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August 24, 2005

Carole Washburn
Executive Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive, S.W.
Olympia, WA 98504

Re: Docket No. UT-023003

Dear Ms. Washburn:

Pursuant to footnote 33 of the Commission's 28th Supplemental Order in this proceeding, dated August 17, 2005, Verizon Northwest Inc. ("Verizon NW") hereby notifies the Commission that it requires cost estimates for two additional interoffice facilities elements in order to perform the rate element calculations required in its compliance filing: DS1 to Voice Grade Multiplexing, and DS3 to DS1 Multiplexing.¹ Verizon NW also would like to take the opportunity to point out to the Commission that Appendix A does not include a rate element for reciprocal compensation. Verizon NW intends to calculate a compliance rate for reciprocal compensation in accordance with paragraphs 522-28 of the 24th Supplemental Order.²

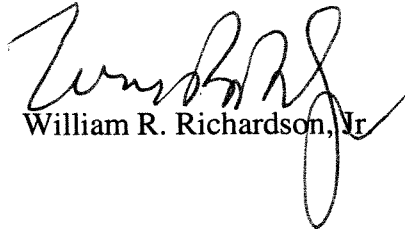
Verizon NW also seeks additional information in order to calculate the switching rates portion of its compliance filing. From the terms of the 28th Supplemental Order, it appears that the only differences that would be reflected in Appendix A of that order with respect to switching cost estimates from HM 5.3, in comparison to the previous estimates in Appendix B of the 27th Supplemental Order, would be the result of using updated, higher depreciation rates. In

¹ See Exhibit No. 226T, Supplemental Panel Testimony of Verizon Northwest Inc. on Recurring Costs at 6 & Att. A-1 (Jan. 26, 2004) (adding these two multiplexing elements).

² Appendix A to the 28th Supplemental Order also includes cost estimates for subloop feeder and certain dark fiber elements that the 21st Supplemental Order has agreed should be deleted. Verizon NW assumes that the inclusion of these estimates in the Commission's most recent order was inadvertent.

Docket No. UT-040520, the depreciation rate for digital switching was increased from 7.5% to a 2004 rate of 9.0%.³ However, in contrast to other UNE cost estimates, the switching cost estimates in the 28th Supplemental Order (identified on pages 14-15 of that order) reflect a *decrease* from previous estimates (identified in Appendix B of the 27th Supplemental Order). Verizon NW's experts have confirmed that this result is counterintuitive: although it is possible that the expenses associated with switching may have very marginally decreased because the share of investment borne by switching may have changed slightly, the foregoing increase in the depreciation rate would far outweigh the effect of any such decrease, and would logically result in *increased* UNE cost estimates. Verizon NW thus requests an opportunity to verify the calculations behind these changes prior to its compliance filing, through either a review of the Commission's workpapers or a description of its methodology.

Respectfully submitted,



William R. Richardson, Jr.

cc: Service List

³ See Order No. 03, Order Approving and Adopting Proposed Settlement, *Petition of Verizon Northwest Inc. for Approval of Revised Depreciation Rates*, Docket UT-040520, ¶¶ 57, 66 (Apr. 12, 2005) (adopting rates set forth in Exhibit TLS-3 to the parties' settlement agreement); see also Settlement Agreement, *Petition of Verizon Northwest Inc. for Approval of Revised Depreciation Rates*, Docket UT-040520, ¶ 54 (Feb. 23, 2005).

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))
Unbundled Network Elements,)
Transport and Termination)
(Recurring Costs))

Docket No. UT-023003

CERTIFICATE OF SERVICE

I hereby certify that I have this 24th day of August 2005, served Verizon Northwest Inc.'s Letter on Missing Cost Estimates upon all parties of record in this proceeding by Federal Express and by e-mail:

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