(text box: 1)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF GTE NORTHWEST, INCOR­POR­ATED TO DETERMINE AND FIX PROPER AND ADE­QUATE RATES OF DEPRECIATION FOR SEVERAL CLASSES OF ITS DEPRECIABLE PROPERTY. | )  )  )  )  )  )  )  ) | CASE NO. GTE-T-97-5  2ND NOTICE OF APPLICATION  NOTICE OF MODIFIED PROCEDURE |

YOU ARE HEREBY NOTIFIED that on March 10, 1997, GTE Northwest Incorporated (GTE) filed an Application requesting the Idaho Public Utilities Commission to issue an order authorizing GTE to change and revise some of its depreciation rates. The Company seeks to accelerate the asset lives or depreciation rates for those accounts most affected by advances in technology and subject to competition.  GTE indicates that it is not seeking an increase in rates to compensate for the proposed increase in depreciation expense and the resultant decrease in intrastate earnings.

GTE requests to shorten the average remaining depreciation lives for eight accounts.  These accounts are as follows:

2212.00Digital switching equipment from 12.6 years to 6 years

2232.00Circuit equipment from 9.3 years to 4 years

2421.10Aerial cable metallic from 18.1 years to 6 years

2421.21Aerial cable non-metallic from 28 years to 15 years

2422.10Underground cable metallic from 22 years to 6 years

2422.20Underground cable non-metallic from 27.0 years to 15 years

2423.10Buried cable metallic from 16.4 years to 6 years

2423.20Buried cable non-metallic from 29.0 years to 15 years

GTE claims that these accounts contain the telecommunications assets that are most impacted by the combined effects of technological change and competition. These accounts represent about 66% of the Company’s plant in service.  GTE estimates economic lives for the assets in these accounts as follows: copper cable 15 years, digital switching 10 years, circuit equipment 8 years, and fiber cable 20 years.  GTE estimates the economic remaining lives as follows: copper cable 6 years, digital switching 6 years, circuit equipment 4 years, and fiber cable 15 years.

YOU ARE FURTHER NOTIFIED that Staff has been conducting an investigation of the Application.  Staff’s discovery is now completed.  Staff is prepared to file comments stating that GTE’s proposed depreciation rates are too high.  The overall depreciation rate proposed by GTE is 12.1%, an increase from 5.9%.  Staff will propose significantly lower depreciation rates for these eight accounts.   Staff believes processing this case by Modified Procedure is appropriate at this time.  The Commission has already issued a Notice of Application on April 7, 1997.  Staff now recommends that the Commission process this case by Modified Procedure with Staff filing comments on a shorter time period and all other parties filing comments/reply comments on a 21 day period.

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201 through -.204.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission within twenty-one (21) days from the date of this Notice.  The comment must contain a statement of reasons supporting the comment.  Persons desiring a hearing must specifically request a hearing in their written comments.  Written comments concerning this application shall be mailed to the Commission and the Applicant at the addresses reflected below:

COMMISSION SECRETARYA. TIMOTHY L. WILLIAMSON

IDAHO PUBLIC UTILITIES COMMISSIONRICHARD E. POTTER

PO BOX 83720GTE NORTHWEST INCORPORATED

BOISE, IDAHO  83720-00741800 41ST STREET

EVERETT, WA 98201

Street Address for Express Mail:

472 W WASHINGTON ST

BOISE, IDAHO  83702-5983

These comments should contain the case caption and case number shown on the first page of this document.

YOU ARE FURTHER NOTIFIED that if no written comments are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing.  If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

DATED at Boise, Idaho this                  day of July 1997.

Myrna J. Walters

Commission Secretary

cm\N:gte-t-97-5.sh2

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

August 1, 1997