

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of
VERIZON NORTHWEST, INC.
For Waiver of WAC 480-120-071(2)(a).

Docket No. UT-011439

COMMISSION STAFF'S ANSWER
IN OPPOSITION TO VERIZON'S
MOTION TO STRIKE REPLY
TESTIMONY OF ROBERT B.
SHIRLEY

On May 2, 2002, Verizon filed a tariff to recover, under the cost recovery provisions of WAC 480-120-071, a substantial amount of money for an extension built in its Sultan exchange (also known as the "Cedar Ponds extension") to serve only a few customers. Verizon never mentioned this extension, or its plans to seek cost recovery for this extension, in either its direct testimony (filed March 6, 2002) or its reply testimony (filed May 17, 2002, and July 5, 2002).

However, Verizon's witness Mr. Danner has testified at length that he believes that the Taylor and Timm Ranch extensions are "simply too costly." (July 5, 2002, reply testimony at page 2, referring to his previous testimony). He further testified that he believes a "subsidy" of \$15,000 to \$20,000 per customer to provide telephone service is not justified. (May 15, 2002, reply testimony at page 15). Yet the cost of the Sultan exchange extension, on a per-customer basis, is many times greater.

Staff believes this is quite relevant. Indeed, after Verizon filed for cost recovery for the Sultan extension in May 2002, Staff filed discovery regarding this extension in June 2002. The administrative law judge granted Staff's motion to compel responses to these requests.

Verizon now argues that Staff somehow was required to provide testimony about these matters in its *April 15, 2002*, testimony, even though Verizon did not seek cost recovery under WAC 480-120-071 for the Sultan extension until *May 2, 2002*, and even though Verizon failed to reference this extension at all although it testified at length on what is a proper per-customer cost for line extensions. On its face, this argument is wholly without merit. The fact that the Sultan extension itself was constructed earlier is not relevant. What is relevant is that Verizon did not choose to seek cost recovery for this extension until May 2, 2002, and Staff was not required, nor could it, testify about this fact before then. Furthermore, Verizon should not be permitted to argue that the current line extensions are too costly, and yet also argue that the Commission should, in effect, shield itself from knowledge of this other relevant extension (which would be the case if Mr. Shirley's testimony is stricken.)

For these reasons, Verizon's motion to strike the portions of Mr. Shirley's September 20, 2002, testimony concerning cost recovery for the Sultan extension should be denied. Verizon has argued in the alternative, that it be permitted to file a reply concerning this matter in its December 18, 2002, testimony. Staff does not object to this request.

DATED this 23rd day of October, 2002.

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