

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

Cincinnati Bell Telephone Company,)
Southwestern Bell Telephone Company, and)
U S WEST Communications, Inc.)
)
Prescription of Revised)
Depreciation Rates)

MEMORANDUM OPINION AND ORDER

Adopted: January 30, 1998

Released: January 30, 1998

By the Commission (Commissioner Furchtgott-Roth issuing a separate statement):

I. INTRODUCTION

1. On April 24, June 5, and June 19, 1997, respectively, U S WEST Communications, Inc. ("U S WEST"), Southwestern Bell Telephone Company ("Southwestern Bell"), and Cincinnati Bell Telephone Company ("Cincinnati Bell") filed requests that the Commission prescribe revised depreciation rates pursuant to Section 220(b) of the Communications Act of 1934.¹ In this Memorandum Opinion and Order, we adopt the revised depreciation rates proposed by these companies.

II. BACKGROUND

2. Under the Communications Act of 1934, as amended, the Commission may prescribe depreciation rates that are used to compute depreciation expense for incumbent local exchange carriers ("ILECs"). Our rules provide that prescribed depreciation rates shall allocate the carriers' plant investments on a straight-line basis over the life of the associated plant. The depreciation rate for an account is a function of the associated plant's average remaining life, future net salvage estimate and the depreciation reserve ratio.² The depreciation rate is calculated

¹ 47 U.S.C. § 220 (b).

² See 47 C.F.R. § 32.2000(g)(2)(ii). The average remaining life is the average of the future life expectancy of the various items in a particular plant account. The future net salvage is the estimated gross salvage of the plant less the estimated cost of removal. The depreciation reserve ratio represents the portion of a carrier's plant investment that has been depreciated or charged against income. It is the ratio of a carrier's respective accumulated depreciation

using the following formula:

$$\text{depreciation rate} = \frac{100\% - \text{depreciation reserve ratio} - \text{future net salvage \%}}{\text{average remaining life}}$$

Both the average remaining life and the future net salvage factors are based upon estimates, which require periodic review to ensure their reasonableness.

3. Carriers can seek revisions to their prescribed depreciation rates, subject to Commission approval, by the following methods: submitting new studies which show that their plant and salvage factors should be revised;³ selecting new life and salvage factors from within the ranges established by the Commission's streamlined procedures;⁴ or updating their depreciation rate calculations based upon the most recently prescribed plant life and salvage factors.⁵

III. DISCUSSION

4. Cincinnati Bell and U S WEST proposed revised depreciation rates based upon new studies of their plant and salvage factors. They generally propose increases in depreciation rates based on plans to replace analog central office equipment with digital equipment and copper-conductor cables with fiber optic cables. Southwestern Bell proposed revised depreciation rates developed using the ranges specified by the Commission in its streamlined depreciation proceeding.⁶ We reviewed all of the proposed rates and determined that they were computed in accordance with our rules and procedures.⁷ The Common Carrier Bureau issued a Public Notice

and plant investment accounts.

³ See 47 C.F.R. § 43.43.

⁴ See Simplification of the Depreciation Prescription Process, Report and Order, 8 FCC Rcd 8025 (1993) petitions for recon. pending; Second Report and Order, 9 FCC Rcd 3206 (1994); Third Report and Order, 10 FCC Rcd 8442 (1995) (Depreciation Simplification Proceedings). In those proceedings, the Commission adopted streamlined depreciation procedures and established ranges for the underlying factors that are used to compute depreciation rates for plant categories. The carriers can select life and salvage factors within the ranges established by the Commission provided that the proposals are consistent with the carriers' operations. See Depreciation Simplification Order, 8 FCC Rcd at 8054.

⁵ See The Prescription of Revised Percentages of Depreciation Pursuant to Section 220(b) of the Communications Act, as amended for: AT&T-Long Tines Department, 96 FCC 2d 257 (1983) (1983 Depreciation Order). In that Order, we established streamlined study procedures that carriers could use at their discretion, to file for the annual update of rates as long as they used the same plant life and salvage estimates established in their most recent depreciation prescription orders.

