

Exhibit No. ____ (TWZ-20)

Docket No. UT-040788

Witness: Timothy W. Zawislak

**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**

Staff Calculation of ISWC

November 22, 2004

VERIZON NORTHWEST INC.
Investor Supplied Working Capital (P13) - STAFF CALCULATION
(Whole Dollars)

Exhibit No. ___ (TWZ-20)
Page 1 of 3

Average Monthly Average for the year ended September 30, 2003

(A) Line #	(B) Items	(C) Amount	(D) Subtotal	(E) Total
	Invested Capital			
1	Capital Stock	A 618,622,611		
2	Retained Earnings	B 604,204,541		
3	LT Debts	C 562,811,863		
4	Other LT Debts	D 72,751,657		
5	Notes Payable - Affiliated	E 245,947,584		
6	Unamortized Debt Issuance Expense	F (10,041,327)		
7	Total Invested Capital			2,094,296,929
	Investment			
8	Operating:			
9	Telecommunications Plant in Service (TPIS)	G 4,129,558,423		
10	Pension Asset	H 322,624,201		
11	Accumulated Depreciation	I (1,910,330,481)		
12	Deferred Taxes	J (558,750,009)		
13	Total Operating Investment		1,983,102,134	
14	Nonoperating			
15	Telecom Plant Under Construction	K 22,514,655		
16	Prepaid Services-Pension Asset	H		
17	Nonoperating Plant	L 675,890		
18	Accumulated Depreciation-Non Operating	M (62,102)		
19	Investment in Affiliates and Nonaffiliates	O 62,426,989		
20	Other Deferred Debits and Credits-Net	N 76,496,749		
21	Total Non Operating Investment		162,052,181	
22	Total Investment (L13+L21)			2,145,154,315
23	Total Investor-Supplied Working Capital (L7-L22)			(50,857,386)
24	Total Investment (L22)			2,145,154,315
25	Less: Telephone Plant Under Construction (L15)			22,514,655
26	Net Investment (L24-L25)			2,122,639,660
27	Net Investor-Supplied Working Capital Percentage (L23/L26)			-2.40%
28	Non-Op Investor-Supplied Working Capital ((L21-L15)*L27)			(3,343,249)
29	Operating Investor-Supplied Working Capital (L13*L27)			(47,514,136)
30	Washington as a Percentage of VZ Northwest			60.56%
31	Washington Nonregulated Factor (CAM) for TPIS			4.94%
32	Washington Intrastate Factor for TPIS			75.54%
33	Washington Intrastate Operating Investor-Supplied Working Capital			(20,662,663)

OK
INVESTED
CAPITAL

OK
INVESTMENTS
ISWC

Item	Acct.	10/1/02 - 9/30/03 Average of Averages	OK INVESTMENTS	ISWC	
Current Assets					
Cash	1130	3,253			
Special Cash Deposits	1140	301,157			
Working Cash Advances	1150	20,087			
Temporary Inv - Affiliated Co.	1161	-			
Temporary Inv - Other	1162	-			
Telecom Accts Receivable	1180	170,870,048			
Affiliates Accts Receivable	1182	39,531,659	non-op	O	
Oth Accts Receivable	1180	22,900,219	non-op	O	
A/R Allowance	1181	(41,134,671)			
Affiliates Notes Receivable	1202	53,095,103	non-op	N	
Other Notes Receivable	1200	-			
Affiliate Interest Receivable	1211	88,368			
Other Interest Receivables	1212	3,888			
Material And Supplies - Reg	1220	5,286,652			
Material and Supplies - NRO	F220	2,044,377			
Work in Progress - NRO	F245	6,908,748			
Prepaid Rent	1250	-			
Prepaid Tax	1300	310,139			
Prepaid Insurance	1310	14,614,548			
Prepaid Other	1330	311,413			
Other Current Assets	135A	24,932,104			
Total Current Assets		300,074,782	6,908,748 non-op	K	
		13,050,046			
		(2,738,003)			
Non-Current Assets		300,074,782			
Investment in Affiliates	1401	(28,116)	non-op	O	
Investment in Non-Affiliates	1402	24,227	non-op	O	
Nonregulated Investments	1406	-			
Unamortized Debt Issuance	1407	-			
Sinking Fund	1408	10,041,327			
Other Noncurrent Assets	1410	-			
Other Noncurrent Assets	141B	322,624,201	op or non-op	H	
Deferred Maintenance & Retirements	1438	-			
Deferred Charges	1439	82,445,461	non-op	N	
Goodwill	2007	-			
Total Noncurrent Assets		415,106,089	82,445,461 non-op	N	
		(0)			
P.P. - Eq Less Reserve		415,106,089			
Plant In Service	2001	4,088,884,157	op	G	
Plant Held For Future Use	2002	-			
TPUC - Short Term	2003	15,444,545	non-op	K	
TPUC - Long Term	2004	161,361	non-op	K	
Plant Adjustments	2005	-			
Nonoperating Plant	2008	675,890	non-op	L	
Nonregulated Plant	N000	40,674,267	op	G	
Total P.P./Equipment		4,145,840,220	40,674,267 op	G	
		0			
Depreciation - Tot P.P. In Svc	X000	1,887,480,128	op	I	
Depreciation - P.P. Held Future Use	3200	-			
Depreciation - Nonoperating	3300	62,102	non-op	M	
Amortization - Other	3800	-			
Depreciation - Nonregulated	Y000	22,870,352	op	I	
Total Reserve		1,910,362,582	(22,870,352) op	I	
		1			
Total P.P./E Less Reserves		2,235,447,638			
Total Assets		2,950,628,518			

