

Richard E. Potter
Director
Public Policy & External Affairs



July 16, 2004

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Ms. Carole J. Washburn
Executive Secretary
Washington Utilities and
Transportation Commission
1300 S. Evergreen Park Drive S.W.
Olympia, Washington 98504-7250

Dear Ms. Washburn:

Subject: **Verizon Northwest Inc. Comments – A-021178**

Per the Notice issued on July 2, 2004, Verizon Northwest Inc. ("Verizon") submits its comments on the 4th draft rules circulated in this docket.

480-120-365 Issuing securities

Verizon appreciates the change that Staff has made to this rule. However, subsection (1)(b) and (2) are redundant. Subsection (2) should be deleted.

480-120-395 Affiliated interest and subsidiary transactions report

Verizon continues to believe that there has been no demonstration in this proceeding that there is a need for the proposed new reporting requirement for subsidiaries of telecommunications companies. There may or may not be a good case for imposing this burden on other industries, but there is none for imposing it on the telecommunications industry. As Verizon continues to point out, this rule would apply only to it, the CenTel companies, Qwest and United Telephone Company of the Northwest (Sprint). So far as Verizon knows, it may be the only one of these firms that has a subsidiary (as opposed to affiliates) (Verizon West Coast Inc., a small regulated local exchange carrier that provides service in the northwest corner of California). In its March 11, 2003 summary of parties' comments, Staff responded that Verizon could seek an exemption (waiver) of the rule. The real issue, however, is whether the proposed new burden is justified in the first place.

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Again, for these reasons, the subsidiary reporting requirement should be deleted from the draft telecommunications industry rule. Alternatively, the rule should specifically exempt subsidiaries that are local exchange telecommunications companies.

Please contact me at 425.261.5006 with any questions.

Very truly yours,

/s/

Richard E. Potter

REP:kad