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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

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

In the Matter of )  
 )  
Simplification of the ) CC Docket No. 92-296  
Depreciation Prescription )  
Process )

BELL ATLANTIC<sup>1</sup> REPLY COMMENTS

The initial comments in this proceeding reflect overwhelming support for prompt approval of the proposed ranges as an interim step in the simplification of the Commission's depreciation regulation.<sup>2</sup> In fact, local exchange carriers,<sup>3</sup> state

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<sup>1</sup> The Bell Atlantic telephone companies ("Bell Atlantic") are Bell Atlantic - Delaware, Inc.; Bell Atlantic - Maryland, Inc.; Bell Atlantic - New Jersey, Inc.; Bell Atlantic - Pennsylvania, Inc.; Bell Atlantic - Virginia, Inc.; Bell Atlantic - Washington, D.C., Inc.; and Bell Atlantic - West Virginia, Inc.

<sup>2</sup> See Further Order Inviting Comments (rel. Oct 11, 1994) ("Further Order"). Regardless of the specific ranges under review here, the Commission committed to a fresh look at depreciation simplification as circumstances for the LECs change. *Simplification of the Depreciation Prescription Process*, 8 FCC Rcd 8052 at ¶ 5 (1993) ("Depreciation Simplification Order").

<sup>3</sup> See, e.g., Bell Atlantic Comments on Further Order Inviting Comments on Proposed Account Life and Salvage Ranges at 1 (filed Nov. 14, 1994) ("Bell Atlantic Initial Comments") ("the Commission should quickly approve the proposed ranges"); Comments of the Sprint LECs at 1-2 (filed Nov. 14, 1994) (ranges "represent a constructive step forward for the regulatory process").

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regulators,<sup>4</sup> and even MCI<sup>5</sup> all supported this initial step. Prompt approval could allow 1995 represervation companies the opportunity to use the ranges and avoid further delay in preliminary simplification.

Only two commenters opposed the proposed ranges. First, Ameritech correctly recognized that the current proposal fails to match forward looking depreciation levels, and that additional Commission action is needed to allow LECs to achieve market level depreciation rates without undue regulatory burden.<sup>6</sup> Second, the Missouri Public Service Commission reiterated its opposition to any substantial simplification.<sup>7</sup> Such an approach is inconsistent with the Depreciation Simplification Order and would vitiate the Commission's goals of "simplification of the process, administrative savings and flexibility".<sup>8</sup>

Instead, the Commission should move forward toward full

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<sup>4</sup> See Initial Comments of the National Association of Regulatory Utility Commissioners at 4 (filed Nov. 8, 1994) ("NARUC supports the proposed ranges of projection lives and net salvages").

<sup>5</sup> See MCI Comments at 3 (filed Nov. 14, 1994) ("the ranges the Commission has proposed for these eight accounts are reasonable").

<sup>6</sup> Ameritech's Comments (filed Nov. 14, 1994).

<sup>7</sup> "The [Missouri Commission] reasserts its position that the FCC should not give any LEC the discretion to select its own depreciation rate parameters, with the possible exception of minor accounts." Missouri Public Service Commission Comments at 1 (filed Nov. 14, 1994) ("Missouri Comments"). The Missouri Comments incongruously argue that LEC cost cutting efforts to match *unregulated* competitors should serve as a justification to *increase regulation* of the LEC depreciation prescription process. *Id.* at 6.

<sup>8</sup> Depreciation Simplification Order at ¶ 3.

achievement of those goals. In addition to prompt approval of the proposed ranges, the Commission should grant Bell Atlantic's outstanding Petition for Reconsideration,<sup>9</sup> and should put in place a transition mechanism to move to more simplified depreciation regulation in conjunction with the removal of sharing from Commission price cap regulation.<sup>10</sup> These actions will move depreciation regulation from a 50 year-old process conceived "when there was no competition and little technological change"<sup>11</sup> to modern regulation that is appropriate in today's marketplace and allows all competitors a level playing field.

