

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
COMMISSION ADVISORY AND COMPLIANCE DIVISION RESOLUTION T-15008  
TELECOMMUNICATIONS BRANCH August 11, 1992

R E S O L U T I O N

RESOLUTION T-15008. CP NATIONAL CORPORATION (U-11-C).  
REPRESCRIPTION OF 1992 STRAIGHT-LINE REMAINING LIFE  
DEPRECIATION RATES FOR ALL TELEPHONE PLANT.

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SUMMARY

By letter of November 21, 1991, to the Commission Advisory and Compliance Division (CACD), CP National Corporation (CP National) proposed represcription of its 1992 depreciation rates for all telephone plant. Division of Ratepayer Advocates (DRA) received a copy of CP National's proposed rates and worked with CP National to reach agreement on the appropriate depreciation rate levels. This Resolution authorizes the 1992 straight-line remaining life depreciation rates for all telephone plant for CP National as set forth in Table A (attached).

BACKGROUND

CP National's November 21, 1991, letter to CACD proposed represcription [1] of the depreciation rates for all telephone plant. CP National requested reduction of service lives of its Central Office and Outside Plant accounts and a two year amortization of its electromechanical switching equipment investment and reserve deficit.

After reviewing CP National's projected replacement and retirement schedules and current investment in modern plant equipment, DRA staff recommended depreciation parameters which

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

result in the proposed depreciation rates shown in Table A. CP National agreed. CP National depreciation rates were last represcribed in 1984 by Resolution T-10807.

#### DISCUSSION

CACD has reviewed the agreed-upon depreciation rates and recommends the Commission approve them for accounting purposes. The proposed 1992 rates result in an estimated annual increase in depreciation accrual of \$378,451, plus amortization over a two year period of CP National's electromechanical switching equipment investment and reserve deficit, for a total increase of \$830,022. The composite depreciation rate would increase from 5.13% to 6.55%, plus an additional 1.71% during the two years the electromechanical switching equipment is being amortized. This estimate is based on December 31, 1990, plant investment of \$26.5 million.

Acceptance of CP National's depreciation rates is for accounting purposes only and is not a finding of reasonableness of the resulting accrual, depreciation reserve balance, or net plant investment for ratemaking purposes. These 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 for accounting purposes.
2. No finding is made concerning the reasonableness for ratemaking of CP National's depreciation accruals, or the resulting depreciation reserve balances or net plant investment.

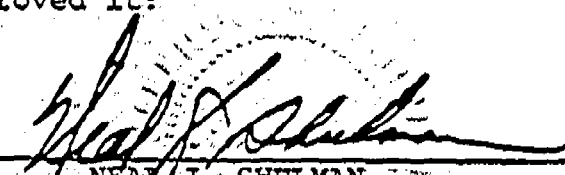
THEREFORE, IT IS ORDERED that:

1. Authority is granted CP National Corporation 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.
2. Accruals for Account 2215.0, Electromechanical Switching Equipment, shall be discontinued after that account and its associated reserve deficit are amortized over a two year period.

The effective date of this Resolution is today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on August 11, 1992. The following Commissioners approved it:

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

  
NEAL J. SHULMAN  
Executive Director

Commissioner John B. Ohanian,  
being necessarily absent, did  
not participate.

C P NATIONAL  
TABLE A  
SUMMARY OF DEPRECIATION RATES  
AND  
CHANGE IN ANNUAL ACCRUALS

ACCOUNT NUMBER	CLASS OR SUBCLASS OF PLANT	12/31/90 INVESTMENT (\$) A	12/31/90 RESERVE (\$) B	DEPRECIATION RATES IN EFFECT ON 12/31/90		AUTHORIZED EFFECTIVE 1/1/92		CHANGES IN ACCRUALS (\$) G=F-D
				RATE (%) C	RATE AMOUNT (\$) D=AxC	RATE (%) E	RATE AMOUNT (\$) F=AxE	
2112.0	Motor Vehicles	292,351	296,208	5.4	0	8.9	0	0
2116.0	Other Work Equipment	299,241	137,286	6.1	18,254	5.0	14,962	(3,292)
2121.0	Buildings	2,003,005	373,674	3.9	78,117	2.9	58,087	(20,030)
2122.0	Furniture	147,686	53,718	3.5	5,169	5.0	7,384	2,215
2123.0	Office/Communication Eqpt.	159,705	78,437	8.7	13,894	9.6	15,332	1,437
2212.0	COE-Digital	3,480,075 a	96,421 a	6.9	240,125	7.9	274,926	34,801
2215.0	Electro-mechanical Swt.	753,001	(254,055)	6.9	51,957	N/A	503,528 b	451,571
2231.0	COE-Radio-Microwave	388,194	96,322	6.9	26,785	11.4	44,254	17,469
2232.0	COE-Circuit Equipment	2,266,729	658,148	6.9	156,404	9.7	219,873	63,468
2351&62	Public Tel Terminal Equipment	276,577	139,827	8.7	24,062	12.4	34,296	10,233
2411.0	Pole Lines	1,393,246	357,466	10.1	140,718	9.3	129,572	(11,146)
2421.0	Aerial Cable	4,160,145	1,684,866	8.0	332,812	8.2	341,132	8,320
2422.1	Underground Cable-Metalic	815,953	69,009	3.6	29,374	4.6	37,534	8,160
2422.2	Underground Cable-Fiber Optic	22,183	0		0	3.1	688	688
2423.1	Buried Cable-Metalic	8,457,316	1,189,050	2.3	194,518	5.2	439,780	245,262
2423.2	Buried Cable-Fiber Optic	322,016	0		0	3.5	11,271	11,271
2431.0	Aerial Wire	117,012	3,876	14.4	16,850	22.6	26,445	9,595
2441.0	Conduit System	1,122,639	183,716	2.5	28,066	2.5	28,066	0
		26,477,074	5,163,969		1,357,106		2,187,128	830,022

a= These amounts reflect the 1991 Needles DCO retirement.

b= Two year amortization