

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petitions for Waiver of)
the Line Extension Rule by) DOCKET NO. UT-061298
VERIZON NORTHWEST INC.) DOCKET NO. UT-061464
)
)
) SETTLEMENT AGREEMENT
)
)
_____)

1 This Settlement Agreement (Agreement) is entered into by both parties to this proceeding
for the purpose of resolving all issues raised in the consolidated dockets UT-061298 and
UT-061464.

I. PARTIES

2 The parties to this Agreement are Verizon Northwest Inc. (Verizon) and the Staff of the
Washington Utilities and Transportation Commission (Staff) (collectively, “the Parties”).

II. BACKGROUND

3 This proceeding concerns two requests for telecommunications service, a request for service
to the Bush property in Verizon’s Molson-Chesaw Exchange and a request for service to the
Lively property in Verizon’s Tonasket Exchange. In each case, the request for service
involves a single residence. The two dockets, UT-061298 (Bush) and UT-061464 (Lively),
have been consolidated into one proceeding.

4 Verizon filed a petition for waiver of the line extension rule regarding the Bush request for
service on August 11, 2006, and petitioned for waiver regarding the Lively service request
on September 15, 2006. Following open meeting discussions of each petition, the

Commission set the petitions for adjudication. At a prehearing conference held January 26, 2007, the Commission consolidated the petitions. The Parties notified the Commission on March 21, 2007, that they had reached a settlement, and the Commission suspended the procedural schedule the following day.

A. The Bush Request for Service

5 The Bush property is located approximately 14 to 15 miles from Chesaw in a remote area in Okanogan County on a privately maintained dirt road. The property is currently occupied year round. The road is steep and narrow, rocky in some places, rutted in others. Providing service would require constructing a little over two miles of new facilities, involving costly problems such as a significant amount of rock-sawing, and expensive on-going maintenance.

6 Verizon has estimated that extending service to the Bush property would cost \$99,720.

B. The Lively Request for Service

7 The Lively property is located in Okanogan County at the end of a half-mile private road off Roundabout Road. In the past, the Livelys utilized radio telephone service. Investigation by Verizon subsequent to the prehearing conference indicated that Verizon can provide basic local exchange service again to the Lively residence using existing equipment.¹ Upon the Livelys' assent, Verizon will connect a copper pair to the base station unit located at 241A Coco Mountain Road, Tonasket, Washington, thereby allowing the Livelys to use their radio telephone. Radio telephones are available for purchase, in the event the Livelys' equipment

¹ See Attachment 1, Verizon Report: Radio Telephone Service at Lively Location. The existing equipment includes the radio telephone set and the antenna located at the Lively house, as well as a base station unit located at 241A Coco Mountain Road. None of this equipment is owned by Verizon, nor will Verizon own or operate this equipment if the Livelys elect to utilize it.

no longer functions. To serve the base station unit, Verizon would charge the current nonrecurring charge of \$43.25 for reinstallation of service and the current monthly recurring charge of \$15.43 for local exchange service.

III. AGREEMENT

8 The Parties have reached agreement on the issues raised in the above dockets and wish to present their agreement for the Commission's consideration and approval. The Parties therefore adopt the following Agreement, which the Parties enter into voluntarily to resolve the matters in dispute between them and to expedite the orderly disposition of these dockets.

9 Staff will recommend that the Commission find under 7(b) of the line extension rule, WAC 480-120-071, that Verizon is not obligated to provide service to the Bushes under subsection (2)(b) of the rule, based upon the physical and technical conditions described in this Agreement and the documents filed in its support as well as Verizon's representation that the cost to extend service from the nearest service pedestal to the Bush property is \$99,720.

10 Verizon will provide local exchange service under WAC 480-120-103(1) to the base station unit located at 241A Coco Mountain Road in Tonasket if the Livelys desire this service.

11 The Parties agree that by connecting a copper pair to the base station unit, Verizon is providing the Livelys with local exchange service and that Verizon is not required to construct a line extension to the Lively property in response to the Livelys' summer 2006 request for service. With that understanding, Verizon agrees to request permission from the Commission to withdraw the Verizon petition for waiver of WAC 480-120-071(2)(b) in Docket Number UT-061464 relating to the Lively property. Verizon will file this request within ten (10) days following the Commission's approval of this settlement. Staff agrees to

support Verizon's request (and the request will indicate Staff's support) but, unless requested by the Commission, will not file documents beyond those included with this settlement filing. If the Commission does not approve Verizon's request or does not expressly find that this agreement discharges any obligation Verizon may have under WAC 480-120-071 with regard to the Lively's' summer 2006 request for service, either Party may withdraw from this Agreement. To withdraw, a Party must notify the other Party in writing within 10 calendar days following the date of service of the Commission's order on Verizon's request.

