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February 26, 2002

VIA FEDERAL EXPRESS

Ms. Carole J. Washburn
Executive Secretary
Washington Utilities and Transportation Commission
Post Office Box 47250
1300 S. Evergreen Park Dr. SW
Olympia, Washington 98504-7250

Subject: Docket No. UT-970658
Comments of MCI and AT&T on Verizon filing

Dear Ms. Washburn:

We file these comments on behalf of MCI Telecommunications Corporation ("MCI Worldcom") and AT&T Communications of the Pacific Northwest ("AT&T") pursuant to your February 15, 2002 notice in Docket No. UT-970658 ("Docket"). These comments are directed to the letter of Verizon Northwest Inc. ("Verizon") dated February 6, 2002 ("Letter") filed in the Docket.

Verizon's Letter is **not** a compliance filing in form or substance. It is an unsupportable attempt to rewrite history. Verizon's Letter cannot erase the facts, however. The fact is Verizon tried its case and lost, not once, but four times.[1] The Commission should not be fooled by Verizon's legerdemain. Nor should it deny MCI Worldcom and AT&T the relief for which they have fought so long and hard and won. All stays are lifted. Now Verizon must comply with the order in this Docket.

BACKGROUND

Verizon's Letter addresses its asserted compliance with the Commission's Fifth Supplemental Order, Final Order Granting Petition in the Docket, issued March 23, 1999

[1] Initial and final Commission orders plus two levels of court appeals.

("Order"). That Order directed that "[Verizon]'s[2] terminating intrastate CCL rate element should be reduced retroactively to April 15, 1997, to remove the inappropriate subsidy of $564,076 from its regulated operations." Order at 31. Verizon was directed to make "the filings and payments required" by the Order "within 30 days" of the Order. Id. At 32.

Verizon's compliance with the Order's filing and payment requirements were stayed on Verizon's appeal of the Fifth Supplemental Order, first by the King County Superior Court and then by the Court of Appeals. On January 4, 2002, the Court of Appeals issued its mandate noting that the Court's opinion filed on July 9, 2001 "became the decision terminating review of this Court in the above-entitled case on January 4, 2002." Thus, the mandate effectively lifted the stay that the Court of Appeals had entered.[3] The Verizon Letter coincided with the running of approximately 30 days after the Court of Appeals issued its mandate terminating Verizon's unsuccessful appeal of the Order.

The Letter is not a proper "compliance" filing for a number of reasons, both procedural and substantive. The Letter asserts two alternative claims to have previously complied with the Order based on three filings Verizon made in other, unrelated, dockets while it was still appealing the Order—appeals that were soundly rejected by the courts. First, the prior filings were never properly made or served in this Docket. Second, the December 1998 revenue neutral Verizon filing cannot as a matter of substance have constituted compliance filings in this Docket. Third, Verizon's access reductions in 2000 and 2001 in unrelated dockets, and for reasons unrelated to the issues in this Docket, as a matter of law cannot constitute compliance with the Order.

Verizon, having dragged the Commission and the parties through three years of appeals of the Order and lost those appeals, now essentially contends that the appeal was moot. Having lost its case in the courts, Verizon seeks the blessing of this Commission to simply ignore the Order and make no compliance filing at all. Such disregard of the administrative and judicial processes should not be countenanced.

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[2] Verizon was then known as GTE.

[3] The Superior Court's final order of February 16, 2000, terminated the stay it had entered.

ANALYSIS AND DISCUSSION

I. Prior to the Letter, Verizon Never Made a Compliance Filing in This Docket.

A. Verizon's prior filings were not compliance filings in this Docket in form.

It is axiomatic that to make a compliance filing in this Docket, Verizon, must have filed it under the docket number in this Docket. A review of the official record in this Docket reveals no such filing by Verizon prior to the Letter.

