

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

In the Matter of

The Prescription of Revised Percentages of
Depreciation pursuant to the Communications
Act of 1934, as amended for:

CINCINNATI BELL TELEPHONE COMPANY
CITIZENS UTILITIES COMPANY
OF CALIFORNIA
CONTEL OF CALIFORNIA
CONTEL OF NEW YORK,
INCORPORATED
THE DIAMOND STATE TELEPHONE COMPANY
GTE FLORIDA INCORPORATED
GTE HAWAIIAN TELEPHONE COMPANY
INCORPORATED
GTE NORTH INCORPORATED
GTE NORTHWEST INCORPORATED
ILLINOIS BELL TELEPHONE COMPANY
MOUNTAIN STATES TELEPHONE AND
TELEGRAPH COMPANY
NEVADA BELL
NEW JERSEY BELL TELEPHONE COMPANY
PACIFIC BELL
PACIFIC NORTHWEST BELL TELEPHONE
COMPANY

ORDER

Adopted: December 29, 1988; Released: January 25, 1989

By the Commission: Commissioner Dennis dissenting
in part and issuing a statement at a later date.

I. INTRODUCTION

1. In this Order, we prescribe depreciation rates and amortizations for fifteen domestic carriers that filed requests in 1988 for changes in their annual depreciation rates expenses.¹ We developed the prescribed depreciation rates and amortizations listed in the Appendix after considering the studies underlying the carriers' requests and the comments of the interested parties.

II. BACKGROUND

2. Depreciation is the loss of service value incurred in connection with the use and prospective retirement of telecommunications plant from known causes, the effect of which can be forecast with reasonable accuracy.² Depreciation accounting is the mechanism through which the loss in service value is distributed to operating expense during the service life of the plant. This Commission is authorized to prescribe depreciation rates to

compute the allowable depreciation expense for telephone common carriers as part of our responsibilities under the Communications Act of 1934.³

3. Depreciation is an important factor in the determination of a carrier's revenue requirement. It has two primary effects. First, the depreciation expense is included directly as a part of a carrier's revenue requirement. Second, the accumulation of the depreciation expense, which is commonly described as the depreciation reserve, is a deduction from the rate base and therefore affects the return component of a carrier's revenue requirement.

III. REVIEW PROCEDURES

4. It is our practice to review and revise, as necessary, depreciation rates and amortizations for approximately one third of the larger local exchange carriers (LECs) each year. This year, in accordance with this triennial schedule, the LECs listed in the caption submitted studies proposing new depreciation rates and amortizations based upon revised estimates of the primary depreciation factors (i.e., equipment service life, net salvage and mortality dispersion patterns).

5. The Common Carrier Bureau (Bureau) thoroughly reviewed the carriers' studies and proposals and prepared its own preliminary analysis. Pursuant to Section 220(i) of the Communications Act, 47 USC § 220(i), the Bureau transmitted these analyses by letter to the relevant state commissions. The Bureau then conducted meetings and telephone conversations with representatives of the state commissions and carriers to obtain information regarding depreciation factors for determination of the depreciation rates, amortizations, and expense levels. After these discussions the Bureau reevaluated its preliminary recommendations, and, in many cases, revised them to reflect additional facts raised by the carriers and state commissions. Finally, the carriers formally filed with this Commission proposals for the prescription of revised depreciation rates and amortizations.

6. The Bureau described the annual depreciation expense impact of its proposed rates and amortizations in a Public Notice dated August 26, 1988 which invited interested persons to file comments.⁴ The Bureau transmitted to each carrier and respective state commission a copy of the Public Notice and a list of the depreciation factors used to calculate its recommended depreciation rates and amortizations. The Florida Public Service Commission (Florida PSC), GTE Florida, and GTE North filed comments. The staff of the Missouri Public Service Commission (Missouri staff) filed a reply.

IV. DISCUSSION

7. For the vast majority of the accounts under review, the carriers filed proposed depreciation rates and amortizations consistent with the Bureau's recommendations, and no party filed opposing comments.⁵ Based upon the record supporting these rates and amortizations, and in view of the fact that we have received no opposition to their use, we prescribe these rates for the affected carriers.

8. For the remainder of the rates (21 rates for GTE North-Missouri and one rate for GTE Florida), either the carriers filed for rates inconsistent with those proposed by the Bureau's Public Notice or parties filed comments objecting to them. In addition, GTE North has proposed

the use of amortization procedures to eliminate a reserve deficiency for Missouri.⁶ We discuss below our findings concerning these matters.

