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to Executive Director

RESOLUTION NO. T-11080

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: Citizens Utilities Company of California -
Telephone. Order authorizing technical update
in the 1986 depreciation rates for all
telephone plant. Resolution No. T-11080.

WHEREAS: CITIZENS UTILITIES COMPANY OF CALIFORNIA, by
letter dated July 24, 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.

Citizens has filed with the Federal Communications Commission and
the California Public Utilities Commission to expedite replacement
of outdated step by step switching equipment with digital
machines which will satisfy demand for custom calling and other
advanced services. The replacement schedule has been reviewed and
accepted by the CPUC and FCC staff.

The proposed technical update of straightline remaining life
depreciation rates for all telephone plant results in an annual
increase in depreciation accrual of approximately \$1.6 million
based on 1986 average plant of \$162,366,241. Table A sets forth
the proposed depreciation accruals.

The depreciation rates of Citizens were last prescribed by
Resolution No. T-10999 on January 23, 1986. The prescription
included depreciation rate review reflecting changes in service
life, future net salvage and retirement pattern due to
technological changes and telephone plant growth. The technical
update which Citizens 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

CITIZENS UTILITIES COMPANY OF CALIFORNIA
1986 DEPRECIATION STUDY ANNUAL UPDATE

STATEMENT B
VINTAGE-GROUP PROCEDURE, REMAINING-LIFE TECHNIQUE

ACCOUNT DESCRIPTION	1986 AVERAGE PLANT INVESTMENT	1986 ANNUALIZED DEPRECIATION ACCRUAL		
		CURRENT	PROPOSED	DIFFERENCE
	G	H = G+C	I = G+F	J = I-H
212.00 BUILDINGS	\$20,897,700	\$466,019	\$466,019	\$0
221.20 STEP BY STEP COE	8,686,486	2,260,224	3,832,478	1,572,254
221.40 CIRCUIT COE	10,924,823	703,559	707,929	4,370
221.50 RADIO COE	8,609,063	513,100	511,378	(1,722)
221.60 ELECTRONIC COE	23,536,800	1,066,217	1,120,352	54,135
231.20 STATION APP OTHER	76,092	8,332	7,815	(517)
234.20 EMERG REPORTING EQ	45,150	4,172	3,603	(569)
235.10 PUB TEL EQ COIN	333,106	27,381	24,883	(2,498)
235.20 PUB TEL EQ COINLESS	4,047	403	393	(10)
235.30 PUB TEL EQ BOOTHS	318,913	19,773	18,656	(1,117)
241.00 POLE LINES	11,704,336	619,159	614,478	(4,681)
242.10 AERIAL CABLE	27,967,278	1,415,144	1,395,567	(19,577)
242.20 UNDERGROUND CABLE	10,276,906	424,436	420,325	(4,111)
242.30 BURIED CABLE	23,507,938	1,036,700	1,027,297	(9,403)
243.00 AERIAL WIRE	2,411,253	350,312	334,923	(23,389)
244.00 UNDERGROUND CONDUIT	5,958,410	106,656	107,251	595
261.10 FURN AND OFFICE EQ	1,455,105	46,854	48,892	2,038
261.20 COMPUTERS	513,963	47,233	44,612	(2,621)
262.10 OTHER COM EQ	416,039	20,885	22,216	1,331
262.20 OTHER COM EQ LO PBX	310,826	31,176	30,368	(808)
264.10 VEHICLES	3,461,379	310,832	315,678	4,846
264.20 TOOLS	950,612	53,329	46,295	(7,034)
TOTAL	\$162,366,241	\$9,539,896	\$11,101,408	\$1,561,512