

IMPORTANT NOTICE

Proposed Rate Increases Affecting Residential and Business Customers

Information on how you may comment and attend a hearing is enclosed

The Washington Utilities and Transportation Commission is reviewing a settlement proposal that would increase rates on basic telephone service and certain other services. The settlement was reached in a complaint case filed by AT&T Communications of the Pacific Northwest, Inc. against Verizon Northwest, Inc. If approved, the proposal would increase residential and business rates by \$28 million – 15% for basic residential service and 8% for basic business service. This increase in residential and business customer rates would partially offset a 60% reduction in Verizon’s network access charges – the charges paid by long-distance companies to Verizon. The parties that signed the settlement are AT&T, Verizon, Worldcom, and the Staff of the Utilities and Transportation Commission. The Commission has not yet taken action on the proposed settlement agreement and must do so for it to become effective. The Public Counsel office of the Washington Attorney General, who represents residential and small business customers of Verizon, opposes the settlement agreement

What effect will this have on my monthly rates?

Residential Local Service Rate Increases – Rates would increase by \$2, except for measured service, as follows:

	Current	Proposed
Residential Basic (Measured service)	\$7.25	\$7.25
Residential Premium (unlimited local calling)	\$13.00	\$15.00
Local Package	\$28.95	\$30.95
Local Package Standard	\$25.95	\$27.95

Business Local Rate Increases – Rates would increase by \$2.50 as follows:

	Current	Proposed
B1-Basic Calling (One-Party Measured)	\$17.70	\$20.20
B1 Premium (One-Party Flat – month)	\$29.70	\$32.20
B1 Premium (One-Party Flat – 1 year)	\$26.00	\$28.50
B1 Premium (One-Party Flat – 3 year)	\$24.00	\$26.50
B1 Premium Plus Flat	\$29.70	\$32.20
B1 Premium Plus Measured	\$29.70	\$32.20
Foreign Exchange	\$29.70	\$32.20
Foreign Central Office	\$29.70	\$32.20

Private Line Increases – Rates would increase as follows:

	Current	Proposed
Special Transport, per airline mile	\$4.45	\$5.12
Special Access Line, 2-wire	\$17.50	\$29.15
Special Access Line, 4-wire	\$26.50	\$45.47
Digital Data Service, Special Access Line	\$91.54	\$105.25

Directory Assistance Allowance Reduction – The number of free directory assistance calls allowed each month would be reduced as follows:

	Current	Proposed
Residence Directory Assistance	2	1
Business Directory Assistance	1	0

Directory Assistance Rate Increases – Rates would increase by \$0.30 per use as follows:

	Current	Proposed
Local Directory Assistance	\$0.95	\$1.25

Late Payment Charge Establishment – Charge would be as follows:

	Current	Proposed
Late Payment Charge	None	1.5%

Also included in the agreement, Verizon will not seek to increase any regulated rate or charge within the state of Washington for one year.

What if I have more questions about the proposal and how it will affect me?

If you have any additional questions about this proposal and how it will affect you, please call your local Verizon Business Office at the number listed on your bill or at the following number: 1-800-???-????

You can get a copy of the proposed settlement and background information on the Commission's web site at this address: www.wutc.wa.gov/020406

How can I comment?

If you would like to comment on this proposal, you may do so by submitting your comments by telephone or in writing at the addresses below:

- By mail - Washington Utilities and Transportation Commission, P.O. Box 47250, Olympia, WA 98504-7250.
- By telephone - 1-800-562-6150 toll-free in Washington.
- By e-mail - comments@wutc.wa.gov.
- By fax - 360-664-3604.

Please include your name and mailing address, and Docket No. UT-020406.

You also can contact the Public Counsel office of the Washington Attorney General, which represents residential and small business customers in utility cases. Public Counsel opposes the settlement and is requesting that Verizon be required to file a rate case to establish the need for any rate increase. Public Counsel's customer comment number is (206) 464-6907. Its web site is www.wa.gov/ago/utility.

How can I participate in Public Hearings Scheduled for Customer Comment?

The rates filed with the Commission are the result of a partial settlement agreement among parties. After the Commission considers the evidence, it can approve or reject the settlement. {XX} hearings have been scheduled to hear from members of the public who would like to comment. The hearings will be held in the following locations at the date and time listed below: [Specific information about the date, time, and location of public hearings should be included in the notice and highlighted in boldface type.]

If you have any questions about the public hearings, you may contact the Commission toll-free at 1-800-562-6150.

Verizon Northwest Inc.