12 Commission Staff and Verizon agree to file and support a joint request to stay all other pending Verizon waiver applications (specifically Docket No. UT-061925, the O'Keefe petition, and Docket No. UT-061926, the Cole petition) until adoption by the Commission of a new service extension rule. In addition, Staff agrees to support a petition to be filed by Verizon to exempt Verizon from the four week deadline set forth in WAC 480-120-103(4), by which Verizon must file petitions for waiver of WAC 480-120-071, for any line extension requests received by Verizon prior to the issuance of a final Commission decision in Docket No. UT-073014, the line extension rulemaking proceeding. A copy of that petition is attached as Attachment 2. Unless requested by the Commission, Staff will not document its support of the petition in any filings beyond those included with this settlement.

13 If the Commission does not approve the stay or the exemption described in the preceding paragraph, either Party may withdraw from this Agreement. To withdraw, a Party must

notify the other Party in writing within 10 calendar days following the date of service of the Commission's order on the request to stay or the Commission's order on the exemption.

14 If, at any time prior to the issuance of a final Commission decision in Docket No. UT-073014, Verizon receives any requests to extend service, Verizon agrees that it will notify the requestor in writing, within six weeks, of Verizon's decision to either (1) construct the extension or, (2) pursuant to this settlement, await the completion of the line extension rulemaking to decide whether or not to petition for a waiver of WAC 480-120-071. If Verizon decides to utilize option (2) for any request, the notification must generally explain the provisions of this settlement that allow Verizon to delay such a decision. In addition, Verizon will send the Commission a copy of Verizon's communications concerning line extension requests received during the pendency of the rulemaking for which Verizon elects option (2) so that the Commission may inform the requesting person of the opportunity to comment in the rulemaking. The provisions of this paragraph apply only in the event that the Commission grants the exemption discussed in paragraphs 12 and 13 above.

15 This Agreement shall become effective only upon the Commission entering an order approving this Agreement. The effective date of the Agreement shall be the date of the Commission order approving this Agreement.

IV. GENERAL PROVISIONS

16 The Parties agree that this Agreement is a settlement of all contested issues between them in this consolidated proceeding. The Parties understand that this Agreement is not binding unless and until accepted by the Commission.

17 The Parties agree to cooperate in submitting this Agreement promptly to the Commission for acceptance. The Parties agree to support adoption of this Agreement in proceedings before the Commission through testimony and/or briefing. To that end, each Party shall make available one or more witnesses in support of this Agreement if determined necessary by the Commission. No party to this Agreement or its agents, employees, consultants, or attorneys will engage in advocacy (either formally or informally) contrary to the Commission's adoption of this Agreement. The Parties agree not to oppose any Commission order which adopts this Agreement in its entirety through the appellate process if any such appellate process occurs.

18 The Parties agree (1) to provide each other the right to review in advance of publication any and all announcements or news releases that the other party intends to make about the Agreement (with the right of review to include a reasonable opportunity to request changes to the text of such announcements) and (2) to include in any news release or announcement a statement that Staff's recommendation to approve the settlement is not binding on the Commission itself.

19 Nothing in this Agreement shall limit or bar any other entity from pursuing legal remedies against Verizon with a basis other than non-compliance with the Commission's rules or Verizon's ability to assert defenses to such claims.

20 The Parties have entered into this Agreement to avoid further expense, inconvenience, uncertainty, and delay. The Parties recognize that this Agreement represents a compromise of the Parties' positions. As such, conduct, statements, and documents disclosed during negotiation of this Agreement shall not be admissible as evidence in this or any other

proceeding, except in any proceeding to enforce the terms of this Agreement or any Commission order fully adopting those terms. This Agreement shall not be construed against either party because it was a drafter of this Agreement.

21 Except to the extent expressly stated in this Agreement, nothing in this Agreement shall be (1) cited or construed as precedent or as indicative of the Parties' positions on an issue resolved in this Agreement, or (2) asserted or deemed in any other proceeding, including those before the Commission, the commission of any other state, the state courts of Washington or of any other state, the federal courts of the United States of America, or the Federal Communications Commission, to mean that a Party agreed with or adopted another Party's legal or factual assertions.