⁶ Depreciation Simplification Proceedings, *supra* n. 4.

⁷ See 47 C.F.R. §§ 32.2000(g)(2), 43.43; see also Depreciation Simplification Proceedings, *supra* n. 4.

on July 11, 1997, requesting comment on the proposed life and salvage factors and depreciation rates.⁸ No comments or reply comments were received. We therefore adopt the proposed rates as specified in the Appendix.

5. All three carriers proposed that the revised rates become effective on January 1, 1997. Our rules allow rates to be made retroactive to the beginning of the year in which the filing is made.⁹ We therefore adopt the proposed effective date.¹⁰

IV. ORDERING CLAUSES

6. ACCORDINGLY IT IS ORDERED, pursuant to Sections 4(i), 201-205 and 220(b) of the Communications Act of 1934, as amended, 47 U.S.C. Sections 154(i), 201-205 and 220(b), that the percentages of depreciation set forth in the Appendix to this Order ARE PRESCRIBED, effective January 1, 1997.

7. IT IS FURTHER ORDERED, that this Order is effective upon release.

FEDERAL COMMUNICATIONS COMMISSION

Magalie Roman Salas
Secretary

⁸ Comments Invited on Depreciation Rate Prescriptions Proposed for Incumbent Local Exchange Carriers, Public Notice, DA 97-1360, rel. July 11, 1997 (Public Notice).

⁹ See The Prescription of Revised Percentages of Depreciation pursuant to the Communications Act of 1934, as amended for: Alascom, Inc., et. al., 6 FCC Rcd 750 (1991).

¹⁰ See 47 C.F.R. § 43.43(e).

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
CINCINNATI BELL - KENTUCKY

Effective January 1, 1997

Rate Category Description	Average	Future	Accumulated	Remaining
	Remaining	Net		Life
	Life	Salvage		Rate
	(years)	(%)	(%)	(%)
	A	B	C	D=(100%-B-C)/A
2112 MOTOR VEHICLES	2.8	10	71.0	6.8
2115 GARAGE WORK EQPT	7.6	-5	58.9	6.1
2116 OTHER WORK EQPT	7.1	3	42.7	7.6
2121 BUILDINGS	24.0	-5	24.3	3.4
2122 FURNITURE	8.1	7	48.4	5.5
2123 OFFICE SUPPORT EQPT	5.6	5	59.3	6.4
2123 COMPANY COMM EQPT	3.5	2	69.3	8.2
2124 GEN'L PURPOSE COMPUTER	2.4	5	76.9	7.5
2211 ANALOG ELECT SWITCHING	@ ---	-2	24.3	---
2212 DIGITAL ELEC SWITCHING	8.6	1	28.3	8.2
2231 RADIO SYSTEMS	4.7	-9	91.0	3.8
2232 DIGITAL CIRCUIT EQPT	5.7	0	46.8	9.3
2232 ANALOG CIRCUIT EQPT	2.9	-5	83.2	7.5
2362 OTHER TERMINAL EQPT	3.5	-4	47.7	16.1
2411 POLES	16.2	-84	51.2	8.2
2421 AERIAL CABLE-METAL	9.7	-42	57.4	8.7
2421 AERIAL CABLE-NONMETAL	15.3	-27	15.7	7.3
2422 UG CABLE-METAL	12.8	-44	64.3	6.2
2422 UG CABLE-NONMETAL	15.3	-13	27.5	5.6
2423 BURIED CABLE-METAL	11.9	-10	36.3	6.2
2423 BURIED CABLE-NONMETAL	13.3	-5	10.1	7.1
2426 IB CABLE-METAL	9.1	-56	77.1	8.7
2426 IB CABLE-NONMETAL	14.8	-10	20.4	6.1
2431 AERIAL WIRE	7.9	-47	52.7	11.9
2441 CONDUIT SYSTEMS	35.0	-15	28.9	2.5

The figures in Columns B, C, and D are percentages of gross book cost.

