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FILED FOR RECORD
SKAMANIA CO. WASH
BY *Terb Hamblen*

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E. Mayford
AUDITOR
GARY M. OLSON

SUPERIOR COURT OF WASHINGTON FOR

GRANT

COUNTY

UNITED TELEPHONE COMPANY

OF THE NORTHWEST,

Plaintiff

No. 86 2 00768 3

vs.

SUMMONS
(20 days)

DEPARTMENT OF REVENUE OF THE STATE OF
WASHINGTON; BOARD OF TAX APPEALS OF THE
STATE OF WASHINGTON; BENTON COUNTY,
WASHINGTON; CLALLAM COUNTY, WASHINGTON;
GRANT COUNTY, WASHINGTON; JEFFERSON COUNTY
WASHINGTON; KITSAP COUNTY, WASHINGTON;
KLICKITAT COUNTY, WASHINGTON; SKAMANIA
COUNTY, WASHINGTON; YAKIMA Defendant S
COUNTY, WASHINGTON,

A lawsuit has been started against you in the above entitled court by UNITED TELEPHONE COMPANY OF THE NORTHWEST, plaintiff. Plaintiff's claim is stated in the written complaint, a copy of which is served upon you with this summons.

In order to defend against this lawsuit, you must respond to the complaint by stating your defense in writing, and serve a copy upon the undersigned attorney for the plaintiff within 20 days after the service of this summons, excluding the day of service, if served within the State of Washington (or within 60 days after service of this summons, if served outside the State of Washington), or a default judgment may be entered against you without notice. A default judgment is one where plaintiff is entitled to what he asks for because you have not responded. If you serve a notice of appearance on the undersigned attorney, you are entitled to notice before a default judgment may be entered.

You may demand that the plaintiff file this lawsuit with the court. If you do so, the demand must be in writing and must be served upon the plaintiff. Within fourteen (14) days after you serve the demand, the plaintiff must file this lawsuit with the court, or the service on you of this summons and complaint will be void.

If you wish to seek the advice of an attorney in this matter, you should do so promptly so that your written response, if any, may be served on time.

This summons is issued pursuant to Rule 4 of the Superior Court Civil Rules of the State of Washington.

Thomas H. Nelson
Attorney for Plaintiff Thomas H. Nelson

Office and P.O. Address:

STOEL, RIVES, BOLEY, FRASER & WYSE
900 SW Fifth - Suite 2300
Portland, Oregon 97204

(503) 294-9281

Telephone

Dated December 23, 1986

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3 IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
4 IN AND FOR THE COUNTY OF GRANT

5 UNITED TELEPHONE COMPANY OF)
6 THE NORTHWEST,)

7 Plaintiff)

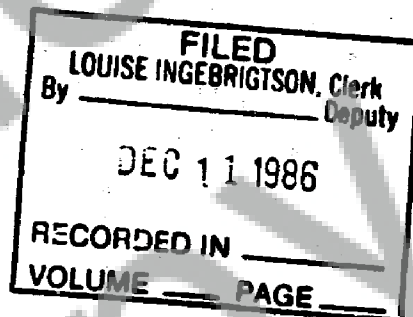
8 v.)

9 DEPARTMENT OF REVENUE OF THE)
10 STATE OF WASHINGTON; BOARD OF)
11 TAX APPEALS OF THE STATE OF)
12 WASHINGTON; BENTON COUNTY,)
13 WASHINGTON; CLALLAM COUNTY,)
14 WASHINGTON; GRANT COUNTY,)
15 WASHINGTON; JEFFERSON COUNTY,)
16 WASHINGTON; KITSAP COUNTY,)
17 WASHINGTON; KLICKITAT COUNTY,)
18 WASHINGTON; SKAMANIA COUNTY,)
19 WASHINGTON; YAKIMA COUNTY,)
20 WASHINGTON,)

