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July 15, 2005

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Carole Washburn  
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Washington Utilities and Transportation Commission  
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**Re: Docket Nos. UT-023003, UT-050814**

Dear Ms. Washburn:

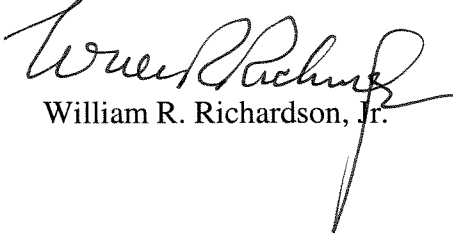
The Staff's recent response to the request for clarification filed by Verizon Northwest Inc. ("Verizon NW") in Docket No. UT-023003 agrees with Verizon NW on the need for a technical conference "in order for Verizon to make a correct and complete compliance filing." The Staff's change of position concerning the ability of Verizon NW to use revised retail depreciation rates in this UNE case, and the Staff's erroneous assumption that doing so would result in "additional delay," are matters that Verizon NW believes can most appropriately be addressed at such a technical conference.

However, the Staff's response also now seeks to import into the UNE proceeding (Docket No. UT-023003) a wholly new issue relating to the proposed Verizon-MCI parent company merger, which is the subject of Docket No. UT-050814. Entertaining this suggestion would substantially complicate and delay the resolution of the UNE proceeding, and would be supported by neither the facts nor the law.

The Staff has suggested that the merger of the Verizon and MCI parent companies would "result in additional access lines for Verizon [NW] in Washington, which generally will result in lower cost estimates in the cost models." To the extent an MCI subsidiary (e.g., MCImetro) is leasing lines (i.e., unbundled loops) from Verizon NW pursuant to section 251 of the Telecommunications Act of 1996, those lines and the costs associated with them are already included in the parties' cost models, so the parent company merger will have no effect on such costs. To the extent an MCI subsidiary is providing facilities-based competition to Verizon NW today, its facilities are not ILEC facilities subject to the unbundling and TELRIC pricing limitations of section 251, and thus are irrelevant to the rates prescribed for Verizon NW in Docket No. UT-023003. If the Staff is assuming that closure of the parent company merger would somehow result in such MCI facilities becoming part of the Verizon NW network, the Staff is simply mistaken. The closure of the parent company merger will not include any transfer

of facilities ownership among subsidiaries. Thus, there is no basis for the Staff's assumption that including the costs associated with facilities constructed by MCI would result in "lower cost estimates in the cost models," and no justification for extending this proceeding to make such a determination relating to a prospective transaction which postdates the close of the record in Docket No. UT-023003 by many months.

Respectfully submitted,



William R. Richardson, Jr.

cc: Counsel of Record in Docket Nos. UT-023003, UT-050814

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Review of: )  
Unbundled Loop and Switching Rates; )  
the Deaveraged Zone Rate Structure; and) Docket No. UT-023003  
Unbundled Network Elements, )  
Transport and Termination )  
(Recurring Costs) )

CERTIFICATE OF SERVICE

I hereby certify that I have this 15th day of July 2005, served this document upon all of the parties listed below by Federal Express and by e-mail:

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