

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

AT&T COMMUNICATIONS OF THE  
PACIFIC NORTHWEST, INC.,

Complainant,

v.

VERIZON NORTHWEST, INC.,

Respondent.

DOCKET NO. UT-020406

COMMISSION STAFF'S  
OBJECTION TO VERIZON'S  
COMPLIANCE FILING

1           The Commission Staff (Staff) files this objection to the tariffs submitted by Verizon Northwest, Inc. (Verizon) to implement the settlement agreement it reached with Staff, AT&T Communications of the Pacific Northwest, Inc. (AT&T) , and WorldCom, Inc. As more fully explained below, Verizon's compliance filings are contrary to the agreement reached by the parties to the settlement.

2           In a proposed Settlement Stipulation filed on March 5, 2003, the settling parties—Verizon, AT&T, WorldCom, and Staff—asked the Commission to approve their agreement to resolve this case. The Settlement Stipulation provided for reductions in access charges that were to be offset in part by increases to other rates.

3           In the Settlement Stipulation, the parties specified the precise access rates that they agreed Verizon would reduce, which are listed in Exhibit C to the Stipulation. Three specific access rates are reduced as indicated in Exhibit C: Originating

Interconnection Charge, Originating Carrier Common Line (Zones 1, 2, and 3), and Terminating Interim USF (ITAC). However, there are no increases to any access rate in Exhibit C. In addition, the Settlement Stipulation specifies that terminating access rates other than the ITAC must not exceed \$0.0014151 per minute. Settlement Stipulation, ¶ 9, § 4.

4           On March 19, 2003, the Commission issued its Sixth Supplemental Order, in which it stated that it would review the settlement. In that Order, the Commission directed Verizon to “file, no later than March 24, 2003, proposed tariff pages implementing the rates proposed in the Stipulation to notify ratepayers of the proposed changes in rates and charges.” Sixth Supplemental Order; Order Determining to Review Settlement, ¶ 46.

5           Verizon filed a tariff purportedly in compliance with the Sixth Supplemental Order as Advice No. 3077, on March 24, 2003. The tariff includes the rate decreases specified in the settlement agreement. However, it also includes various rate increases and new rates that are not specified in the settlement agreement. *See* Advice No. 3077 (copy attached with the new rates highlighted). In fact, in Advice No. 3077 Verizon seeks an entirely new structure for access transport services, which was not contemplated by the Settlement Stipulation. Verizon initially had proposed this structure and some (but not all) of the rates in its direct testimony. *See, e.g.*, Exhibit

201C (ODF-2C). Verizon's new structure for access transport was not part of the Settlement Stipulation that the settling parties signed and filed on March 5, 2003.

6           Staff has no particular objection to the transport structure that Verizon is trying to implement in Advice No. 3077, but Staff strenuously objects to the method by which Verizon is attempting to implement it. Verizon's additional rate changes partially offset the access revenue decrease that Verizon expressly agreed to accept in order to settle this litigation. See Settlement Stipulation, ¶ 9 ("The overall effect of these [access charge] reductions is to reduce Verizon's revenue by \$35.5 million using projected 2003 units."). The other parties to the settlement did not agree to these additional changes and it is wholly improper for Verizon to include them in response to the Commission's order that it file "tariff pages implementing the rates proposed in the Stipulation . . ." See Sixth Supplemental Order, ¶ 46.

7           Staff regrets that it has been unable to advise the Commission of this discrepancy earlier. Staff detected the problem when reviewing Advice No. 3077 on March 25. Staff contacted Verizon and asked the company to respond to Staff's concerns on March 26. Over the following days, Staff attempted to resolve the problem with Verizon, but was unsuccessful.

8           Staff objects to Advice No. 3077 because it violates the directive in the Sixth Supplemental Order that Verizon file tariffs to implement the rates proposed in the Settlement Stipulation. Staff respectfully requests that the Commission order Verizon

to comply with the Sixth Supplemental Order and to take whatever action the Commission believes appropriate.

Dated: April 1, 2003.

CHRISTINE O. GREGOIRE  
Attorney General

---

SHANNON E. SMITH  
Assistant Attorney General  
Counsel for Commission Staff