

Exhibit No. ___ C (PMS-13-C)
Docket No. UT-040788
Witness: Paula M. Strain
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
PAULA M. STRAIN
REGARDING REVENUE REQUIREMENTS

STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

Description and Revisions to Pro Forma Adjustments

November 22, 2004

REDACTED VERSION

VERIZON NORTHWEST INC. - WASHINGTON OPERATIONS
2004 Washington General Rate Case
Description and Revisions to Proforma Adjustments
(Thousands of Dollars)

Exhibit No. C (PM:), Page 1
Docket No. UT-040788
Witness: Paula Strain
November 22, 2004

REDACTED VERSION

(a)	(b)	(c)	(d)	(e)	(f)
Adjust. No.	Description of Company Proposed Adjustments	Verizon Intrastate Amount Inc (Dec)	Difference Staff Adjustment	Staff Intrastate Amount Inc (Dec)	Staff Witness
P1	To reduce Local Revenues to recognize post-test year volume declines	(3,850)	63	(3,850)	Strain
1	Uncollectibles	5301		63	
P2	To reduce Access Revenues to recognize post-test year volume increases and UT-020406 Access Charge Reduction	(27,776)		(27,776)	Strain
4	Uncollectibles	5301	451	451	
P3	To reduce Toll Revenues to recognize post-test year volume declines	(3,489)		(3,489)	Strain
8	Uncollectibles	51XX 5301	57	57	
P4	To reduce Directory, Rents and other Miscellaneous Revenues for post-test year volume declines	(3,495)		(3,495)	Strain
11	Uncollectibles	5301	57	57	
P5	Revenue Related Price Changes - Transparent LAN Service	222			Strain
15	Uncollectibles	5001-506X 5301			
P6	Revenue Related Price Changes - Corrections Collect Calls	199			Strain
18	Uncollectibles	5001-506X 5301			
P7	Revenue Related Price Changes - CentraNet CustoPak Promotion	1,005	(16)	1,005	
21	Uncollectibles	5301		(16)	
P8	Uncollectible Actual Writeoff	1,943		1,943	
24		5301			
P19	To record Uncollectibles Applicable to Company Proforma Revenue Adjustments	(552)	552	0	Strain
25		5301			
P21	Revenue Related Price Changes - Cyber DS1	627			Strain
29	Revenue Related Price Changes - Frame Relay	739			Strain
30	Uncollectibles	5001 5086 5301			
31					
32					
SP22	Line Sharing Imputation Pro forma **CONFIDENTIAL***				Zawislak
33	Uncollectibles	5240			
34	Additional New Services Revenues ***CONFIDENTIAL***	5301			
35	Uncollectibles	5001-506X			Strain
36		5301			
37					
38	Total Revenue Adjustments	(34,427)	10,737	(23,689)	

VERIZON NORTHWEST INC. - WASHINGTON OPERATIONS
2004 Washington General Rate Case
Description and Revisions to Proforma Adjustments
(Thousands of Dollars)