22 The Parties have negotiated this Agreement as an integrated document to be effective upon execution. This Agreement supersedes all prior oral and written agreements on issues addressed herein. Accordingly, the Parties recommend that the Commission adopt this Agreement in its entirety.

23 The Parties may execute this Agreement in counterparts and as executed shall constitute one agreement. Copies sent electronically are as effective as original documents.

24 The Parties shall take all actions necessary as appropriate to carry out this Agreement.

25 The Agreement applies to, inures to the benefit of, and is binding upon the Parties and their successors.

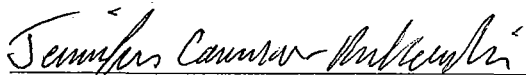
26 In the event the Commission rejects all or any portion of this Agreement, each party reserves the right to withdraw from this Agreement by written notice to the other party and the

Commission. Written notice must be served within 10 calendar days of the Order rejecting part or all of this Agreement. In such event, neither party will be bound or prejudiced by the terms of this Agreement, and either party shall be entitled to seek reconsideration of the Order. Additionally, the Parties will jointly request a pre-hearing conference be reconvened for purposes of establishing a procedural schedule to complete the case.

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION


VERIZON NORTHWEST INC.

ROBERT M. MCKENNA
Attorney General



JENNIFER CAMERON-RULKOWSKI
Assistant Attorney General
Counsel for the Utilities and
Transportation Commission

Dated: June 20, 2007.



THOMAS F. DIXON
Counsel for Verizon Northwest Inc.

Dated: June 25, 2007.

Attachment 1



Verizon Network Services
Northwest Region

1800 - 41st Street
P.O. Box 1003
Everett, WA 98201

RADIO TELEPHONE SERVICE AT LIVELY LOCATION

As stated in the paragraph 1(b) of the agreement-in-principle between Verizon Northwest Inc. ("Verizon") and the Staff of the Washington Utilities and Transportation Commission dated March 16, 2007, Verizon provides the following report on the availability of radiotelephone systems for the Lively property.

Verizon believes that the Livelys have access to the potential use of an existing radio telephone on its property. A base station unit available to the Livelys is located at 241A Coco Mountain Road, Tonasket, Washington. The base station unit was not provided by or owned by Verizon. Verizon provided the Livelys with a cable pair in order to provide service to that base station unit until July 20, 2006. The base station unit could still support the radio telephone that was (and likely still is) located at the Lively's vacation home at 104-W Frosty Creek Road. To the best of Jan Davies' (Verizon engineer) knowledge and based upon conversations she has had with the Livelys, it is her understanding that the Cobra radio telephone phone, antenna and base equipment used previously are still in place. Attached to this report is a picture of the Lively vacation home showing an antenna. Thus, it appears that the Livelys can obtain local exchange service from Verizon through the radio telephone and base unit set-up utilized previously.

If the Livelys no longer have the radio phone used previously, they could obtain a new one fairly easily. In mid-March 2007, Ms. Davies inquired of the availability of such radio phones with a representative (Mr. Merl Root) of the company Day Wireless (509-826-1304). Mr. Root advised Ms. Davies that radio telephones with parts and antennas are not difficult to obtain, work very well and are available with one or two

lines. According to Mr. Root, Day Wireless typically obtains its equipment from a company named Carlson Wireless.

Day Wireless has a website at <http://www.daywireless.com/>. Parts and accessories can be found at <http://www.daywireless.com/parts-accessories.htm>. Its toll free number is 1-800-503-3433. It has local offices in Eastern Washington at 116 E. Penny Rd., Wenatchee, WA 98801 and at 650 Riverside Dr. Omak, WA 98841.

Verizon's relevant charges for service to the base station would be: (i) a nonrecurring charge of \$43.25 for reinstallation of service and (ii) a monthly charge for local exchange service to serve the base station unit, which is currently set at \$15.43.

Attachment 2

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of) Docket No. UT-_____
VERIZON NORTHWEST INC.)
For an Exemption from WAC 480-120-103(4)) PETITION FOR EXEMPTION OF
VERIZON NORTHWEST INC.