@ The net service value for the Analog ESS Account is to be amortized over a twelve month period ending December 31 1997.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
CINCINNATI BELL - OHIO

Effective January 1 1997

Rate Category Description	Average Remaining Life	Future Net Salvage	Accumulated Depreciation	Remaining Life Rate
	(years)	(%)	(%)	(%)
	A	B	C	D=(100%-B-C)/A
2112 MOTOR VEHICLES	2.9	11	57.5	10.9
2115 GARAGE WORK EQPT	7.4	-5	47.1	7.8
2116 OTHER WORK EQPT	7.3	3	37.6	8.1
2121 BUILDINGS	27.0	-6	28.4	2.9
2122 FURNITURE	6.8	7	46.3	6.9
2123 OFFICE SUPPORT EQPT	5.9	5	52.6	7.2
2123 COMPANY COMM EQPT	2.7	2	77.8	7.5
2124 GEN'L PURPOSE COMPUTER	2.5	5	64.4	12.2
2211 ANALOG ELECT SWITCHING	Ⓢ	-2	67.2	---
2212 DIGITAL ELEC SWITCHING	8.1	1	36.2	7.8
2220 OPERATOR SYSTEMS	3.6	-1	84.0	4.7
2231 RADIO SYSTEMS	4.5	-9	61.5	10.6
2232 DIGITAL CIRCUIT EQPT	5.6	0	47.8	9.3
2232 ANALOG CIRCUIT EQPT	2.7	-5	81.2	8.8
2362 OTHER TERMINAL EQPT	3.9	-4	54.5	12.7
2411 POLES	16.0	-97	54.8	8.9
2421 AERIAL CABLE-METAL	10.4	-49	60.3	8.5
2421 AERIAL CABLE-NONMETAL	15.5	-17	21.3	6.2
2422 UG CABLE-METAL	11.7	-53	64.8	7.5
2422 UG CABLE-NONMETAL	14.9	-14	29.0	5.7
2423 BURIED CABLE-METAL	11.8	-10	34.2	6.4
2423 BURIED CABLE-NONMETAL	13.1	-5	30.8	5.7
2426 IB CABLE-METAL	8.8	-32	74.9	6.5
2426 IB CABLE-NONMETAL	14.6	-10	32.8	5.3
2431 AERIAL WIRE	7.0	-74	60.4	16.2
2441 CONDUIT SYSTEMS	31.0	-15	37.4	2.5

The figures in Columns B, C, and D are percentages of gross book cost.

Ⓢ The net service value for the Analog ESS Account is to be amortized over a twenty-four month period ending December 31 1998

