Exhibit No. ___ (PMS-14)
Docket No. UT-040788
Witness: Paula M. Strain

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

Excerpt from Transcript of Deposition of Nancy Heuring, pp. 102-106

November 22, 2004

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND) Docket No. UT-040788
TRANSPORTATION COMMISSION,)
Complainant,)
v.)
VERIZON NORTHWEST, INC.,)
Respondent.)

DEPOSITION UPON ORAL EXAMINATION
OF
NANCY HEURING
(VOLUME TWO)

9:55 a.m. to 6:22 p.m.
October 7, 2004
2801 Alaskan Way, Pier 70, Suite 300
Seattle, Washington

Barbara L. Nelson, CCR
Court Reporter

A. Yes.
Q. Re-class for platinum accrual. Do you see that?
A. Yes.
Q. And is this the extent of the documentation that Financial Planning and Analysis provided you?
A. Yes.
Q. Now, the journal entry itself does not use the term true-up, does it?
A. It uses the word re-class in place of

true-up.
Q. Are those terms synonymous, in your view?
A. Yes.
Q. The first page of the exhibit, it states that the period affected by this restatement was for the years 2000, 2001 and 2002; correct?
A. Yes.
Q. What is it about the second page that -- the journal entry information that you received that states that it affects multiple years?
A. The journal entry page does not show that, but we received that information through verbal discussions with the Financial Planning and Analysis Group.
Q. Okay. So you got information in addition to

page two from Financial Services and Analysis?
A. We spoke with the Financial Planning and Analysis Department, that we could understand what this issue was and whether or why we needed to re-class it.
Q. Okay. Well, my question earlier was whether page two was the information provided you by Financial Planning and Analysis, so if you receive verbal information, please understand that I'm asking for that, also, not just a document.
A. Okay.
Q. When I use the term information, I'm intending it in a broader sense. So the statement that the period affected were the years 2000, 2001 and 2002, was a statement you received from Financial Planning and Analysis?
A. Yes.
Q. And they did not provide that information to you in writing; it was just over the phone or in a meeting?
A. I'm not aware of any document that shows that, no.
Q. Did they provide you any documentation that

this particular adjustment affected or item affected those three years?

A. I'm not aware of any document that -- that I've received that shows that this impacted the three years, as opposed to discussions that we had with the Financial and Planning Analysis team.
Q. And what is a platinum accrual?
A. Platinum is a system, and so there -- this was an accrual that was done within the platinum system.
Q. Now, you didn't discuss this journal entry in your direct testimony, did you?
A. Not specifically, no.
(Marked Deposition Exhibit Number 18.)
Q. Referring you to Exhibit 18, this is your work paper supporting R12-03?
A. Yes.
Q. And this is also a true-up adjustment?
A. Yes.
Q. And the purpose of this adjustment is to remove revenues and expenses that do not apply to the test year; is that right?
A. Yes.
Q. And am I correct that the support provided for this adjustment was a copy of an SEC staff accounting bulletin, along with page two of the exhibit, a November 2003 journal entry?

A. Yes.
Q. And this adjustment is to true up erroneous deferrals covering the period December 2001 to June 2003, that was booked in November of 2003?
A. Yes.
Q. Is there anything about the journal entry on page two of the exhibit that indicates that this adjustment applies over a multi-year period?
A. No.

Q. And so what information did you rely on for the proposition that this applied for the multi-year period?
A. Again, communication with the Financial Planning and Analysis organization that we list as the source.
Q. And was that information in written form?
A. I don't recall whether it was in written form or in verbal form, but, generally, for all of my restating adjustments, we had numerous discussions with the various organizations to determine the time periods and the reasons for the adjustments.
Q. And did they provide you documentation of the -- that these particular items were attributable to 2001 through June 2003?
A. We relied on the discussions with the

various organizations or departments.
Q. And my question was whether they provided you documentation. By that, I mean documents. So your answer is no?
A. Yes, that would be no.
Q. Okay. This particular adjustment deals with transactions with VADI; is that right?
A. Transactions with?
Q. Excuse me. Are these transactions with an affiliate?
A. No.
Q. Do you know who these transactions were with?
A. I'm having difficulty with the word transaction.
Q. Okay. This journal entry is adjusting or trueing up previous journal entries related to VADI as it is reintegrated into the Washington ILEC.
Q. And VADI is V-A-D-I?
A. Yes.
Q. You didn't discuss adjustment R12-03 in detail in your testimony, did you?

A. No.

(Marked Deposition Exhibit Number 19.)

Q. Referring you to Exhibit 19, this is your