

Exhibit No. ___ (PMS-8)
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**

Staff Calculation of Revenue Requirement

November 22, 2004

VERIZON NORTHWEST INC. - WASHINGTON OPERATIONS
 2004 Washington General Rate Case
 Staff Revenue Requirement Calculation
 Test Year - October 2002 to September 2003
 (Thousands of Dollars)

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Line	Description	(a)	(b)	(c) Reference
1	Adjusted Intrastate Average Rate Base		783,977	Ex. PMS-7, line 38
2	Rate of Return		7.71%	Ex. JAR-3
3	Required Net Operating Income (Ln 1 x Ln 2)		60,445	
4	Adjusted Intrastate Net Operating Income		92,941	Ex. PMS-7, line 26
5	Income Deficiency / (Surplus) (Ln 3 - Ln 4)		(32,496)	
6	Revenue Conversion Factor		1.574442	Ex. PMS-9, line 10
7	Revenue Requirement Deficiency / (Surplus) (Line 5 x Line 6)		(51,164)	
8	Required Percentage Decrease in Operating Revenues		-13.18%	Line 7 / PMS-7, col.(f) line 20
Calculation of Revenue Requirement:				
9	Operating Expenses		\$ 260,187	Ex. PMS-7, col. (h), line 20
10	Return		60,445	Line 3
11	Income Taxes		17,329	Ex. PMS-7, col. (h), line 24
12	Total Revenue Requirement		\$ 337,961	Sum Lines 9-11