

Exhibit No. \_\_\_ (BAE-13)

Docket No. UT-040788

Witness: Betty A. Erdahl

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**VERIZON NORTHWEST INC.,**

**Respondent.**

**DOCKET NO. UT-040788**

**EXHIBIT TO TESTIMONY  
OF  
BETTY A. ERDAHL**

**STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

**Calculation of Staff's Adjustment P20, MVSP Program**

**November 22, 2004**

**VERIZON NORTHWEST INC. - WASHINGTON OPERATIONS**  
 2004 Washington General Rate Case  
 Pro forma Adjustment - MVSP Cost  
 (Thousands of Dollars)

**Calculation of Staff's Pro forma Adjustment P20  
 Management Voluntary Separations Program**

This proforma is to reflect the Management Voluntary Separation Program (MVSP) cost amortize over 5 years net of annual savings as a result of the program.

Line No.	Description	Account Code	CAM Factor	Intrastate Factor	Amount Inc (Dec)	Intrastate Amount Inc (Dec)
1	Net MVSP Cost	6728	8.4923%	77.7287%	(14,941)	(11,614)
2	See Attached Detailed Schedules					
3	CAM FACTOR CALCULATION SHOWN ON P20.1.2&3 CAM Factor is 1 minus	0.915077095				
4	INTRASTATE FACTOR CALCULATION SHOWN ON P20.1.2&3	0.777287242				

**VERIZON NORTHWEST INC. - WASHINGTON OPERATIONS**  
**2004 Washington General Rate Case**  
**Proforma Adjustment - MVSP Cost**  
**(Thousands of Dollars)**

**Calculation of Staff's Pro forma Adjustment P20.1**

Line No		Total MVSP	Intrastate Amount
1			
2			
3			
4			
5			
6	MVSP Cost amortized over 5 years	2,201	4,240
7			
8	MVSP Savings		(15,854)
9			
10	Net Cost/(Savings)		<b>(11,614)</b>
11			
12			
13			
14			
15			
16	Notes:		
17	- MVSP Savings reflect reduction in Salary/wage and pension/Benefits costs.		
18	- MVSP costs reflect expenses booked in the fourth quarter of 2003 and the first		
19	quarter of 2004.		

**VERIZON NORTHWEST INC. - WASHINGTON OPERATIONS**  
 2004 Washington General Rate Case  
 Proforma Adjustment - MVSP Costs  
 (Thousands of Dollars)

STAFF

Calculation of Staff's Pro forma Adjustment P20.1.1

Line No	4th Qtr. 2003	1st Qtr. 2004	Total MVSP	CAM Factor	Intrastate Factor	Total Intrastate
1	75,572		75,572	0.129961	0.776897	51,081
2	30,480,714		30,480,714	0.129961	0.776897	20,602,856
3	(22,645,691)		(22,645,691)	0.129961	0.776897	(15,306,922)
4		22,289,460		0.129961	0.776897	15,306,922
5				0.129961	0.776897	
6				0.129961	0.776897	
7				0.129961	0.776897	
8				0.129961	0.776897	
9	7,910,595	22,289,460	30,200,055			21,201,013
10						
11						
12						
13						
14						
15						
16						

Per Staff P20.1.2&3

Source: Corporate Services-Accounting, Corporate Books

**VERIZON NORTHWEST INC. - WASHINGTON OPERATIONS**  
**004 Washington General Rate Case**  
**Salary & Wages and Employee Related Proforma Adjustments**

**Calculation of Staff's Pro forma Adjustment P20.1.2**

**MVSP Headcount Reduction Impact - Salary & Wage**

Line No.		source Response to SDR 234 a			
1	Head count reduction	237			
2	Salary/wages	(15,618,600.0)			
3	Pension/Benefits	(6,179,030.5)			
4	Other Employee Related	<u>(491,829.7)</u>			
5	Total MVSP savings	<u>(22,289,460.2)</u>	This is equivalent to Company WP P20.1.1, line 4 difference is Staff did not include one extra day or increase to wages		
6	Pension/Benefits percentage of S/W	39.562%	source Co.WP P12.1.7 (line 18/line 16)		39.562%
7	Other Employee Related percent of S/W	3.149%	source Co. WP P12.1.7 (line 20/line 16)		3.149%
8	Description	WA amount	NOTE 2 CAM FACTOR	REGULATED	NOTE 1 INTRASTATE FACTOR
9	Salary/wages	(15,618,600.0)	0.915077095	(14,292,223)	0.777287242
10	Pension/Benefits	(6,179,030.5)	0.915077095	(5,654,289)	0.777287242
11	Other Employee Related	<u>(491,829.7)</u>	0.915077095	<u>(450,062)</u>	0.777287242
12	Total MVSP savings	<u>(22,289,460.2)</u>	0.084922905	<u>(20,396,575)</u>	0.777287242

		BOOKS SACS WA	INTRASTATE SACS WA	(d)
<u>Note 1</u>	(a)	(b)	©	
	Plant Spec.	73,966	56,503	0.763905037 Exhibit NWH-2
	Plant NonSpec.	26,891	20,224	0.752073184 Exhibit NWH-2
	Customer	66,725	53,572	0.802877482 Exhibit NWH-2
	Corporate	<u>101,738</u>	<u>79,040</u>	<u>0.776897521</u> Exhibit NWH-2
	Total	269,320	209,339	0.777287242

		BOOKS EMR WA	BOOKS SACS WA	
<u>Note 2</u>				
	Plant Spec.	79,539	73,966	0.929933743
	Plant NonSpec.	28,962	26,891	0.928492507
	Customer	71,650	66,725	0.931263084
	Corporate	<u>114,163</u>	<u>101,738</u>	<u>0.891164388</u>
	Total	294,314	269,320	0.915077095

SOURCE COMPANY WP P12.1.2 COMPANY SCHEDULE L1 c / b