July 10, 2002

Honorable Lawrence J. Berg
Administrative Law Judge
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504

RE: Continued Costing and Pricing Proceeding
       Docket No. UT-003013 *Part E*

Dear Judge Berg:

       Pursuant to the Commission's June 27, 2002, Notice of Prehearing Conference for Part "E" of Docket UT-003013, the notice invites parties that wish to raise any other matter at the prehearing conference to advise the bench and the other parties via e-mail no later than 1:00pm on Wednesday, July 10, 2002. This letter is in response to that invitation.

       At paragraphs 50 - 51 of the Part "B" Order (32nd Supplemental Order in UT-003013), the Commission discusses the interrelationship of OSS and nonrecurring rates (i.e. NRCs). Paragraph 51 explicitly states that, in addition to OSS Transition Cost Updates in Part "E", Qwest and Verizon, "<u>must also file updated nonrecurring cost studies supported by time and motion studies that reflect decreased work times that have been achieved through their increasingly mechanized processes</u>." (*emphasis added*)

       Staff would like to discuss the impact of this decision as it relates to NRC cost studies filed in Part "D". Although briefs are due on July 19, 2002, on numerous NRCs filed in Part "D"; Staff believes it would make more sense to extract all NRCs filed in Part "D" and to relocate all NRCs into Part "E" as anticipated in the Commission's Part "B" order. This would have the effect of cutting the Part "D" briefs approximately in half, and would address the Commission's mandate (to file updated nonrecurring cost studies) in a more efficient and effective manner - all at once within the new, more accommodating Part "E" schedule.

Staff respectfully requests that it be allowed to discuss this procedural suggestion at the July 11, 2002, prehearing conference scheduled in this matter.

Very truly yours,

MARY M. TENNYSON
Sr. Assistant Attorney General
GREGORY J. TRAUTMAN
Assistant Attorney General

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Enclosure
cc: All Parties