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July 14, 1999

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

**Ex Parte**

Ms. Magalie R. Salas  
Secretary  
Federal Communication Commission  
Room TW-A325, The Portals  
445 Twelfth Street  
Washington, D.C. 20554

Re: CC Docket No. 98-137, In the Matter of 1998 Biennial Review—Review of  
Depreciation Requirements for Incumbent Local Exchange Carriers

ASD Docket No. 98-91, USTA Petition For Forbearance from Depreciation  
Regulation

CC Docket No. 98-177, In the Matter of 1998 Biennial Regulatory Review—  
Petition for Section 11 Biennial Review filed by SBC Communications Inc.,  
Southwestern Bell Telephone Company, Pacific Bell and Nevada Bell

ASD Docket No. 98-97, In the Matter of United States Telephone Association  
Petition for Rulemaking-1998 Biennial Regulatory Review

Dear Ms. Salas:

In accordance with the Commission's rules, please be advised that the attached information is provided by Technology Futures Inc. ("TFI") to the Commission pursuant to the request of the FCC economists at the July 1, 1999 meeting.<sup>1</sup> These are examples of vintage survivor curves (also called "avalanche curves"). As discussed in our meeting, these curves display the actual amount of a specific type of investment placed in each vintage and how much is still in place over time.

SBC is filing this information on behalf of Ameritech, Bell Atlantic, Bell South, GTE SBC Communications Inc., and USWest ("the Companies"). The Companies continue to urge the FCC to grant the Petition filed by USTA to forbear from regulating depreciation lives and rates. With forbearance Local Exchange Carriers ("LECs") will use the same lives

<sup>1</sup> See July 2, 1999 Ex Parte filed with the FCC on behalf of Ameritech, Bell Atlantic, Bell South, GTE SBC Communications Inc., and USWest in the proceedings listed above.

based upon Generally Accepted Accounting Principles ("GAAP") for both FCC reporting purposes and external reporting GAAP purposes.

An original and one copy of this letter and the attachments are being submitted. Acknowledgement and date of receipt of this transmittal are requested. A duplicate transmittal letter is attached for this purpose.

Please include this letter in the record of these proceedings in accordance with Section 1.1206(a)(2) of the Commission's Rules.

If you have any questions on this, please do not hesitate to contact me at 202-326-8894 or Mr. Larry Vanston of TFI at [www.tfi.com](http://www.tfi.com) or 512.258.8898.

Sincerely,



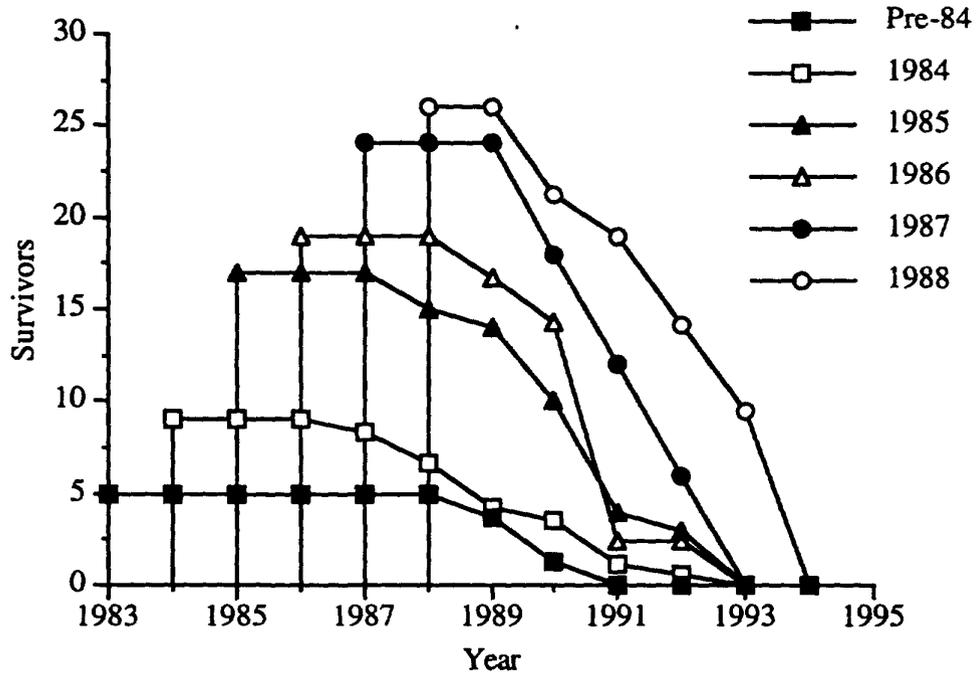
B. Jeannie Fry  
Director—Federal Regulatory (SBC)