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
SOUTHWESTERN BELL TELEPHONE COMPANY - ARKANSAS

Effective January 1, 1997

Rate Category Description	Average Remaining Life	Future Net Salvage	Accumulated Depreciation	Remaining Life Rate
	(years)	(%)	(%)	(%)
	A	B	C	D=(100%-B-C)/A
2112 MOTOR VEHICLES	3.2	10	56.0	10.6
2115 GARAGE WORK EQPT	7.6	0	41.3	7.7
2116 OTHER WORK EQPT	6.1	0	46.3	8.8
2121 BUILDINGS	30.0	4	23.9	2.4
2122 FURNITURE	7.6	0	83.0	2.2
2123 OFFICE SUPPORT EQPT	5.0	0	41.8	11.6
2123 COMPANY COMM EQPT	4.4	0	41.0	13.4
2124 GEN'L PURPOSE COMPUTER	2.6	2	62.2	13.8
2212 DIGITAL ELEC SWITCHING	9.4	2	26.9	7.6
2220 OPERATOR SYSTEMS	3.7	0	52.5	12.8
2231 RADIO SYSTEMS	3.9	-5	23.3	20.9
2232 DIGITAL DATA SYSTEMS	3.7	0	54.8	12.2
2232 DIGITAL CIRCUIT EQPT	5.9	0	37.6	10.6
2232 ANALOG CIRCUIT EQPT	2.5	-5	70.8	13.7
2311 STATION APPARATUS	3.8	-2	88.2	3.6
2341 LARGE PBX	2.0	-5	56.4	24.3
2351 PUBLIC TELEPHONE	4.0	0	81.0	4.8
2362 OTHER TERMINAL EQPT	2.6	-5	52.9	20.0
2411 POLES	16.1	-77	85.0	5.7
2421 AERIAL CABLE-METAL	13.3	-43	84.6	4.4
2421 AERIAL CABLE-NONMETAL	13.5	-25	9.5	8.6
2422 UG CABLE-METAL	13.0	-31	63.7	5.2
2422 UG CABLE-NONMETAL	14.5	-10	22.2	6.1
2423 BURIED CABLE-METAL	9.6	-5	53.2	5.4
2423 BURIED CABLE-NONMETAL	14.2	-5	17.2	6.2
2424 SUBMARINE CABLE	11.9	-1	51.2	4.2
2426 IB CABLE-METAL	13.7	-17	80.3	2.7
2426 IB CABLE-NONMETAL	11.6	-5	20.1	7.3
2441 CONDUIT SYSTEMS	31.0	-10	35.0	2.4

The figures in Columns B, C, and D are percentages of gross book cost.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
SOUTHWESTERN BELL TELEPHONE COMPANY - KANSAS

Effective January 1, 1997

Rate Category Description	Average	Future	Accumulated	Remaining
	Remaining	Net		Life
	Life	Salvage		Rate
	(years)	(%)	(%)	(%)
	A	B	C	D=(100%-B-C)/A
2112 MOTOR VEHICLES	3.7	12	54.4	9.1
2115 GARAGE WORK EQPT	4.2	0	53.4	11.1
2116 OTHER WORK EQPT	5.8	0	45.9	9.3
2121 BUILDINGS	25.0	6	27.4	2.7
2122 FURNITURE	7.4	0	15.8	11.4
2123 OFFICE SUPPORT	4.9	0	38.6	12.5
2123 COMPANY COMM EQPT	3.9	0	52.1	12.3
2124 GEN'L PURPOSE COMPUTERS	2.5	2	59.8	15.3
2211 ANALOG ELECT SWITCHING	1.8	-2	56.0	25.6
2212 DIGITAL ELECT SWITCHING	9.0	2	30.6	7.5
2220 OPERATOR SYSTEMS	4.3	0	27.7	16.8
2231 RADIO SYSTEMS	4.1	-5	44.6	14.7
2232 DIGITAL DATA SYSTEMS	3.5	0	58.9	11.7
2232 DIGITAL CIRCUIT EQPT	5.7	0	44.4	9.8
2232 ANALOG CIRCUIT EQPT	4.3	-4	65.3	9.0
2311 STATION APPARATUS	4.5	-2	64.4	8.4
2341 LARGE PBX	3.1	-5	56.1	15.8
2351 PUBLIC TELEPHONE	5.7	3	67.0	5.3
2362 OTHER TERMINAL EQPT	2.4	-2	55.3	19.5
2411 POLES	10.4	-91	112.9	7.5
2421 AERIAL CABLE-METALLIC	10.6	-35	60.6	7.0
2421 AERIAL CABLE-NONMETAL	12.9	-25	18.2	8.3
2422 UG CABLE-METALLIC	14.5	-9	61.8	3.3
2422 UG CABLE-NONMETAL	12.9	-9	29.5	6.2
2423 BURIED CABLE-METALLIC	9.7	-10	53.8	5.8
2423 BURIED CABLE-NONMETAL	14.7	-10	23.2	5.9
2424 SUBMARINE CABLE	11.3	0	76.8	2.1
2426 IB NETWORK CABLE-METAL	13.5	-17	62.5	4.0
2426 IB NETWORK CABLE-NONMETAL	12.0	-5	46.2	4.9
2431 AERIAL WIRE	2.4	-84	153.8	12.6
2441 CONDUIT SYSTEMS	31.0	-10	28.9	2.6

