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September 14, 2004

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VIA EMAIL

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. COMMENTS – UT-040015**

Per the Commission's Notice issued on August 19, 2004 and its September 1, 2004 email to the parties, Verizon Northwest Inc. (Verizon) submits the following comments on some of the proposed changes to the rules in Washington Administrative Code Chapter 480-120, in addition to the comments previously submitted in this matter.

WAC 480-120-026 Classification of local exchange companies as Class A or Class B

For the reasons set forth in Verizon's previous comments, the wording in proposed subsection (3) remains unacceptable, and the Commission should revisit both its rationale for having the A and B classifications at all and for using that classification to impose regulatory burdens. The proposed rule takes a specific, narrow categorization from RCW 80.04.530 and illogically applies the Class A and Class B labels beyond that context, with unwarranted results.

For example, proposed subsection (3) could have the absurd result of placing full regulatory burdens on a CLEC serving just a handful of lines in Washington, if that CLEC happened to be affiliated with an ILEC that serves more than two percent of the state's lines. This unwarranted result can be avoided by discarding the old Class A / Class B approach, and instead clearly (a) implementing the RCW 80.04.530 small company exemptions and (b) additionally providing appropriate and competitively neutral treatment of all competitively classified companies.

The proposed rule uses the "two percent exemption" of RCW 80.04.530 to distinguish between "Class A" and "Class B companies," and then this classification is used in substantive rules as the purported basis for imposing various regulatory burdens. That statute precludes the

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Commission from imposing some specified burdens on the “less than two percent of lines” companies, but the statute does not require the Commission to impose those or any other regulatory burdens on companies that do not meet the statute’s particular exemption criteria. The Commission needs to make a conscious decision on whether burdens should be imposed on these other companies and not let an inappropriately slavish use of this statute produce unwarranted regulations.

WAC 480-120-999 Adoption by Reference

Verizon continues to advocate that the Commission rule in this section should allow the use of the most recent versions of the indicated standards. Revisions to industry standards take place on a routine basis. For example, Institute of Electrical and Electronic Engineers (IEEE) standard IEEE-820 is currently undergoing a revision. A new version is expected to be released in early 2005. Likewise, T1.510-1999 is scheduled for revision or reaffirmation in 2004. Communications companies try to stay current with the most recent versions of industry standards. Obviously, when Commission rules cite a specific version of a standard, particularly an outdated version, problems can arise for national companies. Subsection (4) of this rule, which cites the 1998 version of 47 C.F.R, is a good case in point. If this subsection is not updated to allow use of the most current version of FCC accounting rules, companies will have to petition the Commission each time the FCC makes changes to the USOA.

Please contact me if you have any questions on 425-261-5006.

Very truly yours,

/s/

Richard E. Potter