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<sup>9</sup> Petition of Bell Atlantic for Reconsideration (filed Dec. 6, 1993). In addition to more fundamental depreciation simplification, the petition seeks elimination of a study requirement for companies moving an account into an approved range and elimination of the burdensome and unnecessary requirement to provide mortality analysis to support curve shapes for accounts in approved ranges. *Id.*

<sup>10</sup> Bell Atlantic Initial Comments at 5-6. A majority of comments supported simplified regulation with allowances for forward looking depreciation rates. Even MCI recognized that the justification for current depreciation regulation of price cap LECs is hinged on sharing requirements. MCI Comments at 3, n.7. The Commission is currently reviewing the continued appropriateness of a sharing requirement, *see Price Cap Performance Review*, 9 FCC Rcd 1687 (1994), and Bell Atlantic and other commenters have demonstrated in that proceeding that the Commission should adopt a pure price cap plan for local exchange carriers just as it has for cable companies and AT&T. *See Price Cap Performance Review*, CC Docket 94-1, Comments of Bell Atlantic at 6-12 (filed May 9, 1994); Reply Comments of Bell Atlantic at 7-13 (filed June 29, 1994).

<sup>11</sup> Depreciation Simplification Order at ¶ 14.

Respectfully submitted,

The Bell Atlantic Telephone Companies  
By Their Attorneys

Edward D. Young, III  
Of Counsel

  
\_\_\_\_\_  
Michael E. Glover  
Edward Shakin

1710 H Street, N.W.  
Washington, D.C. 20006  
(202) 392-1551

Dated: December 14, 1994

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing "Bell Atlantic Reply Comments" was served this 14th day of December, 1994, by first class mail, postage prepaid, on the parties on the attached list.

  
Jaynemie Lentlie

Accounting and Audits Division \*  
Federal Communications Commission  
2000 L Street, N.W.  
Washington, D.C. 20554

ITS, Inc. \*  
1919 M Street, N.W.  
Room 246  
Washington, D.C. 20554

M. Robert Sutherland  
Sidney J. White, Jr.  
BellSouth Telecommunications  
4300 Southern Bell Center  
675 West Peachtree Street, N.E.  
Atlanta, GA 30375

Mark C. Rosenblum  
Robert J. McKee  
Peter H. Jacoby  
AT&T  
295 North Maple Avenue  
Room 3244J1  
Basking Ridge, NJ 07920

R.E. Sigmon  
Vice President - Regulatory  
Affairs  
Cincinnati Bell Telephone  
201 E. Fourth Street, 102-320  
P.O. Box 2301  
Cincinnati, OH 45201

Anne U. MacClintock  
Vice President - Regulatory  
Affairs & Public Policy  
Southern New England Telephone  
227 Church Street  
New Haven, CT 06510

Rowland L. Curry  
Director  
Telephone Utility Analysis Div.  
Public Utility Commission of  
Texas  
7800 Shoal Creek Boulevard  
Austin, TX 78757

Jerry Webb  
Chief Engineer  
Indiana Utility Regulatory Comm'n  
302 W. Washington Street  
Room E306  
Indiana Government Center South  
Indianapolis, IN 46204

Leo M Reinbold  
Susan E. Wefald  
Bruce Hagen  
Public Service Commission  
State Capitol  
Bismarck, ND 58505

Thomas F. Peel  
Utah Department of Commerce  
Division of Public Utilities  
Heber M. Wells Building  
160 East 300 South  
Salt Lake City, UT 84145-0807

Richard McKenna, HQE03J36  
GTE Service Corporation  
P.O. Box 152092  
Irving, TX 75015-2092

Gail L. Polivy  
GTE Service Corporation  
1850 M Street, N.W.  
Suite 1200  
Washington, DC 20036

James T. Hannon  
U S West  
1020 19th Street, N.W.  
Suite 700  
Washington, DC 20036

Edward C. Addison  
William Irby  
Virginia State Corporation  
Commission Staff  
P.O. Box 1197  
Richmond, VA 23209

Mary McDermott  
Linda Kent  
USTA  
1401 H Street, N.W.  
Suite 600  
Washington, DC 20005

Paul Rogers  
Charles D. Gray  
James Bradford Ramsay  
NARUC  
1102 ICC Building  
P.O. Box 684  
Washington, DC 20044

Emily C. Hewitt  
Vincent L. Crivella  
Michael J. Ettner  
Tenley A. Carp  
General Service Administration  
18th & F Streets, N.W.  
Room 4002  
Washington, DC 20405

Dr. Joseph Kraemer  
Deloitte & Touche  
1900 M Street, N.W.  
Washington, DC 20036

Irwin A. Popowsky  
Philip F. McClelland  
Office of Consumer Advocate  
Commonwealth of Pennsylvania  
1425 Strawberry Square  
Harrisburg, PA 17120

