

Exhibit No. ___ (PMS-16)

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**

Verizon NW Response to Staff Data Request No. 212

November 22, 2004

May 28, 2004

Data Request No. 212:

For Verizon Northwest Inc.'s expense, revenue, asset and liability accounts that are not directly assigned to, or identifiable with, Washington State, please provide the basis for how they are allocated to Washington State as well as the percentage allocated to Washington for the test year.

RESPONSE:

The basis and method of allocating expenses, along with percentage allocations to Washington, are provided in Attachments 212a through 212c.

The only allocated category of revenues is SAB-101, the deferral and amortization of which is allocated across Verizon Northwest based upon the actual total regulated revenues.

Verizon does not allocate asset and liability accounts.

Prepared By: Jane Lee

Date: May 26, 2004

Witness: Nancy Heuring

Attachment 212a

Verizon Northwest Allocations to Washington-

Verizon utilizes factors, which have been developed based on identified drivers to allocate expenses to each jurisdiction. The following is a list and short description of the factors applied in the allocation process.

Attached are lists showing the percentage of Verizon Northwest shared regulated expenses that Washington received during the test period.

In 2002, factors were assigned by FCC account, and in 2003 factors were assigned by work center.

<u>Factor</u>	<u>Allocation Basis</u>
MA	Three-Part Factor, including Revenues, Consolidated Assets, Salaries & Wages
MB	Plant in Service
MC	Access Lines
MD	Total Revenue
ME	Total Headcount
MG	Call Completion
MH	Directory Assistance
MI	Carrier Access Revenue
MJ	ESG Revenue
MK	Retail Revenue
ML	ASG Revenue
MM	Logistics

Attachment 212b

Washington Rate Case

**Oct - Dec 2002 VZ Northwest Regulated Expenses not directly assigned to Washington
2002 Factors by FCC Account**

Attachment 212b

Total VZ NW Shared Regulated Expenses :

21,742,749.44

FCC	Factor	Amount	% of Total VZ NW Shared Regulated Expenses
6112	MB	-241,295.03	-1.1098%
6114	MB	5,586.55	0.0257%
6115	MB	2,677.67	0.0123%
6116	MB	-70,110.95	-0.3225%
6121	MA	1,394,563.49	6.4139%
6122	MA	21,880.87	0.1006%
6123	MA	-146,380.79	-0.6732%
6124	MA	164,733.09	0.7576%
6232	MB	-398,124.83	-1.8311%
6362	MA	597,802.68	2.7494%
6531	MB	697,461.13	3.2078%
6532	MB	143,487.20	0.6599%
6533	MB	1,689,061.41	7.7684%
6534	MB	-670,441.00	-3.0835%
6535	MB	-241,639.39	-1.1114%
6611	MA	-90.39	-0.0004%
6612	MD	501,908.96	2.3084%
6621	MC	46,758.44	0.2151%
6622	MC	-95.25	-0.0004%
6623	MC	1,893,957.55	8.7108%
6711	MA	155,393.85	0.7147%
6712	MA	-757.10	-0.0035%
6721	MA	-5,025.81	-0.0231%
6722	MA	-2,202.65	-0.0101%
6723	ME	47,135.89	0.2168%
6724	MA	-1,736.72	-0.0080%
6725	MA	-1,927.78	-0.0089%
6726	MA	461,993.26	2.1248%
6728	MA	328,333.87	1.5101%
7370	MA	462.20	0.0021%
7510	MB	5,756,648.37	26.4762%
7530	MB	31,503.15	0.1449%
7540	MB	691,885.99	3.1821%
Total to Washington		12,853,407.93	59.1158%
% of Total (F5)		59.12%	

