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April 4, 2003

Ms. Carole J. Washburn,
Executive Secretary
Washington Utilities and
Transportation Commission
Chandler Plaza Building
1300 S. Evergreen Park Drive SW
Olympia, Washington 98504

Subject: **UT-020406 - VERIZON RESPONSE TO STAFF OBJECTION TO
COMPLIANCE FILING**

Dear Ms. Washburn:

On April 1, Staff filed its "Objection to Verizon's Compliance Filing," claiming that Verizon's proposed tariff implementing the Settlement Stipulation is incorrect. Specifically, Staff alleged that, "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." This issue is now moot given the results of yesterday's conference, and given that the parties will now proceed to hearing on AT&T's complaint. Nevertheless, Verizon files this letter to present (briefly) its position to the ALJ and the Commission.

Obviously, Verizon believes that its tariff was correct. To take one example, from the very beginning of negotiations the parties agreed that Verizon's originating access charges would equal Qwest's. This principle is reflected in Section III, paragraph 1(b) of the Settlement Stipulation, which states that Verizon's intrastate originating access charges shall be reduced "to the level of Qwest Corporation's intrastate access charges." Verizon's tariff filing does exactly what paragraph 1(b) requires: it reduces Verizon's originating access charges so that they equal – precisely – the level of Qwest's charges. Staff, however, took the position that certain of Verizon's transport rate elements – which reflect Qwest's *existing* transport elements and thus ensure that Verizon's revised originating access charges equal Qwest's – are inappropriate. Staff's position leads to the conclusion that Verizon agreed to reduce its originating access charges to levels that are *below* Qwest's. Verizon does not agree, and believes that this position conflicts with the plain language of paragraph 1(b).

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Furthermore, Staff's filing suggests that the other parties to the settlement –AT&T and WorldCom – agree with Staff's position. But as AT&T and WorldCom made clear at yesterday's conference, they decided not to take a position on this issue, characterizing the dispute as one between Staff and Verizon. AT&T and WorldCom are, of course, the very parties that would have had to pay the access charges set forth in Verizon's tariff, and it is reasonable to conclude that they would have objected to the tariff if they believe it did not reflect the parties' agreement.

Again, though, the purpose of this letter is not to trade allegations or to pursue a dispute that is no longer relevant; rather, it is to assure the Commission that Verizon negotiated with Staff in good faith and believes its tariff filing was correct. Moreover, Verizon would like to thank Staff, as well as AT&T and WorldCom, for their efforts. Verizon recognizes that Staff, especially, has worked hard to try and accommodate the interests of all parties, and Verizon appreciates its efforts.

Very truly yours,



Allan T. Thoms
Vice President – Public Policy & External Affairs – Northwest Region

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cc: Parties
ALJ Schaer