

VERIZON NORTHWEST INC. - WASHINGTON OPERATIONS  
2004 Washington General Rate Case  
Company's Revision to Staff Deferred Tax Adjustment on PMS-10C and PMS-12C  
Test Year - October 2002 to September 2003  
Intrastate Amounts (Thousands of Dollars)

Exhibit No. (NWH-20)  
Docket No. UT-040788  
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Line	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	<b><u>As Proposed by Staff</u></b>						
		<b>SR22</b>	<b>P17</b>	<b>SP23</b>	<b>SP24</b>	<b>Total</b>	
1	Rate Base (Average):						
2	Telecomm Plant in Service	(29,276)	(4,196)	(1,370)	(167,794)		PMS-10c, PMS-12c
3	Other Assets (SFAS 87)						
4	Investor Supplied Working Capital						
5	Depr & Amort Reserve	(14,532)	(35,266)	(677)	(92,577)		PMS-10c, PMS-12c
6	<b>Deferred Income Taxes</b>	1,599	3,971	74	10,183	15,827	PMS-10c, PMS-12c
7	Other LT Liab						
8							
9							
10	<b><u>As Corrected by Company</u></b>						
11							
12	Rate Base (Average):						
13	Telecomm Plant in Service	(29,276)	(4,196)	(1,370)	(167,794)		PMS-10c, PMS-12c
14	Other Assets (SFAS 87)						
15	Investor Supplied Working Capital						
16	Depr & Amort Reserve	(14,532)	(35,266)	(677)	(92,577)		PMS-10c, PMS-12c
17	<b>Deferred Income Taxes at 11.4%</b>	(1,681)	3,542	(79)	(8,575)	(6,793)	(L13-L16)*11.4%
18	Other LT Liab						
19							
20	<b>Change from Staff to Company</b>	<b>(3,280)</b>	<b>(429)</b>	<b>(153)</b>	<b>(18,758)</b>	<b>(22,620)</b>	L17 - L6
	<b>Revenue Requirement Impact</b>					2,746	At 7.71%

Note 1 The Staff Exhibits, PMS-10c and PMS-12c, mentioned above are sourced from the Staff Errata filing, as revised on January 14, 2005.

Note 2 The correction above reflects the change from increasing deferred taxes to decreasing the balances as well as correcting staff's application of the deferred tax rate to accumulated depreciation to net plant.

Note 3 The revenue requirement impact is calculated as:  $(22,620 \times 7.71\%) \times 1.574442$

Note 4 Refer to NWH-21 for the impact of correcting the deferred tax rate from 11.4% to 18.51%.