The figures in Columns B, C, and D are percentages of gross book costs.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
SOUTHWESTERN BELL TELEPHONE COMPANY - MISSOURI

Effective January 1, 1997

Rate Category Description	Average Remaining Life	Future Net Salvage	Accumulated Depreciation	Remaining Life Rate
	(years)	(%)	(%)	(%)
	A	B	C	D=(100%-B-C)/A
2112 MOTOR VEHICLES	3.5	10	56.1	9.7
2115 GARAGE WORK EQPT	6.7	0	37.8	9.3
2116 OTHER WORK EQPT	6.0	0	47.7	8.7
2121 BUILDINGS	41.0	4	21.6	1.8
2122 FURNITURE	8.0	0	-11.6	14.0
2123 OFFICE SUPPORT EQPT	5.3	0	31.5	12.9
2123 COMPANY COMM EQPT	5.4	11	28.3	11.2
2124 GEN'L PURPOSE COMPUTER	3.0	2	36.9	20.4
2211 ANALOG ELECT SWITCHING	3.3	0	50.5	15.0
2212 DIGITAL ELEC SWITCHING	9.1	2	30.1	7.5
2220 OPERATOR SYSTEMS	8.0	3	45.1	6.5
2231 RADIO SYSTEMS	2.4	-5	57.7	19.7
2232 DIGITAL DATA SYSTEMS	3.5	0	71.2	8.2
2232 DIGITAL CIRCUIT EQPT	5.7	0	41.8	10.2
2232 ANALOG CIRCUIT EQPT	5.0	-3	66.6	7.3
2311 STATION APPARATUS	4.1	-2	75.7	6.4
2341 LARGE PBX	2.7	-5	42.4	23.2
2351 PUBLIC TELEPHONE	7.4	15	59.5	3.4
2362 OTHER TERMINAL EQPT	2.5	-5	54.3	20.3
2411 POLES	21.0	-120	82.4	6.6
2421 AERIAL CABLE-METAL	13.8	-46	61.1	6.2
2421 AERIAL CABLE-NONMETAL	13.2	-25	11.0	8.6
2422 UG CABLE-METAL	13.7	-11	60.8	3.7
2422 UG CABLE-NONMETAL	13.1	-10	26.9	6.3
2423 BURIED CABLE-METAL	10.1	-10	45.0	6.4
2423 BURIED CABLE-NONMETAL	14.4	-10	21.6	6.1
2424 SUBMARINE CABLE	11.7	2	52.7	3.9
2426 IB CABLE-METAL	12.8	-17	49.0	5.3
2426 IB CABLE-NONMETAL	11.7	-5	13.0	7.9
2431 AERIAL WIRE	3.9	-211	217.1	24.1
2441 CONDUIT SYSTEMS	46.0	-6	27.2	1.7

The figures in Columns B, C, and D are percentages of gross book cost.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
SOUTHWESTERN BELL TELEPHONE COMPANY - OKLAHOMA

