



Verizon Northwest Inc.

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August 8, 2007

Ms. Carole J. Washburn, Executive Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, Washington 98504-7250

Dear Ms. Washburn:

Subject: **CONTRACT NO. 1346ICB**

Verizon Northwest Inc. submits for filing Contract No. 1346ICB, a new customer specific agreement that provides Integrated Services Digital Network-Primary Rate Interface (ISDN-PRI) Port Only Service and Direct Inward Dialing (DID) Station Numbers for a term of thirty-six (36) months. The customer received this service previously under Contract No. 1280ICB, effective June 10, 2004 in Docket No. UT-011681. This contract expired August 9, 2007. Please assign Contract No. 1346ICB a new docket number. Under the new agreement, the rate for ISDN PRI Flat Rate Service decreases 14.6% from \$410.00 to \$350.00 per month, the rate for ISDN PRI Measured Rate Service decreases 8.1% from \$210.00 to \$193.00 per month. The rate for the 10,000 DID Number Block decreases 16.7% from \$1,200.00 to \$1,000.00 per month. The minimum quantity changes from 60 ISDN PRI in-service at all time during the Service Period to a tiered minimum quantity of 96 in year one, 50 in year two and 30 in year three of the contract. Under the previous agreement if the customer fell below the stated minimum service reverts to tariff and the agreement is terminated. Under the new agreement, if the customer falls below the stated minimum, the customer is liable for a Shortfall payment and service does not revert to tariff. Product specific nonrecurring charges are waived under the new agreement for ISDN PRI service subscribed to for a minimum of twelve months during the contract service period. Termination Liability for the ISDN PRI service changes from 25% to 35% if the customer cancels service during the contract service period.

This service is offered under contract because the rates for both services and the quantity of DID Numbers are not available under the tariff.

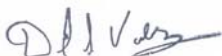
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The company requests approval of this contract filing with an effective date of September 9, 2007.

Verizon submits the documentation required in Section 7 of WAC 480-80-142 as an attachment to this filing. Verizon considers the contract and all cost computations required under Section 7 (b) (iii) of WAC 480-80-142 to be confidential and protected under the provisions of WAC 480-07-160. Verizon considers this cost documentation to also be protected under the exemption from disclosure requirements per the Public Records Act, Chapter 42.17 RCW. The cost documentation is marked "Confidential per WAC 480-07-160". The company, for commercial reasons, may be harmed if this information is not treated by the Commission as confidential.

Please contact Lin Fogg at (425) 261-6380 if there are questions on this filing.

Very truly yours,



David S. Valdez
Sr. Vice President – West
Public Affairs, Policy and Communications

Attachments
(2007-409081)

ESSENTIAL TERMS AND CONDITIONS

Contract No. 1346ICB New X Renewal Amendment

Monthly Recurring Charge: \$350.00 Flat Rate PRI Port Only
 \$193.00 Measured Rate PRI Port Only

 \$1,000.00 Block of 10,000 DID Station Numbers
 \$ 12.50 Block of 100 DID Station Numbers
 \$ 2.00 Block of 10 Did Station Numbers

Non-Recurring Charge: Not applicable for ISDN PRI Service installed as of the in-service date of the Agreement. Product specific non-recurring charges for ISDN PRI do not apply to additional ISDN PRI installed as of the in-service date of the Agreement but before the start of the third Contract Year provided that the additional ISDN PRI remain in service for at least twelve (12) consecutive months. If such additional ISDN PRI does not remain in service for at least twelve (12) consecutive months, Customer will be required to pay all applicable tariff non-recurring charges that were otherwise waived. For ISDN PRI added during the third Contract year, all tariff non-recurring charges will apply.

Service Order Non-Recurring Charges in the (WN U-17, Section 5) will apply for changes or additions to existing services, both ISDN PRI and DID Station Numbers. There are no product specific NRCs for DID Station Numbers.

Location: Redmond

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7(b) (iii)

Demonstrate, at a minimum, that the contract charges cover the company's cost of providing the service. Costs will be determined under a long-run incremental cost analysis, including as part of the incremental cost, the price charged by the offering company to other telecommunications companies for any essential function used to provide the service, or any other commission-approved cost method.

This is a new customer specific agreement that provides Integrated Services Digital Network-Primary Rate Interface (ISDN-PRI) Service and Direct Inward Dialing (DID) Numbers for a term of thirty-six (36) months. This service is offered under contract because the rates for both services and the quantity of DID Numbers are not available under the tariff. The rates for the new agreement for both services reflect a decrease from the current agreement. The attached confidential cost documentation demonstrates the contract charges cover the company's cost of providing the service.

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7 (b) (iv)

Summarize the basis of the charge(s) proposed in the contract and explain the derivation of the proposed charge(s) including all cost computations involved.

The competitive nature of the services offered under this contract justify discounts beyond the term discounts offered in the tariff for similar services. The underlying costs of the individual component elements are identified in the confidential cost documentation filed with this contract.

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7 (v) Indicate the basis for using a contract rather than a filed tariff for the specific service involved.

The services are offered on a contract basis because the rates are customer specific and not available under the tariff. Also, the quantity of Direct Inward Dialing (DID) Station Numbers is not available under the tariff.

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(2) Duration of contract. All contracts shall be for a stated time period.

The term for this contract is thirty-six (36) months.