21 Defendant.)

No 86 2 00768 3

COMPLAINT FOR
RECOVERY OF TAXES
PAID



22 United Telephone Company of the Northwest ("UTNW")
23 is an Oregon corporation qualified to do business in the State
24 of Washington. UTNW is a wholly owned subsidiary of United
25 Telecommunications, Inc., and as such is part of the United
26 Telephone System, Inc. UTNW owns intercounty property in the
State of Washington which is used to provide local and long-
distance telephone service to its subscribers That property
is located in the Washington counties of Benton, Clallam, Grant,
Jefferson, Kitsap, Klickitat, Skamania, and Yakima.

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II

The Department of Revenue of the State of Washington ("Department of Revenue") is a department of the government of the State of Washington which is required as of January 1 annually to determine the true cash value of UTNW's Washington utility property. The Board of Tax Appeals is an agency of the State of Washington which is empowered to review and revise valuation assessments of intercompany property made by the Department of Revenue. The Defendant Counties are counties in the State of Washington in which Plaintiff owns real and personal property used in the conduct of its telephone service to its subscribers.

III

This is an action for refund of taxes brought pursuant to the provisions of 84.68.020, RCW. Venue for this action is established pursuant to 84.68.050, RCW. The taxes at issue in this action for refund were paid to the Defendant Counties in 1986.

IV

Pursuant to Chapter 84.12, RCW, the Department of Revenue determined that the true cash value of Plaintiff's operating property for tax year 1985 was \$74,300,000. Pursuant to 82.03.130, RCW, Plaintiff contested the Department of Revenue's 1984 assessment-year valuation by appealing the matter to the Board of Tax Appeals. By a decision dated July 14, 1986,

1 the Board of Tax Appeals entered an order establishing the value
2 of Plaintiff's property at \$74,300,000.

3 V

4 Under protest, Plaintiff paid taxes to the Defendant
5 Counties based upon the value as established by the Department
6 of Revenue and as affirmed by the Board of Tax Appeals. Plain-
7 tiff paid all such taxes to the Defendant Counties as they
8 became due.

9 VI

10 The true cash value for Plaintiff's jurisdictional
11 property for the 1985 assessment year is not more than
12 \$55,400,000. The Department of Revenue's value, as affirmed by
13 the Board of Tax Appeals, exceeds the 1985 true cash value of
14 Plaintiff's property for a number of reasons, among them (1) the
15 Department of Revenue's value fails to allow any deduction for
16 obsolete plant and equipment, (2) the Department of Revenue's
17 value is the result of employing an erroneous imputed capital
18 structure, (3) the Department of Revenue's value is the result
19 of employing a capitalization rate which is significantly lower
20 than justified, (4) the Department of Revenue's value is the
21 result of improper weightings to the cost and income approaches,
22 and (5) the Department of Revenue's value is the result of
23 employing a limited-life model, which model is not appropriate
24 for cost-regulated companies such as Plaintiff.

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STOEL RIVES BOLEY FRASER & WYSE
Attorneys at Law
900 S. W. Elm Ave. Portland, Oregon 97204-1208
Telephone (503) 224-3380

1 WHEREFORE, Plaintiff prays as follows:


2 1. The Court determine that the 1985 true cash value of
3 Plaintiff's jurisdictional telephone property is \$55,400,000,
4 and

5 2. The Court enter a judgment in favor of Plaintiff
6 against the Department of Revenue and the Defendant Counties in
7 the amount of the difference between the 1985 taxes paid to such
8 counties and the proper amount of tax payable, as determined in
9 this action, together with lawful interest thereon from the
10 dates of payment, costs of suit and such other relief as the
11 Court deems appropriate.

12 DATED this 8th day of December, 1986.

13
14 STOEL, RIVES, BOLEY, FRASER & WYSE

15
16 By


Thomas H. Nelson

W.S.B. No. 13711

17 Of Attorneys for United
18 Telephone Company of the
19 Northwest
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