REDACTED VERSION

(a)	(b)	(c)	(d)	(e)	(f)
Adjust. No.	Description of Company Proposed Adjustments	Verizon Intrastate Amount Inc (Dec)	Difference Staff Adjustment	Staff Intrastate Amount Inc (Dec)	Staff Witness
39					
40					
41					
42					
43	Pro forma Adjustments to Operating Expenses:				
44					
45	P10 To record Projected Rate Case Expense amortized over 3 years	178		178	
46					
47	P12 Salary, Wages, Benefits & Other Employee Benefits	491	(1,066)	(575)	Erdahl
48	To adjust test year for wage increases, benefit cost	453	(302)	151	
49	increases, and reductions in employee headcount	266	(275)	(9)	
50		1,007	(2,384)	(1,377)	
51					
52	P15 Recognition of SFAS 106 - Other Post Employment Benefits	2,196	(2,196)	-	Erdahl
53		1,332	(1,332)	-	
54		2,099	(2,099)	-	
55		(7,012)	7,012	-	
56					
57	P17 Remove Depreciation Expense proposed in Docket UT-040520	47,119	(48,786)	(1,667)	Strain
58					
59					
60	P18 To adjust amortization of employee severance expenses to five years	(11,323)	(4,262)	(15,585)	Erdahl
61					
62					
63	P19 To record Gross Receipts Tax and WUTC Regulatory Fees on	(148)	148	-	Strain
64	Proforma Revenue Adjustments		(157)	(157)	
65					
66	P20 To amortize Management Voluntary Separation Program costs over 5 years,	525	-12139	(11,614)	Erdahl
67	net of annual savings				
68					
69	SP24 Depreciation Expense Calculated on Disallowed Special Access Plant	656x	(7,372)	(7,372)	Strain
70	Remove Operating Expenses related to Disallowed Special Access Plant	64xx	(3,492)	(3,492)	Strain
71					
72	SP23 Depreciation Expense Calculated on Disallowed DSL Plant	656x			Strain
73					
74					
75	Total Expense Adjustments	37,183	(78,843)	(41,660)	

VERIZON NORTHWEST INC. - WASHINGTON OPERATIONS
2004 Washington General Rate Case
Description and Revisions to Proforma Adjustments
(Thousands of Dollars)

Exhibit No. C (PM:), Page 3
Docket No. UT-040788
Witness: Paula Strain
November 22, 2004

REDACTED VERSION

	(a)	(b)	(c)	(d)	(e)	(f)	
	Adjust. No.	Description of Company Proposed Adjustments	Account Code	Verizon Intrastate Amount Inc (Dec)	Difference Staff Adjustment	Staff Intrastate Amount Inc (Dec)	Staff Witness
76		Pro forma Adjustments to Rate Base:					
77	P11	SFAS 106	4310	(2,439)	2,439	-	Erdahl
78	P11	SFAS 106	2xxx	805	(805)	-	
80	P13	Investor Supplied Working Capital	var	4,534	(25,196)	(20,663)	Zawislak
81	P14	Pension Asset	1410	2,499	-2499	-	Erdahl
82	P14	Pension Asset	2xxx	(626)	626	-	
83	P14	Pension Asset	4xxx	(875)	875	-	
84	P15	Recognition of SFAS 106 (Liability)	4310	(17,990)	17,990	-	Erdahl
85	P15	Recognition of SFAS 106 (Capital)	2xxx	2,123	(2,123)	-	
86	P17	To reflect impact of plant additions and retirements and effect of depreciation rates proposed by Company in Docket No. UT-040520	2XXX	(4,196)		(4,196)	
87		NOTE: Entries to 3xxx and 4xxx accounts reverse sign on PMS-12	3XXX	(30,196)	65,462	35,266	Strain
88			4XXX	10,568	(14,589)	(4,020)	
89	SP24	Remove DSL-Related Plant Not Used and Useful for Intrastate Service	22xx				Strain
90		NOTE: Entries to 3xxx and 4xxx accounts reverse sign on PMS-12	34xx				
91			4xxx				
92	SP23	Remove Special Access Plant Not Used and Useful for Intrastate Service	24xx		(157,711)	(157,711)	Strain
93		NOTE: Entries to 3xxx and 4xxx accounts reverse sign on PMS-12	34xx		87,014	87,014	
94			4xxx		(9,920)	(9,920)	
95							
96							
97							
98							
99							
100							
101							
102							
103							
104							
		Total Rate Base Adjustments		(35,793)	(39,207)	(75,000)	

VERIZON NORTHWEST INC. - WASHINGTON OPERATIONS
2004 Washington General Rate Case
Staff Adjustment to Verizon Revenue-Related Proforma Adjustment P5
(Thousands of Dollars)

Exhibit No. ___-C (PMS-13-C), page 4
Docket No. UT-040788
Staff Witness: Paula Strain
November 22, 2004

