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BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

IN THE MATTER OF THE PETITION OF)	DOCKET NO. _____
OF GTE NORTHWEST INCORPORATED)	
FOR DEPRECIATION ACCOUNTING)	PETITION OF GTE NORTHWEST
CHANGES)	INCORPORATED
)	

GTE Northwest Incorporated (GTE Northwest, Petitioner) requests the Washington Utilities and Transportation Commission (Commission) to issue an order authorizing petitioner to change and revise its depreciation rates for eight accounts most affected by technology and competition utilizing new straight line vintage group remaining life rates for intrastate accounting and rate making purposes effective on or after January 1, 1997. GTE Northwest is not, by this Petition, requesting any changes in the rates charged for its Washington intrastate services.

1. Petitioner is GTE Northwest Incorporated, 1800 41st Street, Everett, Washington 98201.

2. This Petition is brought pursuant to Washington Administrative Code, Sections 480-09-420 and 480-120-031.

3. R.C.W. 80.04.350 provides that the Commission has the power to:
The Commission shall have power after hearing to require any or all public service companies to carry proper and adequate depreciation

1 or retirement accounts in accordance with such rules, regulations and
2 forms of accounts as the Commission may prescribe. The
3 Commission may from time to time ascertain and by order fix the
4 proper and adequate rates of depreciation or retirement of the several
5 classes of property of each public service company. Each public
6 service company shall conform its depreciation or retirement
7 accounts to the rates so prescribed. In fixing the rate of the annual
8 depreciation or retirement charge, the Commission may consider the
9 rate and amount theretofore charged by the Company for depreciation
10 or retirement.

11 4. The form and content of this Petition is a departure from the traditional regulatory
12 submission for depreciation rates. As a result of rapidly changing technology and a competitive
13 environment, detailed analysis of mortality data is no longer a viable basis for setting depreciation
14 rates. Further, the Telecommunications Act of 1996 deregulated the telecommunications industry
15 and eliminated the requirement for the Federal Communications Commission (FCC) to regulate
16 depreciation rates. The FCC has made the 1997 depreciation rate filings optional. Accordingly, the
17 historic three-way process, wherein personnel from the FCC, Commission Staff, and company meet
18 to discuss depreciation rates and associated remaining lives of accounts is no longer appropriate.

19 5. GTE Northwest has set out the rationale supporting this Petition in its GTE
20 Depreciation Proposal, marked Exhibit A attached hereto and incorporated herein. Summary
21 Statements A and B of said Proposal set out the remaining lives and changes in annual depreciation
22 expense that GTE Northwest considers reasonable in light of the competitive marketplace that exists
23 in today's telecommunications arena.

24 WHEREFORE, GTE Northwest requests that the Commission issue an Order authorizing the
Petitioner to adopt and utilize the depreciation rates encompassing the new straight line vintage
group remaining life rates for intrastate accounting and rate making purposes effective on or after
January 1, 1997.

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Respectfully submitted this _____ day of December, 1996.

Richard E. Potter
A Timothy L. Williamson
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