

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of)	
)	
1998 Biennial Regulatory Review --)	CC Docket No. 98-137
Review of Depreciation Requirements)	
for Incumbent Local Exchange Carriers)	
)	
Ameritech Corporation Telephone Operating)	CC Docket No. 99-117
Companies' Continuing Property Records)	
Audit, <i>et. al.</i>)	
)	
GTE Telephone Operating Companies)	AAD File No. 98-26
Release of Information Obtained During)	
Joint Audit)	

**Ex Parte Comments of
the Public Service Commission of Wisconsin**

By its Further Notice of Proposed Rulemaking (FNPRM) released April 3, 2000 (FCC 00-119), the Federal Communications Commission (FCC) invited comment on the issue of streamlining depreciation rules and procedures applicable to price-cap carriers. The Public Service Commission of Wisconsin (Wisconsin Commission) filed comments in response to the FNPRM on April 13, 2000.

Subsequent to the comment and reply comment periods provided for in the FNPRM, numerous ex parte filings have been made with the FCC. The Wisconsin Commission believes that it is necessary to respond to one of the post-comment-period filings (as noted below) to set the record straight concerning this very important issue. The Wisconsin Commission's ex parte filing is authorized by the "permit but disclose" ex parte presentation provision of the FNPRM.¹

¹ FNPRM ¶16. *See also* 47 C.F.R. §§ 1.1202, 1.1203, and 1.1206.

In a letter dated June 1, 2000 (Industry June 1 letter), addressed to Mr. Lawrence E. Strickling, Chief – Common Carrier Bureau of the FCC; Mr. Frank J. Gumper, Bell Atlantic Network Services; Mr. Robert T. Blau, BellSouth Corporation; Mr. Donald E. Cain, SBC Telecommunications, Inc.; and Mr. Alan F. Ciamporcero, GTE Service Corporation, provided a table reflecting their view of the current status of state commissions' positions on depreciation lives/rates and of how the reserve difference is being reduced in the various states. This table erroneously characterizes the Wisconsin Commission's position concerning this matter. The Wisconsin Commission wishes to note its objection, as discussed below, to the information contained in the table as it concerns Wisconsin.

The Industry June 1 letter posits that the Wisconsin Commission has addressed reserve differences created by separate regulatory and financial accounting policies by adopting a methodology of using shorter lives for telecommunications plant. In the Wisconsin Commission's docket 05-DT-103, the Wisconsin Commission certified the range of depreciation rates to be used by telecommunications companies. Contrary to the Industry June 1 letter, the decision in this docket did not address any differences between regulatory and financial accounting reserves or specifically allow above-the-line treatment of such amounts. Rather, the Wisconsin Commission's review of depreciation rates in docket 05-DT-103 involved an analysis of regulatory depreciation and a determination that the regulatory provision for depreciation (reserves) is reasonable. The statements to the FCC by Bell Atlantic Network Services, BellSouth Corporation, SBC Telecommunications, Inc., and GTE Service Corporation in their June 1, 2000, letter are misleading and inaccurate, as can be seen from the following quote from the Wisconsin Commission's November 1999 order in docket 05-DT-103:

The updated range of annual depreciation rates and a composite range of annual depreciation rates for all classes of fixed capital for all telecommunications utilities are based on an analysis performed by Commission staff. Commission staff's analysis gave consideration to the causes for retirements of telecommunications plant including wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in technology, changes in demand, and requirements of public authorities. By considering technological forecasted trends for replacement of current telecommunications plant, staff's analysis reflects forward-looking depreciation rates. Further Commission staff's analysis based upon the age of plant and its associated provision for depreciation found the provision for depreciation for the classes of fixed telecommunications capital to be reasonable.

The updated depreciation rate ranges continue to create opportunities for replacing current technology with new technology under reasonable replacement projections. Use of the depreciation rates in Attachment 1 compliment the initiatives of 1993 Wisconsin Act 496 for installation of advanced telecommunications infrastructure.

The Wisconsin Commission appreciates the opportunity to provide these clarifying ex parte comments in this rulemaking proceeding concerning streamlined procedures for depreciation applicable to price-cap carriers.

Dated at Madison, Wisconsin, July 13, 2000.

By the Commission:

Lynda L. Dorr

Lynda L. Dorr
Secretary to the Commission

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