

Exhibit No. ___ (TWZ-7)
Docket No. UT-040788
Witness: Timothy W. Zawislak

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

VERIZON NORTHWEST INC.,

Respondent.

DOCKET NO. UT-040788

EXHIBIT TO TESTIMONY
OF
TIMOTHY W. ZAWISLAK
REGARDING INTERIM RATE RELIEF

STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

Verizon NW Response to Staff Data Request No. 18

July 14, 2004

Docket No. UT-040788
WUTC Staff Data Requests to Verizon Nos. 1-28
May 21, 2004

Data Request No. 18 (Banta testimony)

To the extent not provided by Mr. Banta in his testimony, Exhibit No., ____ (SMB-2T) at 8, lines 16 to page 9, line 5, please describe in detail the “market realities” to which he refers. Produce all documents on which Verizon Northwest Inc. relies for this testimony.

RESPONSE:

The statements Mr. Banta makes in his testimony, Exhibit No., ____ (SMB-2T) are based on his extensive years of experience in the industry, his review of pertinent industry publications and the general press, and his general knowledge of the Washington markets.

In addition, it is well understood that the market for business customers is much more competitive than residential. This is confirmed by the Commission granting Qwest’s petition for competitive status for basic business services in UT-030614. One reason why business is more competitive is the fact that CLECs pay the same price for a UNE loop or UNE platform regardless of whether the CLEC uses the UNE to serve a residential or business customer. Given the current retail rate structure, CLECs are artificially encouraged to serve business customers because that’s where the money is. Any proposal (like a uniform percentage increase for the interim surcharge) that would increase business rates by a higher amount than residential rates only exacerbates this rate arbitrage problem.

Prepared By: Gregg Diamond
Date: May 17, 2004
Witness: Steve Banta