The Letter claims that Verizon's Advice Nos. 862, 918, and 990 constitute compliance with the Order. However, a review of the cover letters to those filings (Attachments A, B, and C) shows no reference to this docket. If those filings were truly compliance filings in this Docket, then Verizon should have so stated at the time. WAC 480-09-340(1)(c) requires that "A cover letter accompanying each compliance filing . . . identify the order with which the filing is intended to comply." Thus, Advice Nos. 862, 918, and 990 did not constitute proper compliance filings in this Docket in form. Moreover, Verizon does not appear to have considered them to be compliance filings at the time, since it failed to serve them on the parties in this Docket as required by WAC 480-09-340(1)(a):

> The person making a compliance filing must also file accompanying work papers on the attorney of each party to the proceeding in which the compliance filing was authorize or required. Service must be made in a manner to be received by the parties not later than the date filed with the commission . . . .

Verizon did not serve the alleged "compliance" filings on the undersigned counsel of record for AT&T and MCI WorldCom.

Not only did the prior advice letters not reference this Docket, those advice letters specifically referenced other dockets. Advice Letter No. 862 provided:

> The purpose of this filing is to implement the interim Terminating Access Charge rate element to be applied to terminating access charges as outlined in WAC 480-120-540, in Docket UT-970325, Intrastate Carrier Access Charge Reform.

Attachment A. Advice No. 918 stated:

> GTE and the Washington Utilities and Transportation Commission (WUTC) reached a settlement that closes three issues: GTE/Bell Atlantic merger approval, WUTC informal earnings investigation, and WUTC complaint filed against GTE's Interim Terminating Access Rate (ITAC).

Attachment B. And finally, Advice No. 990 stated:

> Verizon Northwest, Inc. submits for filing Advice No. 990 in compliance with the Washington Utilities and Transportation Commission (WUTC) Fifth and Sixth Supplemental Orders effective June 1, 2001, in Dockets UT-990672 and UT-981367.

Attachment C. Thus, in form, all three filings cited in the Verizon Letter were specifically designated as compliance filings in other dockets and not in this Docket. If Verizon truly intended the three prior compliance filings to also comply with the Order in this Docket, then it certainly hid its intent well from the Commission and the parties based on the form of the advice cover letters Verizon used.

B. Verizon's prior filings were not compliance filings in substance.

Quite apart from failing to follow a procedure even vaguely resembling a legitimate compliance filing in this Docket, Verizon's Advice Nos. 918 and 990 were not compliance filings in substance in this Docket. To be so they would first had to have been limited to accomplishing the requirements of the Order. Second, they would have had to have in fact *complied* with the Order.

Under the Commission's rules, compliance filings must hew precisely to the provisions in the order with which they are complying. WAC 480-09-340(1)(b) provides: "A compliance filing must be strictly limited in scope to the subjects and the tariffs that are necessary to comply with, or that are authorized by, the order leading to the filing."(Emphasis added). Of course all three filings cited in the Verizon letter dealt with much broader issues than the narrow issue addressed in the Order. Not one of them had the same annual revenue effect of $564,067, as required by the Order. The December 1998 filing, Advice No. 862, purported to be revenue neutral. Verizon made the filing not to comply with the Order, but rather as its interpretation of compliance with recently passed WAC 480-120-540.[4] Advice Nos. 918 and 990 each claimed to reduce access charges in an amount different than $564,067. Instead, the dollar amounts of the reductions allegedly complied with the reductions approved in Docket Nos. UT-981367 and 990672. Finally, the Order required the reduction to be made retroactive to April 15, 1997. Not one of the filings on which Verizon relies was retroactive.

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[4] The access charge rule has been reversed by the Washington Court of Appeals. The Merger Settlement Agreement Verizon appears to allow Verizon to now reinstate the terminating CCL. If it chooses to do so, will that mean Verizon is no longer in compliance with the Order? If Verizon had won the appeals in this Docket, could it have reinstated $564,067 of the access reductions it agreed to in the Merger Settlement Agreement? The questions illustrate the fallacy of attempting to rely on a filing in an unrelated docket for compliance purposes.

It is readily apparent from a review of Verizon's prior filings that they purported to constitute compliance, both in substance and intent, with a rule and another order. The Letter's claim that they also constituted compliance with the Order is revisionist and a sham.

II. The Revenue Neutral Filing in December 1998 Could Not Have Eliminated Verizon's Improper Payphone Subsidy as Required by the Order.