Effective January 1, 1997

Rate Category Description	Average Remainin Life	Future Net Salvage	Accumulated Depreciation	Remaining Life Rate
	(years) A	(%) B	(%) C	(%) D=(100%-B-C)/A
2112 MOTOR VEHICLES	3.4	12	57.0	9.1
2115 GARAGE WORK EQPT	6.6	0	23.4	11.6
2116 OTHER WORK EQPT	5.8	0	48.5	8.9
2121 BUILDINGS	25.0	3	38.5	2.3
2122 FURNITURE	7.9	0	-14.0	14.4
2123 OFFICE SUPPORT EQPT	3.9	0	47.6	13.4
2123 COMPANY COMM EQPT	4.2	0	57.9	10.0
2124 GEN'L PURPOSE COMPUTER	2.8	2	80.6	6.2
2211 ANALOG ELECT SWITCHING	3.9	-2	49.1	13.6
2212 DIGITAL ELEC SWITCHING	9.0	2	26.4	8.0
2215 STEP-BY-STEP	@ —	-6	0.0	—
2220 OPERATOR SYSTEMS	3.8	0	57.3	11.2
2231 RADIO SYSTEMS	1.1	-5	89.9	13.7
2232 DIGITAL DATA SYSTEMS	3.5	0	59.0	11.7
2232 DIGITAL CIRCUIT EQPT	5.7	0	40.7	10.4
2232 ANALOG CIRCUIT EQPT	4.8	-4	76.4	5.8
2311 STATION APPARATUS	4.2	-2	56.2	10.9
2341 LARGE PBX	3.3	-5	54.5	15.3
2351 PUBLIC TELEPHONE	5.6	1	70.7	5.1
2362 OTHER TERMINAL EQPT	2.3	-5	60.5	19.3
2411 POLES	13.3	-158	130.2	9.6
2421 AERIAL CABLE-METAL	13.1	-48	83.3	4.9
2421 AERIAL CABLE-NONMETAL	14.5	-25	13.0	7.7
2422 UG CABLE-METAL	12.9	-19	62.8	4.4
2422 UG CABLE-NONMETAL	14.2	-10	32.1	5.5
2423 BURIED CABLE-METAL	9.6	-8	59.5	5.1
2423 BURIED CABLE-NONMETAL	14.8	-8	23.5	5.7
2424 SUBMARINE CABLE	12.3	-4	78.5	2.1
2426 IB CABLE-METAL	13.4	-17	85.1	2.4
2426 IB CABLE-NONMETAL	12.4	-15	16.5	7.9
2431 AERIAL WIRE	5.5	-84	163.1	3.8
2441 CONDUIT SYSTEMS	32.0	-10	27.7	2.6

The figures in Columns B, C, and D are percentages of gross book cost.

@ The amortization amount for the Step-By-Step Account ordered in FCC 96-22, released January 26, 1996, is continued

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
SOUTHWESTERN BELL TELEPHONE COMPANY - TEXAS

Effective January 1, 1997

Rate Category Description	Average	Future	Depreciation	Remaining
	Remaining	Net	Accumulation	Life
	Life	Salvage		Rate
	(years)	(%)	(%)	(%)
	A	B	C	D=(100%-B-C)/A
2112 MOTOR VEHICLES	4.4	9	55.4	8.1
2115 GARAGE WORK EQPT	4.9	-100	68.6	26.8
2116 OTHER WORK EQPT	5.8	0	47.8	9.0
2121 BUILDINGS	30.0	4	26.2	2.3
2122 FURNITURE	7.5	4	70.8	3.4
2123 OFFICE SUPPORT	4.4	0	53.6	10.5
2123 COMPANY COMM EQPT	4.3	0	45.7	12.6
2124 GEN'L PURPOSE COMPUTERS	3.0	2	45.8	17.4
2211 ANALOG ELECT SWITCHING	2.9	-2	64.9	12.8
2212 DIGITAL ELECT SWITCHING	9.1	2	29.8	7.5
2220 OPERATOR SYSTEMS	6.6	1	58.6	6.1
2231 RADIO	3.2	-5	62.6	13.3
2232 DIGITAL DATA SYSTEMS	3.8	0	48.3	13.6
2232 DIGITAL CIRCUIT EQPT	5.7	0	43.9	9.8
2232 ANALOG CIRCUIT EQPT	3.0	-5	75.9	9.7
2311 STATION APPARATUS	4.5	-2	58.1	9.8
2341 LARGE PBX	3.0	-5	59.0	15.3
2351 PUBLIC TELEPHONE	4.0	2	74.5	5.9
2362 OTHER TERMINAL EQPT	2.4	-2	62.1	16.6
2411 POLES	13.6	-140	87.2	11.2
2421 AERIAL CABLE-METALLIC	11.4	-40	66.9	6.4
2421 AERIAL CABLE-NONMETAL	15.0	-25	15.3	7.3
2422 UG CABLE-METALLIC	12.7	-20	55.7	5.1
2422 UG CABLE-NONMETAL	15.3	-10	25.4	5.5
2423 BURIED CABLE-METALLIC	11.9	-13	56.3	4.8
2423 BURIED CABLE-NONMETAL	14.5	-10	22.9	6.0
2424 SUBMARINE CABLE	14.5	-2	60.1	2.9
2426 IB NETWORK CABLE-METAL	11.9	-17	70.7	3.9
2426 IB NETWORK CABLE-NONMETAL	11.7	-10	13.7	8.2
2431 AERIAL WIRE	4.8	-79	179.0	0.0
2441 CONDUIT SYSTEMS	34.0	-10	25.3	2.5

