

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Telecommunications BranchRESOLUTION NO. T-14705
December 18, 1991R E S O L U T I O N

RESOLUTION T-14705. CONTINENTAL TELEPHONE COMPANY OF CALIFORNIA. ORDER CONCERNING REPRESCRIPTION OF 1992 STRAIGHT-LINE REMAINING LIFE DEPRECIATION RATES FOR ALL TELEPHONE PLANT.

SUMMARY

Continental Telephone Company of California (Continental) proposed represcription of its 1992 depreciation rates for all telephone plant in March 1991. In a three-way meeting between Continental staff, the Federal Communications Commission staff and the California Public Utilities Commission staff, an agreement was reached concerning appropriate depreciation rates.

This resolution authorizes the 1992 straight-line remaining life depreciation rates for all telephone plant for Continental as set forth in Table A (attached).

BACKGROUND

In March, 1991, Continental filed with the California Public Utilities Commission (CPUC) and the Federal Communications Commission (FCC) for represcription [1] of the depreciation rates for all telephone plant. Continental requested reductions of service lives of its Central Office and Outside Plant accounts. In support of its request, Continental cited conversion of its analog network to a digital network,

[1] Represcription of depreciation rates includes review of depreciation rates to reflect changes in service life, future net salvage and retirement pattern due to technological changes and growth of telephone plant.

deregulation, demand for new telecommunications services and cost reductions offered by new technology.

NOTICE/PROTESTS

In accordance with the procedures for depreciation reviews adopted by the Commission on September 13, 1977, the Depreciation Group of the Division of Ratepayer Advocates (DRA) gave notice of the proposed depreciation rates to interested parties by letter dated July 23, 1991.

No protests or comments were received during the 30-day response period.

DISCUSSION

After reviewing Continental's projected replacement and retirement schedules and current investment in modern plant equipment, Staffs of both agencies (FCC and CPUC) have recommended depreciation parameters which result in the proposed depreciation rates shown in Table A. In a three-way meeting between the staffs of both agencies and Continental on June 6, 1991, an agreement was reached on 1992 depreciation rates. Continental's depreciation rates were last prescribed in 1988 by Resolution No. T-13013.

The proposed 1992 rates result in an estimated annual decrease in depreciation accrual of \$1.3 million. This estimate is based on January 1, 1990, plant investment of \$662 million. The investment amounts have not been investigated or adopted by the Commission. Investment amounts for each class of plant are normally reviewed in general rate cases.

FINDINGS

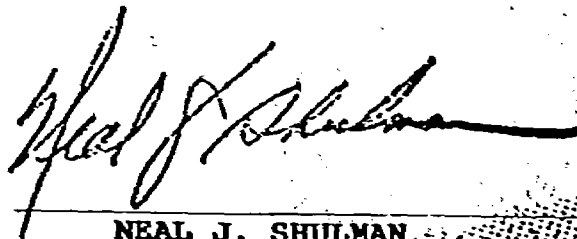
1. The depreciation rates set forth in Table A are reasonable.
2. No finding is made concerning the reasonableness of investment for each class of plant.

THEREFORE, IT IS ORDERED that:

1. Authority is granted to make the depreciation rate revisions shown in Table A of this Resolution effective for calendar year 1992 and subsequent years until revised by this Commission.

The effective date of this Resolution is today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 18, 1991. The following Commissioners approved it:



NEAL J. SHULMAN
Executive Director

PATRICIA M. ECKERT
President
JOHN B. OHANIAN
DANIEL Wm. FESSLER
NORMAN D. SHUMWAY
Commissioners

TABLE A
CONTINENTAL TELEPHONE COMPANY OF CALIFORNIA
(DOLLARS IN THOUSANDS)

ACCOUNT DESCRIPTION	INVESTMENTS	AUTHORIZED RATES		
		1/1/90	RATES	SP. AMOR
		%		
2112 MOTOR VEHICLES	\$7,419	14.1		\$1,046
2113 AIRCRAFT	\$1,240	2.3		\$29
2116 OTHER WORK EQUIPMENT	\$4,195	4.5		\$189
2121 BUILDINGS	\$40,582	3.6		\$1,461
2122 FURNITURE & OFFICE EQ.	\$5,772	7.7		\$444
2123 COMPANY COMMUNICATIONS	\$3,800	10.2		\$388
2124 GENERAL PURPOSE COMPUTE	\$14,083	11.3		\$1,591
2212 DIGITAL ELECTRONIC SWITCHI	\$117,350	6.7	\$2,500	\$7,862
2215 ELECTRO-MECH SWITCHING	13244	2.3		\$305
2220 OPERATOR SYSTEM	\$1,883	3.8		\$72
2231 RADIO SYSTEMS	\$35,709	9.1		\$3,250
2232 CIRCUIT EQUIPMENT	\$68,293	8.4	\$1,500	\$5,737
2351 PUBLIC TELEPHONE	\$4,211	7.9		\$333
2362 OTHER TERMINAL EQUIPMENT	\$3,187	10.2		\$325
2411 POLES	\$23,988	7.2		\$1,727
2421 AERIAL CABLE	\$85,549	6.6		\$5,646
2422 UNDERGROUND CABLE	\$34,257	4.3		\$1,473
2423 BURIED CABLE	\$172,749	4.2		\$7,255
2424 SUBMARINE CABLE	\$90	3.9		\$4
2441 CONDUIT SYSTEMS	\$24,461	2.3		\$563
TOTAL	\$662,062			\$39,698