

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)	DOCKET NO. UT-040788
TRANSPORTATION COMMISSION,)	
)	ORDER NO. 01
Complainant,)	
)	
v.)	
)	
VERIZON NORTHWEST INC.,)	
)	COMPLAINT AND ORDER
Respondent.)	SUSPENDING TARIFF REVISIONS
.....)	

BACKGROUND

1 On April 30, 2004, Verizon Northwest Inc. (Verizon NW or Company), filed with the Commission a petition seeking interim rate relief and tariff revisions in Advice No. 3121. Verizon filed revisions to its currently effective tariff WN-17 designated as follows:

Table of Contents 14 th Revised Sheet 2	Canceling	Table of Contents 13 th Revised Sheet 2
Section 1 13 th Revised Sheet 4	Canceling	12 th Revised Sheet 4
Table of Contents 2 nd Revised Sheet 2	Canceling	Table of Contents 1 st Revised Sheet 2
Section 2 Original Sheet 51		

2 The proposed tariff revisions implement an interim surcharge of \$3.54 per month to recover \$29.7 million in annual revenue, subject to refund, pending a decision in Verizon NW’s general rate case. The requested interim rate relief would increase overall revenues from the line rates for the residential class of local

services by 24 percent and would increase overall revenues from the line rates for the business class of local services by 5 percent. The stated effective date is July 21, 2004.

- 3 The filing seeking interim rates would increase charges and rates for service provided by Verizon NW. Because those increases might injuriously affect the rights and interests of the public, and because Verizon NW has not demonstrated that the increases would result in rates that are fair, just and reasonable, the Commission suspends the tariff revisions contained in the petition seeking interim rate relief and will hold public hearings if necessary to determine whether the proposed increases are fair, just and reasonable.
- 4 Verizon's request for interim rate relief is connected to, and dependent upon, another petition the Company filed with the Commission on April 30, 2004, called a "Petition of Verizon Northwest Inc. for an Order Approving Commencement of Bifurcated General Rate Case and Waiver of WAC 480-07-510(2). The Company filed: certain materials that the Company represented would support an annual increase in its revenues of \$239.5 million; a request that the Commission waive certain provisions of WAC 480-07, which require the filing of tariffs and supporting materials when seeking a general rate increase; and a request that the Commission authorize a "bifurcated" hearing in which the Company would not file proposed tariffs to recover that increase in annual revenues until the Commission determines the Company's total revenue requirement.
- 5 The Commission believes that it should not rule upon the Verizon requests described in the prior paragraph in the setting of an open meeting. Instead, the Commission believes that such questions be deferred, and considered pursuant to RCW 34.05.413(1) in the context of an adjudication in which parties have the opportunity to argue and brief their views and in which the Commission may

make thoroughly studied decisions. The Commission directs that these questions be addressed in the adjudication herein established for the consideration of Verizon's proposed interim rate increase.

6 These matters were brought before the Commission at its regularly scheduled open meeting on May 12, 2004.

FINDINGS AND CONCLUSIONS

- 7 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, regulations, practices, accounts, securities, and transfers of public service companies, including telecommunications companies. *RCW 80.01.040; Chapter 80.04 RCW; and Chapter 80.36 RCW.*
- 8 (2) Verizon NW is a telecommunications company and is a public service company subject to the jurisdiction of the Commission. *RCW 80.04.010.*
- 9 (3) This matter was brought before the Commission at its regularly scheduled meeting on May 12, 2004.
- 10 (4) The petition seeking interim rate increase and the tariff revisions filed by Verizon NW on April 30, 2004, would increase charges and rates for service provided by Verizon NW, and might injuriously affect the rights and interest of the public.
- 11 (5) Verizon NW has not demonstrated that the increased rates and charges in its tariff revisions would result in rates that are fair, just and reasonable.

- 12 (6) As required by RCW 80.04.130 (2), Verizon NW bears the burden of proof to show that the proposed increases are fair, just and reasonable.
- 13 (7) In order to carry out the duties imposed upon the Commission by law, and as authorized in RCW 80.04.130, the Commission believes it is necessary to investigate Verizon NW's books, accounts, practices and activities; to make a valuation or appraisal of Verizon NW's property; and to investigate and appraise various phases of Verizon NW's operations.
- 14 (8) Verizon NW may be required to pay the expenses reasonably attributable and allocable to the investigation to the extent the requirements for such payment are in consistent or authorized by Chapter 80.20 RCW.
- 15 (9) This proceeding involves a change in the rate levels of a telecommunications company, and therefore the methods of discovery described in WAC 480-07-400(1)(c)(iii) through (vi) will be available to the parties.

ORDER

THE COMMISSION ORDERS:

- 16 (1) The tariff revisions filed on April 30, 2004, are suspended.
- 17 (2) The Commission will hold a pre-hearing conference on May 24, 2004, at 1:30 p.m.
- 18 (3) Verizon Northwest Inc., must not change or alter the tariff revisions during the suspension period filed in this docket, unless authorized by the Commission.

- 19 (4) The Commission will institute an investigation of Verizon Northwest Inc.'s books, accounts, practices, activities, property and operations as described above.
- 20 (5) Verizon Northwest Inc., shall pay the expenses reasonably attributable and allocable to the Commission's investigation to the extent the requirements for such payment are in accordance with the provisions of Chapter 80.20 RCW.

DATED at Olympia, Washington, and effective this 12th day of May, 2004.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

RICHARD HEMSTAD, Commissioner

PATRICK J. OSHIE, Commissioner