A. GTE North - Missouri Objections

9. GTE North requests certain depreciation rates different from the rates proposed by the Bureau for 20 of the 24 rates proposed for Missouri. In its comments, however, GTE North has not provided any support to demonstrate why the rates proposed by the Bureau are incorrect or why its proposed rates would be more accurate. Because the Bureau's rates are supported by a study of the applicable service lives and salvage values, and since GTE North has provided no other basis for adopting alternative rates, we adopt the rates proposed by the Bureau.

B. GTE North - Missouri Amortization

10. Our studies show that GTE North-Missouri has a reserve deficiency of five percent of its plant investment based upon the depreciation factors which underlie the Bureau's recommendations.⁷ This exceeds the average industry reserve deficiency of four percent.⁸ GTE North proposes to eliminate its depreciation reserve deficiency in Missouri by the use of amortization procedures instead of remaining-life depreciation procedures. The Missouri staff opposes such treatment, claiming that the remaining-life methodology already in place will be adequate for GTE North's needs. Considering GTE North-Missouri's reserve situation, however, we see no valid basis for departing from our policy established in the *Amortization Order* nor have the parties identified one.⁹

11. Although we have concluded that GTE North's reserve deficiency in Missouri should be eliminated through amortization, we do not agree with its proposed amortization period. GTE North proposes a three-year amortization period but provides no justification for its proposal. In the *Amortization Order*, we concluded that a five-year amortization period produces an appropriate balance between the speed of recovery of the deficiency and impact on ratepayers.¹⁰ As a result, we ordered a five-year amortization of the reserve imbalances of the LECs. For the reasons identified in the *Amortization Order*, we conclude that the use of a five-year amortization schedule¹¹ is appropriate for GTE North's reserve deficiency in Missouri. Use of a five-year period will provide a timely resolution of the deficiency for the carrier without causing an inordinate burden on the ratepayers in any one year.

C. GTE North - Missouri - Electromechanical Switching Equipment

12. GTE North proposes an increase in the depreciation rate for its Electromechanical Switching Equipment Account in Missouri, based upon its current switch replacement schedule which significantly reduces the estimated life of its electromechanical switches. The Missouri staff, however, proposes that the existing rate be maintained. The Missouri staff questions the economic benefit of many of the electromechanical switch replacements made to date as well as those scheduled for retirement in the next few years.

13. We cannot agree with the Missouri staff's proposal for this account because it is inconsistent with GTE North's electromechanical switching equipment retire-

ment plans, and we believe that GTE North has adequately demonstrated its ability and intent to carry out such plans as well as the reasonableness of its schedule. The depreciation rate that the Missouri staff proposes corresponds to an average year of final retirement (AYFR)¹² of approximately 1995 while GTE North's new replacement plan is consistent with a 1993 AYFR. We believe GTE North's new plan is reasonable and attainable. GTE North's electromechanical switching retirement plan for Missouri is less aggressive than its plans in other GTE North jurisdictions¹³ and the plans of other carriers that our staff has recently reviewed.¹⁴ Furthermore, GTE North's retirement plan represents a reduction in the level of retirements of electromechanical switching to a point well below that which it has already accomplished.¹⁵ Finally, the Missouri staff does not provide adequate support for its contention that the replacements should or will be delayed. As a result, we prescribe a depreciation rate for this account using a 1993 AYFR.

D. GTE Florida Analog Electronic Switching

14. GTE Florida proposes a decrease in the projection life¹⁶ for the Analog Electronic Switching Account from 11.5 years to 7.5 years as a result of a new company program which calls for the rapid replacement of its analog electronic switches. The Florida PSC agrees with GTE Florida and recommends adoption of a depreciation rate for this account that is consistent with the carrier's new replacement plan.

15. GTE Florida's proposed new plan substantially accelerates its analog electronic retirements. In part because of this plan, GTE Florida requested permission to file a depreciation study one year earlier than scheduled under this Commission's three year prescription process. Based on its new replacement plan for analog electronic switches, GTE Florida requests a substantial reduction in the projection life for this account which would result in a substantial increase in the depreciation rate. Moreover, GTE Florida claims that failure to prescribe the higher rate this year would assign disproportionate amounts to state ratepayers because of separations changes which will assign more central office costs to the state jurisdiction over the next four years.