Even assuming, for the sake of argument, that Verizon had properly filed and served Advice No. 862 as a compliance filing in this Docket, it could not have been accepted as such. The Letter claims that Verizon complied with the Order to *reduce* its terminating CCL by $564,067 by reducing the charge to zero, a reduction that was fully offset by imposing a new access charge. Verizon's position is untenable for a number of reasons.

The Commission directed that the Verizon subsidy of $564,067 be eliminated by a reduction of the terminating CCL rate. The Order was entered in March 1999, more than three months after Verizon asserts that it eliminated the payphone subsidy when it reduced its terminating CCL rate to zero. It makes no sense that the Commission would order Verizon to eliminate a subsidy if it already had done so. It does make sense—from a procedural standpoint—that the Commission ordered the reduction of the terminating CCL rate, since the Commission was affirming and adopting the initial order, which was entered in September 1998.[5] In September 1998, Verizon had not filed its tariff to eliminate the terminating CCL rate. Indeed, Verizon's Petition for Administration Review of the Initial Order as well as all the opposition briefing to the Petition for Administration Review, was concluded in September 1998. Thus, when the Commission entered the Fifth Supplemental Order, there was no reason to believe the Commissioners would be aware that Verizon had reduced its terminating CCL rate to zero in December of 1998, unless Verizon or some other party had pointed that fact out to the Commission in the Docket in a supplemental filing. Verizon, which unilaterally decided to eliminate the terminating CCL, did not advise the Commission of its rate change in the Docket until after the Order was entered.

The reason that Verizon's current position is untenable is plain. If Verizon's position were true, the Fifth Supplemental Order was already moot as to prospective compliance by Verizon by the time it was issued. Of course, if prospective compliance with the order were moot, it was incumbent upon Verizon in due candor to the superior and appellate courts to so inform them. Not only did Verizon not inform the courts that prospective compliance had been rendered moot by its December 1998 tariff filing, it affirmatively sought two stays of the operation of the Fifth Supplemental Order, including its obligation to file prospective access

[5] Verizon's April 21, 1999 letter to the Commission in the Docket explicitly acknowledged the obligation to identify a rate element other than the terminating CCL to which to apply the required annual access charge reduction. A copy of that letter is attached as Attachment D.

charge rate reductions. When it sought the stay, Verizon repeatedly *acknowledged* its prospective obligation to reduce access charges and *used* such acknowledgment to obtain the stay: "GTE . . . will be required to lower access rates," "GTE will sustain . . . annual ongoing losses," "[GTE] has asked for an extension of time within which to propose an alternate rate element reduction," and "GTE would need to make a compliance filing by April 23rd [1999]." Motion for Supersedeas, or in the Alternative Stay, of Fifth Supplemental Order, date April 21, 1999, at 7-8 and Attachment A.[6]

Having acknowledged its obligation to make forward-going rate reductions and used that fact to stay that obligation for almost three years Verizon cannot deny its obligations now that the stay is lifted. Moreover, in the appeals Verizon used the fact of its December 1998 filing to support its argument that the Fifth Supplemental Order should be reversed for lack of substantial evidence and, significantly, not to show that the relief had been rendered moot. This argument was rejected by the courts. Given that the appeal is now concluded, the decision rejecting Verizon's assertion, as well as the now enforceable Fifth Supplemental Order, are *res judicata*.

III. Because Verizon Failed To Follow Any Of The Procedures For Making A Compliance Filing In This Docket It Would Be Unlawful Procedure To Accept Verizon's Prior Filings As Compliance With The Order.

Advice Nos. 918 and 990 were actually purported compliance filings in other dockets. The filings arose from a settlement agreement entered into among Verizon's predecessors, GTE Northwest and Bell Atlantic Corporation, and the Commission Staff and Public Counsel ("Merger Settlement Agreement"). Neither AT&T nor MCI WorldCom were parties to the Merger Settlement Agreement.[7] The Merger Settlement Agreement was approved by the Commission in the order issued in docket nos. UT-981367, UT-990672, and UT-991164 in December 1999 ("Merger Order").

