

**BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of	)	DOCKET NO. UT-040520
	)	
VERIZON NORTHWEST INC.,	)	ORDER NO. 02
	)	
for Approval of Revised Depreciation	)	PREHEARING CONFERENCE
Rates	)	ORDER; NOTICE OF
	)	PREHEARING CONFERENCE
	)	<b>(Set for March 30, 2005)</b>
	)	NOTICE OF HEARING
	)	<b>(Set for April 4, 2005)</b>
.....	)	

1 **NATURE OF PROCEEDING.** Docket No. UT-040520 is a petition by Verizon Northwest Inc. (“Verizon”) seeking authorization to alter its schedule for depreciation of certain plant equipment.

2 **CONFERENCE.** The Washington Utilities and Transportation Commission (Commission) convened a prehearing conference in this docket at Olympia, Washington on December 6, 2004, before Administrative Law Judge C. Robert Wallis.

3 **APPEARANCES.** Judith Endejan, attorney, Seattle, represents Verizon, the petitioner. Simon ffitch, Assistant Attorney General, Seattle, WA, represents the Public Counsel Section of the Washington Office of the Attorney General. Donald T. Trotter, Assistant Attorney General, Olympia, Washington, represents the Commission’s regulatory staff (“Commission Staff” or “Staff”).<sup>1</sup> Contact

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<sup>1</sup> In formal proceedings, such as this, the Commission’s regulatory staff functions as an independent party with the same rights, privileges, and responsibilities as any other party to the proceeding. There is an “*ex parte* wall” separating the Commissioners, the presiding Administrative Law Judge, and the Commissioners’ policy and accounting advisors from all parties, including Staff. *RCW 34.05.455*.

information provided at the conference for the parties' representatives is attached as Appendix A to this order.

4 **PETITIONS FOR INTERVENTION.** No party seeking intervention appeared at the conference. Technical problems with the Commission's conference bridge line prevented its operation during the prehearing conference, although no person had reserved space on the bridge line to participate in the conference. One attorney who had previously indicated an interest in the proceeding was contacted by a party and indicated that he might present a written petition for intervention on behalf of one or more clients. No party objected to that process.

5 **PROTECTIVE ORDER.** A protective order has previously been entered in this docket.

6 **DISCOVERY.** The parties asked that the discovery rules be invoked in this docket, pursuant to WAC 480-07-400. The matter is one that qualifies for discovery, and the rules are invoked.

7 **PROCEDURAL SCHEDULE.** The parties offered alternative procedural schedules during the conference. One of the significant issues to be presented is whether the Commission should adopt the calculation of asset lives pursuant to the assets' economic lives or pursuant to generally accepted accounting principles, or GAAP. The parties represented that the same issue has been argued to the Commission in Docket No. UT-023003, the "Generic" proceeding, where the issues include the cost of unbundled network elements, or UNEs. Parties expected an order in that docket during January; Staff proposed holding the schedule in this docket in abeyance until a dispositive order is entered in the Generic docket, which would delay a hearing until at least the latter part of April, 2005, and perhaps longer.

8 Staff recognized that its proposal might not find acceptance, and proposed a second-best alternative. Under that proposal the Staff and Public Counsel would file responsive testimony early in February, 2005, and the matter would be heard during three days, following the conclusion of the Verizon rate proceeding in the latter part of March.

9 Verizon argued strenuously against the Staff's initial proposal, contending that it is entitled to rates reflecting accurate depreciation schedules at the earliest reasonable time and noting that it had agreed to delays in the depreciation proceeding to facilitate settlement discussions with the understanding that the matter could be heard contemporaneously with the rate proceeding.

10 We adopt the Staff's proposed alternative schedule, with minor alterations. We agree with Verizon that it is very important to coordinate the rate case and depreciation case schedules. We believe that any duplications between the Generic and the present dockets are likely to be minimal; the Company has already filed its relevant testimony in this docket. Staff—having testified in the Generic—could update its presentation for this docket, and Public Counsel would have the opportunity to make a full presentation. We recognize that this may involve some overlap in litigation effort between the two dockets, however we believe that the overlap will be relatively minor when balanced with the costs of potential delay. Upon entry of the Generic order, parties will have the opportunity to propose such amendments to their testimony in this docket as circumstances demand, a process that appears consistent with the schedule we adopt below.

11 **HEARING SCHEDULE.** The parties conferred with the administrative law judge regarding schedule and briefing in an informal conference on December 14, 2004. The Commission wants to be able to consider rate case issues in UT-040788 and depreciation issues in this docket in a coordinated and timely manner. There appears to be no necessary benefit in consolidation of the two

dockets, as the benefits of coordination may be obtained without formal consolidation.