REDACTED VERSION

Staff Adjustment P5

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

Revenue Related to Price Changes for Transparent LAN Services (TLS). The Tariff was filed on January 30, 2003, Advice No. 3070, and became effective on March 1, 2003. The estimated annual revenue impact of this new service is an increase of \$533. The Company proforma is to increase revenues for the 5 months not included in the test year. **Note: This is a 100% intrastate regulated service.**

Line No.	Description	Account Code	CAM Factor	Intrastate Factor	Amount Inc (Dec)	Intrastate Amount Inc (Dec)
1	Revenue Related Price Change - TLS (533/12*5)	5001-506X	0.0000%	100.0000%	222	\$222

2 Source: Tariff Filing
 3 See Associated Tariff Filing

Staff Adjustment: To recognize revenue level expected during period rates will be in effect.

4 Revenue at Year 2 level, beginning March 1, 2004:
 5 Less test year revenue - 7 months at \$533 annually
 6 Staff Proforma for Additional Revenue

7 **Difference: Line 6 less Line 1**

VERIZON NORTHWEST INC. - WASHINGTON OPERATIONS
2004 Washington General Rate Case
Staff Adjustment to Verizon Revenue-Related Proforma Adjustment P6
(Thousands of Dollars)

Exhibit No. _____-C (PMS-13-C), page 5
Docket No. UT-040788
Staff Witness: Paula Strain
November 22, 2004

REDACTED VERSION

Staff Adjustment P6

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

Revenue Related to Price Changes for Corrections Collect Calls. The Tariff was filed on February 12, 2003, Advice No. 3072 & No. 3073 and became effective on March 14, 2003. The estimated annual revenue impact of this new service is an increase of \$434. This proforma is to increase revenues for the 5 1/2 months not included in the test year.

Line No.	Description	Account Code	CAM Factor	Intrastate Factor	Amount Inc (Dec)	Intrastate Amount Inc (Dec)
1	Revenue Related Price Change - Inmate Corrections Collect Calls (434/12*5.5)	5001-506X	0.0000%	100.0000%	199	199

2 Source: Tariff Filing
 3 See Associated Tariff Filing

Staff Adjustment: To recognize revenue levels expected during period rates will be in effect

4 Revenue at Year 2 level, beginning March 15, 2004: [REDACTED]
 5 Less test year revenue - 6.5 months at \$434 annually
 6 New Service Proforma Line 4 - Line 5 0.0000% 100.0000% [REDACTED]

7 **Difference** Line 6 - Line 1 [REDACTED]

VERIZON NORTHWEST INC. - WASHINGTON OPERATIONS
 2004 Washington General Rate Case
 Staff Adjustment to Verizon Revenue Pro forma Adjustment P21

Exhibit No. ___-C (PMS-13-C), page 6
 Docket No. UT-040788
 Staff Witness: Paula Strain
 November 22, 2004

REDACTED VERSION

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

Staff Adjustment P21

This pro forma adjustment is to increase revenue for new tariff filings for months not included in the test year.

Row No.	Advice Number (a)	Docket Number (b)	Description (c)	FCC Account (d)	WUTC Effective Date (e)	Annual Revenue (f)	Months not in Test Yr (g)	Annual / 12 times Months Not in TY (h = f / 12 * g)	Intrastate Factor (i)	Intrastate Revenue Amount Inc (Dec) (j)
1	3074	UT-030282	CyberDS1 Term and Volume Plan	5001	3/21/2003	1,254,500	6	627,250	100.00000%	\$627,250
2	3093	UT-030910	New Frame Relay Rate Structure	5086	7/10/2003	984,924	9	738,693	100.00000%	738,693
3			Total in whole dollars							\$1,365,943
4										
5			Summary in Thousands of Dollars:							
6			Local Revenues	5001						\$627
7			Network Access Revenue- Intrastate	5086						739
8			Total in thousands of dollars							\$1,366

Staff Adjustment: To recognize revenue level expected during period rates will be in effect

Cyber DS1:		
Revenues Year 2, beginning 3/21/04		
less test year revenue per Verizon (col. (f) - col (h))		
Proforma Adjustment	Account 5001	
Frame Relay:		
Revenues Year 2, beginning 7/10/04		
less test year revenue per Verizon (col. (f) - col (h))		
Proforma Adjustment	Account 5086	
Difference - Staff adjustment less Company adjustment	Account 5001	
	Account 5086	

