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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION



Verizon Northwest Inc.

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Everett, WA 98206-1003
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October 15, 2004

Re. A-021178

Mr. Ottavelli -

Got your voicemail requesting a copy of the Verizon comments in which we suggested including an exception for subsidiaries that are local exchange companies. I had made a note to myself after last Wednesday's Opening Meeting to send the Commission specific, "legislative style" suggested verbiage, but may I assume this response to you will suffice? Let me know if I should send down a formal supplemental comment.

Our prior comments just stated the concept of such an exception; we did not put it in a mark-up of the draft rule. You can find our suggestion at or near the end of our March 3, 2003; January 16, 2004; May 18, 2004; and July 16, 2004 comments.

Here is one way such an exception might be accomplished (with the insert underlined):

WAC 480-120-395 Affiliated interest and subsidiary transactions report. (1) By June 1 of each year, each telecommunications company subject to the provisions of chapter 80.16 RCW must file a report summarizing all transactions that occurred between the company and its affiliated interests, and the company and its subsidiaries (except subsidiaries that are local exchange companies), during the period January 1 through December 31 of the preceding year.

Another way would be to add a subsection at the end of this rule, such as:

(5) This section does not apply to subsidiaries that are local exchange companies.

And, of course, it would be a good idea for the Commission in its adoption order to have a couple sentences explaining that this exception applies to LEC subsidiaries regardless of the state in which they operate.