12 The physics of joint consideration, however, are that the schedule for the rate case was determined based on the workload anticipated in the rate case and not based on the total workload of the two dockets. It does not appear possible to preserve the parties' rights to adequate preparation time while adding the workload of the depreciation case to that of the rate case and maintaining the schedule of the original proceeding. Verizon is anxious both to have the matters decided contemporaneously and also to maintain the current schedule. It is not possible to do both, however much the Commission also may desire to do so.

13 The choice appears to be between finishing the rate case hearing on the current schedule and then beginning the depreciation hearing, or finishing hearings in both dockets and then getting briefings on both dockets. The former would result in a slightly earlier decision on the rate case and later decision on the depreciation case; the latter is expected see the conclusion of both at an intermediate time.

14 Based on Verizon's stated preference to complete both dockets together, we adopt the following schedule for the depreciation docket:

- Company filed its direct case December 6, 2004
- Staff, Public Counsel file direct cases February 2, 2005
- Company rebuttal case February 23, 2005
- Prehearing conference (as needed) March 30, 2005
- Hearings Beginning April 4, 2005
- Simultaneous initial briefs<sup>2</sup> Monday, April 18, 2005
- Simultaneous answering briefs Friday, April 29, 2005

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<sup>2</sup> We anticipate changing the briefing schedule in UT-040788 to be consistent with the briefing schedule stated here.

- 15 **NOTICE OF PREHEARING CONFERENCE.** The Commission gives notice that it will convene a prehearing conference in this matter beginning at **1:30 p.m., Wednesday, March 30, 2005**, in the Commission's Hearing Room, Second Floor, Chandler Plaza Building, 1300 S. Evergreen Park Drive S.W., Olympia, Washington. The conference will resolve administrative details relating to the hearing, including the assignment of numbers to exhibits and cross-examination exhibits, and any other procedural matter that may timely be brought by the Commission or a party. This conference will be cancelled if it appears to be unnecessary.
- 16 **NOTICE OF HEARING.** The Commission gives notice that it will convene hearings in this matter beginning at **9:30 a.m., Monday, April 4, 2005 and continuing as needed through April 6, 2005**, in the Commission's Hearing Room, Second Floor, Chandler Plaza Building, 1300 S. Evergreen Park Drive S.W., Olympia, Washington.
- 17 **DOCUMENT PREPARATION AND FILING REQUIREMENTS.** Parties must file with the Commission an original plus ten copies of all pleadings, motions, briefs, and other prefiled materials. Paper copies of these materials are required to conform to the format and publication guidelines set forth in WAC 480-07-395 and 480-07-460, and must be three-hole punched with *oversized* holes to allow easy handling. The Commission may require a party to refile any document that fails to conform to these standards.
- 18 All filings must be mailed to the Commission Secretary, Washington Utilities and Transportation Commission, P.O. Box 47250, 1300 S. Evergreen Park Drive, S.W. Olympia, Washington 98504-7250, or delivered by hand to the Commission Secretary at the Commission's Records Center at the Washington Utilities and Transportation Commission, 1300 S. Evergreen Park Drive, S.W., Olympia,

Washington, 98504. Both the post office box and street address are required to expedite deliveries by the U.S. Postal Service.

19 An electronic copy of all filings must be provided by e-mail delivery to <[records@wutc.wa.gov](mailto:records@wutc.wa.gov)>. Alternatively, Parties may furnish an electronic copy by delivering with each filing a 3.5-inch IBM-formatted high-density diskette including the filed document(s). The Commission prefers that parties furnish electronic copies in .pdf (Adobe Acrobat) format, supplemented by a separate file in MS Word 6.0 (or later), or WordPerfect 5.1 (or later) format. Parties are required to organize and identify electronic files as specified in WAC 480-07-140(5).

20 **ELECTRONIC FILING.** Parties may only file documents electronically with the Commission in this proceeding with the permission of the administrative law judge. Under WAC 480-07-145(6), electronic filing of documents provides a one-day extension of the paper-filing requirement. If, at any time during this proceeding, parties are authorized to file documents with the Commission electronically under WAC 480-07-145(6), Parties must submit the document to [records@wutc.wa.gov](mailto:records@wutc.wa.gov), and file an original, plus ten copies, of the document with the Commission by the following business day.

21 **ALTERNATE DISPUTE RESOLUTION.** The Commission supports the informal settlement of matters before it. Parties are encouraged to consider means of resolving disputes informally. The Commission does have limited ability to provide dispute resolution services; if you wish to explore those services, please call the Director, Administrative Law Division, at 360-664-1142.

22 **NOTICE TO PARTIES: Any objection to the provisions of this Order must be filed within ten (10) days after the service date of this Order, pursuant to WAC 480-07-430 and WAC 480-07-810. Absent such objection, this Order will control further proceedings in this matter, subject to Commission review.**

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**ORDER NO. 02**

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Dated at Olympia, Washington, and effective this 15 day of December, 2004.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

C. ROBERT WALLIS  
Administrative Law Judge

**APPENDIX A**

**PARTIES' REPRESENTATIVES**  
**DOCKET NO. UT-040520**

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