

1 charge the applicants the direct cost to extend service. The collective cost to extend service to
2 these locations is estimated at \$140,244. It is unreasonable for Verizon and its customers to pay
3 over \$140,000 to extend service to two customers. In addition to the prohibitive expense of
4 initial construction, maintaining service to these locations would impose substantial ongoing
5 operational difficulties and financial burdens on Verizon and its other customers.

6 7 **II. STATEMENT OF FACTS**

8 A. Bush Location

9 4. Mr. Ed Bush placed a service order with Verizon for residential telephone service at 463
10 Sqove Road in Molson, Washington. The requested service location is approximately 14-15
11 miles from Chesaw in Verizon's Molson-Chesaw Exchange on an unmaintained private road,
12 which is very narrow and has numerous washed out locations as much as 18-24 inches deep. A
13 four-wheel drive vehicle in low gear is required to go around or over the ruts and washouts. The
14 difficult terrain can be seen in the photographs provided in Attachment A.

15 5. As demonstrated from the map and aerial photograph provided in Attachment B, the
16 Bush location is in a remote, sparsely populated area. It is not part of a town, village or other
17 community. It is located on a private road that traverses a number of property parcels, on which
18 no residences are located. Before service could be extended to this location, Mr. Bush would
19 have to secure easements from the property owners of these other parcels. Verizon has received
20 no service requests or expressions of interest from anyone along this private road other than from
21 Mr. Bush, and Mr. Bush has indicated that the one resident located beyond his property on this
22 private road is unlikely to seek telephone service.

23 6. As Confidential Attachment C shows, Verizon would incur estimated construction costs
24 of \$99,720 to provide service to the Bush location. Verizon would have to construct
25 approximately 12,600 feet of new facilities, and the badly maintained road would present
26 numerous costly problems. As a result of the required use of a four-wheel drive vehicle, there

1 also will be potential safety problems if and when large equipment needed to do work is brought
2 to and from the site, as well as used in the work efforts. The site also appears, by visual
3 inspection, to require a significant amount of rock sawing, which is an expensive endeavor.

4 7. Verizon would face increased expense associated with serving the Bush location because
5 its maintenance and repair staff would have to travel greater distances and take care of miles of
6 additional network in difficult terrain and winter snow conditions (requiring use of a snowmobile
7 during winter months). Also, at such time in the future as all or part of these facilities would
8 need to be replaced, Verizon and its other ratepayers would bear the costs of such replacement.

9
10 B. Platt Location

11 8. Mr. Jim Platt placed a service order with Verizon for residential telephone service at 162
12 White Tail Lane in Tonasket, Washington. This is not Mr. Platt's main residence. The requested
13 service location is approximately twenty-five miles from Tonasket in Verizon's Tonasket
14 Exchange in an area called Cape Labelle. It is off of Aeneas Valley Road, and generally consists
15 of parcels of twenty acres or more, located on primitive roads.

16 9. As demonstrated from the map and aerial photograph provided in Attachment D, the Platt
17 location is in a remote, sparsely populated area. It is not part of a town, village or other
18 community. There do not appear to be other residential structures along the routes.¹

19 10. As Confidential Attachment E shows, Verizon would incur estimated construction costs
20 of \$40,524 to provide service to the Platt location. Verizon would have to construct

¹ After Verizon notified Mr. Platt that it would seek a waiver along the lines set forth in this Petition, a person identifying herself as the owner of another parcel on the subject road telephoned a Verizon engineer and stated that she intended to apply for telephone service. However, Verizon has been unable to determine the seriousness of this stated intention. For example, the person who called lives out of state, and there is no structure on the property. Moreover, no new construction has been commenced on the property, and so far as Verizon can determine none has been permitted.

1 approximately 6,650 feet of new facilities, and would have to conduct rock sawing along the
2 route.

3 11. Verizon would face increased expense associated with serving the Platt location because
4 its maintenance and repair staff would have to travel greater distances and take care of miles of
5 additional network in difficult terrain and winter snow conditions (requiring use of a snowmobile
6 during winter months). Also, at such time in the future as all or part of these facilities would need
7 to be replaced, Verizon and its other ratepayers would bear the costs.

8 9 **III. ARGUMENT**

10 A. *The Commission should determine under WAC 480-120-071(7)(a) that Verizon is not*
11 *obligated to serve the Bush and Platt properties.*

12 12. The waiver process set forth in WAC 480-120-071(7)(a) recognizes that certain requested
13 line extensions pose unreasonable costs and burdens, and thus should not be undertaken. Under
14 WAC 480-120-071(a), the Commission may – although it is not required to –rely on the factors
15 set forth in WAC 480-120-071(b)(ii) and any other information it considers necessary to analyze
16 a proposed line extension.

