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Decision 97-12-036 December 3, 1997

**ORIGINAL**

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Annual Depreciation Application  
of Citizens Telecommunications Company of  
California Inc. (U 1024 C)

Application 97-06-052  
(Filed June 30, 1997;  
supplemented September 12,  
1997 and September 24, 1997)

## OPINION

### Background

By Decision (D.) 95-11-024, Citizens Telecommunications Company of California Inc.'s (CTC-California) rates were restructured pursuant to the rate design principles set forth in our Implementation Rate Design decision (D.94-09-065, 56 CPUC2d 117). This restructure took place so that CTC-California could position itself in the competitive telecommunications environment. By the same decision, and as part of its New Regulatory Framework (NRF) consistent with our NRF regulation of Pacific Bell and GTE California Incorporated (D.89-10-031, 33 CPUC2d 43, at 233), CTC-California is required to file a depreciation application by June 30 of each year for approval of depreciation rates to become effective January 1 of the following year. This is CTC-California's second annual depreciation application.

### Request

CTC-California seeks authority to maintain its current depreciation rates effective January 1, 1998, on an ex parte basis. It does not propose any change to its depreciation rates.

CTC-California supplemented its application on September 12, 1997, to explain the rescription and technical update review it used to support the continuation of its present depreciation rates. for the 1998 calendar year. Its review considered individual plant-service-life statistics, the competitive setting, technological shifts, and accelerated obsolescence, as detailed in its supplemental filing. Exhibit A to the supplemental filing

identified the specific depreciation rates and accruals that CTC-California seeks to use for the 1998 calendar year. However, the exhibit was submitted under seal on the basis that it contains proprietary data. No further justification for placing the exhibit under seal was offered.

Subsequently, CTC-California replaced its exhibit under seal with a revised exhibit through a September 24, 1997, supplemental filing. The revised exhibit identifies the specific depreciation rates which CTC-California seeks approval of and is consistent with the requirement of D. 95-11-025. We hereby authorized CTC-California to replace its exhibit under seal with its revised Exhibit A filed on September 24, 1997.

#### **Protest**

The Office of Ratepayer Advocates (ORA) does not object to CTC-California using its currently authorized depreciation rates for the 1998 calendar year, pursuant to its August 4, 1997, response to the application. However, ORA does recommend that CTC-California reflect changes in technology and regulations to its depreciation rates in its next annual application, scheduled to be filed by June 30, 1998. Although ORA protested CTC-California's motion to place its specific depreciation rates and accruals under seal, the protest is moot because CTC-California replaced its exhibit submitted under seal with the September 24 supplemental filing, which was public. A public hearing is not necessary. CTC-California's request to continue with its presently authorized depreciation rates for the 1998 calendar year should be approved.

#### **Findings of Fact**

1. CTC-California seeks to maintain its current depreciation rates for the 1998 calendar year.
2. Exhibit A was submitted under seal on the basis that it contains proprietary data.
3. ORA protested CTC-California's request to place Exhibit A under seal.
4. ORA's protest is moot because CTC-California replaced its Exhibit A submitted under seal with a revised Exhibit A, which was made available to the public.
5. A public hearing is not necessary.

**Conclusions of Law**

1. CTC-California should be allowed to replace its Exhibit A submitted under seal with a revised Exhibit A.
2. CTC-California's 1998 proposed depreciation rates for its individual plant accounts should be adopted.
3. In order that applicant may comply with D.95-11-024, this order should be effective upon issuance.

**O R D E R**

**IT IS ORDERED that:**

1. Citizens Telecommunications Company of California (CTC-California) shall use its currently authorized depreciation rates for the calendar year 1998, as contained in Appendix A to this order.

2. Application 97-06-052 is closed.

This order is effective today.

Dated December 3, 1997, at San Francisco, California.

P. GREGORY CONLON  
President  
JESSIE J. KNIGHT, JR.  
HENRY M. DUQUE  
JOSIAH L. NEPPER  
RICHARD A. BILAS  
Commissioners

