

**Intrastate Depreciation Rates Effective 1/1/2004 - Company Proposed**

Acct	Description	Projected 1/1/2004 Plant Balance a	Projected 1/1/2004 Reserve Balance b	Current Rate c	Expense d=a*c	Curve e	ELG f	Proj Life g	ARL h	FNS i	RR j=d/c	2004 Rate k=(100-i)/h	2004 Expense l=a*k	Change m=l-d
2112	Motor Vehicles	14,139,582	5,643,990	4.6	650,421	L3	1995	8	3.6	15	39.9	12.5	1,767,448	1,117,027
2114	Tools & Other Work Eq	26,421,413	16,660,588	10.0	2,642,141	S1	1995	12	5.2	0	63.1	7.1	1,875,920	(766,221)
2121	Buildings	195,115,527	36,274,239	2.7	5,268,119	R2	1995	25	13.2	0	18.6	6.2	12,097,163	6,829,044
2122	Furniture	6,889,221	5,298,485	9.9	682,033	R2	1995	15	3.9	0	76.9	5.9	406,464	(275,569)
2123.1	Office Support Eq	842,461	387,620	26.7	224,937	R2	1995	8	1.2	0	46.0	45.0	379,107	154,170
2123.2	Company Comm Eq	11,484,864	9,208,810	10.0	1,148,486	R1.5	1995	8	2.7	0	80.2	7.3	838,395	(310,091)
2124	Computers	26,012,845	19,255,803	6.5	1,690,835	L1	1995	5	1.6	0	74.0	16.3	4,240,094	2,549,259
2212	Digital Switching	498,192,173	183,359,059	7.5	37,364,413	GM2.5	1995	12	5.6	0	36.8	11.3	56,295,716	18,931,303
2220	Operator Systems	66,445	50,597	7.2	4,784	R1.5	1995	10	3.2	0	76.1	7.5	4,983	199
2231	Radio Systems	8,538,010	6,551,597	13.9	1,186,783	R2	1995	5	1.0	0	76.7	23.3	1,989,356	802,573
2232	Circuit Equipment	525,763,746	225,106,917	10.3	54,153,666	L1	1995	9	4.5	5	42.8	11.6	60,988,595	6,834,929
2362	Other Terminal Eq	14,976,410	14,765,735	12.3	1,842,098	R1.5	1995	8	2.7	0	98.6	0.5	74,882	(1,767,216)
2411	Poles	45,939,329	23,008,822	7.0	3,215,753	L0	1995	30	17.6	(150)	50.1	11.4	5,237,084	2,021,331
2421.1	Aerial Cable-Metallic	210,321,158	130,458,286	5.0	10,516,058	L1	1995	16	7.4	(27)	62.0	8.8	18,508,262	7,992,204
2421.2	Aerial Cable-Non Metallic	13,044,783	3,870,546	4.7	613,105	L1	1995	20	11.5	(5)	29.7	6.5	847,911	234,806
2422.1	U.G. Cable - Metallic	257,568,891	128,967,373	5.2	13,393,582	R2	1995	17	7.7	(22)	50.1	9.3	23,953,907	10,560,325
2422.2	U.G. Cable - Non Metallic	43,023,053	12,453,542	4.7	2,022,083	L1	1995	20	11.6	(10)	28.9	7.0	3,011,614	989,531
2423.1	Buried Cable-Metallic	410,204,278	203,742,348	4.7	19,279,601	L2	1995	18	8.6	(7)	49.7	6.7	27,483,687	8,204,086
2423.2	Buried Cable-Non Metallic	20,507,449	6,515,327	5.0	1,025,372	L1	1995	20	11.4	(3)	31.8	6.2	1,271,462	246,090
2424	Submarine Cable	1,372,709	1,054,170	4.1	56,281	R3	1995	17	2.9	(10)	76.8	11.4	156,489	100,208
2426	Intrabldg Cable	151,712	144,274	1.6	2,427	L0.5	1995	17	7.2	(10)	95.1	2.1	3,186	759
2441	Conduit Systems	147,228,969	39,494,071	2.3	3,386,266	R3	1995	50	34.0	(10)	26.8	2.4	3,533,495	147,229
		2,477,805,028	1,072,272,199	6.5	160,369,244						43.3	9.1	224,965,220	64,595,976

