

Exhibit No. ___ (TWZ-16C)
Docket No. UT-040788
Witness: Timothy W. Zawislak
REDACTED VERSION

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
TIMOTHY W. ZAWISLAK

STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

Sales and Marketing Expenses, SR 18

November 22, 2004

REDACTED VERSION

CONFIDENTIAL PER PROTECTIVE ORDER IN WUTC DOCKET NO. UT-040788
Adjustment to Sales and Marketing Costs billed by Verizon NW to Verizon Long Distance to reflect Fair Market Value
(Note: Bell Atlantic Communications Inc. is dba Verizon Long Distance ("VLD"))

Number of VLD sales billed by VZ-NW during each month of Test Year
Source: Verizon-NW Response to WUTC Staff Data Request No. 509, Confidential Attachment 509C

Sales Activity	Bill Date	Date	# of Sales	Invoice Reference
1	Oct-02	Sep-02		As reported on Oct-02 invoice
2	Nov-02	Oct-02		As reported on Nov-02 invoice
3	Dec-02	Nov-02		As reported on Dec-02 invoice
4	Jan-03	Dec-02		Used average of Sep-02 through Nov-02, since no data provided
5	May-03	Jan-03		As reported on May-03 invoice
6	May-03	Feb-03		As reported on May-03 invoice
7	May-03	Mar-03		As reported on May-03 invoice
8	May-03	Apr-03		As reported on May-03 invoice
9	Jun-03	May-03		As reported on Jun-03 invoice
10	Jul-03	Jun-03		As reported on Jul-03 invoice
11	Aug-03	Jul-03		As reported on Aug-03 invoice
12	Sep-03	Aug-03		As reported on Sep-03 invoice
13	Total			

14 FMV of LD Customer acquisition cost (per sale): \$ 75.00 Source: CSFB Report (2003), referenced in Selwyn Direct Testimony, Exhibit T (LLS-1T)

15 Total sales costs, as adjusted: [Redacted] Total sales during Test Year x Per-sale customer acquisition cost

16 Invoiced sales costs: [Redacted] Source: Verizon-NW Confidential Attachment 509C.4, detailed below (See Note * below)

17 Net increase to apply: [Redacted]

18 Adjustment to Verizon-NW's expenses: [Redacted]

19 Allocation based on frozen factors: 75.75%

20 Adjustment to Verizon-NW expenses -- INTRA: [Redacted]

Note *

Total invoiced sales costs of VLD CSSC Sales, Ordering and Customer Inquiry Service billed by VZ-NW during each month of Test Year
Source: Verizon-NW Response to WUTC Staff Data Request No. 509, Confidential Attachment 509C

