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VIA ELECTRONIC MAIL

Ms. Carole J. Washburn
Executive Secretary
 Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA 98504

> *Re: Docket No. A-050802*
> *Review of WUTC's Procedural Rules*

Dear Ms. Washburn:

Please accept this letter as further comments of Verizon Northwest Inc. ("Verizon") on the Commission's proposed revisions to its procedural rules. Verizon adheres to its comments filed previously in this docket, and focuses primarily here on the supplemental proposed changes to the settlement conference rules (WAC 480-07-700(3)) circulated electronically by the Commission on June 27 and 28 and July 5, 2006 ("Supplemental Proposals").

At the outset, Verizon respectfully reiterates its comments from June 19, 2006 that the Commission not adopt the proposed settlement conference process mandates. Although the Supplemental Proposals include a number of improvements over the initial draft rules, they still would impose an unworkable settlement conference process that: (i) is unnecessary; (ii) will provide significant disincentives for settlement in many cases; and (iii) offer the Commission less flexibility to promote alternative dispute resolution than is provided under the current rules. If the Commission seeks changes to the settlement conference rules, it should adopt the limited changes suggested by Verizon in its June 19th filing; these minor modifications would build on existing settlement conference rules that have worked well.

One case filed recently demonstrates the unworkable nature of the proposed revisions included in the Supplemental Proposals. In Docket No. UT-063038, Qwest filed a complaint against nine defendants relating to intercarrier compensation for virtual foreign exchange ("VFX") traffic. Under the proposed rules, a defendant could not attempt to settle VFX traffic issues with Qwest prior to an initial settlement conference scheduled by the presiding officer without inviting all other eight defendants to an "early initial settlement conference." The mandatory scheduling of such a conference could hamper the method used by many carriers nationwide to solve VFX traffic compensation disputes: negotiation by two parties of "unified rate amendments" to the

parties' interconnection agreements. If the Supplemental Proposals were in place today, parties would be forced to focus on complying with the advance notice and mandatory inclusion of parties in an "early initial settlement conference" rather than the substance of complex negotiations that could resolve VFX traffic disputes.

If the Commission, however, elects to proceed with rule changes based on the Supplemental Proposals, certain proposed provisions require modification and/or clarification. For example, the proposed change to WAC 480-07-700(3) would mandate participation in a settlement conference for "[a]ny party or person who has filed a petition to intervene." Such a mandatory participation requirement could not have been intended to apply to a party who has had a petition to intervene rejected by the Commission, but that would be required by a literal reading of the proposed language. Thus, any provision that requires a mandatory invitation to a potential intervening party should be limited expressly to a party with a petition for intervention that has yet to be ruled on by the Commission. For example, the sentence could be reworded to read: "Any party or person with a petition for intervention pending before the commission ... ."

Verizon is pleased to see the addition of "if otherwise required" in proposed WAC 480-07-700(3)(b). This recognizes that not all matters involve rate changes and, thus, customer notices.

Verizon appreciates the Commission's continued attention and efforts to streamline its procedural rules. Thank you for your consideration.

Sincerely,

/s/

Gregory M. Romano

GMR:kad