16. Our review of GTE Florida's proposal raises several concerns about the plan. We note that GTE Florida's new plan proposes retirements during the 1989-1991 period which are more than four times the retirements experienced during the 1986-88 period, and that the new plan represents an acceleration of 42 percent over the Company's previous plans. Moreover, such a tremendous acceleration in retirements of analog electronic switches is not consistent with the rest of the industry. The life proposed by GTE Florida is 7.5 years; the average of the lives for all other carriers is 15.5 years.

17. In order to review the Company's new plan, the Bureau requested additional data.¹⁷ Based on a preliminary review of the Company's economic studies, we have serious questions about the economic justification for replacement of the existing analog electronic switches. For example, GTE Florida's economic studies show high estimates for line addition costs for analog electronic equipment throughout the replacement period. The high cost of line additions is one of the primary economic factors identified by GTE to support the accelerated replacement plan. The line addition costs should decline during the replacement period, however, because the carrier should

be able to reuse a substantial amount of retired analog electronic equipment in subsequent line additions of remaining analog electronic offices. Finally, we note that GTE Florida already has the highest depreciation rate in the industry among carriers with a substantial investment in analog electronic switches.

18. Accordingly, we do not prescribe a higher rate for GTE Florida's Analog Electronic Switching Account at this time, pending our further review of GTE's replacement plan. We will delay prescription of a new rate for this account until the Bureau has had an opportunity to obtain additional information on these issues and to review the data underlying the GTE Florida replacement plan. We direct the Bureau to continue its review of the plan and make a recommendation to us in 1989.

19. In the interim, the Company should maintain the projection life underlying the current rate. Such action will not adversely affect GTE Florida since it already has one of the highest depreciation rates for analog electronic switches in the industry. In addition, we have depreciation procedures in place which allow the Company to recover its full investment over the life of the equipment.¹⁸ Finally, we do not believe that a carrier's concern about the effect of changes in separations procedures, in itself, warrants the adoption of a substantial increase in depreciation without proper substantiation and review.

E. Amortizations for Dying Accounts

20. Our remaining-life procedures engender a number of technical problems when applied to accounts that are rapidly being phased out (*i.e.*, "dying accounts"). For example, if the final date of termination of service is mis-forecast by as little as a few months, the depreciation rates can change drastically. The most practical way of resolving this problem is to apply an amortization procedure which adjusts the depreciation expense each month to reflect accounting activity.¹⁹ This allows the carriers to reduce the account balance to zero in relatively even increments.

21. During the 1988 review, the Bureau identified eight "dying accounts", and concluded after thorough review that the use of an amortization procedure to write off these accounts is consistent with this Commission's policy and practice. No commenting party opposed this proposal for these accounts. We conclude that special amortization procedures should be used for the accounts and amortization periods indicated below:

Company and Jurisdiction	Account	Amortization Period (Months)
Cincinnati Bell-Kentucky	Crossbar	36
Cincinnati Bell-Ohio	Crossbar	36
Citizens Utilities of Calif.	Analog Electronic	24
GTE Hawaiian Telephone	Crossbar	36
Illinois Bell	Autovon	36
	Step-by-Step	36
	Crossbar	36
New Jersey Bell	Electromechanical Switch.	18

22. The special procedure for calculating the amortization for "dying accounts" is as follows:

1. Determine the net service value (*i.e.*, gross book cost less book reserve less future net salvage) at the beginning of each month.

2. Divide the net service value determined in Step 1 by the number of months remaining in the amortization period. For example, if the amortization period is 36 months, the first month's amortization is 1/36 of the net service value at the beginning of the first month. The second month's amortization is 1/35 of the net service value at the beginning of the second month and so on.

F. Effective Dates

23. Prior to 1987, we allowed the carriers flexibility in the effective dates of our depreciation rates in order to accommodate their need to file tariffs incorporating the new rates.²⁰ By allowing a carrier to adopt an effective date between January 1 of the filing year and January 1 of the subsequent year, we can balance the requirements of proper accounting, which argue for the immediate imposition of new, more accurate rates, and the realities of the regulatory process, which prevent carriers from immediately responding to changes in their revenue requirements. All of the carriers in this order requested an effective date between January 1, 1988 and January 1, 1989. Inasmuch as no comments were filed in opposition to the requested dates and the companies' requests are within our rules and are consistent with our past depreciation orders, we adopt the effective dates in the Appendix.