Attachments

Cc: Mr. Ken Moran, Chief, Accounting Safeguards Division  
Ms. Lisa Zaina, Deputy Bureau Chief, Common Carrier Bureau  
Mr. Thom David, Accounting Safeguards Division  
Mr. Tim Peterson, Deputy Chief, Accounting Safeguards Division  
Mr. Howard Schelanski, Chief Economist, Office of Plans and Policy  
Mr. Pat DeGraba, Deputy Chief Economist, Office of Plans and Policy  
Mr. Jay Atkinson, Competitive Pricing Division  
Mr. Bill Bailey, Counsel, Common Carrier Bureau,  
Mr. Don Stockdale, Common Carrier Bureau  
Mr. Bob Loube, Economist, Accounting Policy Division  
Mr. Craig Brown, Deputy Chief, Accounting Policy Division

**Exhibit 5.20**

**Survivor Curves for Processor/Memory Units**



Source: Technology Futures, Inc.

**Exhibit 5.21**

**Vintage Composite Lives**

Vintage	Sample Size	Average Life (Years)	Percent of Units Installed (1981-1988)
1981-1983	4	8.0	5%
1984	15	5.7	9%
1985	17	5.7	17%
1986	8	4.9	19%
1987	8	4.5	24%
1988	11	4.5	26%
<b>Weighted Average</b>		<b>5.1 years</b>	

Source: Technology Futures, Inc.



**Bell  
Communications  
Research**

**APPLICATIONS OF  
LIFE CYCLE FORECASTING  
TO CAPITAL RECOVERY**

**TECHNOLOGY FORECASTING  
USERS GROUP MEETING #11**

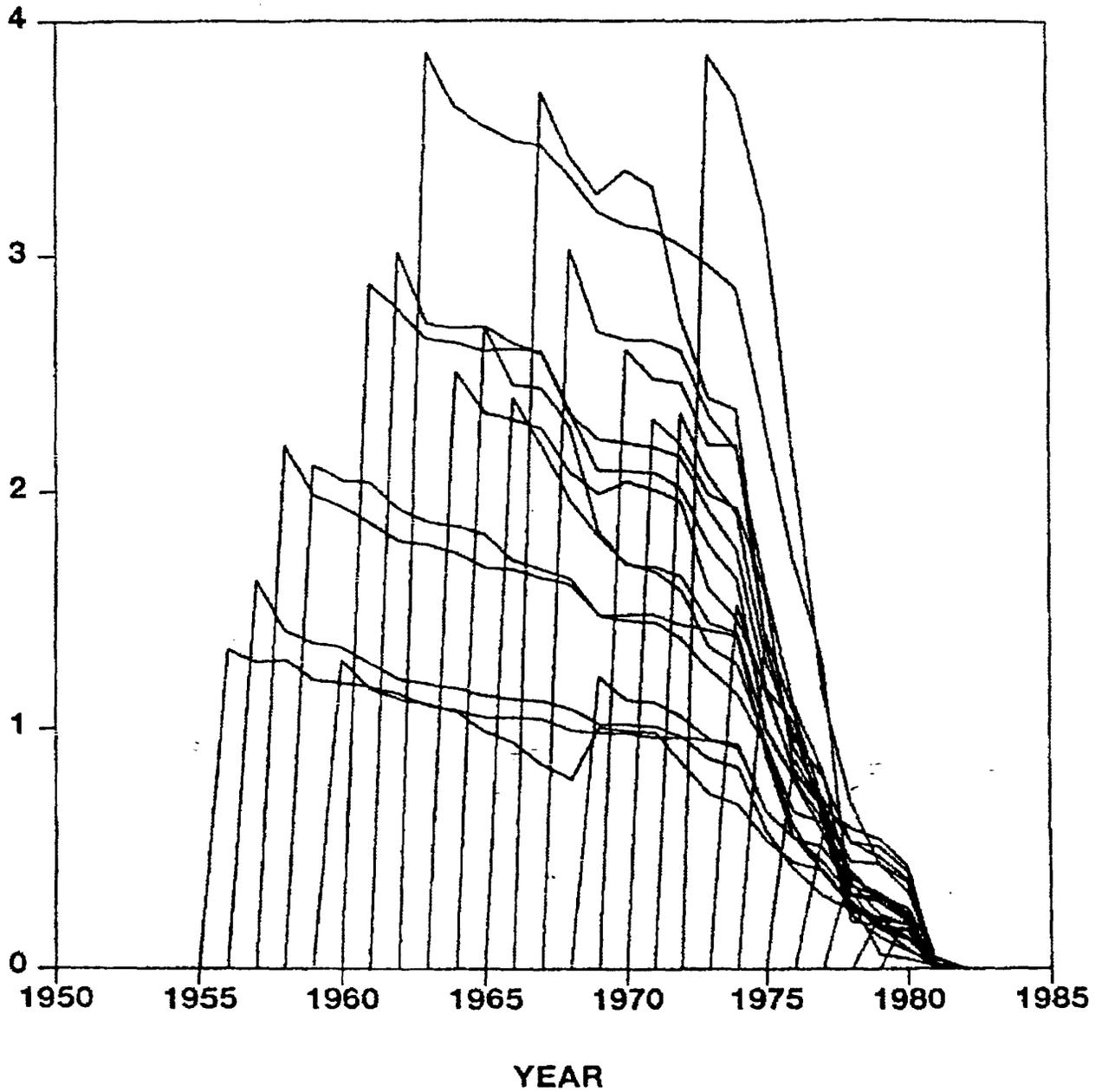
**ST. LOUIS, MISSOURI  
SEPTEMBER 15, 1987**

