

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

VERIZON NORTHWEST INC.,

Respondent.

) Docket No. UT-040788  
)  
) RESPONSE OF VERIZON NORTHWEST  
) INC. TO PUBLIC COUNSEL, AARP AND  
) WEBTEC'S MOTION TO COMPEL  
) RESPONSES TO DATA REQUESTS

1           To date, Verizon Northwest Inc. (“VZNW”) has received 37 data requests (with numerous sub-parts) from the Staff of the Washington Utilities and Transportation Commission and 41 data requests (with numerous sub-parts) from Public Counsel in this docket with respect to Verizon’s directory operations, as they relate to VZNW. VZNW has responded to these requests and, therefore, cannot be said to be “obstructionist” with respect to discovery relating to Verizon directories. As stated below, VZNW has responded appropriately to the data requests at issue in Public Counsel’s motion, consistent with the Commission’s rules on discovery. Under those rules, VZNW is not required to provide information that does not exist. Rather, the rules obligate VZNW to produce existing records or documents to parties who then are free to conduct whatever analysis of the provided documents they deem to be necessary. See WAC 480-07-400(c)(iii).  
  
Otherwise,

parties could simply demand a preordained result and demand that VZNW “create” documents to justify such a result. Clearly, that is not what the Commission’s discovery rules contemplate. To the contrary, the Commission’s rules guard against unduly, expensive, burdensome discovery requests. See WAC 480-07-400(4). Accordingly, Public Counsel’s Motion to Compel the following specific data requests is not well taken and should be denied:

**Data Request No. PC-108**

- 2 Verizon provided the requested consolidated financial statements, but Public Counsel was not satisfied with this response and, instead, filed a supplemental request targeted at information regarding the Verizon Directories Corporation (“VDC”). Public Counsel’s motion states that its data requests “seek information of various kinds regarding Verizon’s directory publishing business.” (p. 1, ¶ 3). That is precisely what Verizon provided in its supplemental response. Public Counsel’s motion does not explain why this response is insufficient when VZNW understood its “supplemental request” to seek only directory information. Now, apparently, Public Counsel wants additional affiliate information buried within the high-level aggregation of all “information services.” Public Counsel does not explain why this is relevant to exploration of Verizon’s directory publishing business or why the supplemental response of VZNW is inadequate. VZNW’s response providing directory-related breakdown information is a proper response.

**Data Request No. PC-155**

- 3 Public Counsel’s motion does not correlate with the data request propounded and apparently seeks “financial data for the component entities of Verizon Information Services (VIS).” This is a far broader and different request than what appears as Supplemental Data Request No. PC-155. This data request references entities identified in Data Request No. PC-154. In response to PC-154, VZNW attached agreements for each

legal entity affiliated with VZNW with respect to directory publishing. VZNW will provide “preconsolidation stand-alone financial results” for those entities identified in response to Data Request No. 154. This response should be adequate and is directly responsive to the question asked.

**Data Request No. PC-156**

4 Public Counsel mischaracterizes Verizon’s response claiming that it can be “paraphrased: we don’t have the reports and it can’t be done.” That is not what Verizon’s response said. Verizon explained in its supplemental response that Verizon does not maintain the requested financial reports at the state level as a matter of routine business practice. An accurate paraphrasing of the response<sup>1</sup> would be: “While it is possible to prepare state-specific income statements, the Company does not as a practice maintain complete financial reports at a state level. Accordingly, no documents for Washington State currently exist that capture this financial information.” As a special project, as demonstrated by the Hawaii situation, Verizon Information Services can prepare a Washington state-specific report, which will take significant staff time, significant expense and would have to be based upon assumptions and methodologies that would have to be developed for Washington State, in light of Washington state-specific circumstances.

5 Preparation of Hawaii-specific financial statements were prepared as a special project, as part of an extraordinary event – to wit, the sale of all of the Hawaii operations of Verizon Communications Inc.

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<sup>1</sup> The actual response is

“VIS does not maintain complete financial reports at a state level. The only direct expenses that can be captured at the state level are printing and directory distribution costs. The remaining costs would have to be allocated based on assumptions and methodologies that have yet to be developed, since there is no business reason for VIS to allocate cost at the state level.”

6 In sum, Verizon never contended it did not have the capability to create, as a special project, financial statements for a specific state. Its position throughout has been that it is not required to create such statements as a “special request” in discovery for regulatory proceedings. Requiring Verizon to create new financial statements, out of its normal business practices, is unreasonable and inappropriate discovery.

**Data Request No. PC-157**

7 VZNW has fully responded to this request, and frankly does not know what else could be furnished by Verizon Information Services that could supplement this response. VZNW has provided a description of the accounting changes adopted as of January 1, 2003, by its domestic directory business for recognizing revenues and expenses. The Company has provided the cumulative income affect of the accounting change at the date of adoption. The Company has provided a complete summary listing of the journal entries made in recording the effects of the journal change and has provided a description of each journal entry made, including an explanation of the supporting calculations that were used to determine the amount of each journal entry. Public Counsel’s motion is simply incorrect or misunderstands the full nature of VZNW’s response.

**Data Request No. PC-160**

8 VZNW understood these requests to ask for separate financial information for yellow page advertising and white pages. VDC accurately answered that its financial records do not make such distinctions. Now, apparently, what Public Counsel really seeks is per directory financial information. VDC will provide its Washington per directory advertising revenue (white and yellow combined).

**Data Request No. PC-162**

9 Again, while VZNW’s response is accurate, VDC can, and will, provide per directory advertising revenue and only printing and distribution expenses. VDC cannot provide gross profit margin in the absence of directly attributable expenses.

**CONCLUSION**

10 Public Counsel's motion is grounded in confusion and miscommunications.

VZNW has answered all discovery requests appropriately.

DATED this 20<sup>th</sup> day of October, 2004.

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