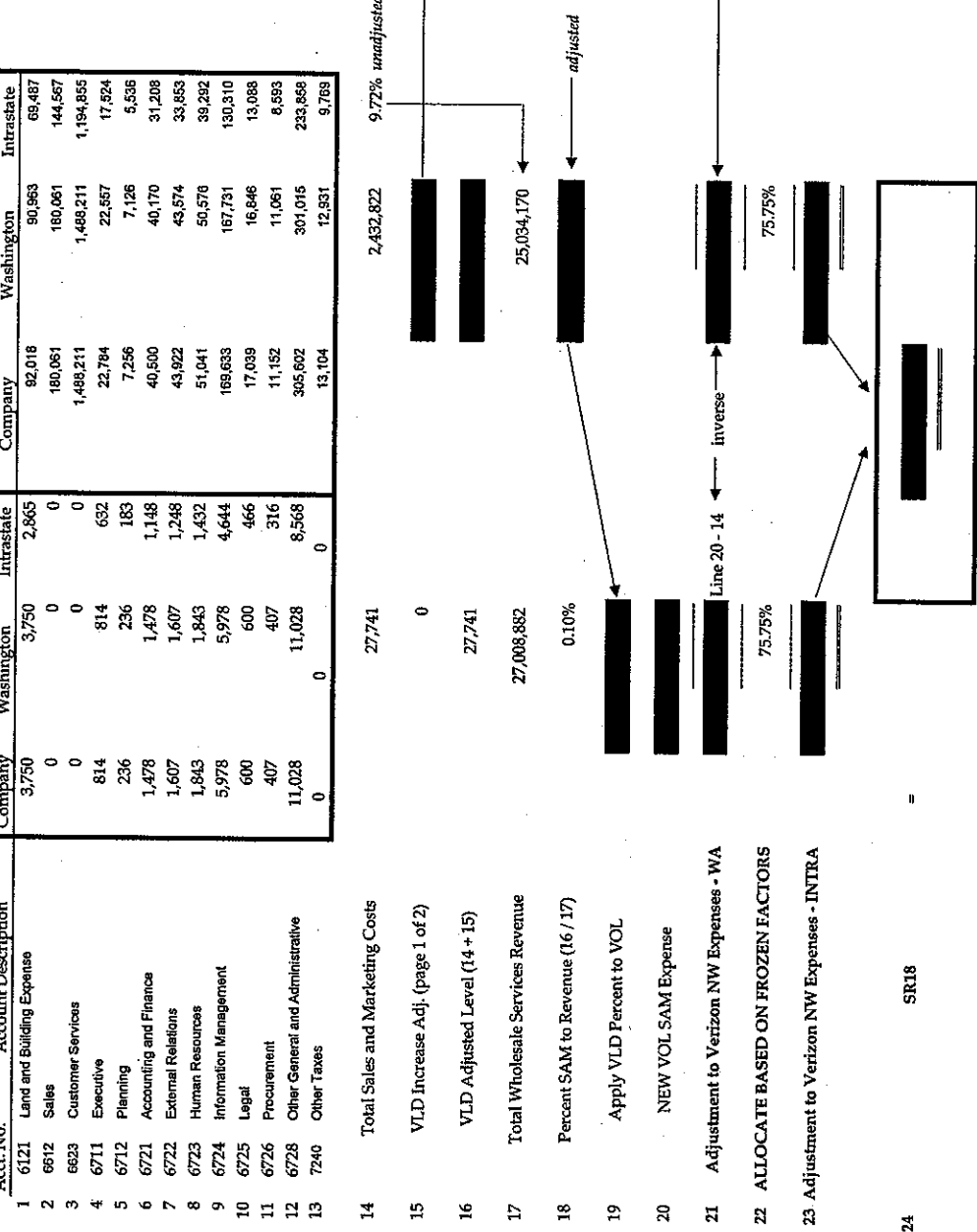
Sales Activity	Bill Date	Date	Billed Amount	Invoice Reference
21	Oct-02	Sep-02		As reported on Oct-02 invoice
22	Nov-02	Oct-02		As reported on Nov-02 invoice
23	Dec-02	Nov-02		As reported on Dec-02 invoice
24	Jan-03	Dec-02		Used average of Sep-02 through Nov-02, since no data provided
25	May-03	Jan-03		As reported on May-03 invoice
26	May-03	Feb-03		As reported on May-03 invoice
27	May-03	Mar-03		As reported on May-03 invoice
28	May-03	Apr-03		As reported on May-03 invoice
29	Jun-03	May-03		As reported on Jun-03 invoice
30	Jul-03	Jun-03		As reported on Jul-03 invoice
31	Aug-03	Jul-03		As reported on Aug-03 invoice
32	Sep-03	Aug-03		As reported on Sep-03 invoice
33	Total			

CONFIDENTIAL PER PROTECTIVE ORDER IN WUTC DOCKET NO. UT-040788

AMOUNTS CHARGED BY VERIZON NORTHWEST INC DURING TEST YEAR TO:

FCC Acct. No.	Account Description	GTE/Net alpha VERIZON INTERNET SOLUTIONS			B.A.C. Inc. db/a VERIZON LONG DISTANCE		
		Total Company	Washington	Intrastate	Total Company	Washington	Intrastate
1	6121 Land and Building Expense	3,750	3,750	2,865	92,018	90,963	69,487
2	6612 Sales	0	0	0	180,061	180,061	144,567
3	6623 Customer Services	0	0	0	1,488,211	1,488,211	1,194,855
4	6711 Executive	814	814	632	22,784	22,557	17,524
5	6712 Planning	236	236	183	7,256	7,126	5,536
6	6721 Accounting and Finance	1,478	1,478	1,148	40,500	40,170	31,208
7	6722 External Relations	1,607	1,607	1,248	43,922	43,574	33,853
8	6723 Human Resources	1,843	1,843	1,432	51,041	50,578	39,292
9	6724 Information Management	5,978	5,978	4,644	169,633	167,731	130,310
10	6725 Legal	600	600	466	17,639	16,846	13,088
11	6726 Procurement	407	407	316	11,182	11,061	8,593
12	6728 Other General and Administrative	11,028	11,028	8,568	305,602	301,015	233,868
13	7240 Other Taxes	0	0	0	13,104	12,931	9,768
14	Total Sales and Marketing Costs	27,741	27,741				
15	VLD Increase Adj. (page 1 of 2)	0	0				
16	VLD Adjusted Level (14 + 15)	27,741	27,741				
17	Total Wholesale Services Revenue	27,008,882					
18	Percent SAM to Revenue (16 / 17)	0.10%					
19	Apply VLD Percent to VOL						
20	NEW VOL SAM Expense						
21	Adjustment to Verizon NW Expenses - WA						
22	ALLOCATE BASED ON FROZEN FACTORS						
23	Adjustment to Verizon NW Expenses - INTRA						
24							

6100
6600
6700
7200
Total



2,432,822 9.72% unadjusted

25,034,170 adjusted

0.10%

75.75%

75.75%

Line 20 - 14 Inverse

SRI8