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RESOLUTION NO. T-11079

EVALUATION AND COMPLIANCE
DIVISION

DATE: November 14, 1986

R E S O L U T I O N Director Numerical File Alphabetical File Accounting Officer

SUBJECT: Continental Telephone Company of California
(Continental) - Order authorizing technical
update in the 1986 depreciation rates for all
telephone plant. Resolution No. T-11079.

WHEREAS: CONTINENTAL TELEPHONE COMPANY OF CALIFORNIA, by
letter dated May 29, 1986, requests authority under Section 795
of the Public Utilities Code to make a technical update in the
depreciation rates of all telephone plant as of January 1, 1986.

Continental has filed with the Federal Communication Commission
and the California Public Utilities Commission for early
retirement of the Nippon L-Type switches. This switch is an early
generation digital switch which the manufacturer no longer
supports. Replacement parts are difficult to obtain, and the
possibility to expand the capacity does not exist. Table A sets
forth the updated proposed depreciation rates and accruals
recommended by FCC and Public Staff Division staffs.

The technical update of straightline remaining life
depreciation rates for all telephone plant results in an annual
increase in depreciation accrual of approximately \$2 million
based on weighted average plant of \$527,096,165.

The depreciation rates of Continental were last prescribed by
Decision No. 85-03-057. The Represcription included depreciation
rate review, reflecting changes in service life, future net
salvage and retirement pattern due to technological changes and
plant growth of telephone plant. The technical update which
Continental has requested for the year 1986 reflects changes in the
composition of the utility plant and relative growth or decline
in depreciation reserve.

In accordance with the procedures for depreciation reviews adopted by the Commission on September 13, 1977, Public Staff Division gave notice of the proposed depreciation rates to interested parties by letter dated September 4, 1986. By October 6, 1986, the end of the 30-day response period, staff had received no protests.

The Commission finds that the depreciation rates set forth in this Resolution are appropriate. This finding is not a finding of reasonableness for ratemaking purposes. Therefore, good cause appearing,

IT IS ORDERED that authority is granted to make the depreciation revisions reflected in Table A of this resolution, effective for the calendar year 1986 and subsequent years until the Utility files a new depreciation study with the Commission.

The effective date of this Resolution is today.

I hereby certify that the foregoing Resolution was duly introduced, passed and adopted at a regular meeting of the Public Utilities Commission of the State of California, held on November 14, 1986 the following Commissioners voting favorably thereon:



Executive Director

DONALD VIAL
President
VICTOR CALVO
FREDERICK R. DUDA
STANLEY W. HULETT
Commissioners

