

TABLE OF CONTENTS

I. INTRODUCTION1

II. RELIEF SOUGHT BY COMMISSION STAFF5

III. PROCEDURAL ISSUES6

 A. The Commission’s Third Supplemental Order gave clear notice to Qwest, and all other parties, that the Commission might order an adjustment to the Verizon/Qwest exchange boundary, to place the Timm Ranch within the Qwest exchange. That issue has properly been brought before the Commission6

 B. Verizon did not request a waiver under subsection 7(b) of the line extension rule that would permit it to charge the applicants the direct cost of the extensions, but rather, requested a waiver under subsection 7(a) that requires a determination that the applicants *themselves* are not reasonably entitled to telecommunications service. The Commission should not grant relief that would be appropriate only had Verizon made a subsection 7(b) waiver request9

 C. The Commission should not grant a general exemption under WAC 480-120-015 because the public and parties were not put on notice as to the basis for such an exemption, and because Verizon could have relied upon the waiver provisions of the substantive rule11

IV. THE APPLICANTS13

 A. The Hayes Road Extension13

 B. The Timm Ranch Extension15

V.	ARGUMENT	18
A.	Verizon’s petition that the Commission waive the Company’s obligation to provide service under WAC 480-120-071(7)(a) asks the Commission to find that the Hayes Road and Timm Ranch applicants are “not reasonably entitled to service” under RCW 80.36.090, regardless of whether they pay <i>any or all</i> of the cost of service. In reviewing a petition for a subsection (7)(a) waiver, the Commission should not give primary weight to the cost of the extension	18
B.	WAC 480-120-071(7)(a) authorizes the Commission to consider seven factors in determining whether to grant a request for waiver under this subsection. For both the Hayes Road and Timm Ranch extensions, each of these factors militates against granting Verizon a waiver of its obligation to provide service	20
1.	The total direct cost of the extensions are significantly less than suggested by Verizon’s petition for waiver	21
a.	Verizon’s total direct costs for the Hayes Road and Timm Ranch extensions	21
b.	Qwest’s total direct cost for the Timm Ranch extension	22
c.	RCC’s costs to provide reasonably comparable wireline service to the Hayes Road and Timm Ranch locations	24
2.	The number of customers to be served at the Hayes Road and Timm Ranch locations is twelve—six at each location	26

3.	The per-customer investment for the Hayes Road and Timm Ranch extensions is (a) substantially less than the per-customer investment for other extensions that both Verizon and Qwest have built under the line extension rule, and (b) substantially less than the per-customer investment for which Verizon has sought and been granted recovery under the line extension rule	27
4.	The comparative price and capabilities of radio communication service or other alternatives available to customers	32
	a. Cellular service quality and availability at the Hayes Road location	32
	b. Cellular service quality and availability at the Timm Ranch location	35
	c. Comparative price of cellular phone service	37
5.	Technological difficulties and physical barriers presented by the requested extensions	39
6.	The effect on the individuals and communities involved	43
7.	The effect on the company	45
	a. Reinforcement defined	46
	b. Forecasts	47
	c. The Commission anticipated lack of reinforcement when it adopted WAC 480-120-071	48
	d. There is evidence in the record that Verizon’s failure to reinforce is widespread in North Central Washington	49

e.	Verizon considers investment in reinforcement a loss for shareholders. The Commission should reject this contention	51
f.	The Commission has faced disinvestments previously, and has refused to permit the reasonable entitlement to service to be compromised based on unfounded claims of economic burden	53
g.	Verizon receives support based on the locations of the applicants' homes	54
8.	The effect on the public switched network	55
VI.	CONCLUSION	58