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October 16, 2003

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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

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BY E-MAIL AND FEDERAL EXPRESS

Ms. Carole J. Washburn
Executive Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive, S.W.
Olympia, WA 98504-7250

Re: WUTC Docket No. UT-023003

Dear Ms. Washburn:

This replies to the responses filed by AT&T and the Staff on October 13 and 15, respectively, to our letter of October 8. Those responses were the first written articulation of AT&T's new argument that Verizon NW's new Internet-based cost model should not even qualify for comparative evaluation through the upcoming hearings in this case, simply because the Verizon server on which the model is located is not a part of the record.

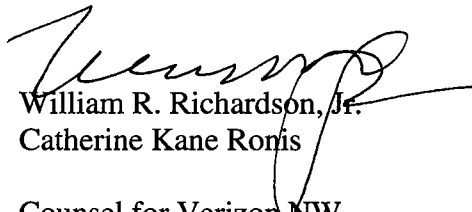
AT&T does not respond to our invitation to supply legal support for this new proposition, because there is none. Indeed, AT&T appears now to acknowledge that the results obtained from VzCost are admissible under established principles of evidence. But it suggests that unless VzCost is physically "in the Commission's record" the Commission cannot make a comparative analysis of the accuracy, openness, reliability, and economic soundness of VzCost and HM 5.3. Such "[o]pen review" by the Commission and the parties, however, does not depend upon physical access to the server on which the model is located. As Verizon has already demonstrated, the Commission and every party to this case has access to VzCost and all of its supporting documentation, and can test its relative merits by *using* VzCost, seeking discovery about it, and conducting cross-examination of its sponsors. Moreover, while "the public" does not have access to VzCost, that is also true with respect to HM 5.3. Both cost models rely on highly confidential Verizon NW cost and customer data that, as the Commission's very first order in this proceeding recognized, should be protected from public disclosure.

AT&T also repeats its claim that Verizon's model (whether web-based or standalone version) should be rejected because it is too difficult to use. The comparative benefits of the parties' models should be addressed based upon actual evidence as to both of them, not upon wholly generalized and unsupported claims about the ease of use of one of them (or lack thereof)

that are wholly untested by cross-examination. As noted in our response to AT&T's motion to strike, similar criticisms can be leveled at HM 5.3 (e.g., the time required to run its deaveraged zone optimizer program). And Verizon will provide further evidence of the viability of its model and the problems with the AT&T model in the course of this litigation, including in its scheduled rebuttal and responsive testimony. Indeed, while the Commission has now rejected AT&T's effort to avoid disclosure of the customer location data integral to HM 5.3, it is still not at all clear what model AT&T will be proposing in this case, or whether it will comply with the Commission's order to disclose that critical data. In these circumstances, it is particularly inappropriate in advance of any hearing to reject the only evidence of Verizon NW's costs as to which the Commission has any meaningful access.

Finally, there is no merit to AT&T's claim that the stand alone version of Verizon's model would introduce "inefficiencies." The stand alone version would perform the same functions as Verizon's web-based model and would not, contrary to AT&T's claims, slow down "processing time."

Respectfully submitted,

A handwritten signature in black ink, appearing to read "William R. Richardson, Jr.", written over the typed name and title.

William R. Richardson, Jr.
Catherine Kane Ronis

Counsel for Verizon NW

Cc: Service List

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of Review of
Unbundled Loop and Switched Rates
And Review of Deaveraged Zone
Rate Structure

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Docket No. UT-023003

CERTIFICATE OF SERVICE

I hereby certify that I have this 16th day of October 2003, served Verizon Northwest Inc.'s Reply to AT&T & Staff's Responses to Verizon's letter of October 8, 2003 upon all the following parties of record in this proceeding by Federal Express and by e-mail:

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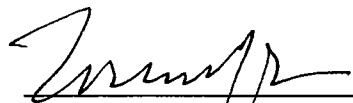
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