The Merger Settlement Agreement specifically enumerates Docket Nos. UT-981367, UT-990672, and UT-991164 as the three dockets that were encompassed by the agreement. Merger Settlement Agreement, § I-A. Nowhere in the Merger Settlement Agreement is there any mention of this Docket (No. UT-970658). Not only did the Merger Settlement Agreement not include this Docket in the listing of cases settled, the agreement

[6] AT&T and MCI Worldcom did not oppose the stay based on Verizon's representations that it would retroactively provide a true-up of the reductions that would have gone into place but for the stay if Verizon did not prevail on appeal.

[7] Indeed, MCI WorldCom was not a party in any of the three dockets. AT&T was a party to Docket No. UT-981367, but did not participate in the settlement.

specifically precluded the parties from citing the Merger Settlement Agreement in any other proceeding:

> Except as specifically set forth herein, nothing in this agreement. . . shall be (1) cited or construed as precedent or as indicative of the parties' positions on a resolved issue, or (2) asserted or deemed to mean that a party agreed with or adopted another party's legal or factual assertions in any other proceeding, including those before the Commission, state courts of Washington, or of any other state, the federal courts of the United States of America, or the Federal Communications Commission.

Merger Settlement Agreement, § II-I (emphasis added). Thus, by its own terms the Merger Settlement Docket was to have no impact on other proceedings.

Verizon's assertion in the Letter that Advice Nos. 918 and 990 also resolved this case is tantamount to asserting that AT&T and MCI WorldCom are bound by the Merger Settlement Agreement, even though they were not parties to that agreement and had no notice whatsoever that the settlement in the dockets listed in the Merger Settlement Agreement would have a binding effect on them in this Docket. Putting aside, for the moment, the question of whether Verizon should have advised the courts to which it was appealing in this Docket that it had effectively settled a major portion of the Docket,[8] it is clear that AT&T and MCI WorldCom should have had reasonable notice and an opportunity to be heard on the proposed effect of the Merger Settlement Agreement on the issues in this Docket if such was intended. For example, the Commission's settlement rule requires that settlements be set for hearing and that non-settling parties have an opportunity to offer evidence and argument in opposition to the proposed settlement. WAC 480-09-466.

No notice was ever provided to AT&T and MCI WorldCom that their rights in this Docket were or could be affected by the Merger Settlement Agreement. Nor is there any reason that AT&T or MCI WorldCom should have suspected that their rights in this Docket were or might be affected by the Merger Settlement Agreement. Indeed, since Verizon was pursuing vigorous appeals of the Order in this Docket, it was incomprehensible to AT&T and MCI Worldcom that Verizon would later contend that its filings in the unrelated dockets somehow

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[8] AT&T and MCI WorldCom believe there may be some overlap here between the Commission and the courts. If the Commission finds in favor of Verizon on its position in the Letter, then the courts may well have jurisdiction to consider appropriate sanctions against Verizon for failing to exercise appropriate candor toward the tribunal. While AT&T and MCI WorldCom believe it is appropriate to note these issues, they wish to reserve their rights to go to court, if necessary, to seek appropriate sanctions. Should the Commission rule in favor of AT&T and MCI WorldCom, however, the issue of court imposed sanctions could well be rendered moot.

constituted compliance with the Order in this Docket.[9] Verizon's Letter now states the incomprehensible as fact. Stating a thing as a fact does not make it so, however.

The Verizon Letter might also be viewed as a request to change the Order in this Docket. Again, however, before the Commission can change an order it must provide notice to the affected parties and an opportunity to be heard. RCW 80.04.210. It bears repeating that no notice was provided to AT&T or MCI WorldCom that the Merger Order was somehow changing or otherwise affecting the rights established in the Order in this Docket.

No matter how one approaches Verizon's assertion in the letter the same fatal flaw is evident. That is, the prior filings do not provide any notice to AT&T and MCI WorldCom that their rights in this Docket were somehow being affected. The root of this problem is that Verizon's Advice Nos. 918 and 990 had nothing to do with this Docket. Verizon's efforts to tie the filings pursuant to the Merger Settlement Agreement to the Order in this Docket remains a sham and revisionist history. It is a convenient but severely flawed argument to justify Verizon's desire to avoid consequences of the loss that it was dealt by this Commission and the courts.