(Thousands of Dollars)

Exhibit No. ___-C (PMS-13-C), page 7
 Docket No. UT-040788
 Staff Witness: Paula Strain
 November 22, 2004

VERIZON NORTHWEST INC. - WASHINGTON OPERATIONS
 2004 Washington General Rate Case
 Staff Adjustment to Verizon Revenue-Related Proforma
 (Whole Dollars)

REDACTED VERSION

Staff Adjustment SP25

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

Staff Adjustment: To recognize revenue level expected during period rates will be in effect
 Data Source: Tariff Filings approved by WUTC.

Row No.	Advice Number (a)	Docket Number (b)	Description (c)	FCC Account (d)	WUTC Effective Date (e)	Annual Revenue (f)	Revenue In Test Yr (g)	Pro forma Adjustment (h)	Intrastate Factor (i)	Intrastate Revenue Amount Inc (Dec) (j)
1	3085	UT-030710	Call Referral Service	5001-5060	6/15/2003					
1	3092	UT-030881	ISDN Call. ID w/name	5001-5060	7/3/2003					
3	3114	UT-032078	ISDN Term Package	5001-5060	1/15/2004					
4	3118	UT-040395	Trans LAN 1000 mbp	5001-5060	4/1/2004					
5	3123	UT-040900	Local Packages	5001-5060	6/19/2004					
6										
7										

Total

██████████

VERIZON NORTHWEST INC. - WASHINGTON OPERATIONS
 2004 Washington General Rate Case
 Staff Pro forma Adjustment to Plant In Service and Depreciation
 (Thousands of Dollars)

Exhibit No. ___ -C-(PMS-13-C), Page 8
 Docket UT-040788
 Witness: Paula Strain
 November 22, 2004

Staff Adjustment P17

Company Adjustment: This proforma is to reflect the annualized impact of test year retirements. In addition, this proforma recognizes test period net additions and the impact of the depreciation rate change per docket UT-040520.

Line No.	Description	Account Code	CAM Factor	Intrastate Factor	Amount Inc (Dec)	Intrastate Amount Inc (Dec)
1	Telecom Plant In Service	2XXX	5.1093%	75.5366%	(5,854)	(4,196)
2	Accumulated Depreciation Reserve	3XXX	3.7916%	75.7228%	41,448	30,196
3	Deferred Income Taxes (Line 2 X 35% (FIT))	4XXX				(10,568)
4	Depreciation expense	656X	2.5454%	74.9435%	64,515	47,119

Staff Adjustment: To remove effect of proposed depreciation rate change still pending in Docket UT-040520, and to correct error in Company adjustment to accumulated depreciation.

Depreciation Expense:

5	Proforma Plant Balances times Current Depreciation Rates	159,904	Staff P17.1			
6	Test Year Plant Balances times Current Depreciation Rates	162,186	Staff P17.1			
7	Difference - Depreciation Adjusted for Proforma Plant Changes	(2,282)	line 5 + 6		(2,282)	(1,667)
	Staff Adjustment to Company Number:		Line 7 - Line 3			(48,786)

Accumulated Depreciation Reserve:

8	Depreciation Expense Adjustment times 1/2 Year	(1,141)	Line 7 / 2		(1,141)	(831)
9	Reserve Reduction Calculated on Proforma Decreases in Plant	(19,609)	Co. WP P17.2 (revised)			
10	Reserve Reduction on Post-Test Year Plant Retirements (Correction to Company Calculation)	(28,799)	Co. WP P17.2 (revised) times negative 1			
11	Reduction to Reserve	(48,408)	line 9 + line 10		(48,408)	(35,266)
	Staff Adjustment to Company Number:		(Line 8 + Line 11) - Line 2			(65,462)

Deferred Tax Effect:

