

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

VERIZON NORTHWEST INC.,

Respondent.

) Docket No. UT-040788

) VERIZON NORTHWEST INC.'S MOTION
) FOR LEAVE TO FILE REVISED AND
) SUPPLEMENTAL TESTIMONY

1 Pursuant to WAC 480-07-375(1)(d) and 480-07-460(1)(b)(ii) Verizon Northwest Inc. ("VZNW" of "the Company") hereby requests that the Commission grant it leave to file the revised and supplemental prefiled testimony and exhibits submitted with this motion.

2 The first set of revisions relate to the Direct Testimony of James H. Vander Weide filed in this case on April 30, 2004. The purpose of substantively revising his testimony is to update his recommended cost of equity and overall cost of capital to reflect the most current data upon which Dr. Vander Weide relies. Specifically, he has revised his cost of capital from 12.03% to 11.64% based upon more recent data and analysis. As a result, he has modified his testimony to reflect the most current information upon which he would rely to determine an appropriate cost of capital. In addition, because Dr. Vander Weide's cost of capital is also mentioned in the April 30, 2004 testimonies of Steve Banta and Nancy Heuring, portions of that testimony needs revision, as reflected in the attached revised

testimony. Mr. Banta's testimony also needs to be updated to reflect the Washington intrastate capital expenditure reduction from \$112.4 million to the current \$88.7 million. Mr. Banta discussed this during the hearings on VZNW's petition for interim rate relief.

3 The final category of revision or supplementation relates to the April 30, 2004 prefiled testimony of Nancy Heuring and is needed to correct some formulas and basic work paper flow concerns. Certain corrections were also made to Exhibit Nos. ___ (NWH-5) and (NWH-6) to move affiliate transaction activity under the proper affiliate.

4 The Commission's new procedural rules require the Company to seek leave for filing its proposed revisions because they go beyond revisions to correct mistakes:

“Parties must seek leave from the presiding officer by written motion if they wish to submit testimony that includes substantive changes other than to simply correct errors of fact asserted by witness. A party proposing such changes may submit the proposed revisions with its motion.”

WAC 480-07-460(1)(b)(ii). VZNW therefore files this motion seeking such leave even though the primary purpose of refiled Ms. Heuring's testimony is to correct errors of fact.

5 VZNW's motion should be granted. No prejudice will occur to other parties due to these revisions. The revenue requirements testimony of other parties is not due until November 15, 2004 and the other parties' rate design testimony is due December 8, 2006.

6 Advising the parties now of Dr. Vander Weide's revised rate of return estimates is appropriate to allow them to prepare their own testimony and avoids any prejudice that might otherwise ensue if Dr. Vander Weide were to make last minute substantive changes to his prefiled testimony with respect to rate of return testimony on the eve of a hearing. Similarly, VZNW moved expeditiously to revise Ms. Heuring's testimony to avoid any prejudice to the parties that would otherwise ensue.

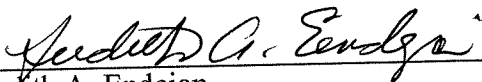
7 The revised testimony results in a relatively minor revision to the general rate case filing, reducing the Company's revenue requirement by \$16.2 million, from \$240 million to \$223.4 million. VZNW has sought to prepare and present its revised evidence in a manner

that makes it easy for other parties to understand the changes that have been made.¹

8 For the reasons set forth above, VZNW respectfully requests that the Commission enter an order granting it leave to file its revised prefiled testimony in this proceeding and accepting for filing the revised and supplemental testimony and exhibits submitted with this motion.²

DATED this 4th day of October 2004.

GRAHAM & DUNN PC

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¹ The Company is also filing an update summary document that is required by WAC 480-07-510(4).

² The Commission granted a similar motion for leave to file revised and supplemental testimony in the Puget Sound Energy rate case, *WUTC v. Puget Sound Energy, Inc.*, Docket Nos. UG-040640, UE-040641 (Order No. 5, dated June 24, 2004).