business intrastate." Order No. 17, however, eliminated the expiration date for the business late payment charge tariff. "Verizon may refile the tariff establishing a late payment fee for business services to remove the provision for expiration of the rate on December 31, 2007." (Order No. 17, par. 22) As a result, the requirement to report the number of "qualifying" late payments for **business customers** as a proportion of total business intrastate customers appears to be no longer relevant. Thus, Verizon NW requests the Commission to clarify whether the requirement for **business customers** should be eliminated. (Order No. 15, par. 28)

- “It must also report the number of company-initiated disconnections for non-payment in the relevant periods.”¹ (Order No. 15, par. 28)
- “The parties are directed to make their first reports by February 15, 2006, for 2004 and 2005, and on February 15, 2007, adding information for 2006, and August 15, 2007, for the first six months of 2007.” (Order No. 15, par. 30)
- “The information should be presented by month, and then averaged for the year (or partial year, for periods in 2005 and 2007).” (Order No. 15, par. 30)
- “We are especially concerned about the potential impact of a minimum late fee upon persons of fixed and limited incomes.” (Order No. 15, par. 24). Verizon NW will provide separate LPC/disconnect data for WTAP customers.

Supplemental Data

At the suggestion from Public Counsel, Verizon NW agrees to provide the following supplemental data for each report as follows:

- Distribution data regarding the length of delay in customer payment of bills (i.e. 30/60/90 days).
- Total number of residential customer accounts charged the \$2.50 late fee (per month).
- Total dollar amount applied to the bills for the \$2.50 residential late payment fee (per month).
- Total number of residential customers assessed the late payment fee of 1.5% of their outstanding bill (per month).
- Total dollar amount applied to bills for the 1.5% residential late payment fee (per month).
- Average dollar amount applied per customer for the 1.5% residential late payment fee (per month).
- Total revenues generated by the residential late payment fee, on a monthly and annual basis.

In addition, in each report Verizon NW will provide a description and/or explanation as to what the data means in assessing a residential late payment charge tariff that may become effective on and after January 1, 2008.

Verizon NW reserves the right to submit additional data to supplement the LPC report as it deems necessary to assist the Commission in its decision. Staff and Verizon NW have agreed that within 60 days of the filing of each report, Staff or other parties may submit information as to the

¹ Verizon does not disconnect local service for nonpayment of the late payment charge itself.

Ms. Carole J. Washburn

June 3, 2005

Page 3

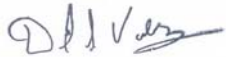
usefulness of the data, whether additional information is needed, whether the data meets the Commission's needs, and how the report could be modified in format or data, if needed.

Staff has been involved in the development of this proposal and has no objections.

Verizon NW requests the Commission accept its recommendations for reporting residential late payment data in accordance with Order Nos. 15 and 17 and to clarify whether the reporting requirement for business customers should be eliminated.

If there are questions, please contact me at (425) 261.5691.

Very truly yours,

A handwritten signature in blue ink, appearing to read "D. S. Valdez".

David S. Valdez

DSV:kad

Enclosures

c: Service List