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BEFORE THE WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION

In the Matter of the Petition of ) Docket No. UT-011439  
VERIZON NORTHWEST, INC., )  
For Waiver of WAC 480-120-071(2)(a) )  
DECLARATION OF JOAN GAGE  
)

Joan Gage, deposes and states:

1. I am employed by Verizon Northwest Inc. as Regulatory Manager – State of Washington. My business address is 1800 – 41<sup>st</sup> Street, Everett, Washington. I make this declaration based upon personal knowledge about which I am competent to testify.

2. During the summer of 1999, I first became aware of requests for service from residents in the Cedar Ponds Lake area of our Sultan exchange. Bob Shirley, from the Washington Staff, contacted me several times over the course of that summer about these requests. For instance, on August 25, 1999, he sent me an e-mail about a request for service from “a group of people in the Cedar Ponds Lake area of SnoCo about mid-way between Monroe and Sultan.” **See Attachment A.**

3. Over the next year and a half I communicated frequently with Mr. Shirley with respect to the status of this service request, which was named the Cedar Ponds Line Extension Project. In addition, on June 2, 2000, Mr. Shirley came to Verizon’s office in Everett to meet with Verizon construction engineers and me to discuss the status of the project. I regularly provided verbal status reports to Mr. Shirley over the course of the construction project.

DECLARATION OF JOAN GAGE -- 1

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1           4.       Around the same time, as described in the testimony prefiled by Mr. Shirley and by  
2 Verizon's witness Kay Ruosch in this case, the Company was involved in a dispute with the Staff over  
3 the interpretation of Verizon's line extension tariff in connection with requests for service from the  
4 Pontiac Ridge area. The Staff interpreted the tariff language to provide for multiple applicants along a  
5 line extension route to pool their half-mile allowances. The Company did not agree with this  
6 interpretation. However, during the Staff-Company discussions to resolve the dispute, the Commission  
7 Staff made it clear that it would recommend a complaint action and the assessment of penalties against  
8 the Company if it refused to accept the Staff's pooling interpretation. Verizon ultimately built the  
9 Pontiac Ridge project and the applicants did not pay anything to Verizon because their pooled  
10 allowances exceeded the total length of the project.

11           5.       Based on Verizon's experience with the Staff with regard to the Pontiac Ridge line  
12 extension, Verizon believed it had no choice but to commit to build the Cedar Ponds project under the  
13 terms of its tariff that was in place at the time the service was requested, which has since been replaced  
14 as a result of the new line extension rule.

15           6.       During our discussions about the Cedar Ponds project, Mr. Shirley indicated to me that  
16 Staff would support allowing Verizon to submit for cost recovery on this project, after the new line  
17 extension rule was adopted by the Commission. Verizon did this including the cost associated with the  
18 Cedar Ponds line extension project in Advice No. 3036 (Docket UT-020557).

19           7.       Verizon began the actual work on the Cedar Ponds project in December 1999. The  
20 job was approximately three miles past Verizon's last service point. At that time Verizon estimated the  
21 cost to be approximately \$300,000. There were sixteen applicants for service. The Cedar Ponds  
22 project costs significantly exceeded the initial estimates for physical construction (including labor and  
23 materials). Extending cable to Cedar Ponds turned out to be exceptionally complex due to several  
24 factors. The route had been classified as a wetland area and crossed two streams having federally  
25 protected "threatened species," subjecting the company to costly and expensive Snohomish and federal  
26 rules and regulations. Furthermore, easements had to be obtained in order to lay facilities along the

1 Cedar Ponds Road, which is privately owned. Additionally, the route the company ultimately had to  
2 follow turned out to be longer than the originally estimated route. All these unique, unanticipated factors  
3 contributed significantly to the high cost of the project.

4 I make this declaration under penalty of perjury under the laws of the State of Washington.

5 DATED this 9<sup>th</sup> day of July, 2002, at Everett, Washington.

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