12	Reduce Deferred Taxes Account for reduction to Accum. Depr.	5,519	line 11 x 11.4% (DPK-1)		5,519	4,020
	Staff Adjustment to Company Number:		Line 12 - Line 3			14,589

Verizon Northwest Inc.- Washington Operations
 2004 General Rate Case
 Proforma Change in Depreciation Expense
 For 12 Months Ending September, 2003

Exhibit No. ___ -C (PMS-13-C), page 9
 Docket No. UT-040788
 Staff Witness: Paula Strain
 November 22, 2004

Revised September 2004

Staff Adjustment P17

(A) Line No	(B) Acct	(C) Description	(D) Test Year Plant Balance	(E) Pro forma Plant Balance for Test Year	(F) UT-992009 Current Rate	(G) Test Year Expense G=D*F	(H) Pro forma Expense H=E*F	(I) Difference I=H-G	(I) Change I=H-F
1	2111	Land	8,207,265	8,207,265	0.0%	-	-	-	0.0
2	2112	Motor Vehicles	12,144,319	11,992,511	4.6%	558,639	551,655	(6,983)	(558,639)
3	2116	Tools & Other Work Eq	22,949,915	23,157,131	10.0%	2,294,991	2,315,713	20,722	(2,294,991)
4	2121	Buildings	180,327,019	181,374,104	2.7%	4,868,830	4,897,101	28,271	(4,868,830)
5	2122	Furniture	6,406,341	6,266,258	9.9%	634,228	620,360	(13,868)	(634,228)
6	2123	Office Support/Comp Comm. Eq	13,274,774	12,404,838	10.0%	1,327,477	1,240,484	(86,994)	(1,327,477)
7	2124	Computers	36,286,504	21,522,081	6.5%	2,358,623	1,398,935	(959,687)	(2,358,623)
8	2212	Digital Switching	496,663,944	499,940,838	7.5%	37,249,796	37,495,563	245,767	(37,249,796)
9	2220	Operator Systems	499,848	498,371	7.2%	35,989	35,883	(106)	(35,989)
10	2231	Radio Systems	8,997,168	8,881,158	13.9%	1,250,606	1,234,481	(16,125)	(1,250,606)
11	2232	Circuit Equipment	515,173,918	518,306,648	10.3%	53,062,914	53,385,585	322,671	(53,062,914)
12	2362	Other Terminal Eq	23,294,495	14,635,179	12.3%	2,865,223	1,800,127	(1,065,096)	(2,865,223)
13	2411	Poles	45,172,602	46,032,808	7.0%	3,162,082	3,222,297	60,214	(3,162,082)
14	2421	Aerial Cable	220,852,773	223,117,845	5.0%	11,042,639	11,155,892	113,254	(11,042,639)
15	2422	U.G. Cable	291,307,985	297,447,708	5.2%	15,148,015	15,467,281	319,266	(15,148,015)
16	2423	Buried Cable	424,713,973	428,824,599	4.7%	19,961,557	20,154,756	193,199	(19,961,557)
17	2424	Submarine Cable	1,379,722	1,380,356	4.1%	56,569	56,595	26	(56,569)
18	2426	Intrabldg Cable	879,018	134,190	1.6%	14,064	2,147	(11,917)	(14,064)
19	2441	Conduit Systems	142,606,337	145,695,629	2.3%	3,279,946	3,350,999	71,054	(3,279,946)
20	2681	Capital Lease	52,385	52,385	13.4%	7,009	7,009	-	(7,009)
21	2682	Leasehold Improvement	234,995	156,145	13.4%	31,442	20,892	(10,550)	(31,442)
22	2690	Network Software	8,927,681	4,471,211	33.3%	2,975,596	1,490,255	(1,485,342)	(2,975,596)
23		Total	2,460,352,981	2,454,499,260	6.61%	162,186,234	159,904,009	(2,282,225)	(162,186,234)