G. Submission of Whole - Life Depreciation Parameters

24. In the depreciation prescription orders which we have approved since our decision in *Property Depreciation*,²¹ we have required that depreciation filings include whole-life rates so that we could determine the size of the depreciation reserve imbalance and the speed with which our actions were resolving the imbalance. Because of our continued interest in these matters, we require carriers in this order to continue to file whole-life rates that are consistent with the prescribed rates until notified to the contrary.

H. Conclusion

25. Having considered the carriers' proposals, and the studies upon which those proposals are based, the views and recommendations of the states, the responses to the Public Notice, and the Bureau's studies and analyses, we adopt the depreciation rates, amortization amounts, and effective dates listed in the Appendix.

V. ORDERING CLAUSE

26. ACCORDINGLY IT IS ORDERED, pursuant to Sections 1, 4(i), 201-205 and 220(b) of the Communications Act of 1934, as amended, 47 U.S.C. Sections 151, 154(i), 201-205 and 220(b), that the percentages of depreciation and amortization amounts set forth in the Appendix to this Order ARE PRESCRIBED, effective on the dates listed.

FEDERAL COMMUNICATIONS COMMISSION

Donna R. Searcy
Secretary

FOOTNOTES

¹ A full review was made for fourteen of the carriers listed in the caption (all except Pacific Northwest Bell Telephone Company). Pacific Northwest Bell is included in this order because its Idaho facilities were studied with Mountain Bell's Idaho facilities.

² 47 C.F.R. Section 32.9000.

³ See generally 47 U.S.C. § 220(b) (1982). In recent years, we have also prescribed amortization amounts to resolve depreciation accounting problems. See *Amortization of Depreciation Reserve Imbalances of Local Exchange Carriers Report and Order*, 3 FCC Rcd 984 (1988) (hereinafter *Amortization Order*). An amortization amount is a specific amount to be charged to depreciation expense each year as opposed to a depreciation rate which is applied to the plant investment to determine the depreciation expense charge.

⁴ *Depreciation Rate Prescriptions Proposed for Domestic Telephone Companies-Notice of Opportunity to Comment*, 3 FCC Rcd 5841 (1988).

⁵ Of the 760 rates prescribed by this order, only 22 were challenged.

⁶ GTE North-Missouri was not affected by the five-year amortization policy we adopted for LECs in 1987 in the *Amortization Order* because we did not previously prescribe depreciation rates for GTE North-Missouri. Prior to this review, the Missouri operation was part of GTE Midwest, a smaller carrier for which we did not prescribe rates because of its size and practical staffing constraints. In 1987, GTE North was formed by combining GTE Indiana, GTE Ohio, and GTE Michigan, three carriers for which we have prescribed rates for several years, with five smaller carriers: GTE Illinois, GTE Pennsylvania, GTE Wisconsin, Garrett Telephone Company, and GTE Midwest.

⁷ A reserve deficiency exists when the theoretical reserve (*i.e.*, the amount that would be in the reserve account if the current life and salvage estimate had been used since the plant was placed in service) exceeds the book reserve. See *Amortization Order*, 3 FCC Rcd at 984 n.6.

⁸ This figure was determined by analyzing the reserve figures contained in the Appendix to *The Prescription of Revised Percentages of Depreciation pursuant to the Communications Act of 1934, as amended, for: The Chesapeake and Potomac Telephone Co. of Virginia, et al.*, 3 FCC Rcd 1724 (1988).

⁹ The Supreme Court held in *Louisiana Public Service Commission v. Federal Communications Commission*, 106 S. Ct. 1890 (1986), that the state commissions are not required to follow FCC-prescribed depreciation methodology and are free to use any depreciation methods, procedures and rates that they choose to for intrastate ratemaking purposes. Thus, in this instance and in other areas in which we disagree with the Missouri or Florida Commissions in this proceeding (*see paras. 12-19, infra*), our resolution of the depreciation issue does not preclude the state from adopting a different procedure for intrastate ratemaking.

¹⁰ *Amortization Order*, 3 FCC Rcd at 988-9.

¹¹ As is our standard practice, for any account with an average remaining life of 5 years or less, we will continue the use of the remaining-life depreciation procedure. See *The Prescription of Revised Depreciation Rates for: AT&T Communications of California, Inc., et al.*, FCC 85-568 (released Oct. 23, 1985), para. 8.

¹² The AYFR is a weighted average for all equipment in a particular category based on the investment and estimated year of final retirement for each piece of equipment.

