

Verizon Northwest Inc.
 Correct Interstate Growth Adjustment
 State of Washington
 (Dollars in Thousands)

1	Interstate		
2	Total Operating Expenses	89,992	Exhibit C ____ (BAE-1C), Col. (f), line 16
3			
4	Remove reported growth of 7%	<u>1.07</u>	= 1 + .07 (from Armis Data Compiled, line 27)
5			
6	Washington interstate expenses in 1998 (per calc.)	84,105	
7			
8	Apply growth at rate in which revenue increased	<u>0.33</u>	Armis Data Compiled, line 41
9			
10	Adjustment to decrease intrastate expenses		
11	and increase interstate expenses	<u>28,071</u>	Exhibit C ____ (BAE-1C), Col. (k), line 16
12			
13	1998 interstate expense (per calc) plus adjustment amount	112,175	Line 6 plus line 11 equals new 2001 interstate expense
14			
15	Less original reported 2001 interstate expense	89,992	Line 2 which represents original 2001 reported amount
16			
17	Revised adjustment to decrease intrastate expenses		
18	and increase interstate expenses	<u>22,183</u>	
19			
20	Investment	292,422	Exhibit C ____ (BAE-1C), Col. (f), line 38
21			
22	Remove reported growth of 16%	<u>1.16</u>	= 1 + .16 (from Armis Data Compiled, line 13)
23			
24	Washington interstate investment in 1998 (per calc.)	252,088	
25			
26	Apply growth at rate in which revenue increased	<u>0.33</u>	Armis Data Compiled, line 41
27			
28	Adjustment to decrease intrastate investment and		
29	increase interstate investment	<u>84,137</u>	Exhibit C ____ (BAE-1C), Col. (k), line 38
30			
31	1998 interstate investment (per calc) plus adjustment amount	336,225	Line 24 plus line 29 equals new 2001 interstate investment
32			
33	Less original reported 2001 interstate investment	292,422	Line 20 which represents original 2001 reported amount
34			
35	Revised adjustment to decrease intrastate investment		
	and increase interstate investment	<u>43,803</u>	

Notes:

1. Verizon does not agree with this Staff's proposed adjustment and this exhibit is included to display that Ms. Erdahl's calculation is mathematically flawed.
2. Lines 2, 11, 20 and 29 are from Staff's Exhibit C ____ (BAE - 1C).