**Kevin Lu  
201-829-4463  
Morris Research and Engineering Center  
435 South Street  
Morristown, NJ 07960**

# VINTAGE SURVIVOR CURVES

1955-80 LARGE SXS VINTAGES

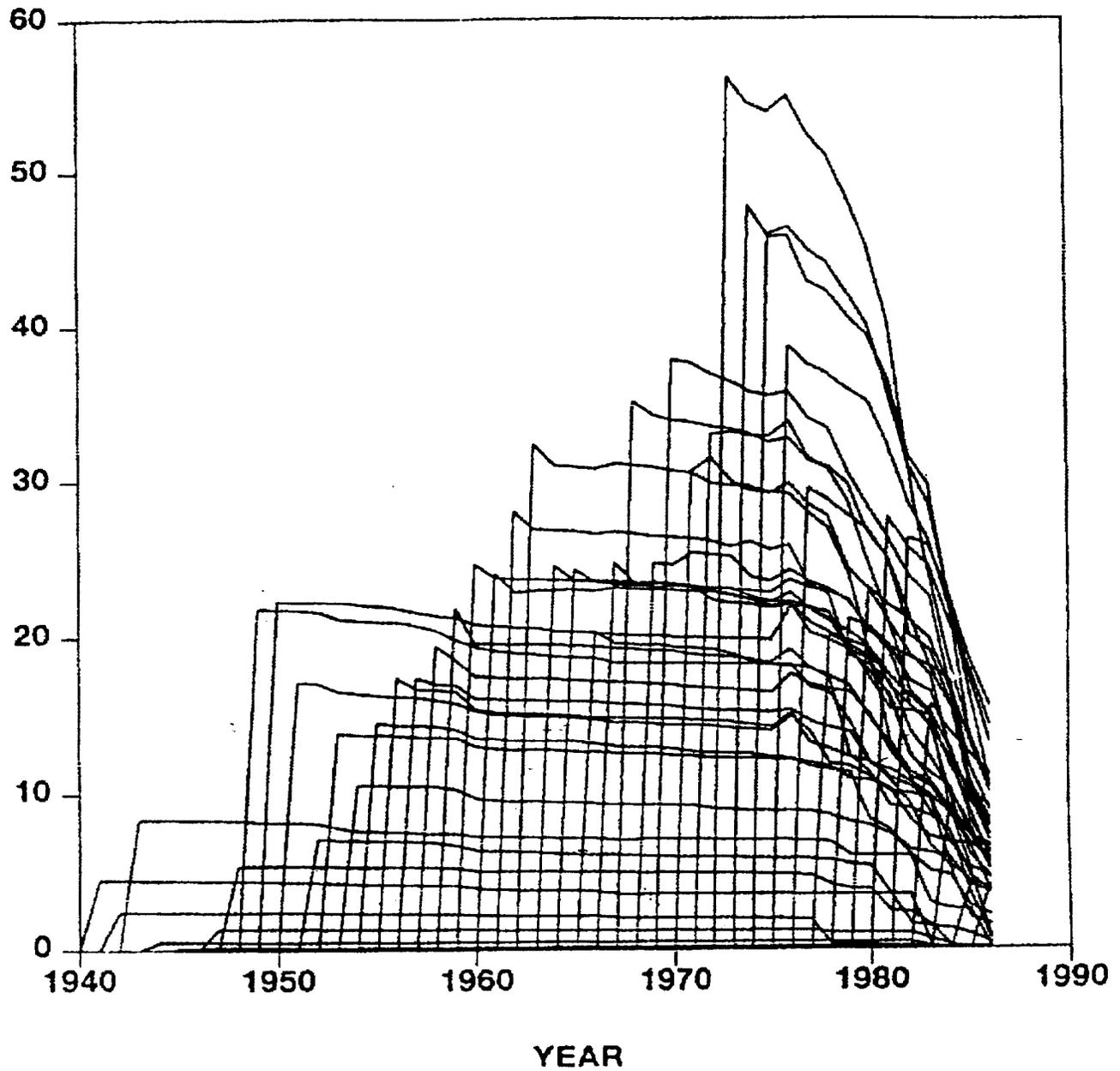
PLANT IN SERVICE (MILLION DOLLARS)