1. This petition is brought by Verizon Northwest Inc. ("Verizon"), 1800 41st Street, Everett, Washington 98201. Verizon is represented on this matter by:

Thomas F. Dixon
Assistant General Counsel - Northwest Region
Verizon
707 - 17th Street, #4200
Denver, Colorado 80202
Phone: (303)390-6206
Fax: (303)390-6333

2. As described more fully in paragraph 3, Verizon seeks a waiver from one of the requirements of WAC 480-120-103(4), which provides:

In the event a company informs the customer it will request an exemption, the company must submit the request to the commission within four weeks of informing the customer of its decision. A copy of the exemption request must be mailed to the customer not later than the date the request is filed.

I. RELIEF REQUESTED

3. The Commission has opened a rulemaking proceeding, Docket UT-073014, to consider whether it will revise its current extension of service rules found at WAC 480-120 and WAC 480-123. Verizon has filed several petitions for waivers from WAC 480-120-071(2)(b). Two of Verizon's waiver petitions have recently been the subject of a Settlement Agreement between the Commission Staff and Verizon filed contemporaneously with this Petition on July 6, 2007, in consolidated dockets UT-061298 and UT-061464.

1 4. In that Settlement Agreement, Verizon agreed to file this petition for an
2 exemption from WAC 480-120-103(4) and more particularly the four week deadline within
3 which the company must submit to the commission a request for waiver of WAC 480-120-071.
4 Staff agreed to support this petition for exemption from the four week deadline. The parties
5 agreed that Verizon would seek this exemption from WAC 480-120-103(4) until the
6 Commission issues a final order in Docket UT-073014. The effect of the exemption would be
7 that the four week deadline by which Verizon would need to file a request for waiver of WAC
8 480-120-071 for any requests for service filed during the pendency of the line extension
9 rulemaking would not begin to run until the date of the final order in Docket UT-073014. As a
10 consequence, except as set forth in paragraph 6 below, Verizon would not be obligated under any
11 Commission rule to undertake any work with regard to a service application that would involve a
12 line extension until a final order is issued in the rulemaking docket, Docket UT-073014.

13 5. The Settlement Agreement also provides that if the Commission does not approve
14 this petition for exemption, either party may withdraw from the Settlement Agreement in dockets
15 UT-061298 and UT-061464.

16 6. If, at any time prior to the issuance of a final Commission order in Docket UT-
17 073014, Verizon receives any request to extend service, Verizon agrees that it will notify the
18 requestor in writing, within six weeks, of Verizon's decision to either (1) construct the extension
19 or, (2) pursuant to the settlement agreement and this petition for exemption, await the completion
20 of the line extension rulemaking in Docket UT-073014 to decide whether to petition for a waiver
21 of WAC 480-120-071. If Verizon decides to utilize option (2) for any request, the notification
22 must generally explain the provisions of this settlement that allow Verizon to delay such a
23 decision. In addition, Verizon will send the Commission a copy of Verizon's communications

1 concerning line extension requests received during the pendency of the rulemaking so that the
2 commission may inform the requesting person of the opportunity to comment in the rulemaking.
3 The provisions of this paragraph apply only in the event that the Commission grants this petition
4 for exemption.

5 **II. ARGUMENT**

6 7. The waiver process set forth in WAC 480-120-071(7)(a) recognizes that certain
7 requested line extensions pose unreasonable costs and burdens on carriers and on Washington
8 ratepayers, and thus should not be undertaken or should be paid for by the applicant.

9 8. Under WAC 480-120-071(7)(a), the Commission may – although it is not
10 required to – rely on the factors set forth in WAC 480-120-071(b)(ii) and any other information
11 it considers necessary to analyze whether an applicant is reasonably entitled to service. Under
12 WAC 480-120-071(7)(b), the Commission will consider the factors set forth in WAC 480-120-
13 071(b)(ii) determine whether it is reasonable for the carrier to charge the applicant the direct cost
14 to extend service.

15 9. Waiver may be appropriate when the costs and burdens associated with serving an
16 applicant at the expense of other ratepayers results in an unreasonable allocation of resources.

17 10. In response to concerns raised by stakeholders about the appropriateness of
18 requiring telecommunications carriers to construct costly line extensions, the Commission has
19 opened a rulemaking proceeding (Docket UT-073014) to address such concerns.

20 11. It is anticipated that the Commission will provide more guidance as to the
21 circumstances under which telecommunications carriers must extend telephone service to
22 potential customers, particularly in remote areas of Washington.