Attachment 212c

Total VZ NW Shared Regulated Expenses: 67,744,295.08

Workcenter	Factor	Amt	% of Total VZ NW Shared Regulated Expenses
10J5000000	MB	2,205.00	0.0033%
1100000000	MK	50.73	0.0001%
110M000000	MB	(6.98)	0.0000%
110V000000	MB	708.42	0.0010%
1115000000	MK	4,751,886.81	7.0144%
1126000000	MB	(9.17)	0.0000%
1128000000	MB	46,259.23	0.0683%
112P000000	MB	(49.17)	-0.0001%
113T000000	MB	(7.41)	0.0000%
113U000000	MB	(8.20)	0.0000%
114E000000	MB	(6.98)	0.0000%
114R000000	MK	(42.28)	-0.0001%
1155000000	MB	(13.76)	0.0000%
118P000000	MB	16,417.35	0.0242%
11GW000000	MB	(11.42)	0.0000%
1117000000	MJ	1,200,702.38	1.7724%
11JG000000	MB	(6.55)	0.0000%
11K1000000	MB	(26.74)	0.0000%
11K5000000	MI	1,568.94	0.0023%
11KA000000	MB	8.39	0.0000%
11KO000000	MK	20,880.63	0.0308%
11M2000000	MB	1,860,488.71	2.7463%
11M5000000	MB	(38.73)	-0.0001%
11MD000000	MB	(36.36)	-0.0001%
11MR000000	MB	(52.29)	-0.0001%
11NZ000000	MB	(39.76)	-0.0001%
1215000000	MK	526.42	0.0008%
12TZ000000	MB	(19.58)	0.0000%
12U4000000	MB	(18.43)	0.0000%
12UF000000	MB	(47.93)	-0.0001%
12V4000000	MB	(14.89)	0.0000%
1304000000	MK	13,085.59	0.0193%
130L000000	MA	26.27	0.0000%
1442000000	MA	3.20	0.0000%
1443000000	MA	1.41	0.0000%
14H1000000	MA	195.41	0.0003%
14V9000000	MB	(64.64)	-0.0001%
15UV000000	MB	1,169.79	0.0017%
17A3000000	MK	4,529.85	0.0067%
191C000000	MB	251.51	0.0004%
19NK000000	MB	12,740.93	0.0188%
1AH0000000	MB	205.87	0.0003%

Washington Rate Case
 Jan - Sep 2003 VZ Northwest Regulated Expenses not directly assigned to Washington
 2003 Factors by Workcenter

Attachment 212c

Total VZ NW Shared Regulated Expenses: 67,744,295.08

Workcenter	Factor	Amt	% of Total VZ NW Shared Regulated Expenses
1B02000000	MB	77.00	0.0001%
1B8N000000	MB	12.45	0.0000%
1BRS000000	MB	652.43	0.0010%
1BS4000000	MI	186.00	0.0003%
1CN2000000	MA	135.11	0.0002%
1COU000000	MI	8,040.47	0.0119%
1E2X000000	MA	181.74	0.0003%
1E3Q000000	ME	10,866.30	0.0160%
1EAJ000000	MB	222,341.51	0.3282%
1ECK000000	MK	28.14	0.0000%
1EEL000000	MC	(0.22)	0.0000%
1EG3000000	MB	17,551.74	0.0259%
1EIJ000000	MK	6.45	0.0000%
1G0P000000	MJ	3,143.70	0.0046%
1H12000000	MB	(84.67)	-0.0001%
1J9J000000	MA	42.02	0.0001%
1JJR000000	MB	208,609.59	0.3079%
1JJZ000000	MI	1,282.08	0.0019%
1MB0000000	MB	169.06	0.0002%
1MBB000000	MB	297.71	0.0004%
1MBE000000	MB	153.51	0.0002%
1MFA000000	MB	49.38	0.0001%
200K000000	MK	0.05	0.0000%
201V000000	MB	0.89	0.0000%
207T000000	MA	487.85	0.0007%
2118000000	MK	1,663,224.00	2.4551%
213B000000	MK	4,887.67	0.0072%
3122000000	MB	11,285.63	0.0167%
3145000000	MK	117.09	0.0002%
3152000000	MB	39,889.31	0.0589%
315A000000	MB	17,301.99	0.0255%
3611000000	MI	1,174.83	0.0017%
3613000000	MI	2,760.10	0.0041%
3640000000	MI	10,047.84	0.0148%
4E30000000	MM	53,433.69	0.0789%
4F10000000	MA	(2.94)	0.0000%
4G11000000	MA	(46,034.90)	-0.0680%
4H21000000	ME	97,136.83	0.1434%
4H4G000000	MM	6,243.64	0.0092%
4H60000000	ME	160,449.38	0.2368%
5B00000000	MB	298,303.68	0.4403%
5B2A000000	MB	18,593.55	0.0274%

