

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Telecommunications Branch
Commission Advisory and Compliance Division

RESOLUTION T-15175
December 16, 1992

R E S O L U T I O N

RESOLUTION T-15175. HORNITOS TELEPHONE COMPANY (U-1011-C). REPRESCRIPTION OF 1992 STRAIGHT-LINE REMAINING LIFE DEPRECIATION RATES FOR ALL TELEPHONE PLANT.

BY LETTER TO THE COMMISSION ADVISORY AND COMPLIANCE DIVISION OF SEPTEMBER 9, 1992.

SUMMARY

By letter of September 9, 1992 to the Commission Advisory and Compliance Division (CACD), Hornitos Telephone Company (Hornitos) proposed represcription of its 1992 depreciation rates for all telephone plant. This Resolution authorizes the 1992 straight-line remaining life depreciation rates for all telephone plant for Hornitos as set forth in Tables A and B (attached).

BACKGROUND

Hornitos' September 9, 1992, letter to CACD proposed represcription [1] of the depreciation rates for all telephone plant. On September 24, 1992, Hornitos submitted copies of its proposed depreciation rates to Pacific Bell, AT&T Communications of California, Contel, Sierra Telephone Company, and the Division of Ratepayer Advocates. No comments have been received on Hornitos' proposed depreciation rates. Hornitos' depreciation rates were last represcribed in 1986 by letter of the Telecommunications Branch of the Evaluation and Compliance Division.

[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.

DISCUSSION

CACD has reviewed the 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 \$74,982. This estimate is based on December 31, 1991, plant investment of \$3.2 million.

Acceptance of Hornitos' 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

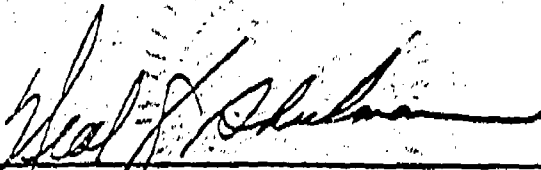
1. The depreciation rates set forth in Tables A and B are reasonable for accounting purposes.
2. No finding is made concerning the reasonableness for ratemaking of Hornitos' depreciation accruals, or the resulting depreciation reserve balances or net plant investment.

THEREFORE, IT IS ORDERED that:

Authority is granted Hornitos Telephone Company to make the depreciation rate revisions shown in Tables A and B 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 hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 16, 1992. The following Commissioners approved it:


NEAL J. SHULMAN
Executive Director

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

UTILITY: THE HORNITOS TELEPHONE COMPANY

ANNUAL DEPRECIATION ACCRUAL AND RATE DETERMINATION
STRAIGHT LINE REMAINING LIFE METHOD

FORM - 02

LOCATION: Hornitos, California

January 1, 1992

FILE NO. 581

ACCT. NO.	DESCRIPTIONS	(1) GROSS PLANT	(A) NET SALVAGE %	(2) SALVAGE AMOUNT	(3) DEPRECIATION RESERVE	(4) NET BALANCE	(B) AVERAGE SERVICE LIFE	(5) REMAINING LIFE	(6) ANNUAL ACCRUAL	(D) % OF GROSS PLANT
21120	VEHICLES	32,243	5%	1,612	3,223	27,408	7	4.85	5,651	17.53%
21160	WORK EQUIPMENT	15,825		0	9,767	6,058	15	8.11	747	4.72%
21210	BUILDINGS	321,637		0	77,699	243,938	30	20.61	11,836	3.68%
21220	FURNITURE	1,591		0	1,130	461	15	2.90	159	9.99%
21231	OFFICE EQUIPMENT	15,395		0	9,169	6,226	7	5.31	1,173	7.62%
21232	CO COMM. EQUIPMENT	8,423		0	7,823	600	7	0.75	800	9.50%
21240	COMPUTERS	28,200		0	3,681	24,519	5	3.80	6,452	22.88%
22120	COE - DIGITAL	685,453		0	357,341	328,112	15	7.50	43,748	6.38%
22320	COE - CIRCUIT	408,927		0	112,498	296,429	10	3.45	85,921	21.01%
23510	PUBLIC TELEPHONE EQUIP.	5,995		0	5,150	845	7	1.64	515	8.59%
24110	POLE LINES	101,135	-20%	(20,227)	70,617	50,745	25	9.18	5,528	5.47%
24210	AERIAL CABLE	200,631	-15%	(30,095)	123,042	107,684	25	9.58	11,240	5.60%
24230	BURIED CABLE	1,337,202		0	359,604	977,598	25	17.96	54,432	4.07%
24310	AERIAL WIRE	55,917	-20%	(11,183)	51,636	15,464	15	2.40	6,444	11.52%
24410	UNDERGROUND CONDUIT	1,164		0	10	1,154	25	24.50	47	4.05%
		<u>3,219,738</u>		<u>(59,893)</u>	<u>1,192,390</u>	<u>2,087,241</u>			<u>234,694</u>	<u>7.29%</u>

THE HORNITOS TELEPHONE COMPANY
1992 Depreciation Study Comparison

ACCT. NO.	DESCRIPTIONS	GROSS PLANT	%	PRESENT AMOUNT	%	PROPOSED AMOUNT	%	CHANGE AMOUNT
21120	VEHICLES	32,243	6.60%	2,128	17.53%	5,652	10.93%	3,524
21160	WORK EQUIPMENT	15,825	6.60%	1,044	4.72%	747	-1.88%	(298)
21210	BUILDINGS	321,637	3.30%	10,614	3.68%	11,836	0.38%	1,222
21220	FURNITURE	1,591	6.20%	99	9.99%	159	3.79%	60
21231	OFFICE EQUIPMENT	15,395	6.20%	954	7.62%	1,173	1.42%	219
21232	CO COMM EQUIPMENT	8,423	10.00%	842	9.50%	800	-0.50%	(42)
21240	COMPUTERS	28,200	20.00%	5,640	22.88%	6,452	2.88%	812
22120	COE - DIGITAL	685,453	6.30%	43,184	6.38%	43,732	0.08%	548
22320	COE - CIRCUIT	408,927	6.30%	25,762	21.01%	85,916	14.71%	60,153
23510	PUBLIC TELEPHONE EQUIP.	5,995	14.60%	875	8.59%	515	-6.01%	(360)
24110	POLE LINES	101,135	4.80%	4,854	5.47%	5,532	0.67%	678
24210	AERIAL CABLE	200,631	5.20%	10,433	5.60%	11,235	0.40%	803
24230	BURIED CABLE	1,337,202	3.70%	49,476	4.07%	54,424	0.37%	4,948
24310	AERIAL WIRE	55,917	6.70%	3,746	11.52%	6,442	4.82%	2,695
4410	UNDERGROUND CONDUIT	1,164	2.30%	27	4.05%	47	1.75%	20
		<u>3,219,738</u>	<u>4.96%</u>	<u>159,680</u>	<u>7.29%</u>	<u>234,663</u>	<u>2.33%</u>	<u>74,982</u>