

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Telecommunications BranchRESOLUTION NO. T-14706
December 18, 1991

R E S O L U T I O N

RESOLUTION T-14706. CITIZENS UTILITIES COMPANY
OF CALIFORNIA. ORDER CONCERNING REPRESRIPTION
OF 1992 STRAIGHT-LINE REMAINING LIFE DEPRECIATION
RATES FOR ALL TELEPHONE PLANT.

SUMMARY

Citizens Utilities Company of California (Citizens) proposed represcription of its 1992 depreciation rates for all telephone plant in April 1991. In a three-way meeting between Citizens 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 Citizens as set forth in Table A (attached).

BACKGROUND

In April 1991, Citizens 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. Citizens requested reduction of service lives of its Central Office and Outside Plant accounts. In support of its request, Citizens cited changes in its network caused by deregulation, demand for new telecommunications

[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.

services and cost reductions achieved by deployment of 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 Citizens' 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 Citizens on July 2, 1991, an agreement was reached on 1992 depreciation rates. Citizens' depreciation rates were last prescribed in 1988 by Resolution No. T-13040.

The proposed 1992 rates result in an estimated annual decrease in depreciation accrual of \$1.75 million. This estimate is based on January 1, 1990, plant investment of \$222 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

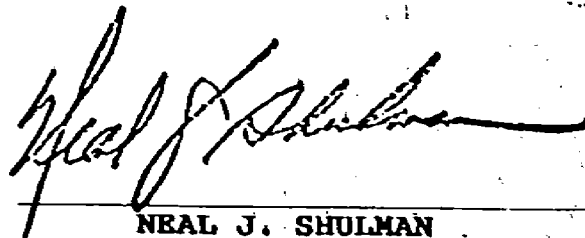
1. The depreciation rates set forth in Table A are reasonable.
2. No finding is made concerning the reasonableness of investment for each class of plant.

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
CITIZENS UTILITIES COMPANY OF CALIFORNIA

ACCOUNT DESCRIPTION	INVESTMENTS	AUTHORIZED RATES	
	1/1/90	RATES	ACCRUALS
		%	
2112.00 MOTOR VEHICLES	\$4,930,700	8.8	\$433,902
2114.00 SPECIAL PURPOSE VEHICLES	\$120,932	6.7	\$8,102
2115.00 GARAGE WORK EQUIPMENT	\$247,246	9.1	\$22,499
2116.00 OTHER WORK EQUIPMENT	\$1,004,980	5.7	\$57,284
2121.00 BUILDINGS	\$27,205,417	2.6	\$707,341
2122.00 FURNITURE	\$692,686	5.7	\$39,483
2123.10 OFFICE SUPPORT EQUIPMENT	\$475,593	10.9	\$51,840
2123.00 COMPANY COMMUNICATIONS EQ.	\$1,393,824	10.7	\$149,139
2124.00 GENERAL PURPOSE COMPUTERS	\$3,168,301	13.4	\$424,552
2212.00 DIGITAL ELECTRONIC SWITCHING	\$41,080,838	5.2	\$2,136,204
2220.00 OPERATOR SYSTEM-GENERAL	\$520,049	21.8	\$113,371
2231.00 OTHER RADIO FACILITIES	\$10,179,462	9.4	\$956,869
2232.00 CIRCUIT EQUIPMENT	\$15,946,159	10.1	\$1,610,562
2351.00 PUBLIC TELEPHONE TERM. EQ.	\$871,558	6.9	\$60,138
2362.00 OTHER TERMINAL EQUIPMENT	\$255,682	13.6	\$34,773
2411.00 POLES	\$13,566,267	4.4	\$596,916
2421.00 AERIAL CABLE	\$30,911,246	5.9	\$1,823,764
2422.00 UNDERGROUND CABLE	\$17,937,521	4.2	\$753,376
2423.00 BURIED CABLE	\$37,533,501	4.8	\$1,801,608
2431.00 AERIAL WIRE	\$2,252,256	11.7	\$263,514
2441.00 CONDUIT SYSTEMS	\$11,371,891	1.9	\$216,066
TOTAL	\$221,666,109		\$12,261,301