Prime Summary

Property Code	Prime Account Number	Book Cost	Total Reserve	Net Book Value	Reserve Ratio	Deprn Rate Dec	Depr. Life	Projection Life (per '93 study)	Retirements Base Cost	Retirements %
07010300	2111.00	1,969,377.54	-	1,969,377.54		0.000%	NA	NA		0.00%
66000344	2111.00	142,466.28	-	142,466.28		0.000%	NA	NA	-	0.00%
State Total	2111.00	2,111,843.82	-	2,111,843.82		0.000%			-	0.00%
07010300	2112.00	4,135,829.84	1,257,515.00	2,878,314.84					537,872.00	13.01%
66000344	2112.00	375,779.09	333,109.79	42,669.30		8.800%	11.36	8.80	183,679.21	48.88%
State Total	2112.00	4,511,608.93	1,590,624.79	2,920,984.14	35.26%	8.800%	11.36	8.80	721,551.21	15.99%
07010360	2114.00	23,192.00	4,818.00	18,374.00		6.700%	14.93	15.00	-	0.00%
State Total	2114.00	158,981.75	84,449.00	74,532.75	53.12%	6.700%	14.93	15.00	-	0.00%
07010300	2115.00	247,246.00	223,741.00	23,505.00					-	0.00%
66000344	2115.00	2,201.00	1,407.00	794.00		9.100%	10.99	12.00	-	0.00%
State Total	2115.00	249,447.00	225,148.00	24,299.00	90.26%	9.100%	10.99	12.00	-	0.00%
07010300	2116.00	1,485,892.74	737,654.00	748,238.74					-	0.00%
66000344	2116.00	256,872.56	161,048.00	95,824.56		5.700%	17.54	14.00	-	0.00%
State Total	2116.00	1,742,765.30	898,702.00	844,063.30	51.57%	5.700%	17.54	14.00	-	0.00%
07010300	2121.00	23,973,096.56	6,819,076.00	17,154,020.56					30,688.00	0.13%
66000344	2121.00	3,557,630.35	1,524,559.00	2,033,071.35		2.500%	40.00	41.00	1,750.00	0.05%
State Total	2121.00	27,530,726.91	8,343,635.00	19,187,091.91	30.31%	2.500%	40.00	41.00	32,438.00	0.12%
07010300	2122.00	725,915.44	309,194.00	416,721.44					-	0.00%
66000344	2122.00	28,532.43	12,713.00	15,819.43		5.700%	17.54	17.00	-	0.00%
State Total	2122.00	754,447.87	321,907.00	432,540.87	42.67%	5.700%	17.54	17.00	-	0.00%
07010300	2123.10	245,442.20	168,144.00	77,298.20					-	0.00%
66000344	2123.10	23,489.92	21,758.00	1,731.92		10.900%	9.17	12.00	-	0.00%
State Total	2123.10	268,932.12	189,902.00	79,030.12	70.61%	10.900%	9.17	12.00	-	0.00%
07010300	2123.20	1,642,035.53	906,878.00	735,157.53					-	0.00%
66000344	2123.20	426,509.83	257,067.00	169,442.83		10.700%	9.35	10.00	-	0.00%
State Total	2123.20	2,068,545.36	1,163,945.00	904,600.36	56.27%	10.700%	9.35	10.00	-	0.00%

A.97-06-052

APPENDIX A

Prime Summary

Property Code	Prime Account Number	Book Cost	Total Reserve	Net Book Value	Reserve Ratio	Deprn Rate Dec	Depr. Life	Projection Life (per '93 study)	Retirements Base Cost	Retirements %
07010300	2124.10	86,327.69	47,939.00	38,388.69					-	0.00%
66000344	2124.10	9,425.00	6,278.00	3,147.00		16.800%	5.95	5.00	-	0.00%
State Total	2124.10	95,752.69	54,217.00	41,535.69	56.62%	16.800%	5.95	5.00	-	0.00%
07010300	2124.20	999,490.40	679,343.78	320,148.62					4,114.22	0.41%
66000344	2124.20	54,415.66	39,258.00	15,157.66		25.000%	4.00	3.50	-	0.00%
State Total	2124.20	1,053,906.06	718,601.78	335,306.28	68.18%	25.000%	4.00	3.50	4,114.22	0.39%
07010310	2124.40	533,081.95	72,176.00	460,905.95	13.54%	25.000%	4.00		-	0.00%
66000344	2211.10	-	(13,309.00)	13,309.00	#DIV/0!	0.000%	NA	13.00	-	NA
07010300	2212.xx	82,089,951.73	26,728,634.12	55,361,317.61		5.200%	19.23	14.00	837,163.88	1.02%
66000300	2212.xx	802,253.80	(2,872,232.45)	3,674,486.25		5.200%	19.23	14.00	4,590,219.45	572.17%
State Total	2212.xx	82,892,205.53	23,856,401.67	59,035,803.86	28.78%	5.200%	19.23	14.00	5,427,383.33	6.55%
07010300	2215.xx	231.28	-	231.28	0.00%	-	-		-	0.00%
07010320	2220.00	722,818.90	615,911.00	106,907.90	85.21%	21.800%	4.59	10.00	-	0.00%
07010300	2231.xx	14,296,817.90	9,351,214.00	4,945,603.90		10.200%	9.80	11.00	124,508.00	0.87%
66000300	2231.xx	539,461.73	306,754.00	232,707.73					-	0.00%
State Total	2231.xx	14,836,279.63	9,657,968.00	5,178,311.63	65.10%	10.200%	9.80	11.00	124,508.00	0.84%
07010300	2232.xx	24,868,453.53	14,369,456.00	10,498,997.53					26,737.00	0.11%
66000300	2232.xx	4,759,495.89	3,680,389.00	1,079,106.89					-	0.00%
State Total	2232.xx	29,627,949.42	18,049,845.00	11,578,104.42	60.92%	12.200%	8.20	8.00	26,737.00	0.09%
07010300	2311.00	71,711.53	46,986.00	24,725.53	65.52%	20.000%	5.00		-	0.00%
07010300	2321.00	-	-	-					-	NA
07010300	2351.00	1,243,062.51	964,733.00	278,329.51		0.41	86.96		-	0.00%
66000344	2351.00	98,145.97	98,148.00	(0.03)		6.900%	14.49	9.00	-	0.00%

