

**Verizon Northwest Inc.**  
**Narrative for Preliminary Late Payment Report**  
**UT-040788**  
**July 2, 2007**

Verizon Northwest Inc. ("Verizon NW") submits this Preliminary Residential Late Payment Charge Report ("LPC Report") with its tariff filing Advice No. 3252. The report is a preliminary version of the final LPC Report due to be filed on August 15, 2007. Specifically, the preliminary LPC Report ("Preliminary Report") provides data from January through May 31, 2007; it will be updated to include June 2007 data, which is not currently available, when the LPC Report is submitted in final form on August 15, 2007.

This Preliminary Report also reproduces 2004 and 2005 data from the March 8, 2006 LPC Report, and 2006 data from the February 15, 2007 LPC Report. The purpose of the Reports is to allow parties and the Commission to monitor the results of implementation of the residential late payment charge authorized by the Commission in Order No. 15, and clarified by Order No. 17, in Docket UT-040788.

The Preliminary Report shows that from the implementation date of the residential Late Payment Charge through the first five months of 2007, the LPC is succeeding in its goal of appropriately motivating residential customers to pay their bills on a timely basis. Moreover, with regard to the two issues of interest to the Commission (see paragraph 28 of Order No. 15 in Docket No. UT-040788: (i) the data confirm that implementation of the charge has reduced the number of late payments (including significant reductions in late payment charges assessed on customers eligible for the Washington Telephone Assistance Program) and (ii) its implementation has no adverse effect on the disconnection rate because a customer's basic local service is not disconnected for nonpayment of the LPC.

## **Highlights**

### Revenue

The annualized revenue from assessment of the LPC has declined from \*\*\*\*\* for the first seven months that the LPC was in effect (June 2005 through December 2005) to \*\*\*\*\* for 2006 to \*\*\*\*\* for the first five months of 2007. (Page 3, see Box for 2007).

### Overall LPC Assessment Levels

The overall amount of overdue residential service payments has dropped by thirty percent since June 2005.

- From June 2005 through December 2005, the proportion of residential customer lines assessed the LPC to total customer lines dropped from \*\*\*\*\* to \*\*\*\*\* . (Page 4, Col K, Lines 144-150).
- By the end of 2006, the proportion of residential customer lines assessed the LPC to total customer lines had dropped to \*\*\*\*\* . (Page 4, Col. K, Lines 151-162).
- In May 2007 the proportion of residential customer lines being assessed the LPC to total customer lines had dropped to \*\*\*\*\* . (Page 4, Col. K, Lines 163-167).

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Disconnects

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

WTAP Assessment Levels

The amount of overdue WTAP service payments has dropped by thirty percent since June 2005.

- From June 2005 through December 2005, the proportion of residential WTAP customer lines assessed the LPC to total WTAP customer lines dropped from \*\*\*\*\* to \*\*\*\*\*. (Page 4, Col J, Lines 144-150).
- By the end of 2006, the proportion of residential WTAP customer lines assessed the LPC to total WTAP customer lines had dropped to \*\*\*\*\*. (Page 4, Col J, Lines 151-162).
- In May 2007, the proportion of residential WTAP customer lines assessed the LPC to total WTAP customer lines had dropped to \*\*\*\*\*. (Page 4, Col J, Lines 163-167).

**Report Roadmap**

Verizon NW provides a guide below that shows the location of each data item<sup>1</sup> in the report.

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

- |            |        |        |             |
|------------|--------|--------|-------------|
| • Non-WTAP | Page 1 | Col. D | Lns. 1-17   |
| • WTAP     | Page 2 | Col. D | Lns. 43-59  |
| • Combined | Page 3 | Col. D | Lns. 85-101 |

Actual LPC units (Jun '05 – May '07)

- |            |        |        |              |
|------------|--------|--------|--------------|
| • Non-WTAP | Page 1 | Col. D | Lns. 18-41   |
| • WTAP     | Page 2 | Col. D | Lns. 60-83   |
| • Combined | Page 3 | Col. D | Lns. 102-125 |

Actual LPC Revenue (Jun '05 – Dec '06)

- |            |        |        |              |
|------------|--------|--------|--------------|
| • Non-WTAP | Page 1 | Col. F | Lns. 18-41   |
| • WTAP     | Page 2 | Col. F | Lns. 60-83   |
| • Combined | Page 3 | Col. F | Lns. 102-125 |

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<sup>1</sup> Verizon NW agreed to these data items in its June 3, 2005 letter to Ms. Carole Washburn.

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Estimated % of customers assessed LPC (Jan '04 – May '05)			
• Non-WTAP	Page 4	Col. F	Lns. 127-143
• WTAP	Page 4	Col. G	Lns. 127-143
• Combined	Page 4	Col. H	Lns. 127-143
Actual % of customers Charged an LPC (Jun '05 – May '07)			
• Non-WTAP	Page 4	Col. I	Lns. 144-167
• WTAP	Page 4	Col. J	Lns. 144-167
• Combined	Page 4	Col. K	Lns. 144-167
Average Monthly LPC Accounts by Period	See Boxes on Page 3		
Total LPC Revenue (Jun '05 – May '07)	See Boxes on Page 3		
Disconnects (Jan '04 – May '07)			
• Combined	Page 5	Col. C	Lns. 1-41
• WTAP	Page 5	Col. F	Lns. 1-41
Average Monthly Disconnects by Period	See Boxes on Page 5		
Distribution Data 30/60/90 Days			
• Non-WTAP	Page 1	Col. G/H/I	Lns. 1-41
• WTAP	Page 2	Col. G/H/I	Lns. 43-83
• Combined	Page 3	Col. G/H/I	Lns. 85-125
Customer Accounts Charged the \$2.50 Late Fee (per month)			
• Non-WTAP	Page 6,7	Col. D	Lns. 18-41
• WTAP	Page 8	Col. D	Lns. 60-83
• Combined	Page 9	Col. D	Lns. 102-125
Total Dollar Amount Applied to the \$2.50 Late Fee (per month)			
• Non-WTAP	Page 6,7	Col. F	Lns. 18-41
• WTAP	Page 8	Col. F	Lns. 60-83
• Combined	Page 9	Col. F	Lns. 102-125
Customer Accounts Charged the 1.5% Late Fee (per month)			
• Non-WTAP	Page 10	Col. D	Lns. 144-167
• WTAP	Page 11	Col. D	Lns. 186-209
• Combined	Page 12	Col. D	Lns. 228-251

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

- Non-WTAP                                      Page 10            Col. F            Lns. 144-167
- WTAP    Page 11            Col. F            Lns. 186-209
- Combined                                      Page 12            Col. F            Lns. 228-251

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

- Non-WTAP                                      Page 10            Col. M            Lns. 144-167
- WTAP    Page 11            Col. M            Lns. 186-209
- Combined                                      Page 12            Col. M            Lns. 228-251

Avg. Monthly Accounts Charged a \$2.50 LPC            See Boxes on Page 13

Avg. Monthly Accounts Charged a 1.5% LPC            See Boxes on Page 13

Avg. Charge per Account for 1.5% LPC            See Boxes on Page 13