# VINTAGE SURVIVOR CURVES

1940-85 CROSSBAR VINTAGES

PLANT IN SERVICE (MILLION DOLLARS)

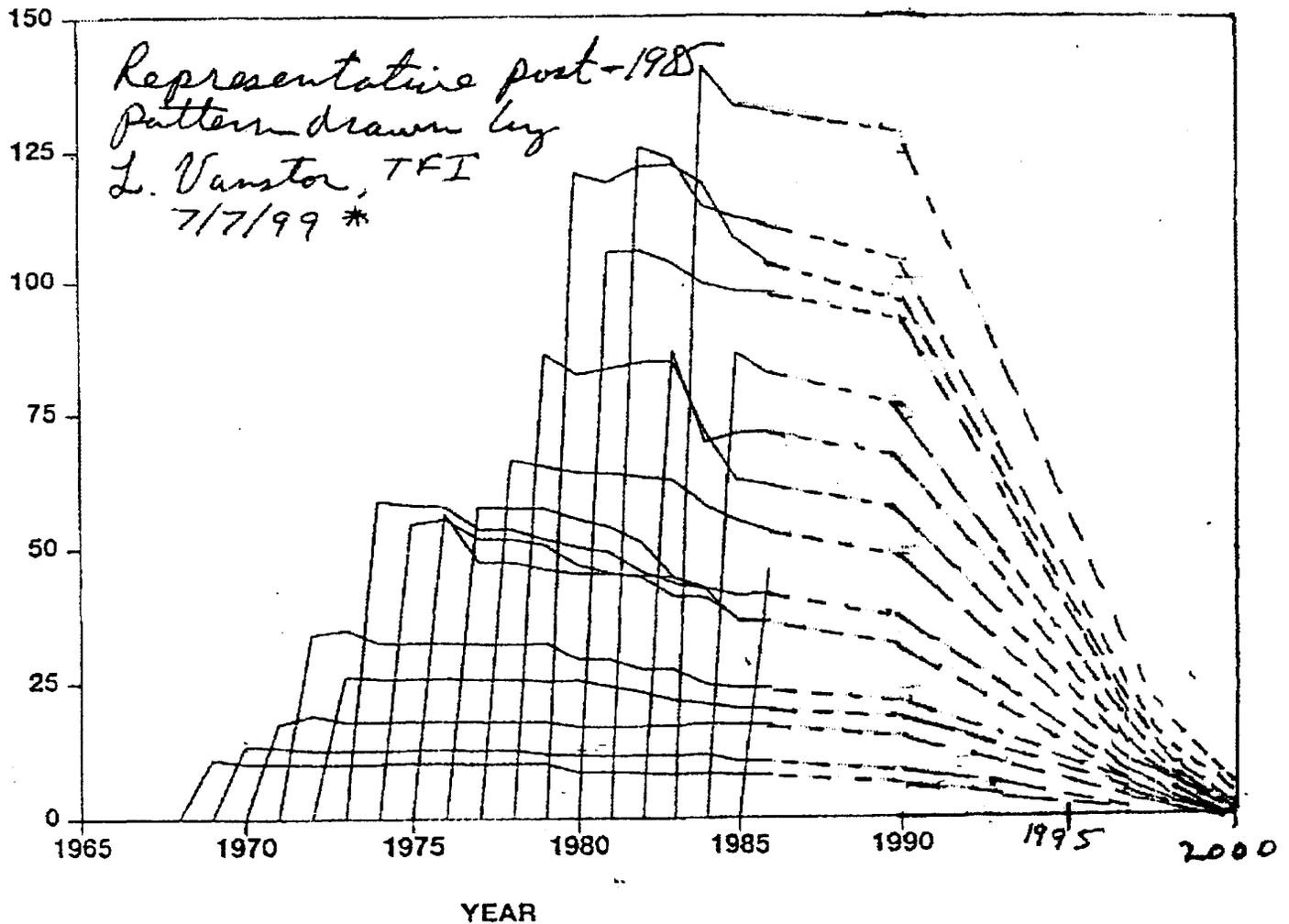




# VINTAGE SURVIVOR CURVES

1968-1985 ANALOG ELECTRONIC SWITCH

PLANT IN SERVICE (MILLION DOLLARS)



\* Note: Actual post-1985 data  
can be assembled and plotted  
with some effort. ZAN