Washington Rate Case

Jan - Sep 2003 VZ Northwest Regulated Expenses not directly assigned to Washington
 2003 Factors by Workcenter

Attachment 212c

Total VZ NW Shared Regulated Expenses: 67,744,295.08

Workcenter	Factor	Amt	% of Total VZ NW Shared Regulated Expenses
5B2B000000	MB	93,619.50	0.1382%
5B2E000000	MB	78,890.73	0.1165%
5B2F000000	MB	71,485.89	0.1055%
5B2G000000	MB	80,582.19	0.1190%
5B2W000000	MB	5,089.25	0.0075%
5B2X000000	MB	3,379.78	0.0050%
5B2Y000000	MB	117,445.14	0.1734%
5B2Z000000	MB	20.40	0.0000%
5B35000000	MB	363,960.99	0.5373%
5B41000000	MB	122,302.73	0.1805%
5B42000000	MB	64,908.31	0.0958%
5BA0000000	MB	65,249.10	0.0963%
5BA1000000	MB	205,546.31	0.3034%
5BA2000000	MB	195,087.54	0.2880%
5BA3000000	MB	162,664.96	0.2401%
5BA4000000	MB	87,431.87	0.1291%
5BA5000000	MB	86,074.80	0.1271%
5BA6000000	MB	332,904.17	0.4914%
5BB0000000	MB	81,636.64	0.1205%
5BB2000000	MB	115,390.63	0.1703%
5BB3000000	MB	121,114.94	0.1788%
5BB5000000	MB	29,531.92	0.0436%
5BB6000000	MB	167,332.19	0.2470%
5BE1000000	MB	91,374.53	0.1349%
5BN3000000	MB	10,426.46	0.0154%
5BW1000000	MB	18,984.98	0.0280%
5BW2000000	MB	162,728.86	0.2402%
6217000000	MB	228.97	0.0003%
6218000000	MB	705.89	0.0010%
6225000000	MH	13.68	0.0000%
622A000000	MC	21.40	0.0000%
6235000000	MB	2,269,790.24	3.3505%
624N000000	MB	11,057.57	0.0163%
6250000000	MB	6,126.90	0.0090%
6254000000	MB	202,384.34	0.2987%
625S000000	MB	3,071.13	0.0045%
6327000000	MB	2,965.57	0.0044%
6328000000	MB	3,994.84	0.0059%
6329000000	MB	5,045.81	0.0074%
6330000000	MB	162.96	0.0002%
6334000000	MB	5,906.19	0.0087%
6338000000	MK	10,769.89	0.0159%

Washington Rate Case

Jan - Sep 2003 VZ Northwest Regulated Expenses not directly assigned to Washington
2003 Factors by Workcenter

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Total VZ NW Shared Regulated Expenses: 67,744,295.08

Workcenter	Factor	Amt	% of Total VZ NW Shared Regulated Expenses
634000000	MB	30,024.39	0.0443%
635100000	MB	23,735.72	0.0350%
637200000	MB	32.08	0.0000%
638000000	MB	9,105.60	0.0134%
638100000	MB	14.20	0.0000%
638300000	MB	63.15	0.0001%
638500000	MB	23,025.37	0.0340%
9N9900000	MA	230,941.65	0.3409%
9NAC00000	MA	(19,849.09)	-0.0293%
9NAR00000	MA	(2,270,839.27)	-3.3521%
M35400000	MB	171.11	0.0003%
TPST00000	MB	1,349,626.18	1.9922%
WSGN10000	MB	(1,098.23)	-0.0016%
WSKD10000	MA	(66.31)	-0.0001%
WSKG10000	MA	(720.21)	-0.0011%
WSKU10000	MB	3.99	0.0000%
Z45000000	MB	16,746,981.39	24.7209%
Z45600000	MB	1,502,325.87	2.2176%
Z46600000	MB	(76,158.98)	-0.1124%
ZACC00000	MA	4,650.78	0.0069%
ZBEN00000	MA	(16,702.77)	-0.0247%
ZOAR00000	MA	929.19	0.0014%
Total to Washington		33,740,039.25	49.8050%
% of Total		49.8050%	