17 13. Waiver is appropriate in the case of the Bush and Platt properties because of the
18 unreasonable costs and burdens associated with serving these two applicants at the expense of
19 the ratepayers. It would be a serious misallocation of limited resources to force Verizon and its
20 customers to pay approximately \$140,000 (plus ongoing high maintenance costs) to provide
21 service to two customers. The areas where Mr. Bush and Mr. Platt have chosen to live or
22 vacation are isolated and relatively inaccessible. Individuals such as Mr. Bush and Mr. Platt who
23 choose a remote lifestyle do so with full knowledge of whether and at what cost utility services
24 or substitutes are available. Such persons find ways to meet their utility needs that do not
25 necessarily involve subsidization. For instance, private power generators are common in remote
26 areas, as are private water wells and on-site sewage handling facilities.

1 14. An analysis of the factors set forth in WAC 480-120-071(b)(ii) also demonstrate that
2 service should not be extended to the Bush and Platt locations:

3 a. Total Direct Cost of the Extension (WAC 480-120-071(b)(ii)(A)). It
4 would cost \$140,000 to extend facilities to these two locations. This would be an
5 extraordinary cost to impose to serve two customers.

6 b. The number of customers to be served (WAC 480-120-071(b)(ii)(B)).
7 Only two potential customers are involved.

8 c. The comparative price and capabilities of radio communication service or
9 other alternatives available to customers (WAC 480-120-071(b)(ii)(C)). Based on
10 Verizon personnel's field visits, cellular service is not available at either location.
11 Satellite telephone service, however, is generally available in the area.² A variety of
12 satellite telephone service plans are available, with monthly fees as low as \$39.95 and
13 effective per minute charges as low as \$0.14 for calls anywhere in the U.S. and Canada.³

14 d. Technological difficulties and physical barriers presented by the requested
15 extensions (WAC 480-120-071(b)(ii)(D)).

16 (i) The technological and physical barriers to extending and
17 maintaining service to the Bush location are detailed in Paragraphs 4-7.

18 (ii) The technological and physical barriers to extending and
19 maintaining service to the Platt location are detailed in Paragraphs 8-11.

20 e. The effect on the individuals and communities involved (WAC 480-120-
21 071(b)(ii)(E)). The effect on the two individuals requesting service would not be
22 commensurate with the expense to be incurred by the ratepayers to subsidize their

² Verizon does not know at this time whether any line of sight requirements would be met at these locations.

³http://www.globalsatellite.us/prod_detail.aspx?Product_ID=667&Nav_ID=453 ,
http://www.daysatphones.com/voice_pricing.htm

1 service. They are not part of any community and there would be minimal, if any,
2 beneficial effect to the nearest communities by extending service to these two locations.

3 f. The effect on the public switched network (WAC 480-120-071(b)(ii)(F)).

4 Verizon would have to reallocate significant funds that otherwise would have been used
5 to provide maintenance, upgrades and other extensions to the public switched network for
6 more of its customers. Diverting technicians to the remote Bush and Platt locations –
7 especially in harsh weather conditions that would increase travel and work times – would
8 prevent those technicians from meeting other customers’ needs.

9 g. The effect on the company (WAC 480-120-071(b)(ii)(G)).

10 Misallocating Verizon’s limited capital and expense dollars would harm
11 Verizon’s overall ability to serve its customers in the affected exchanges in order to add
12 only two customers, and the extra maintenance burdens would impact Verizon’s ability to
13 provide service to its other customers.

14
15 B. *In the alternative, if the Commission determines service must be extended to the Bush and*
16 *Platt locations, it should allow Verizon to recover its direct costs of extending its service*
17 *under WAC 480-120-071(7)(b).*

18 14. For all the reasons stated in Section III.A., including the analysis of the WAC 480-120-
19 071(b) factors set forth in paragraph 13.a – g. above,⁴ Verizon and its ratepayers should not be
20 forced to pay for the extension of service to these two applicants. Thus, if the Commission
21 requires Verizon to build the line extensions necessary to serve the Bush and/or Platt locations,
22 recovery of Verizon’s direct costs associated from such extensions would be appropriate under
23 WAC 480-120-071(b).

⁴ Although these factors apply to waiver requests seeking to recover direct costs under WAC 480-120-071(b), Verizon’s request that this Petition also be considered under WAC 480-120-015 enables the Commission to provide for recovery of direct costs without specific findings under those factors.

1 **IV. SUMMARY**

2 It would be unreasonable for Verizon to undertake such disproportionately expensive
3 construction in light of the nominal, at best, benefit of adding only two customers to its network.
4 Thus, Verizon brings forward this case for waiver of the line extension rule in order to protect its
5 existing and future customers and employees. The facts and circumstances of the Bush and Platt
6 requests warrant granting Verizon an exemption from, or waiver of, the WAC 480-120-071
7 obligation to extend service to these locations. If the Commission decides to require extension of
8 service to either or both of these locations, then it should permit Verizon to recover the direct
9 costs of these extensions directly from the applicants causing the costs to be incurred, rather than
10 from its other ratepayers.

11 Respectfully submitted this _____ day of August, 2006.

12
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14
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