Note: 2115 & 2116 combined to 2116
 2431 combined with 2421

Staff Adjustment P17

(A) Line No.	(B) Acct	(D) 13 Mo Avg	(E) Proforma Level	F=(E-D) Proforma TPIS	(G) Gross Adds	(H) Retirement	(I)=(G-H)/2 1/2 year Net Adds	(J)=(D+F+I) Ending Bal	
Plant in Service Accounts:									
1	2111 Land	8,207,265	8,207,265	-	-	-	-	8,207,265	
2	2112 Motor Vehicles	12,144,319	12,144,319	-	322,786	626,402	(151,808)	11,992,511	
3	2115 Garage Work Equipment	636,499	636,499	-	-	-	-	636,499	
4	2116 Tools & Other Work Eq	22,313,466	22,313,466	-	414,334	-	207,167	22,520,633	
5	2121 Buildings	180,327,019	180,327,019	-	3,970,502	1,876,332	1,047,085	181,374,104	
6	2122 Furniture	6,406,341	6,406,341	-	-	280,165	(140,083)	6,266,258	
7	2123 Office Support/Comp Comm. Eq	13,274,774	13,274,774	-	-	1,739,871	(869,936)	12,404,838	
8	2124 Computers	36,286,504	24,434,395	(11,852,109)	241,497	6,066,124	(2,912,314)	21,522,081	
9	2212 Digital Switching	496,663,944	495,422,559	(1,241,385)	23,654,122	14,617,564	4,518,279	499,940,838	
10	2220 Operator Systems	499,848	499,848	-	-	2,954	(1,477)	498,371	
11	2231 Radio Systems	8,997,168	8,997,168	-	-	232,021	(116,011)	8,881,158	
12	2232 Circuit Equipment	515,173,918	515,173,918	-	21,205,211	14,939,750	3,132,731	518,306,648	
13	2362 Other Terminal Eq	23,294,495	15,649,268	(7,645,227)	-	2,028,178	(1,014,089)	14,635,179	
14	2411 Poles	45,172,602	45,172,602	-	2,193,907	473,494	860,207	46,032,808	
15	2421 Aerial Cable	220,852,773	220,852,773	-	5,141,691	697,474	2,222,109	223,074,882	
16	2422 U.G. Cable	291,307,985	291,307,985	-	13,369,935	1,090,489	6,139,723	297,447,708	
17	2423 Buried Cable	424,713,973	424,713,973	-	9,357,287	1,136,035	4,110,626	428,824,599	
18	2424 Submarine Cable	1,379,722	1,379,722	-	1,268	-	634	1,380,356	
19	2426 Intrabldg Cable	836,055	155,712	(680,343)	-	43,043	(21,522)	134,190	
20	2431 Aerial Wire	42,963	42,963	-	-	-	-	42,963	
21	2441 Conduit Systems	142,606,337	142,606,337	-	6,928,427	749,843	3,089,292	145,695,629	
22	2681 Capital Lease	52,385	52,385	-	-	-	-	52,385	
23	2682 Leasehold Improvement	234,995	234,995	-	-	157,700	(78,850)	156,145	
24	2690 Network Software	8,927,681	8,927,681	-	1,928,033	10,840,974	(4,456,471)	4,471,211	
25									
26	E15 Total	2,460,353,031	2,438,933,966	(21,419,064)	88,729,000	57,598,413	15,565,294	2,454,499,260	
27	Avg			:-->	To: WP P17, Line 1		<---	2,454,499,260	
28									
29	Accumulated Depreciation Accounts:								
30	3410 Accum. Amort Capital Leased Eq.	(2,583)	(2,583)	-	-	-	-	-	
31	4371 Other Jurisdictional Liabilities	234,726,082	234,726,082	-	-	-	-	-	
32	X112 Motor Vehicles	(8,129,167)	(8,129,167)	-	-	-	-	-	
33	X115 Garage Work Equipment	(418,243)	(418,243)	-	-	-	-	-	
34	X116 Tools & Other Work Eq	(14,167,706)	(14,167,706)	-	-	-	-	-	
35	X121 Buildings	(40,133,775)	(40,133,775)	-	-	-	-	-	
36	X122 Furniture	(4,932,999)	(4,932,999)	-	-	-	-	-	
37	X123 Office Support/Comp Comm. Eq	(10,652,245)	(10,652,245)	-	-	-	-	-	
38	X124 Computers	(31,195,629)	(19,290,025)	11,905,604	-	-	-	-	
39	X212 Digital Switching	(234,209,047)	(234,245,708)	(36,661)	-	(28,799,207)	-	-	
40	X220 Operator Systems	(81,396)	(31,504)	49,892	-	-	-	-	
41	X231 Radio Systems	(6,741,740)	(6,741,740)	-	-	-	-	-	
42	X232 Circuit Equipment	(237,517,105)	(237,517,105)	-	-	-	-	-	
43	X362 Other Terminal Eq	(23,443,581)	(15,753,620)	7,689,961	-	-	-	-	
44	X411 Poles	(35,096,673)	(35,096,673)	-	-	-	-	-	
45	X421 Aerial Cable	(154,403,833)	(154,403,833)	-	-	-	-	-	
46	X422 U.G. Cable	(148,239,895)	(148,239,895)	-	-	-	-	-	
47	X423 Buried Cable	(241,702,258)	(241,702,258)	-	-	-	-	-	
48	X424 Submarine Cable	(1,042,530)	(1,042,530)	-	-	-	-	-	
49	X426 Intrabldg Cable	(944,331)	(944,331)	-	-	-	-	-	
50	X431 Aerial Wire	(60,464)	(60,464)	-	-	-	-	-	
51	X441 Conduit Systems	(40,263,128)	(40,263,128)	-	-	-	-	-	
52	Total	(998,652,245)	(979,043,450)	19,608,795		(28,799,207)			
53	Avg			-->	To: WP P17 Line 2		-->	To: WP P17 Line 2	

