

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of:

VERIZON NORTHWEST INC.

Docket No. UT-

APPLICATION OF VERIZON
NORTHWEST INC. REGARDING
TRANSFER AND SALE OF PROPERTY

1. This application is brought by Verizon Northwest Inc. ("Verizon"), 1800 41st Street, Everett, Washington 98201. Verizon is represented in this matter by:

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I. RELIEF REQUESTED

2. WAC 480-143-180 requires that a public service company obtain written authority from the Commission in order to "dispose of any property necessary or useful to perform its public duties." WAC 480-143-180(2) specifies that property items that are "surplus and unneeded assets for which full value is received" do not constitute property that is "necessary or useful" to performance of public duties, and thus do not require written authority from the Commission in order to be sold. Pursuant to the last paragraph of WAC 480-143-180, Verizon requests that the Commission concur that one of the two properties described below (the "Kennewick Property") comes within WAC 480-143-180(2) and, as such, may be sold without obtaining "written authority from the commission." With regard to the other property (the "Bellevue Property"), Verizon requests that the Commission enter an order approving the sale pursuant to Chapters

80.12 RCW and 480-143 WAC.

3. As further described below, the Kennewick Property is surplus and unneeded, and Verizon will receive full market value for it. Thus, under WAC 480-143-180(2), the Kennewick Property does not constitute “property necessary or useful” to the performance of Verizon’s public duties and thus does not require written authority from the Commission to be sold.
4. As further described below, the sale of the Bellevue Property is consistent with the public interest, as the transaction will allow Verizon to: (i) improve its operations and make them more efficient by shedding property unnecessary to serve the purposes of Verizon’s use of the location; (ii) receive full market value for the property and (iii) improve its financial health by adding cash and eliminating unnecessary costs associated with ownership of unneeded property.
5. In making a determination of the dollar threshold under the formula in the last paragraph of WAC 480-143-180, Verizon used the rate base mentioned in the Commission’s Second Supplemental Order in Docket U-82-45/48, which produced a figure of approximately \$395,000. Verizon has not had a rate base “established by commission order” since that case. Verizon estimates that the market values of the subject properties exceed that threshold. (See Confidential Attachment 1.)

II. STATEMENT OF FACTS

Kennewick Property

6. The first property (the “Kennewick Property”) is located at 416 N. Quay St. and 420 N. Quay St. in Kennewick, Washington, and consists of approximately 10 acres of land that houses a 4,875 square foot office and warehouse building, a 3,286 square foot warehouse/storage building and a fueling facility. Verizon does not currently use the Kennewick property for any purpose, and seeks to rid itself of the ownership and maintenance costs associated with it. The Kennewick Property, which has for some time had surplus land, had previously been used as an employee reporting center and a warehouse. That function ceased and the Kennewick Property has not been utilized in any way since August 2008, when Verizon employees no longer reported to the

site. Verizon was able to economize by consolidating the functions at the Kennewick Property to another site.

7. Verizon utilized a qualified, independent broker to ensure that it will receive full market value for the Kennewick Property. Verizon hired CB Richard Ellis (“CBRE”), a company unaffiliated with Verizon, to provide commercial real estate brokerage services. CBRE, a nationwide leader in such services (see www.CBRE.com), was selected based on its superior marketing abilities, and its industry specific expertise of Verizon’s market. CBRE also has a local focus and track record, as exemplified by its successful sales of other Verizon properties in Washington. CBRE marketed the property, and, as a result, secured a competitive offer on the Kennewick Property from a qualified buyer unaffiliated with Verizon at a price reflective of the current real estate market.

Bellevue Property

8. The second property at issue (the “Bellevue Property”) consists of a telephone switching station and vacant surplus land located at 3035 134th Avenue NE in Bellevue, Washington. There is a 1,600 square foot structure housing a telephone switching station on 1.277 acres of land. Verizon initially preferred to sell only the surplus land, but Verizon’s plan to subdivide the property in preparation for selling the unneeded parcel was rejected by the City of Bellevue. As a result, Verizon will sell the entire parcel and retain a perpetual easement for the switching station.
9. Verizon utilized a qualified, independent broker to ensure that it will receive full market value for the Bellevue Property. Verizon hired CB Richard Ellis (“CBRE”), a company unaffiliated with Verizon, to provide commercial real estate brokerage services. CBRE, a nationwide leader in such services (see www.CBRE.com), was selected based on its superior marketing abilities, and its industry specific expertise of Verizon’s market. CBRE also has a local focus and track record, as exemplified by its successful sales of other Verizon properties in Washington. CBRE marketed the property, and, as a result, secured a competitive offer on the Bellevue Property from a qualified buyer unaffiliated with Verizon at a price reflective of the current real estate

market.

