

Copy for:

Orig. and Copy
to Executive Director

RESOLUTION NO. T-11098

EVALUATION AND COMPLIANCE
DIVISION

DATE: JANUARY 28, 1987

R E S O L U T I O N

Director

Numerical File

Alphabetical File

Accounting Officer

SUBJECT: Pacific Bell. Order Authorizing Technical Update
in the 1987 Depreciation Rates for all Telephone Plant.
Resolution No. T-11098.

WHEREAS: PACIFIC BELL, by letter dated October 16, 1986,
requests authority under Section 795 of the Public Utilities Code
to make a technical update of depreciation rates of estimated
1987 telephone plant.

Pacific Bell filed a similar request on July 3, 1986, with the
Federal Communications Commission and has obtained FCC staff
approval.

Public Staff Division has reviewed Pacific's proposed depreciation
rates and recommends approval of proposed rates as shown in Table A.

The proposed technical update of straight-line remaining life
depreciation rates for all telephone plant, and Circuit and
Electronic categories of Central Office Equipment, which uses
equal life group, results in an annual increase in depreciation
accrual of approximately \$14 million based on 1987 average plant
of \$21,048,157,000. Table A sets forth the proposed depreciation
accruals.

The proposed depreciation rates reflect changes in the composition
of the utility plant and relative growth or decline in depreciation
reserves.

The revenue requirement impact of the proposed depreciation rates
shown in Table A will be included in Pacific's 1987 attrition
filing.

Pacific Bell's depreciation rates were last represeted by
D.85-08-047. The 1985 represetion included depreciation rate
review of changes in service life, future net salvage and retirement
pattern due to technological changes and growth of telephone
plant.

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 all interested parties by letter dated December 3, 1986. By January 2, 1987, 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 calendar year 1987 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 January 28, 1987, the following Commissioners voting favorably thereon:

STANLEY W. HULETT
President
DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
Commissioners



Executive Director

CFUC TECHNICAL UPDATE 1986

COMPANY: PACIFIC BELL
STATE : CALIFORNIA

STATEMENT B

CHANGE IN ANNUAL DEPRECIATION ACCRUALS
RESULTING FROM CHANGES IN DEPRECIATION RATES
(000)

ANNUAL DEPRECIATION ACCRUALS FOR INVESTMENT AND SALVAGE RECOVERY

ACCOUNT NUMBER	CLASS OR SUBCLASS OF PLANT	** 1987 AVERAGE INVESTMENT	RATES IN EFFECT 1986	RATES EFFECTIVE 1987	CHANGE IN ANNUAL DEPRECIATION EXPENSE
		I	J=I*D	K=I*H	L=K-J
212	BUILDINGS	1738783	33037	36514	3477
221	CENTRAL OFC EQPT				
	*STEP BY STEP	153708	33000	33000	0
	*CROSSBAR	662865	175000	175000	0
	CIRCUIT-OTHER (VG)	2455782	235755	235755	0
	(ELG)	483996	84292	86151	1859
	DDS CIRCUIT	126741	12040	12421	381
	RADIO	86660	5980	6240	260
	ELECTRONIC (VG)	2819257	169155	166336	-2819
	(ELG)	640826	52526	51907	-619
231	STATION APPARATUS				
	TELETYPEWRITER	1275	147	437	290
	TELEPHONE & MISC.	6456	0	0	0
232	STATION CONNECTIONS				
	*INSIDE WIRE	1565494	148422	148422	0
234	LARGE FBX				
	FBX-OTHER	180358	25611	38416	12805
	FBX-DDS	9752	926	1024	98
235	PUBLIC TEL EQPT.	146802	14731	13987	-744
241	POLE LINES	410887	22188	21777	-411
242.1	AERIAL CABLE				
	EXCHANGE	2114691	103620	105735	2115
	TOLL	15502	2186	2310	124

TABLE -A-

CPUC TECHNICAL UPDATE 1986

COMPANY: PACIFIC BELL
STATE : CALIFORNIA

STATEMENT B

CHANGE IN ANNUAL DEPRECIATION ACCRUALS
RESULTING FROM CHANGES IN DEPRECIATION RATES
(000)

ANNUAL DEPRECIATION ACCRUALS FOR INVESTMENT AND SALVAGE RECOVERY

ACCOUNT NUMBER	CLASS OR SUBCLASS OF PLANT	** 1987 AVERAGE INVESTMENT	RATES IN EFFECT 1986	RATES EFFECTIVE 1987	CHANGE IN ANNUAL DEPRECIATION EXPENSE
		I	J=I*D	K=I*H	L=K-J
242.2	UNDERGROUND CABLE EXCHANGE TOLL	2296505 120284	89564 4571	89564 4691	0 120
242.3	BURIED CABLE EXCHANGE TOLL	1222096 103630	54994 4871	54994 4974	0 103
242.4	SUBMARINE CABLE	11673	782	794	12
243	AERIAL WIRE EXCHANGE TOLL	24214 1902	1453 645	1429 719	-24 74
244	U.G. CONDUIT	1707137	37557	37557	0
261	FURN. & OFC. EQPT. FURNITURE COMPUTER & AMA	262050 1000043	11792 173007	12578 167007	786 -6000
262	OTHER COMM EQPT.	329901	36949	39918	2969
264	VEH & OTH. WK. EQPT.	346887	24629	23935	-694
	TOTAL	21048157	1559430	1573592	14162

*AMORTIZATION

**ESTIMATED ACTUAL 1987 AVERAGE PLANT

ACCOUNT 261 REFLECTED MIDNIGHT DIRECTORY TRANSFER
(NOT PRESENTLY BOOKING ACCRUALS; RESERVE GREATER THAN 100%-FMSX)

TOTAL COMPOSITE RATE:

7.41 7.48

COMPOSITE RATE, 600 ONLY:

7.41 7.49