

Exhibit No. ___ (PMS-9)
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 Conversion Factor (Net-to-Gross)

November 22, 2004

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

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	(a)	(b)	(c)
Line	Description	Calculation	Reference
1	Gross Revenues	1.0000	
2	Less Uncollectibles	0.0162	Co. WP L3.1
3	Net Revenue (Ln 1 - Ln 2)	0.9838	
4	Regulatory Fee @ .19%	0.0019	Co. WP L3.2
5	Business & Occupation Tax (B&O) @ .47%	0.0047	Co. WP L3.3
6	Net of Regulatory Fee (Ln 3 - Ln 4 - Ln 5)	0.9771	
7	State Income Tax @ 0%	0.0000	
8	Federal Income Tax @ 35% (Ln 6 * .35)	0.3420	
9	Net Operating Income (Ln 6 - Ln 7 - Ln 8)	0.6351	
10	Gross Revenue Conversion Factor (Ln 1 / Ln 9)	1.5744	