

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION**

In the Matter of the Petition of Verizon)	Docket No. UT-
Northwest Inc. for an Order Approving)	
Commencement of Bifurcated General Rate)	PETITION OF VERIZON NORTHWEST
Case and Waiver of WAC 480-07-510(2))	INC. FOR AN ORDER APPROVING
)	COMMENCEMENT OF BIFURCATED
)	GENERAL RATE CASE AND WAIVER OF
)	WAC 480-07-510(2)
)	

I. INTRODUCTION

1. Verizon Northwest Inc. (“Verizon NW”) has today filed the above-entitled Petition requesting a general increase of \$239.5 million per year in its revenue requirement to be recovered by increased rates to be proposed in the second phase of this proceeding. As part of this Petition, Verizon has requested immediate interim relief of \$29.7 million. Verizon NW’s request for interim relief is described in Verizon NW’s “Petition for Interim Rate Relief, “ and is supported by the interim rate relief testimony of Verizon NW witnesses Steven M. Banta, Nancy W. Heuring, and James H. Vander Weide. Verizon NW’s request for permanent rate relief is supported by separate testimony filed by Steven M. Banta, Nancy W. Heuring, Deborah Anders, James H. Vander Weide, Dennis B. Trimble, and Michael J. Doane.

2. Verizon NW’s permanent rate relief filing does not include a proposed final rate design. Verizon NW requests that the Commission bifurcate this filing so that a final rate design is submitted only after the Commission establishes Verizon NW’s permanent revenue requirement. In other words, in Phase I of the case, the Commission will first rule on Verizon NW’s request for interim relief and then will establish a permanent revenue requirement; in Phase II of the case, Verizon NW will propose, and

the Commission will establish, a specific rate design that reflects the new revenue requirement.

3. Because the Commission's rules do not expressly contemplate a bifurcated rate case filing,¹ Verizon NW seeks a formal waiver of the rules under WAC 480-07-110, 480-07-370 and 480-07-395, particularly WAC 480-07-510(2) that requires the filing of tariff sheets.

II. IDENTITY OF THE PETITIONER

4. The Petitioner is Verizon NW, and its address is 1800 41st Street, Everett, Washington 98201. Please direct all correspondence to:

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III. REQUEST FOR BIFURCATION

5. Verizon NW requests an order that establishes a two-phase general rate case under which Verizon NW would not be required to file proposed final rates until the

¹ E.g., WAC 480-07-510(2).

Commission establishes a permanent revenue requirement. The Commission has the power to issue such an order waiving its rules under RCW 80.01.040.

6. Verizon NW's proposed bifurcated approach is reasonable, practical, fair to all parties, and is in the public interest. Specifically, this approach allows all parties to focus on the revenue requirement without having to propose (and litigate) competing rate designs. The revenue requirement is, of course, the essential starting point for the rate design. Based on last year's AT&T Access Charge Complaint, Docket No. UT-020406, Verizon NW expects Staff and other parties to propose significantly different revenue requirements, and it is more efficient to decide the revenue requirement issue first and only then proceed to develop a rate design.

7. No party is prejudiced by this approach because each party will have the opportunity to address all issues in this case in a more focused, efficient manner. Furthermore, since Verizon NW is not filing at this time a proposed tariff that contains permanent rates, the statutory 10-month clock for general rate cases (RCW 80.04.130(1)) will not begin to run. Verizon NW has proposed a 15-month schedule that gives all parties more than sufficient time to address all the issues, thus ensuring no party is prejudiced by a bifurcated approach.² Verizon NW's proposed schedule is attached.

8. For all these reasons, Verizon NW requests that the Commission waive its rate case rules (to the extent they require a waiver) and establish a two-phase proceeding.

² Verizon NW reserves its right to file tariffs that trigger the statutory clock if its proposed schedule is not adopted or if this case is otherwise delayed.

Respectfully submitted this 30th day of April 2004.

GRAHAM & DUNN PC

By _____
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