10. The complete legal description of the Bellevue Property, the purchase price and all other terms of the transaction are provided in the draft (not yet final) Agreement of Purchase and Sale and Escrow Instructions ("Bellevue Sale Agreement") attached as Confidential Attachment 2. The draft Bellevue Sale Agreement states that the transaction shall close on December 10, 2008, unless the Commission has not yet approved the transfer as of that date.

III. DISCUSSION

Kennewick Property

11. The Kennewick Property is a surplus and unneeded property, as it is an unused piece of property that Verizon has determined it has no plans or need to use either now or in the future. Verizon's use of independent consultants and commercial real estate brokers has ensured that it will receive full market value for the Kennewick Property. A well-regarded commercial real estate brokerage firm engaged in marketing efforts that have resulted in an offer from a qualified buyer unaffiliated with Verizon at a price reflective of the current real estate market. Thus, the Kennewick Property constitutes a "surplus and unneeded asset for which full value is received," as described in WAC 480-143-180(2).
12. Accordingly, it does not constitute property that is "necessary or useful" to performance of public duties under WAC 480-143-180, and thus does not require written authority from the Commission in order to be sold. Verizon respectfully requests that the Commission concur in this analysis.

Bellevue Property

13. The sale of the Bellevue Property is consistent with the public interest for at least three reasons.
14. First, the Bellevue Property is no longer needed. The only part of the Bellevue Property that continues to be needed is the switching station, which Verizon will continue to operate through a

perpetual easement. The remaining property is surplus and unnecessary. Selling the Bellevue Property will allow Verizon to operate more efficiently.

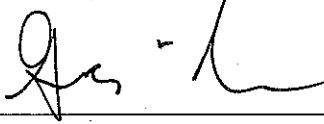
15. Second, Verizon's use of independent consultants and commercial real estate brokers ensures that it will receive full value for the Bellevue Property. A well-regarded commercial real estate brokerage firm has engaged in marketing efforts that resulted in offers from multiple, qualified buyers unaffiliated with Verizon at prices reflective of the current real estate market. As a result, Verizon will receive full market value for the Bellevue Property.
16. Third, the sale of the Bellevue Property will improve Verizon's financial health, adding cash and eliminating the costs associated with owning and operating a larger sized property than is needed. Pursuant to WAC 480-143-120, a copy of Verizon's current financial statement is attached to this application as Attachment 3.
17. Thus, the sale of the Bellevue Property is consistent with the public interest, and Verizon respectfully requests that the Commission approve the sale pursuant to Chapters 80.12 RCW and 480-143 WAC.

IV. CONCLUSION

18. For the foregoing reasons, Verizon respectfully requests that the Commission issue an order: (i) concurring that no written authority from the Commission is required regarding the sale of the Kennewick Property, as it constitutes a "surplus and unneeded asset for which full value is received" under WAC 480-143-180(2) and thus, is not "necessary or useful" under WAC 480-143-180; and (ii) approving the sale of the Bellevue Property pursuant to Chapters 80.12 RCW and 480-143 WAC.

DATED this 24th day of October, 2008.

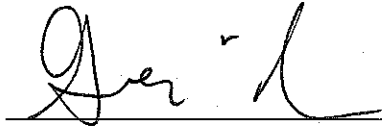
VERIZON NORTHWEST INC.



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CERTIFICATION PURSUANT TO WAC 480-143-140

I, Gregory M. Romano, Vice President and General Counsel, Verizon Northwest Inc., hereby certify that the information contained in this Application is true and correct to the best of my knowledge and belief under penalty of perjury under the laws of the State of Washington. Signed at Everett, Washington, this 24th day of October, 2008.



Gregory M. Romano
Verizon Northwest Inc.