

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Telecommunications Branch
Commission Advisory and Compliance Division

RESOLUTION T-15177
December 16, 1992

R E S O L U T I O N

RESOLUTION T-15176. HAPPY VALLEY TELEPHONE COMPANY (U-1010-C). REPRESCRIPTION OF 1992 STRAIGHT-LINE REMAINING LIFE DEPRECIATION RATES FOR ALL TELEPHONE PLANT.

BY LETTER TO THE COMMISSION ADVISORY AND COMPLIANCE DIVISION OF OCTOBER 13, 1992.

SUMMARY

By letter of October 13, 1992 to the Commission Advisory and Compliance Division (CACD), Happy Valley Telephone Company (Happy Valley) proposed rescription 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 Happy Valley as set forth in Tables A and B (attached).

BACKGROUND

Happy Valley's October 13, 1992, letter to CACD proposed rescription [1] of the depreciation rates for all telephone plant. On October 13, 1992, Happy Valley also submitted copies of its proposed depreciation rates to Pacific Bell, AT&T Communications of California, Contel, and the Division of Ratepayer Advocates. No comments have been received on Happy Valley's proposed depreciation rates. Happy Valley's depreciation rates were last rescribed in 1985 by letter of the Telecommunications Branch of the Evaluation and Compliance Division.

[1] Rescription 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.

December 16, 1992

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 \$692,370. This estimate is based on December 31, 1991, plant investment of \$13.0 million.

Acceptance of Happy Valley'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

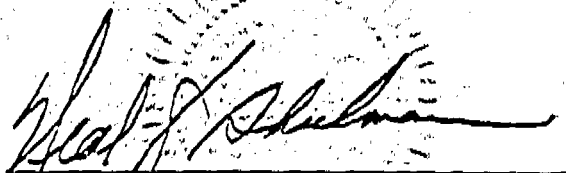
1. The depreciation rates set forth in Tables A and B are reasonable for accounting purposes.
2. No finding is made concerning the reasonableness for ratemaking of Happy Valley's depreciation accruals, or the resulting depreciation reserve balances or net plant investment.

THEREFORE, IT IS ORDERED that:

Authority is granted Happy Valley 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: HAPPY VALLEY TELEPHONE COMPANY

ANNUAL DEPRECIATION ACCRUAL AND RATE DETERMINATION
STRAIGHT LINE REMAINING LIFE METHOD

FORM - 02

LOCATION: Olinda, California

January 1, 1992

FILE NO. 581

ACCT. NO.	DESCRIPTIONS	(1) GROSS PLANT	(A) NET %	(2) SALVAGE AMOUNT	(9) STUDY RESERVE	(4) NET BALANCE	(B) AVERAGE SERVICE LIFE	(5) REMAINING LIFE	(6) ANNUAL ACCRUAL	(D) % OF GROSS PLANT
21120	VEHICLES	246,821	5%	12,341	51,654	182,826	7	4.73	38,652	15.66%
21160	WORK EQUIPMENT	193,505		0	70,546	122,959	15	6.95	17,692	9.14%
21210	BUILDINGS	1,420,854		0	441,424	979,430	30	16.28	60,162	4.23%
21220	FURNITURE	103,044		0	52,827	50,217	15	3.68	13,646	13.24%
21231	OFFICE EQUIPMENT	127,920		0	70,388	57,532	7	1.33	43,257	33.82%
21232	CO COMM EQUIPMENT	33,246		0	13,325	19,921	7	2.87	6,941	20.88%
21240	COMPUTERS	229,866		0	57,152	172,714	5	3.17	54,484	23.70%
22120	COE - DIGITAL	2,722,658		0	1,515,403	1,207,255	15	2.71	445,482	16.36%
22321	COE - CIRCUIT	1,539,874		0	645,424	894,450	10	3.83	233,538	15.17%
23510	PUBLIC TELEPHONE EQUIP.	88,159		0	43,119	45,040	7	1.96	22,980	26.07%
24110	POLE LINES	148,751	-20%	(29,750)	38,949	139,552	25	16.97	8,223	5.53%
24210	AERIAL CABLE	428,434	-15%	(64,265)	97,732	394,967	25	17.70	22,315	5.21%
24221	UNDERGROUND CABLE	136,784		0	38,209	98,575	25	14.72	6,697	4.90%
24230	BURIED CABLE	5,405,257		0	1,205,851	4,199,406	25	16.79	250,114	4.63%
24310	AERIAL WIRE	8,196	-20%	(1,639)	3,646	6,191	15	6.82	908	11.08%
10	UNDERGROUND CONDUIT	201,426		0	40,010	161,416	25	17.69	9,125	4.53%
		13,034,795		(83,313)	4,385,657	8,732,451			1,234,214	9.47%

HAPPY VALLEY TELEPHONE COMPANY
 1992 Depreciation Study Comparison
 With Theoretical Reserve

ACCT. NO.	DESCRIPTIONS	GROSS PLANT	%	PRESENT AMOUNT	%	PROPOSED AMOUNT	%	CHANGED AMOUNT
21120	VEHICLES	246,821	8.70%	21,473	15.66%	38,652	6.96%	17,179
21160	WORK EQUIPMENT	193,505	9.20%	17,802	9.14%	17,686	-0.06%	(116)
21210	BUILDINGS	1,420,854	3.80%	53,992	4.23%	60,102	0.43%	6,110
21220	FURNITURE	103,044	6.30%	6,492	13.24%	13,643	6.94%	7,151
21231	OFFICE EQUIPMENT	127,920	6.30%	8,059	33.82%	43,263	27.52%	35,204
21232	CO COMM EQUIPMENT	33,246	10.60%	3,524	20.88%	6,942	10.28%	3,418
21240	COMPUTERS	229,866	6.30%	14,482	23.70%	54,478	17.40%	39,997
22120	COE - DIGITAL	2,722,658	3.80%	103,461	16.36%	445,427	12.56%	341,966
22321	COE - CIRCUIT	1,539,874	3.80%	58,515	15.17%	233,599	11.37%	175,084
23510	PUBLIC TELEPHONE EQUIP.	88,159	14.60%	12,871	26.07%	22,983	11.47%	10,112
24110	POLE LINES	148,751	3.00%	4,463	5.53%	8,226	2.53%	3,763
24210	AERIAL CABLE	428,434	3.20%	13,710	5.21%	22,321	2.01%	8,612
24221	UNDERGROUND CABLE	136,784	3.90%	5,335	4.90%	6,702	1.00%	1,368
24230	BURIED CABLE	5,405,257	3.90%	210,805	4.63%	250,263	0.73%	39,458
24310	AERIAL WIRE	8,196	3.90%	320	11.08%	908	7.18%	588
24410	UNDERGROUND CONDUIT	201,426	3.30%	6,647	4.53%	9,125	1.23%	2,478
		<u>13,034,795</u>	<u>4.16%</u>	<u>541,951</u>	<u>9.47%</u>	<u>1,234,321</u>	<u>5.31%</u>	<u>692,370</u>