

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

AT&T COMMUNICATIONS OF THE  
PACIFIC NORTHWEST, INC.,

Complainant,

v.

VERIZON NORTHWEST, INC.,

Respondents.

DOCKET NO. UT-020406

COMMISSION STAFF'S  
PETITION FOR  
CLARIFICATION OF THE  
FIFTH SUPPLEMENTAL ORDER

1           The Commission Staff (Staff) requests clarification of the Fifth Supplemental  
Order Setting Scope of Proceeding; Ruling on Motions (Order), issued by the  
Washington Utilities and Transportation Commission (Commission) on February 21,  
2003.

2           In the Order, the Commission states that the only issues it will address in this  
docket are the cost of access and imputation. Order, ¶ 25. By so ruling, the  
Commission raises an issue regarding the relevance of prefiled testimony that was not  
subject to a motion to strike.

3           The testimony of Nancy Heuring filed on behalf of Verizon raises the issues of  
Verizon's earnings and revenue requirement. Betty Erdahl filed testimony on behalf of  
Staff that rebuts Ms. Heuring's testimony and therefore also addresses earnings and

revenue requirement. It would appear that both of these prefiled testimonies would fall outside the Commission's statement of the scope of the case, because the cost of access services is not determined by a revenue requirement calculation. The Commission's rule WAC 480-120-540(2) requires that cost be determined based on the total service long-run incremental cost, which is measured on a forward-looking basis. A cost analyst might use financial data in a company's accounting records to measure the economic cost of a service, but the results of operations and balance sheet do not themselves provide any useful information as to the inputs of cost for an individual service. Similarly, imputation analysis is not informed by the financial data presented by Ms. Heuring and Ms. Erdahl. It instead uses information on the rates charged for bottleneck services such as access and the direct cost of providing toll services. Therefore, Staff seeks clarification as to whether this testimony remains within the scope of this case as defined by the Order.

4           If the Commission determines that that the testimony filed by Ms. Heuring and Ms. Erdahl are not properly within the scope of this case as defined by the Order, then the Commission should not allow Verizon to file surrebuttal testimony regarding earnings and its revenue requirement. In its motion for leave to file surrebuttal testimony, Verizon asked for permission to file surrebuttal on the issue of its earnings and to respond to new adjustments to Verizon's imputation testimony. Verizon's

Motion to Continue Hearings, Determine Scope and to File Additional Testimony, at 4-5. If the Commission believes the earnings issue is beyond the scope of the proceeding, then Verizon's surrebuttal testimony must be limited the issue of imputation.<sup>1</sup>

5 In addition, Ms. Erdahl's testimony regarding separations was the subject of Verizon's First Motion to Strike. In the Order, the Commission granted Verizon's First Motion to Strike. Order, ¶ 2. Later in the Order, the Commission stated that it "has not yet determined whether Verizon's First Motion to Strike will be granted." *Id.*, ¶ 41. Finally, the Commission denied Verizon's First Motion to Strike. *Id.*, ¶ 70. Staff is unsure whether, and to what extent, Verizon's First Motion to Strike is either granted or denied.

Dated: February 24, 2003

CHRISTINE O. GREGOIRE  
Attorney General

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SHANNON SMITH  
Assistant Attorney General  
Counsel for Commission Staff

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<sup>1</sup> Staff reserves the right to move to strike any surrebuttal testimony proffered by Verizon.