

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION  
Telecommunications BranchRESOLUTION NO. T-13095  
September 7, 1989

## R E S O L U T I O N

American Telephone & Telegraph Company of California. Order authorizing represcription of 1989 straight-line remaining life depreciation rates for all telephone plant. The représcribed rates will be effective January 1, 1989.

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## SUMMARY

American Telephone & Telegraph Company of California (AT&T) filed for the représcription of its 1989 depreciation rates for all telephone plant accounts in November 1988. Based on extensive review for reasonableness, the staff of the Division of Ratepayer Advocates (DRA) of the California Public Utilities Commission (CPUC) reached an agreement with AT&T concerning the appropriate depreciation rates. This resolution authorizes, for accounting purposes, the 1989 straight-line remaining life depreciation rates for all telephone plant accounts for AT&T as set forth in Table A, effective January 1, 1989.

The authorized représcribed depreciation rates and adjustments result in an estimated increase in intrastate depreciation accruals of \$14.15 million based on an estimated \$537.12 million intrastate telephone plant investment.

No protests or comments were received during the public notice of the results of the depreciation review.

## BACKGROUND

On February 10, 1988, AT&T filed for Représcription and Réserve Deficiency amortization with the Federal Communications Commission (FCC) which was authorized by the FCC in October 1988. On November 22, 1988, AT&T filed a letter with the CPUC requesting représcription of its 1989 depreciation rates for all telephone plant accounts and for Réserve Deficiency amortization of approximately \$8.60 million. During its review, DRA advised AT&T that a similar request for Réserve Deficiency amortization

was not granted in D.85-08-047[1]. Consequently, on May 17, 1989, AT&T amended its request for approval of only 1989 représcribed depreciation rates. DRA reviewed AT&T's amended proposal and the agreed upon représcribed depreciation rates are set forth in Table A of this resolution.

The représcribed depreciation rates for 1989 will result in an increase in intrastate depreciation accruals of \$14.15 million based on estimated January 1, 1989 intrastate telephone plant of \$537.12 million. The investment in each plant account and/or plant mix shown in Table A was not reviewed.

AT&T's depreciation rates were last approved in its 1986 general rate application (A.85-11-029) by D.86-11-079, dated November 14, 1986. The représcription of depreciation rates incorporates changes in service life, future net salvage and retirement patterns due to technological changes and growth in telephone plant.

In accordance with the procedures for depreciation reviews adopted by the Commission on September 13, 1977, DRA notified interested parties of the proposed depreciation rates by letter dated June 19, 1989. No protests or comments were received during the 30-day response period.

#### FINDINGS

1. The représcribed depreciation rates set forth in Table A are appropriate for accounting purposes and should be adopted.
2. No finding of reasonableness concerning investment for each category of plant is made in this resolution.

#### IT IS ORDERED that:

1. The représcribed straight-line depreciation rates for telephone plant for AT&T, as shown in Table A of this resolution are adopted for accounting purposes. The depreciation rates are effective for calendar year 1989 and subsequent years until AT&T files a new depreciation study with the Commission.
2. The effective date of this Resolution is today.

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[1] D.85-08-047 is the decision that authorized Pacific Bell's 1985 représcription of depreciation rates. In that decision, the Commission did not adopt Pacific Bell's request for Reserve Deficiency amortization.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on September 7, 1989. The following Commissioners approved it:

G. MITCHELL WILK  
President  
FREDERICK R. DUDA  
STANLEY W. HULETT  
JOHN B. OHANIAN  
PATRICIA M. ECKERT  
Commissioners

*Wesley Franklin*  
WESLEY FRANKLIN  
Acting Executive Director

TABLE A

## AT&amp;T COMMUNICATIONS

## DEPRECIATION ACCRUALS

ACCT. NUMBER	PLANT ITEM	01/01/89 INTRASTATE INVESTMENT	DEPRECIATION RATE		DEPRECIATION ACCRUALS		AMORTIZATION		CHANGE
			PRESENT X	PROPOSED X	PRESENT RATE F=C x D	PROPOSED RATE G=C x E	PRESENT RATES H	PROPOSED RATES I	
A	B	C	D	E	F=C x D	G=C x E	H	I	J=G+I-F-X
2112	MOTOR VEHICLES	507875	12.60	-3.20	63992	-16252			-80244
2114-2116	TOOLS & OVE	6414853	12.30	6.00	789027	384891			-404135
2121	BUILDINGS	61274901	1.60	1.70	980398	1041673			61275
2122	FURNITURE	1400552	6.60	5.10	92436	71428			-21008
2123	OFFICE EQPT	734573	14.30	8.20	105044	60235			-44809
2124	COMPUTERS	1770830	13.40	0.00	237291	0			-237291
2211	COE ANALOG	3434777	6.10	28.70	209521	985781			776260
2212	COE DIGITAL	119602382	6.10	5.90	7295745	7056541			-239205
2213	COE CROSSBAR	0	29.00	0.00	0	0			0
2220(667)	COE OP SYS-01H	29846803	0.00	0.00	0	0	17244530	6580232	-10664298
2220(667)	COE OP SYS-0SPS	590016	0.00	10.90	0	64312			64312
2231.2	COE RADIO-ANALOG	39456667	7.90	0.00	3117077	0		6253112	3136035
2231.2	COE RADIO-DIGITAL	17152611	7.90	11.70	1355056	2006855			651799
2232(357)	COE CIR-DIGITAL	61903937	6.90	10.20	4271372	6314202			2042830
2232(57)	COE CIR-ANALOG	130106869	6.90	0.00	8977374	0	924000	27248283	17346909
2351	FUB TEL TERM EQ	3906829	8.40	7.50	328174	293012			-35161
2362	OTHER TERM EQ	43250	27.60	16.60	11937	6315			-5623
2411	POLES	34751	12.20	10.30	4240	3579			-660
2421	AERIAL CABLE	132230	4.10	5.80	5421	7669			2248
2422	UNDERGROUND CABLE-	9974359	4.50	0.00	448846	0		2563320	2114474
2422	UNDERGROUND CABLE-	23756988	4.50	7.00	1069064	1662989			593925
2423	BURIED CABLE-M	9644563	17.80	0.00	1716732	0		841288	-875444
2423	BURIED CABLE-NM	1068047	17.80	11.10	190112	118553			-71559
2424	SUBMARINE CABLE-M	459536	5.70	0.00	26194	0		60981	34787
2424	SUBMARINE CABLE-NM	304320	5.70	6.50	17346	19781			2435
2441	CONDUIT SYSTEM	13594952	1.70	1.70	231114	231114			0
TOTAL		537117471			31543515	20312679	18168530	43547216	14147849