1986 ESTIMATED DEPRECIATION AND AMORTIZATION EXPENSE
SUMMARY TABLE

ACC. NO.	ACCOUNT NAME	PLANT BALANCE 1-1-86 (1)	---DEPRECIATION---		-----PRESENT DEPRECIATION-----					-----PROPOSED DEPRECIATION-----				
			RESERVE 1-1-86 BALANCE (1)	RATIO (2)	AVE LIFE (YRS) (3)	REM LIFE (YRS) (4)	SALV RATIO (5)	DATE (2)	ACCUMAL (1)	AVE LIFE (YRS) (3)	REM LIFE (YRS) (4)	SALV RATIO (5)	RATE (2)	ACCUMAL (1)
212.00	BUILDINGS	35,251,513	11,236,173	31.8	29	29	-4.0	3.6R	1,279,134	29	19.9	-4.0	3.6R	1,279,134
221.01	CENTRAL OFFICE EQUIPMENT - OTHER	60,305,227	27,176,692	45.1	9.4	4.2	1.0	14.4R	9,683,953	10.3	3.6	1.0	15.0R	9,315,791
221.22	CENTRAL OFFICE EQ. - SWITCHBOARD	2,827,077	2,532,450	89.6	9.0	3.4	-1.0	6.4R	190,934	9.0	3.6	-1.0	4.4R	124,392
221.24	CENTRAL OFFICE EQ. - MICROWAVE	26,762,557	10,231,907	38.5	15.0	9.4	-1.0	7.2R	1,953,667	15.0	8.2	-1.0	7.6R	2,033,254
221.26	CENTRAL OFFICE EQ. - CIRCUIT	50,233,409	13,260,707	26.4	11.0	10.7	2.0	6.9R	3,456,105	14.0	10.4	2.0	6.9R	3,456,105
221.28	CENTRAL OFFICE EQUIPMENT-DIGITAL	54,277,224	6,312,715	11.4	18.0	16.1	0.	5.2R	2,113,279	12.7	10.9	0.	8.1R	4,256,455
221.28	CENTRAL OFFICE EQUIPMENT-VIDAR	1,429,258	329,973	23.1	5.0	4.0	0.	19.6R	260,135	5.0	4.0	0.	19.6R	260,135
221.02	STATION APPARATUS - OTHER	2,762,411	491,029	17.8	10.0	6.6	0.	12.0R	331,469	10.0	7.0	0.	11.7R	333,262
221.30	STATION APPARATUS - CPE	11,729,306	5,327,234	45.1	9.0	2.0	0.	27.5R	3,231,105	8.0	2.0	0.	27.5R	3,231,105
221.35	STATION APPARATUS - OFF.-MINOR	227,518	92,455	40.6	5.0	3.0	0.	19.8R	45,249	5.0	3.0	0.	19.8R	45,249
222.20	STATION CONNECTIONS-INSIDE WIRE	18,203,571	7,229,714	40.1	10.0	5.3	0.	10.1R	1,599,161	10.0	5.8	0.	10.1R	1,599,161
224.02	LARGE EX - CPE	3,607,221	1,077,521	29.9	8.0	2.0	0.	35.1R	1,265,872	9.0	2.0	0.	35.1R	1,265,872
225.11	PUBLIC TELEPHONE - COIN	3,231,500	1,118,222	34.6	10.0	6.6	0.	12.0R	447,791	10.0	6.4	0.	10.9R	406,743
241.00	POLE LINES	19,667,465	4,114,642	20.9	22	16.9	-20.0	5.8R	1,152,313	22	17.2	-20.0	5.8R	1,152,313
242.14	AERIAL CABLE & DROP	72,537,195	23,555,435	32.5	20	12.9	-10.0	6.1R	4,424,769	20	12.8	-10.0	6.1R	4,424,769
242.20	UNDERGROUND CABLE	21,256,183	4,214,837	19.8	30	23	-4.0	3.9R	607,735	30	23	-4.0	3.7R	755,429
242.34	BURIED CABLE & DROP	109,384,651	20,023,283	18.3	27	22	-1.0	3.8R	4,156,574	27	21	-1.0	3.9R	4,265,929
242.49	SURFACE CABLE	78,014	59,569	60.7	25	12.4	0.	3.5R	3,430	25	10.4	0.	3.8R	3,725
243.00	AERIAL WIRE	2,293,981	515,381	22.5	6.0	2.4	-30.0	49.7R	1,140,109	6.0	2.6	-30.0	41.7R	917,414
244.00	UNDERGROUND CONDUIT	13,179,914	2,741,584	20.8	50	40	-5.0	2.1R	276,779	50	40	-5.0	2.1R	275,779
261.81	FURNITURE & OFFICE EQUIPMENT	3,924,101	-177,243	-4.5	21	17.0	8.0	6.6R	259,651	21	18.5	8.0	5.2R	204,573
261.82	FURNITURE & OFF. EQUIP. - INFO	3,537,894	255,826	7.8	6.0	6.0	0.	17.2R	608,518	6.0	5.1	0.	18.1R	610,359
261.91	FURNITURE & OFF. EQUIP. - MINOR	650,633	572,514	89.0	5.0	1.0	0.	12.0R	78,076	5.0	1.0	0.	12.0R	73,076
262.20	OFFICIAL TERMINAL EQUIPMENT	2,049,025	460,215	22.5	10.0	6.6	0.	12.6R	258,186	10.0	7.6	0.	10.2R	269,009
264.01	VEHICLES & WORK EQUIP. - MAJOR	4,713,197	2,245,870	47.6	13.0	9.0	20.0	1.6R	75,491	13.0	9.0	20.0	3.6R	169,955
264.06	TOOLS & WORK EQUIP. - MINOR	337,947	314,640	93.1	5.0	1.0	0.	7.0R	33,656	5.0	1.0	0.	6.9R	23,318
275.00	AIRCRAFT	1,240,380	150,462	12.1	11.0	2.0	48.0	11.8R	146,265	11.0	2.0	48.0	20.0R	249,075
	TOTAL	527,096,165	145,997,565	27.7	12.5	9.8	-1.1	7.5	39,619,147	12.9	9.4	-1.0	7.8	41,222,814