Note: 2114, 2115 & 2116 combined to 2114  
2431 combined with 2421.1

**Definitions**

Curve (column e) - prescribed by UTC  
 ELG (column f) - Equal Life Group, start year prescribed by UTC  
 Proj Life (column g) - Projection Life - Company Proposed  
 ARL (column h) - Average Remaining Life - calculations detailed on page 3 of each account using inputs from columns e, f and g  
 FNS (column i) - Future Net Salvage - a net of anticipated Salvage and Cost of Removal  
 RR (column j) - Reserve Ratio

**Comparison of Current WUTC Prescribed and Verizon Proposed Depreciation Parameters**

Acct	Description	WUTC Prescribed				Verizon Proposed	
		Curve a	ELG b	Life (years) c	FNS % d	Life (years) e	FNS % f
2112	Motor Vehicles	L3	1995	12	20	8	15
2114	Tools & Other Work Eq	S1	1995	12	0	12	0
2121	Buildings	R2	1995	43	0	25	0
2122	Furniture	R2	1995	15	5	15	0
2123.1	Office Support Eq	R2	1995	10	0	8	0
2123.2	Company Comm Eq	R1.5	1995	8	0	8	0
2124	Computers	L1	1995	8	0	5	0
2212	Digital Switching	GM2.5	1995	16	0	12	0
2220	Operator Systems	R1.5	1995	10	0	10	0
2231	Radio Systems	R2	1995	10	0	5	0
2232	Circuit Equipment	L1	1995	11.4	5	9	5
2362	Other Terminal Eq	R1.5	1995	7	0	8	0
2411	Poles	L0	1995	28	(75)	30	(150)
2421.1	Aerial Cable-Metallic	L1	1995	21	(17)	16	(27)
2421.2	Aerial Cable-Non Metallic	L1	1995	25	0	20	(5)
2422.1	U.G. Cable - Metallic	R2	1995	25	(22)	17	(22)
2422.2	U.G. Cable - Non Metallic	L1	1995	25	0	20	(10)
2423.1	Buried Cable-Metallic	L2	1995	23	(7)	18	(7)
2423.2	Buried Cable-Non Metallic	L1	1995	25	0	20	(3)
2424	Submarine Cable	R3	1995	22	(10)	17	(10)
2426	Intrabldg Cable	L0.5	1995	20	(10)	17	(10)
2441	Conduit Systems	R3	1995	50	(10)	50	(10)

Note: 2114, 2115 & 2116 combined to 2114  
2431 combined with 2421.1

Verizon proposes a continuation of the currently prescribed parameters identified in columns 'a' and 'b'.

**Definitions**

Curve (column a) - prescribed by UTC

ELG (column b) - Equal Life Group, start year prescribed by UTC

Life (column c & e) - Projection Life

FNS (column d & f) - Future Net Salvage - a net of anticipated Salvage and Cost of Removal

**Benchmark Comparisons of Telecommunications Providers**

Account Category	Verizon	AT&T	MCI/ WorldCom	CATV	TFI
Buildings & Other Equipment	5-31		4-39		
Buildings	31	10-40		18-33	
Other Equipment	5-12	3-7			
Vehicles Other Wk Equipment	8-12			3-7	
Furniture & Equipment	5-15			9-11	
Communications & Network	8-20	3-15			
Communications	8-12		5-10	6-14	
Digital Switching	12				9-12
Digital Circuit	9				7-9
(including Conduit)	8-50		4-40		
Transmission Equipment	9-20		4-10	10-15	
Cable	16-20			10-15	10-20

Sources:

- Verizon: 2003 Financial Reporting Lives
- AT&T: 2002 Annual Report
- MCI/WorldCom: 2001 Annual Report
- CATV: FCC CATV order MM Dkt. 93-215
- TFI: Transforming the Local Exchange Network.

**VZ WA Depreciation Life Comparisons with Near-By States**

<b>Account</b>	<b>Description</b>	<b>VZ WA Proposed Life Years</b>	<b>WUTC Current Life Years</b>	<b>Idaho Current Life Years</b>	<b>Oregon Current Life Years</b>	<b>Nevada Current Life Years</b>
<b>Central Office Equipment</b>						
2212	Digital Switching	12	16	10	14	10
2232	Circuit Equipment	9	11.4	8	10	7
<b>Copper Cable</b>						
2421.1	Aerial Cable-Metallic	16	21	17	20	17
2422.1	U.G. Cable - Metallic	17	25	17	20	17
2423.1	Buried Cable-Metallic	18	23	17	20	17
<b>Fiber Cable</b>						
2421.2	Aerial Cable-Non Metallic	20	25	25	25	18
2422.2	U.G. Cable - Non Metallic	20	25	25	25	18
2423.2	Buried Cable-Non Metallic	20	25	25	25	18