Robert E. Temmer  
Anthony Marquez  
Colorado Public Utilities Comm'n  
Office Level 2 (OL-2)  
1580 Logan Street  
Denver, CO 80203

Laska Schoenfelder  
Kenneth Stofferahn  
James A. Burg  
South Dakota Public Utilities  
Comm'n  
State Capitol Building  
500 East Capitol Avenue  
Pierre, SD 57501

Robert M. Lynch  
Richard C. Hartgrove  
Jonathan W. Royston  
Southwestern Bell Telephone  
One Bell Center, Suite 3520  
St. Louis, MO 63101

Campbell L. Ayling  
Deborah Haraldson  
NYNEX  
120 Bloomingdale Road  
White Plains, NY 10605

James P. Tuthill  
Lucille M. Mates  
Pacific Companies  
140 New Montgomery Street  
Room 1526  
San Francisco, CA 94105

James L. Wurtz  
Pacific Companies  
1275 Pennsylvania Avenue, N.W.  
Washington, DC 20004

Ron Eachus  
Joan H. Smith  
Roger Hamilton  
Oregon Public Utility Comm'n  
550 Capitol Street, N.E.  
Salem, OR 97310-1380

Austin J. Lyons, Director  
Telecommunications Division  
Tennessee Public Service Comm'n  
460 James Robertson Parkway  
Nashville, TN 37243-0505

Telecommunications Division  
Washington Utilities and  
Transportation Comm'n  
Chandler Plaza Building  
1300 S. Evergreen Park Dr., SW  
Olympia, WA 98504-8002

Ronald G. Choura  
Policy Division  
Michigan Public Service Comm'n  
6545 Mercantile Way  
P.O. Box 30221  
Lansing, MI 48909

Maribeth D. Snapp  
Deputy General Counsel  
Oklahoma Corporation Comm'n  
Public Utility Division  
400 Jim Thorpe Office Building  
Oklahoma City, OK 73105

Scot Cullen, P.E.  
Administrator  
Telecommunications Division  
Public Service Comm'n of  
Wisconsin  
4802 Sheboygan Avenue  
Madison, WI 53707-7854

Eric B. Witte  
Assistant General Counsel for the  
Missouri Public Service Comm'n  
P.O. Box 360  
Jefferson City, MO 65102

Stephanie Miller  
Director of Utilities  
Idaho Public Utilities Comm'n  
Statehouse  
Boise, Idaho 83720-6000

Peter Arth, Jr.  
Edward W. O'Neill  
Ellen S. Levine  
505 Van Ness Avenue  
San Francisco, CA 94102

John T. Lenahan  
Barbara J. Kern  
Ameritech Operating Cos.  
2000 West Ameritech Center Dr.  
Room 4H88  
Hoffman Estates, IL 60196-1025

General Counsel  
New York State Department of  
Public Service  
Three Empire State Plaza  
Albany, NY 12223

Jay C. Keithley  
Sprint Corporation  
1850 M Street, N.W.  
Suite 1100  
Washington, DC 20036

W. Richard Morris  
Sprint Corporation  
P.O. Box 11315  
Kansas City, MO 64112

Elizabeth Dickerson  
Manager, Regulatory Analysis  
MCI Telecommunications Corp.  
1801 Pennsylvania Avenue, N.W.  
Washington, DC 20006

Michael P. Gallagher, Director  
Division of Telecommunications  
State of New Jersey  
Board of Regulatory Commissioners  
CN 350  
Trenton, NJ 08625-0350

Thomas E. Taylor  
Frost & Jacobs  
Counsel for Cincinnati Bell  
2500 PNC Center  
201 East Fifth Street  
Cincinnati, Ohio 45202

Alan J. Gardner  
California Cable Television  
Association  
4341 Piedmont Avenue  
P.O. Box 11080  
Oakland, CA 94611

Frank W. Lloyd  
Kecia Boney  
Mintz, Levin, Cohn, Ferris,  
Glovsky and Popeo, P.C.  
Counsel for California Cable  
Television Association  
701 Pennsylvania Avenue, N.W.  
Suite 900  
Washington, D.C. 20004

JoAnn S. Hanson  
Assistant Commissioner  
Telecommunications  
Minnesota Dept. of Public Service  
Suite 200  
121 7th Place East  
St. Paul, MN 55101-2145

\* BY HAND