CONCLUSION AND RELIEF REQUESTED

The Commission should reject any invitation by Verizon to engage in speculation about what might have happened in the other dockets had Verizon complied with the Order in 1999 instead of seeking a stay. It would be folly. That is not what happened. Verizon chose to pursue appeals and stays rather than compliance. Verizon litigated the issues in this Docket for almost five years and lost. The day of reckoning is finally here.

The Commission should reject Verizon's assertion that it has complied with the Order and direct that Verizon file tariff revisions that effect a net annual reduction in access charges of $564,067 as required by the Order using the same test year data as was used in the Docket. If Verizon will attempt to reinstate the terminating CCL pursuant to Section II.C.1.b.(i) of the Merger Settlement Agreement, then the reduction should be applied to that rate. Otherwise, the reduction should be applied to the originating CCL. The filing should bear a stated effective date of April 15, 1997, as required by the Order. The filing should be made and served, with all workpapers, on the parties in strict accordance with WAC 480-09-340.

The Commission should also find that Verizon's failure to comply with the Order was willful and based on a frivolous excuse. Fines should be levied against Verizon under

[9] Verizon should have known better, however. The same attorney who was representing Verizon in this Docket also represented Verizon in Docket No. UT-990672, which was settled in the Merger Settlement Agreement.

RCW 480-04-380 for willful failure to comply with the Order at the rate of $1,000 per day, per access customer affected, for each day from February 4, 2002 until Verizon makes the required tariff filing.

Respectfully submitted,

Miller Nash LLP

By _____
Brooks E. Harlow

cc: Ms. Mary Tennyson, Assistant Attorney General
Ms. Judith Endejan, Attorney for Qwest and Verizon

UT-981527
(T) 12-9-98

Lida C. Tong
Director – Regulatory and Governmental Affairs

GTE Service Corporation

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Everett, WA 98201
425/261-5000
Fax 425/261-5262

December 7, 1998

Sub

Advice No. 862

Ms. Carole J. Washburn, Executive Secretary
Washington Utilities and Transportation Commission
Chandler Plaza Building
1300 S. Evergreen Park Drive SW
P. O. Box 47250
Olympia, WA 98504

Dear Ms. Washburn:

Attached are revised tariff sheets that are filed to become part of our tariff WN U-16.

The purpose of this filing is to implement the interim Terminating Access Charge rate element to be applied to terminating access charges as outlined in WAC 480-120-540, and Docket UT-970325, Intrastate Carrier Access Charge Reform.

Newly adopted rule WAC 480-120-540 requires that terminating access charges not exceed the lowest rate charged by a local exchange carrier ("LEC") for the comparable local interconnection service. If a LEC provides local interconnection under a bill and keep arrangement, the rates charged for terminating service shall not exceed the cost of the terminating access service provided. § 480-120-540(1). The cost of the terminating access shall be determined based on the total service long-run incremental cost (TSLRIC") of terminating access service plus a reasonable contribution to common or overhead costs. § 480-120-540(2).

All interconnection agreements not on a bill and keep basis do not have comparable structures and rates necessary for the Terminating Access Tariff. Consequently, GTE is filing a tariff in compliance with WAC 480-120-540 based on the cost of the terminating access service provided. The costs used are the costs contained in Exhibit RKL-2 to R. Kirk Lee's Testimony filed on behalf of GTE in Docket UT-960369, 960371, 960371 on July 9, 1998.

ATTACHMENT A

Sub

This filing will also eliminate the Percent Common Line (PCL) factoring language due to zero rating of terminating Carrier Common Lines Charge (CCLC) and Interconnection Rate elements.

As authorized by the Commission in General Order No. R-450 at page 24, GTE introduces the Interim Terminating Access Charge for Switched Access Service, Local End Office Switching, Terminating Access that recovers the residual amount of terminating revenues resulting from the implementation of WAC 480-120-540. The Order provided that the Commission would accept such a compliance filing if the company committed "to revise the interim universal service rate to reflect the Commission's decision in Docket UT-980311(a) within 30 days after the final order in that docket."

