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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. Residential Late Payment Charge Report – WUTC Docket
No. UT-040788**

Verizon Northwest Inc. (“Verizon NW”) submits its Residential Late Payment Charge Report (“LPC Report”) as required in Orders No. 15 and 18 for 2004 and 2005. The purpose of the LPC Report is to allow the parties and the Commission to monitor the results of the charge. As Verizon NW demonstrates below, the LPC provides the Company with a solid revenue stream that motivates customers to pay their bills on a timely basis. In addition, there are no adverse effects of implementing the charge since a customer’s basic local service is not disconnected for nonpayment of the LPC.

Request for Extension of Time

The LPC Report that is provided here is complete except Verizon NW is not able to provide separate disconnect data for WTAP customers. Disconnect data comes from a Receivables Management system which is not designed to provide a breakdown between customer types such as WTAP. As a result, the Company is exploring other alternatives to extract this data.

Therefore, Verizon NW requests a time extension until March 1, 2006 to report on the status and feasibility of providing this data.¹

¹ Paragraph 30 in Order No. 15 states that “If the parties experience difficulty in meeting these requirements, or if they wish to suggest other means to provide the required information, they should address their concerns to the Commission’s Executive Secretary. The Commission may modify the required information, its timing, or its presentation, by letter from the Executive Secretary”.

Report Highlights

Revenue

- Revenue from assessment of the LPC declined steadily from June 2005 through November 2005, except for a slight increase in December. (Page 2, Col F, Lines 66-72). The average annualized revenue was ***** for the first 7 months (June 2005 through December 2005) that the LPC was in effect. This is less than the ***** that Verizon NW projected during the rate case settlement process.

LPC Charge Levels

- In the June 2005 through December 2005 timeframe, the proportion of residential customers being assessed the LPC to total customers dropped from ***** to ***** . (Page 2, Col K, Lines 90-96)

Disconnects

- Verizon NW does not disconnect local service for nonpayment of the LPC. Thus, the LPC has no impact on disconnection levels.

WTAP Customers

- In the June 2005 through December 2005 timeframe, the proportion of residential WTAP customers being assessed the LPC to total WTAP customers dropped from ***** to ***** . (Page 2, Col J, Lines 90-96).

Report Roadmap

Verizon NW provides a guide below which references where each data item² can be found in the report.

Estimated LPC units (Jan '04 – May '05)

- | | | | |
|------------|--------|--------|------------|
| • Non-WTAP | Page 1 | Col. D | Lns. 1-17 |
| • WTAP | Page 1 | Col. D | Lns. 25-41 |
| • Combined | Page 2 | Col. D | Lns. 49-65 |

² Verizon NW agreed to these data items in its June 3, 2005 letter to Ms. Carole Washburn.

Actual LPC units (Jun '05 – Dec '05)

- Non-WTAP Page 1 Col. D Lns. 18-24
- WTAP Page 1 Col. D Lns. 42-48
- Combined Page 2 Col. D Lns. 66-72

Actual LPC Revenue (Jun '05 – Dec '05)

- Non-WTAP Page 1 Col. F Lns. 18-24
- WTAP Page 1 Col. F Lns. 42-48
- Combined Page 2 Col. F Lns. 66-72

Estimated % of customers assessed LPC (Jan '04 – May '05)

- Non-WTAP Page 2 Col. F Lns. 73-89
- WTAP Page 2 Col. G Lns. 73-89
- Combined Page 2 Col. H Lns. 73-89

Actual % of customers Charged an LPC (Jun '05 – Dec '05)

- Non-WTAP Page 2 Col. I Lns. 90-96
- WTAP Page 2 Col. J Lns. 90-96
- Combined Page 2 Col. K Lns. 90-96

Average Monthly LPC Accounts by Period See Middle Boxes on Page 2

Total LPC Revenue (Jun '05 – Dec '05) See Last Middle Box on Page 2

Disconnects (Jan '04 – Dec '05)

- Combined Page 3 Col. C Lns. 1-24

Distribution Data 30/60/90 Days

- Non-WTAP Page 1 Col. G/H/I Lns. 1-24
- WTAP Page 1 Col. G/H/I Lns. 25-48
- Combined Page 2 Col. G/H/I Lns. 49-72

Customer Accounts Charged the \$2.50 Late Fee (per month)

- Non-WTAP Page 4 Col. D
- WTAP Page 5 Col. D
- Combined Page 6 Col. D

Total Dollar Amount Applied to the \$2.50 Late Fee (per month)

- Non-WTAP Page 4 Col. F Lns. 18-24
- WTAP Page 5 Col. F Lns. 42-48
- Combined Page 6 Col. F Lns. 66-72

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Customer Accounts Charged the 1.5% Late Fee (per month)

- Non-WTAP Page 7 Col. D
- WTAP Page 8 Col. D
- Combined Page 9 Col. D

Total Dollar Amount Applied to the 1.5% Late Fee (per month)

- Non-WTAP Page 7 Col. F Lns. 90-96
- WTAP Page 8 Col. F Lns. 114-120
- Combined Page 9 Col. F Lns. 138-144

Avg. Dollar Amount Applied per Customer – 1.5% Late Fee (per month)

- Non-WTAP Page 8 Col. M Lns. 90-96
- WTAP Page 9 Col. M Lns. 114-120
- Combined Page 10 Col. M Lns. 138-144

Avg. Monthly Accounts Charged a \$2.50 LPC See 1st Box on Page 9

Avg. Monthly Accounts Charged a 1.5% LPC See 2nd Box on Page 9

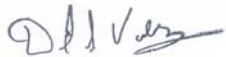
Avg. Charge per Account for 1.5% LPC See 3rd Box on Page 9

Verizon NW requests the Commission grant a time extension until March 1, 2006 to provide a status on whether separate disconnect data is feasible for WTAP customers.

The entire report is designated CONFIDENTIAL pursuant to WAC 480-07-160, and the Protective Order issued in this matter. Therefore, it is being provided in a separate, sealed envelope.

If you have any questions, please contact me at (425) 261.5691.

Very truly yours,



David S. Valdez

DSV:ged
Enclosures

c: Simon ffitc

REDACTED VERSION

Confidential per Protective Order in WUTC Docket No. UT-040788