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November 13, 2003

Ms. Carole J. Washburn  
Executive Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive S.W.  
P.O. Box 47250  
Olympia, WA 98504-7250

**Re: WUTC Docket Nos. UT-023003, UT-033034**

Dear Ms. Washburn:

On behalf of Verizon Northwest Inc. ("Verizon NW"), this letter is designed to clarify the context of the two prior Commission orders referred to in AT&T's November 10 filing in these dockets.

1. In the *38th Supplemental Order*, Verizon NW asserted that its ICM loop costs calculations were already very close to the loop costs the Commission adopted in docket UT-960369. See *id.* ¶ 145. One of the main reasons ICM generated lower loop rates than those proposed in the current proceeding with VzCost is because Verizon NW used the Commission-authorized depreciation rates as well as the Commission-prescribed cost of capital as inputs to ICM. These are the very inputs that the FCC has now decided to revisit in its pending TELRIC rulemaking. Just this week, AT&T has sought to defer an ILEC effort to revisit its UNE rates in Ohio as a "colossal waste of resources," because that effort would require an enormous investment of time "only to have the FCC change the underlying methodology before the Commission completes its analysis." Joint CLECS Memorandum Contra SBC Ohio's Motion for Procedural Order, Case No. 02-1280-TP-UNC at 4 (Nov. 12, 2003).

2. In the *13th Supplemental Order*, the Commission was addressing (and rejecting) a Verizon NW effort to treat rates as interim "until the Supreme Court act[ed]" on the then pending challenge to the FCC's existing rules governing those rates. *Id.* ¶ 380. It was not addressing the situation here: a determination by the FCC *itself* to consider substantial changes to those governing rules, which the Supreme Court has permitted it (but has not required it) to adopt.

Respectfully submitted,

  
WTR

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William R. Richardson, Jr.

cc: Counsel of Record

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**In the Matter of the Review of: )**  
**Unbundled Loop and Switching Rates; )**  
**the Deaveraged Zone Rate Structure; and )**  
**Unbundled Network Elements, )**  
**Transport and Termination )**  
**(Recurring Costs) )**  

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**Docket No. UT-023003**

**In the Matter of the Review of: )**  
**Unbundled Loop and Switching Rates; )**  
**the Deaveraged Zone Rate Structure; and )**  
**Unbundled Network Elements, )**  
**Transport and Termination )**  
**(Nonrecurring Costs) )**  

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**Docket No. UT-033034**

**CERTIFICATE OF SERVICE**

I hereby certify that I have this 13th day of November 2003, served Verizon Northwest Inc.'s Letter Clarifying the context of two Commission Orders referred to in AT&T's November 10th filing upon all parties of record in this proceeding by Federal Express and by e-mail:

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