The Commission's General Order No. R-450 required that the rates prescribed in WAC 480-120-540 for terminating access charges be effective on the sixty-first day after distribution of the issue of the Washington State Register in which the rule appears. The Commission's order also stated at page 25 that the tariffs are to be filed thirty days prior to the effective date of that rule.

GTE anticipated that the final order in UT-980311(a) would be issued on November 20, 1998. Consequently, GTE decided to wait until the Commission issued the order and to file one tariff reflecting the Commission's findings in UT-980311(a) rather than a tariff on November 20th that would be revised within 30 days.

After reviewing the Commission's Tenth Supplemental Order in UT-980311(a) issued on November 20, 1998, however, GTE is unclear as to what revisions to tariff WN U-16 would be required by the Tenth Supplemental Order. Consequently, GTE makes this filing with less than statutory notice, with an effective date of December 21, 1998, pending clarification from the Commission of the Tenth Supplemental Order in Docket UT-980311(a).

GTE believes that the Interim Terminating Access Charge rate element should not be eliminated or adjusted until the state legislature approves and establishes a State Universal Support Program in accordance with RCW 80.36.600. The interim rate should only be adjusted or eliminated when the revenues associated with the interim rate element are replaced with explicit, specific, sufficient, competitively and technologically neutral universal service support fund revenues. In the alternative, GTE believes that the interim rate element should be revised to reflect the cost determination resulting from subsequent cost proceedings identified in the UT-980311(a) Tenth Supplemental Order for the "accurate and precise determination of costs." Order at 10. As required by General Order No. R-450, however, GTE will file a tariff revising the interim rate element to reflect the Tenth Supplemental Order under protest. GTE has requested reconsideration on that order, and will file a revised tariff within 30 days of a Commission order on reconsideration.

Sub

GTE makes this filing under protest subject to the exceptions raised in the *Thurston County Superior Court Action, Washington Independent Telephone Association, et al. V. Washington Utilities and Transportation Commission*, No. 98-2-02413-2. GTE does not waive any previously stated or future objections by filing this tariff.

The revenue impact on this filing is included in the attached support exhibits. Support documentation for this filing considered confidential to GTE is indicated as such, and should be protected under the provisions of WAC 480-09-015.

If you have any questions concerning this filing, please contact Lin Fogg at (425) 261-6380.

Very Truly Yours,

Lida C. Tong
Director-Regulatory and
Government Affairs

LCT:osm
Attachments

UT-000472
(J) 4-26-00

GTE Service Corporation

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Everett, WA 98201
Fax: 425 261-5262 or
425 258-4839

March 30, 2000

Advice No. 918

Ms. Carole J. Washburn, Executive Secretary
Washington Utilities and
Transportation Commission
Chandler Plaza Building
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, Washington 98504-7250

Dear Ms. Washburn:

The attached tariff sheets are being filed to become a part of GTE-Northwest's (GTE-NW) WN U-16 tariff.

GTE and the Washington Utilities and Transportation Commission (WUTC) reached a settlement that closes three issues: GTE/Bell Atlantic merger approval, WUTC informal earnings investigation, and WUTC complaint filed against GTE's Interim Terminating Access Rate (ITAC). The settlement requires GTE to reduce the Interim Termination Access Charge (ITAC) by $10.5M annually, but allows GTE to raise originating Access by $3.5M annually for a net reduction of $7M. The increase will be taken in Originating Carrier Common Line Charge (CCL), Premium Zones 2 and 3. These rate changes are effective May 1, 2000.

The revenue impact of this filing is reflected in the attached support exhibits. Supporting documentation for this filing is considered confidential to GTE-NW, is stamped as such, and should be protected under the provsions of WAC 480-09-015. A copy of the Public Notice is attached.

If you have any questions concerning this filing, please contact Lin Fogg at (425) 261-6380.

