

ATTACHMENT 1

E-mails from Paula Strain to Gregg Diamond, et al. dated August 2, 18, and 27, 2004, and e-mail from Gregg Diamond to Paula Strain dated August 17, 2004



Paula Strain/WUTC
08/02/2004 12:08 PM

To "Gregg Diamond" <gregg.diamond@verizon.com>
cc Kathy Folsom/WUTC@WUTC, Don Trotter/WUTC@WUTC
bcc

Subject Records that we would like to review in WA

Gregg, to follow up on our phone call from few minutes ago, we would like to have in-state access, either electronic or hard copy (but preferably electronic to start with), to the following items, as contemplated in our statute RCW 80.04.100:

1. Audit committee minutes
2. Board of Director minutes
3. Audit report and supporting workpapers for Ernst & Young audits of FCC 43-03 ARMIS Joint Cost Report for 2002 and 2003 for Verizon NW (I understand that their workpapers don't belong to your company).
4. External audit workpapers prepared by Ernst & Young for their 2002 and 2003 opinions on financial statements for Verizon NW.

We would also like to explore the possibility of being able to review (read-only access) accounting entries and subsidiary accounting records on-line as an alternative to requesting paper copies of trial balances and account detail.

Thanks for your consideration.

Regards,

Paula Strain
Telecom Policy Analyst
360-664-1278



Kathy Folsom/WUTC
09/14/2004 10:51 AM

To Paula Strain/WUTC@WUTC
cc
bcc
Subject Fw: ACCESS TO VZ ACCOUNTING RECORDS

----- Forwarded by Kathy Folsom/WUTC on 09/14/2004 10:51 AM -----



Kathy Folsom/WUTC
09/08/2004 11:49 AM

To Don Trotter/WUTC
cc
Subject Fw: ACCESS TO VZ ACCOUNTING RECORDS

Prior e-mail from Paula to Gregg Diamond regarding board minutes for other Verizon entities.

----- Forwarded by Kathy Folsom/WUTC on 09/08/2004 11:47 AM -----



Paula Strain/WUTC
08/18/2004 03:28 PM

To gregg.diamond@verizon.com
cc Kathy Folsom/WUTC@WUTC, Don Trotter/WUTC@WUTC
Subject Re: ACCESS TO VZ ACCOUNTING RECORDS

Thanks Gregg. I've attached my original Email because as to board and audit committee minutes, we were not prescriptive about them being only Verizon NW's minutes. We will also want to review audit committee and board minutes for entities of Verizon Corporation that affect Verizon NW also, e.g., decisions made about Verizon West, Verizon TOCs, etc. I don't know what those corporate levels are so I'm relying on you to let me know. Thanks.

Regards,

Paula Strain
Telecom Policy Analyst
360-664-1278

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PMS

09/14/2004 10:55:37 AM

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Thanks for your consideration.

Regards,

Paula Strain
Telecom Policy Analyst
360-664-1278



Paula Strain/WUTC
08/27/2004 05:31 PM

To "Gregg Diamond" <gregg.diamond@verizon.com>
cc Kathy Folsom/WUTC@WUTC, Betty Erdahl/WUTC@WUTC,
Tim Zawislak/WUTC@WUTC
bcc
Subject PARTIAL list of things to review in Texas.

Hi Gregg, I'm calling this partial because I don't want to foreclose the possibility of working on items that aren't listed here, for example items in EY audit workpapers the company decides they don't want to allow EY to provide us. So here's a list to start with:

1. An explanation or walkthrough of the process, subsidiary records, etc. that result in plant items getting booked to Verizon NW Washington's plant accounts. I would like to see this for the two largest projects added during the test year in the following accounts: 2212, 2232, 2423.1, and 2121. I would also like to have a list of all the additions in those accounts by identifiable designation (name and workorder number probably) and dollar amount booked to the account.
2. OPEB, Pension and other employee benefit items - walk through with appropriate person (Nancy, Will, whoever) to discuss the adjustments proposed.
3. Time with someone who does your part 36 separations work to talk about when direct assignment is used vs. allocations.
4. Time with someone who can give us some further explanation on the restating adjustments, and answer followup questions. (this could probably also be done on another call on 9/1 through 9/3 if that would be preferable).
5. Year-end Journal Entries, 12/31/02 and 12/31/03.
6. We would also like to review, or have available for reference, the following:
 - a. Monthly Trial Balances for test year - Washington and NW (available)
 - b. Risk Committee Minutes and Documentation, January 2002 - present.
 - c. Audit committee meeting minutes, January 2002 - present.
 - d. Board of Director minutes for V-NW and parent, from January 2002 - present

Gregg, I hope this gives you something to go on. I'll be back in the office Wednesday and we can talk then. I felt the work at E&Y was productive and I want to thank you for setting it up for us to do that in Seattle. We really appreciate it.

Regards,

Paula Strain
Telecom Policy Analyst
360-664-1278

Paula Strain/WUTC

08/18/2004 03:28 PM

To
gregg.diamond@verizon.com
cc
Kathy Folsom/WUTC@WUTC, Don Trotter/WUTC@WUTC
Subject
Re: ACCESS TO VZ ACCOUNTING RECORDS

Thanks Gregg. I've attached my original Email because as to board and audit committee minutes, we were not prescriptive about them being only Verizon NW's minutes. We will also want to review audit committee and board minutes for entities of Verizon Corporation that affect Verizon NW also, e.g., decisions made about Verizon West, Verizon TOCs, etc. I don't know what those corporate levels are so I'm relying on you to let me know. Thanks.

Regards,

Paula Strain
Telecom Policy Analyst
360-664-1278

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Thanks for your consideration.

Regards,

Paula Strain
Telecom Policy Analyst
360-664-1278



gregg.diamond@verizon.com
08/17/2004 04:07 PM

To pstrain@wutc.wa.gov
cc gregg.diamond@verizon.com
bcc
Subject ACCESS TO VZ ACCOUNTING RECORDS

Paula:

Here is our formal response to your questions regarding access to Verizon NW accounting records. Our financial people were in meetings all day, I will try to get back with you tomorrow regarding the timing of your trip to Irving.

1. Audit committee minutes

There are no VZ NW audit committee minutes.

2. Board of Director minutes

The VZ NW Board of Director minutes would be available for your review when you come to Irving.

3. Audit report and supporting workpapers for Ernst & Young audits of FCC

43-03 ARMIS Joint Cost Report for 2002 and 2003 for Verizon NW (I understand that their workpapers don't belong to your company).

We are currently checking to see if there are specific VZ NW workpapers. To the extent there are, we will make them available for your review in the Ernst & Young office in Seattle (see below).

4. External audit workpapers prepared by Ernst & Young for their 2002 and 2003 opinions on financial statements for Verizon NW.

Workpapers as set forth in the consent letters from Ernst & Young will be made available for your review in the E&Y office in Seattle. We expect they will become available in about a week. We will work with you to set up an appointment.

We would also like to explore the possibility of being able to review (read-only access) accounting entries and subsidiary accounting records on-line as an alternative to requesting paper copies of trial balances and account detail.

For security reasons, we do not allow outside parties access to our

PMS

09/14/2004 10:36:50 AM

financial systems. However, we are committed to expediting your requests for quick turnaround and will provide responses electronically to the extent possible.

Gregg Diamond
Regulatory Policy & Planning
(972) 718-3504
(972) 719-7948 (fax)