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Property Code	Prime Account Number	Book Cost	Total Reserve	Net Book Value	Reserve Ratio	Depm Rate Dec	Depr. Life	Projection Life (per '93 study)	Retirements Base Cost	Retirements %
State Total	2351.00	1,341,208.48	1,062,879.00	278,329.48	79.25%	6.900%	14.49	9.00	-	0.00%
66000344	2351.30	21,585.00	2,976.00	18,609.00	13.79%	6.900%	14.49	9.00	-	0.00%
07010300	2362.00	959,558.12	556,861.00	402,697.12		13.600%	7.35	6.00	-	0.00%
66000300	2362.xx	327,398.63	233,038.00	94,360.63					-	0.00%
State Total	2362.xx	1,286,956.75	789,899.00	497,057.75	61.38%	13.600%	7.35	6.00	-	0.00%
07010300	2411.00	15,407,400.92	8,388,640.03	7,018,760.89		4.300%	23.26	27.00	201,707.97	1.31%
66000300	2411.xx	2,541,463.33	2,436,342.83	105,120.50					3,634.17	0.14%
State Total	2411.xx	17,948,864.25	10,824,982.86	7,123,881.39	60.31%	4.300%	23.26	27.00	205,342.14	1.14%
07010300	2421.10	33,343,811.40	19,796,050.25	13,547,761.15		6.900%	14.49	18.50	441,184.75	1.32%
66000300	2421.10	4,314,803.65	3,306,670.00	1,008,133.65		6.900%	14.49	18.50	5,066.00	0.12%
State Total	2421.10	37,658,615.05	23,102,720.25	14,555,894.80	61.35%	6.900%	14.49	18.50	446,250.75	1.18%
07010310	2421.20	633,841.93	126,142.00	507,699.93		5.400%	18.52	21.00	-	0.00%
66000344	2421.20	199,166.00	48,192.00	150,974.00		5.400%	18.52	21.00	-	0.00%
State Total	2421.20	833,007.93	174,334.00	658,673.93	20.93%	5.400%	18.52	21.00	-	0.00%
07010300	2422.10	24,378,141.70	8,134,119.14	16,244,022.56					304,762.86	1.25%
66000344	2422.10	618,190.25	323,192.00	294,998.25		7.800%	12.82	18.00	567.00	0.09%
State Total	2422.10	24,996,331.95	8,457,311.14	16,539,020.81	33.83%	7.800%	12.82	18.00	305,329.86	1.22%
07010300	2422.20	5,117,723.98	742,824.00	4,374,899.98					13,682.00	0.27%
66000344	2422.20	281,954.43	44,794.00	237,160.43		4.000%	25.00	25.00	-	0.00%
State Total	2422.20	5,299,678.41	787,618.00	4,612,060.41	14.59%	4.000%	25.00	25.00	13,682.00	0.25%
07010300	2423.10	47,889,073.56	22,028,491.55	25,860,582.01		6.200%	16.13	18.00	110,760.45	0.23%
66000300	2423.10	494,581.92	338,151.00	156,430.92					-	0.00%
State Total		48,383,655.48	22,366,642.55	26,017,012.93	46.23%	6.200%	16.13	18.00	110,760.45	0.23%
07010300	2423.20	274,194.69	75,001.00	199,193.69					-	0.00%

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Property Code	Prime Account Number	Book Cost	Total Reserve	Net Book Value	Reserve Ratio	Depm Rate Dec	Depr. Life	Projection Life (per '93 study)	Retirements Base Cost	Rctircmtns %
66000344	2423.20	111,450.28	24,238.00	87,212.28		4.700%	21.28	22.00	-	0.00%
State Total	2423.20	385,644.97	99,239.00	286,405.97	25.73%	4.700%	21.28	22.00	-	0.00%
66000344	2424.10	83,327.01	82,177.00	1,150.01		5.360%	18.66	20.00	-	0.00%
State Total	2424.10	83,327.01	82,177.00	1,150.01	98.62%	5.360%	18.66	20.00	-	0.00%
66000344	2426.10	133.69	-	133.69		3.530%	28.33		-	0.00%
66000344	2426.20	11.43	2.00	9.43		3.530%	28.33		-	0.00%
State Total	2426.10	145.12	2.00	143.12	1.38%	3.530%	28.33		-	0.00%
07010300	2431.00	2,166,000.83	2,158,342.37	7,658.46					17,928.63	0.83%
66000344	2431.00	323,739.44	303,125.00	20,614.44		11.700%	8.55	8.00	-	0.00%
State Total		2,489,740.27	2,461,467.37	28,272.90	98.86%	11.700%	8.55	8.00	17,928.63	0.72%
07010300	2441.00	18,831,792.76	3,008,097.91	15,823,694.85					98,329.09	0.52%
66000344	2441.00	527,158.42	332,119.00	195,039.42		1.900%	52.63	55.00	-	0.00%
State Total	2441.00	19,358,951.18	3,340,216.91	16,018,734.27	17.25%	1.900%	52.63	55.00	98,329.09	0.51%

(END OF APPENDIX A)

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