Very truly yours,

Lin Fogg for Lida Tong

Lida C. Tong
Director-Regulatory and Governmental Affairs

Attachments
(SJWX411)

ATTACHMENT B

Lida C. Tong
Director
Regulatory & Governmental Affairs

Verizon Northwest Inc.
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Fax: (425) 261-5262

01 JUN -3 AM 10:17

June 8, 2001

Advice No. 990

Post-it® Fax Note 7671 | Date 2-21 | # of pages ▶ 21
To Carole | From Donny Johnson
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Phone # 206 622-8484 | Phone # 360-664-1258
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Ms. Carole J. Washburn, Executive Secretary
Washington Utilities and
Transportation Commission
Chandler Plaza Building
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, Washington 98504-7250

Dear Ms. Washburn:

Verizon Northwest Inc. submits for filing Advice No. 990 in compliance with the Washington Utilities and Transportation Commission (WUTC) Fifth and Sixth Supplemental Orders effective June 1, 2001 in Dockets UT-990672 and UT-981367. This compliance filing impacts rates in the Verizon General and Local Exchange Tariff, WN U-17, Facilities for Intrastate Access Tariff, WN U-16, Washington Price List 2, WAPL02 with an effective date of July 1, 2001.

The adopted Phase IV rate design includes the following changes.

- Business Rate Decreases
- Business Rate Increases (G1 Rate Group)
- Local Measured Service (LMS) Rate Change
- Garfield Optional Call Plan (OCP) Adder Elimination
- South Spokane OCP Adder Reduction
- Net Reduction in Residential Rates
- LMS Revenue from "Basic" Offering Expansion
- Community Plus Measured EAS Elimination
- Residential Rate Increase (G1 Rate Group)
- EAS Rate Elimination
- Expansion of "Basic" Offering to all Exchanges
- Pullman/Palouse OCP Adder Elimination
- Residential Key Line Rate Reduction
- Originating Access Rate Reductions
- Additional Business Rate Decrease in all Exchanges
- Rotary Hunt Charge Elimination for Multiline Services

A support exhibit is attached. Supporting documentation is considered confidential to Verizon Northwest Inc., is stamped as such, and should be protected under the provisions of WAC 480-09-015. A copy of the Public Notice is attached.

If you have any questions concerning this filing, please contact Lin Fogg at (425) 261-6380.

Very truly yours,

Lin Fogg for Lida Tong

Lida C. Tong
Director-Regulatory and Governmental Affairs

LCT/LF:sj

Attachments
(WAIGLU-17-0081, WAIGLU-17-0082, WAIGAU-16-0051, WAIGOPL2-0046)

ATTACHMENT C

Williams, Kastner & Gibbs PLLC

LAW FIRM

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April 21, 1999

Carole J. Washburn, Secretary
Washington Utilities &
Transportation Commission
1300 South Evergreen Park Drive SW
P. O. Box 47250
Olympia, WA 98504-7250

Re: Fifth Supplemental Order
Docket No. UT-970658

Dear Ms. Washburn:

I represent GTE Northwest Incorporated in MCI Telecommunications Corporation v. U S West Communications, Inc., et al., Docket No. UT-970658. On March 23, 1999, the Commission issued the Fifth Supplemental Order, Final Order Granting Petition, in which it directed GTE to reduce its terminating intrastate CCL rate element by $564,076 retroactively to April 15, 1997. GTE is unable to make the ordered tariff filing reflecting this reduction because its terminating intrastate CCL access rate element is at $.00. GTE has discussed this problem with ALJ Marjorie R. Schaer, ALG Terry Stapleton and the staff and is in the process of proposing an alternate rate element reduction to the parties. Accordingly, GTE requests an open extension of time within which to make any compliance tariff filing required by the Fifth Supplemental Order. GTE will report back to ALJ Schaer on its efforts to develop an acceptable alternative approach to all parties within thirty days and further procedural steps will be taken to modify the Fifth Supplemental Order, as appropriate. I have spoken with counsel for MCI and the staff and they have no objection to the requested extension.

Accordingly, GTE would request an open extension of time in order to accomplish the necessary revisions to the Fifth Supplemental Order's Findings and Conclusions so that GTE can make the appropriate compliance filing.

Because GTE would need to make a compliance filing by April 23rd, GTE respectfully requests expedited treatment of this request for an extension. Thank you.

Very truly yours,

WILLIAMS, KASTNER & GIBBS PLLC

Judith A. Endejan

END:lmp
cc: Terry Stapleton
Marjorie R. Schaer
All Parties of Record