The figures in Columns B, C, and D are percentages of gross book costs.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
U S WEST COMMUNICATIONS, INC. - NEW MEXICO

Effective January 1, 1997

Rate Category Description	Average Remaining Life	Future Net Salvage	Accumulated Depreciation	Remaining Life Rate
	(years) A	(%) B	(%) C	(%) D=(100%-B-C)/A
2112 MOTOR VEHICLES	2.6	15	78.8	2.4
2114 SPECIAL PURPOSE VEHICLES	13.2	0	14.2	6.5
2115 GARAGE WORK EQPT	12.0	0	-65.7	13.8
2116 OTHER WORK EQPT	11.2	2	18.0	7.1
2121 BUILDINGS	24.0	-6	32.7	3.1
2122 FURNITURE	9.7	0	37.0	6.5
2123 OFFICE SUPPORT EQPT	5.5	1	36.1	11.4
2123 COMPANY COMM EQPT	2.7	0	58.5	15.4
2124 GEN'L PURPOSE COMPUTER	3.3	2	68.7	8.9
2211 ANALOG ELECT SWITCHING	1.3	-3	90.1	9.9
2212 DIGITAL ELEC SWITCHING	8.4	0	35.9	7.6
2220 OPERATOR SYSTEMS	4.3	0	54.9	10.5
2231 RADIO SYSTEMS	5.1	2	71.0	5.3
2232 DIGITAL DATA SYSTEMS	3.4	-1	61.2	11.7
2232 DIGITAL CIRCUIT EQPT	5.3	0	53.5	8.8
2232 ANALOG CIRCUIT EQPT	2.0	-5	100.3	2.4
2351 PUBLIC TELEPHONE	5.0	5	65.0	6.0
2362 OTHER TERMINAL EQPT	3.6	-4	59.8	12.3
2411 POLES	9.0	-93	87.1	11.8
2421 AERIAL CABLE-METAL	10.1	-75	54.4	11.9
2421 AERIAL CABLE-NONMETAL	16.9	-75	24.5	8.9
2422 UG CABLE-METAL	12.3	-32	49.2	6.7
2422 UG CABLE-NONMETAL	15.7	-32	18.2	7.2
2423 BURIED CABLE-METAL	10.3	-10	39.3	6.9
2423 BURIED CABLE-NONMETAL	17.0	-10	21.7	5.2
2424 SUBMARINE CABLE-METAL	11.1	0	49.6	4.5
2424 SUBMARINE CABLE-NONMETAL	25.0	0	0.0	4.0
2426 IB CABLE-METAL	10.4	-5	63.8	4.0
2426 IB CABLE-NONMETAL	15.9	-5	35.9	4.3
2431 AERIAL WIRE	6.6	-65	64.3	15.3
2441 CONDUIT SYSTEMS	42.0	-7	20.3	2.1

The figures in Columns B, C, and D are percentages of gross book cost.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
U S WEST COMMUNICATIONS, INC. - UTAH