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Item	Acct.	10/1/02 - 9/30/03 Average of Averages	OK INVESTED CAPITAL	OK INVESTMENTS	ISWC
Current Liabilities					
Affiliated Co Accounts Payable	401B	70,696,773			
Oh Accounts Payable	4012	28,190,100			
Carrier Accounts Payable	4013	(35,068)			
Affiliated Co - Notes Payable	4021	245,947,584	245,947,584		E
Oh Notes Payable	4022				
Advanced Payments	4030	37,486,137			
Customer Deposits	404A	54,606			
Current Maturities - LT Debt	405A	882,000			
Curr Maturities - Capital Leases	406A				
Income Tax Accrued	407A	1,529,466			
Other Tax Accrued	4080	18,924,745			
Accrued Deferred Tax	4100	(9,224,177)			
Accrued Interest - Affiliated	4121	311,017			
Accrued Interest - Debt	4122	10,181,089			
Accrued Interest - Oh	4123	834,385			
Accrued Dividends	4124				
Accrued Compensation - Other	4125	24,609,502			
Accrued Liabilities - Other	4126				
Other Current Liabilities	4130	44,655,383			
Total Current Liabilities		474,444,022			
		0			
Long Term Debt					
Funded Debt	4210	554,819,250	562,811,863		C
Premium On Long Term Debt	4220	13,733,748			
Discount On Long Term Debt	4230	(5,745,231)			
Reacquired Debt	4240				
Obligations Under Capital Leases	4250				
Advances From Affiliated Companies	4260	4,085			
Other Long Term Debt	4270				
Total Long Term Debt		562,811,863	562,811,863		
Other Liabilities And Deferred Cr					
Other Long Term Liabilities	4310	72,751,857	72,751,857		D
Unamortized ITC	4320				F
Noncurrent Deferred Tax	4340	588,750,009		(588,750,009) op	J
Other Deferred Credit	4360	59,043,815		(59,043,815) non-op	N
Total Other Liabilities And Deferred	OTH	690,545,482			
LIMDEF CR					
Stockholder Equity					
Common Stock	4511	448,000,000			
Preferred Stock	4512				
Total Capital Stock		448,000,000	448,000,000		A
Additional Paid In Capital	4520	170,822,811	170,822,811		A
Treasury Stock	4530				
Treasury Stock	453B				
Other Cap	4540				
Minority Interest - Stock	4901				
Minority Interest - Retained Earn	4902				
Minority Interest - Other	4903				
Minority Interest - NET	MINT				
Retained Earnings - Res	4551				
Retained Earnings - UNA	455X	604,204,541	604,204,541		B
Stockholder Equity		1,222,827,152			
Total Liability & Equity		2,950,828,519	2,950,828,519		
		(0)			
TOTALS			2,094,296,929	2,145,154,315	(50,857,386)