

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Activity Month		VZ NW CSSC LD Sales (Res. PICs) (1)	VZ NW BSC LD Sales (Bus. PICs) (2)	VZ NW Phonemarts LD Sales (Res.&Bus. PICs) (2)	Total billed for LD units	Expenses Unrelated to # of LD Units Sold (2), (3)	Total Billed (2)
1	<u>Billing Rate per Sale--></u>						
2	Sept						
3	Oct						
4	Nov						
5	Dec						
6	Jan						
7	Feb						
8	Mar						
9	Apr						
10	May						
11	June						
12	July						
13	Aug						
14	Total VLD Sales (PICs)	_____	_____	_____	_____		
15	Staff's Erroneous Acquisition Cost Rate	_____	_____	_____	_____		
16	Billing to VLD at Staff's Erroneous Acquisition Rate						
17	Actually Billed to VLD by Verizon Northwest	_____ (2)	_____	_____	_____		
18	Difference (L16-L17)						
19	Percent Regulated (5)					<-----	
20	VZ Northwest credits to regulated accounts						(4) _____
21	Portion booked to Regulated Expense						(4) _____
22	Dollars booked to Regulated Expense (L20*L21)						
23	Washington allocation factor (6)						
24	Washington portion of Regulated Expense						
25	Intrastate Rate						
26	WA Intrastate Adjustment booked to Expense						
27	Portion booked to Regulated Revenue (acct. 5240&5264)						(4) _____
28	Dollars booked to Regulated Revenue (L20*L27) (7)						
29	Intrastate Rate (avg - calculated from Affiliate Report)						
30	WA Intrastate Adjustment to Revenue						
31	Total WA Intrastate Adjustment (L26+L30)	=====	=====	=====	=====		=====

- Notes: (1) Source: Verizon NW Supplemental Response to WUTC Staff Data Request No. 509, Supplemental Confidential Attachment 509c.4. Uses Staff's imputed billing rate calculated on Revised Exhibit No. ___ C(TWZ-16C), Page 1 of 2.
- (2) Source: Verizon NW Response to WUTC Staff Data Request No. 509, Confidential Attachment 509c.4. The BSC rate is a weighted average rate because two different billing rates were used during the test period. The amount billed on line 17 agrees to the invoice detail.
- (3) Billing to LD for expenses unrelated to sales units, such as general customer inquiry, dedicated support staff, and product support specialists. These expenses were included on invoices provided in Response to DR 509, Confidential Attachment 509c.4. These expenses are not related to the LD units sold and should not be subject to adjustment for the Staff's proposed \$75 FMV sales unit rate.
- (4) Source: Verizon NW Supplemental Response to WUTC Staff Data Request No. 203, Confidential Attachment 203. Also included in revised Affiliate Transaction Report filed 10/4/04 (expense amount of *** picked up by Staff plus amounts credited to accounts 5240 and 5264 that were also credited for Sales and Marketing but not included in Staff's number for Sales and Marketing).
- (5) A portion of the billing is credited to non-regulated expense to reflect the portion of the original incurred expense that was booked directly to non-regulated expense accounts. The portion credited to non-regulated accounts is correctly not included in the Affiliate Report.
- (6) Because the Everett CSSC and BSC serves all VZ Northwest customers, the expenses for these centers are allocated to all VZ Northwest jurisdictions. The portion of these expenses that are allocated to Washington is 59%. Therefore the credits booked to expense when affiliates are billed are also allocated using the same factor. Phonemarts are state-specific; however the units billed on the VZ Northwest invoices included phonemarts in all three Northwest states. Therefore, the calculation above reflects an allocated portion of the VLD sales in phonemarts to Washington for simplicity.
- (7) Revenues booked in the billing process (primarily for the use of ILEC assets in providing services) are not allocated to other states, but are separated between interstate and intrastate jurisdictions.