Note: This exhibit is an extract of the electronic version of Staff Exhibit No. ____ (PMS-13), page 10.
 It has been included here to provide a more legible version of the electronic worksheet.
 The electronic version of this worksheet contains all formulae and cell references that were in the original filed by Verizon NW.

VERIZON NORTHWEST INC. - WASHINGTON OPERATIONS
2004 Washington General Rate Case
Staff Adjustment to Remove DSL Plant from Rate Base
Test Year - October 2002 to September 2003
(Thousands of Dollars)

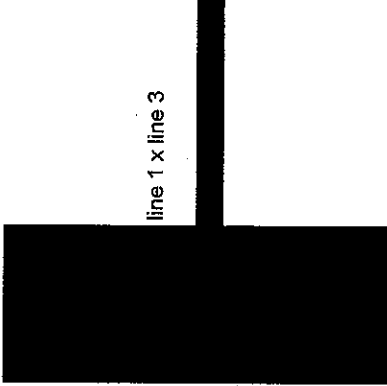
Exhibit No. ___ C (PMS-13C), page 11
Docket No. UT-040788
Staff Witness: Paula Strain
November 22, 2004

REDACTED VERSION

Staff Adjustment SP23

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

	Per Verizon Response to Staff DR 524:	Source:
1	DSLAM equipment contained in Account 2232 and allocated between jurisdictions:	Confid. Att. 524
2		
3	Frozen Intrastate Separations factor used to allocate Account 2232	Co. WP A7
4		
5	Proposed Disallowance of Plant - Account 2232	
6	Estimated Amount of DSL Plant contained in intrastate circuit equipment account	
7		
8	Accumulated Depreciation Effect based on total account	
9		
10	Deferred Tax Effect, using 11.4% deferred tax factor (Exhibit No. ___ (DPK-1)	
11		
12	Current Depreciation Rate	
13		
14	Depreciation Expense Adjustment	
15		
16		
17		
18		
19		
20		
21		
22		
23		



line 1 x line 3

NOTE: Staff requested test year balances of plant other than DSLAMs used in the provision of DSL services. The Company responded that the report it provided was for the test year, not available for the test year, but provided data as of October 29, 2004. Staff is using that data as a surrogate for test year data for purposes of this adjustment.