Effective January 1, 1997

Rate Category Description	Average Remaining Life	Future Net Salvage	Accumulated Depreciation	Remaining Life Rate
	(years)	(%)	(%)	(%)
	A	B	C	D=(100%-B-C)/A
2112 MOTOR VEHICLES	3.4	12	64.0	7.1
2114 SPECIAL PURPOSE VEHICLES	10.6	0	44.4	5.2
2115 GARAGE WORK EQPT	10.9	0	7.1	8.5
2116 OTHER WORK EQPT	10.8	2	34.4	5.9
2121 BUILDINGS	28.0	0	26.5	2.6
2122 FURNITURE	8.0	0	53.1	5.9
2123 OFFICE SUPPORT EQPT	4.5	1	44.9	12.0
2123 COMPANY COMM EQPT	2.6	0	77.2	8.8
2124 GEN'L PURPOSE COMPUTER	2.9	3	58.4	13.3
2211 ANALOG ELECT SWITCHING	1.8	-3	74.2	16.0
2212 DIGITAL ELEC SWITCHING	8.3	0	30.9	8.3
2220 OPERATOR SYSTEMS	2.2	0	93.7	2.9
2231 RADIO SYSTEMS	6.9	4	58.4	5.4
2232 DIGITAL DATA SYSTEMS	2.9	0	62.3	13.0
2232 DIGITAL CIRCUIT EQPT	5.6	0	43.4	10.1
2232 ANALOG CIRCUIT EQPT	1.5	-2	95.8	4.1
2351 PUBLIC TELEPHONE	4.4	5	71.7	5.3
2362 OTHER TERMINAL EQPT	6.3	3	51.5	7.2
2411 POLES	9.6	-56	66.6	9.3
2421 AERIAL CABLE-METAL	9.5	-39	59.5	8.4
2421 AERIAL CABLE-NONMETAL	12.2	-39	7.3	10.8
2422 UG CABLE-METAL	12.6	-21	53.4	5.4
2422 UG CABLE-NONMETAL	15.2	-21	20.4	6.6
2423 BURIED CABLE-METAL	10.6	-10	37.4	6.8
2423 BURIED CABLE-NONMETAL	16.2	-10	20.5	5.5
2424 SUBMARINE CABLE-METAL	13.9	0	21.4	5.7
2424 SUBMARINE CABLE-NONMETAL	25.0	0	0.0	4.0
2426 IB CABLE-METAL	8.7	-3	62.5	4.7
2426 IB CABLE-NONMETAL	14.8	-3	14.5	6.0
2431 AERIAL WIRE	6.0	-57	62.3	15.8
2441 CONDUIT SYSTEMS	44.0	-7	18.6	2.0

The figures in Columns B, C, and D are percentages of gross book cost.

January 30, 1998

**SEPARATE STATEMENT OF
COMMISSIONER HAROLD FURCHTGOTT-ROTH**

Re: Cincinnati Bell Telephone Company, Southwestern Bell Telephone Company, and U S WEST Communications, Inc., Prescription of Revised Depreciation Rates.

While I support today's order with changes in depreciation rates as requested by the above parties, I take the opportunity to express my concern about the Commission's continued micromanagement of accounting rules. The Commission's authority to prescribe depreciation rates is merely a vestige of outdated rate-of-return regulation. Prior to 1996, Congress directed the FCC to prescribe depreciation rates for carriers. The Telecommunications Act of 1996 amended Section 220(b) to afford the Commission the discretion to prescribe such rates but only where appropriate. In today's increasingly competitive environment, there should be no need for the Commission to continue to dictate, even through revised streamlined procedures, depreciation rates or the factors that may be used to compute such rates. At a minimum, in a system of pure price cap regulation, the depreciation rate requirements -- and the accompanying remnants of cost-of-service regulation such as the Commission's low-end adjustment procedures -- would be unnecessary and should be eliminated for the larger carriers. I commend the Common Carrier Bureau for targeting this rule for a thorough evaluation in the coming biennial review process. I urge, and specifically encourage parties to request, that the Commission use this year's first biennial review to eliminate its rules and regulations regarding depreciation expenses and other related relics of rate-of-return regulation.