¹³ The AYFRs for electromechanical switching equipment for other GTE North jurisdictions average 1991, or two years earlier than for Missouri.

¹⁴ The AYFRs for electromechanical switching accounts for all carriers that were reviewed this year average 1992, or a year earlier than for Missouri.

¹⁵ For example, GTE North estimates that it will retire only \$4 million of electromechanical switching equipment during the 1988-1994 period. It retired more than \$12 million during the 1983-1987 period.

¹⁶ The projection life is the current estimate of the expected entire lifetime of an account.

¹⁷ GTE Florida responded to our requests through October 4, 1988. This additional data consisted of economic studies underlying the placement of analog equipment initially and also its replacement by digital.

¹⁸ Since 1981, this Commission has been prescribing rates using the "remaining-life" procedure. In contrast to procedures in place prior to its adoption, the remaining-life procedure assures that the entire investment in an account is depreciated over its life, even when the life estimate is revised. See generally, *Amendment of Part 31 (Uniform System of Accounts for Class A and Class B Telephone Companies)*, 83 FCC 2d 267 (1980) (*Property Depreciation*), *reconsideration*, 87 FCC 2d 916 (1981), *Supplemental Opinion and Order*, 87 FCC 2d 1112 (1981).

¹⁹ See, *e.g.*, *The Prescription of Revised Percentages of Depreciation pursuant to Section 220(b) of the Communications Act of 1934, as amended, for: American Telephone and Telegraph Company et al.*, 96 FCC 2d 257 (1983).

²⁰ See, *e.g.*, *The Prescription of Revised Percentages of Depreciation Pursuant to Section 220(b) of the Communications Act of 1934 as amended for: American Telephone and Telegraph Company, Long Lines Department*, 88 FCC 2d 1223 (1982), paras. 56-60.

²¹ See note 17, *supra*.

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

Effective January 1, 1988

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years)	(%)	(%)	(%)	(\$000)
	A	B	C	D=(100%-B-C)/A	E
2112 Motor Vehicles	4.9	14.0	27.1	12.0	-17
2115 Garage Work Equipment	10.9	5.0	10.0	7.8	-3
2116 Other Work Equipment	11.5	5.0	8.2	7.5	-9
2121 Buildings	26.0	-4.0	34.0	2.7	25
2122 Furniture	10.8	5.0	14.5	7.5	2
2123 Office Support Equipment	7.0	5.0	25.6	9.9	1
2123 Company Communications Eqpt	6.4	2.0	17.9	12.5	-37
2124 General Purpose Computers	4.8	5.0	17.5	16.1	-1
2211 Analog Electronic Switching	9.4	3.0	28.7	7.3	11
2212 Digital Electronic Switching	14.7	3.0	15.8	5.5	208
2215 Step-by-Step Switching	-	-	-	-	- @
2215 Crossbar Mechanical Switching	-	-7.0	-	-	- *
2231 Radio Systems	4.1	-6.0	44.9	14.9	2
2232 Digital Circuit Equipment	8.1	0.0	26.3	9.1	83
2232 Analog Circuit Equipment	6.5	-5.0	39.7	10.0	23
2351 Public Telephone	6.6	8.0	75.1	2.6	53
2362 Other Terminal Equipment	3.9	-4.0	88.6	3.9	0
2411 Poles	18.4	-32.0	27.3	5.7	-276
2421 Aerial Cable - Metallic	17.6	-31.0	38.1	5.3	-23
2421 Aerial Cable - Non Metallic	18.5	-10.0	3.2	5.8	0
2422 Underground Cable - Metallic	20.0	-46.0	41.5	5.2	476
2422 Underground Cable -Non Metal	20.0	-5.0	4.3	5.0	0
2423 Buried Cable - Metallic	23.0	-15.0	21.0	4.1	1
2423 Buried Cable - Non Metallic	24.0	-5.0	3.1	4.2	0
2426 Intrabldg Netwrk Cable-Metal	12.3	-60.0	46.6	9.2	65
2426 Intrabldg Netwrk Ca-NonMetal	11.2	-10.0	7.2	9.2	0
2431 Aerial Wire	11.4	-50.0	44.2	9.3	29
2441 Conduit Systems	42.0	-15.0	24.1	2.2	93

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

The reserve level in Column C is used to calculate the depreciation rate and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 88-14, released January 21, 1988, are continued for all accounts except for Step-by-Step and Crossbar as indicated below.

@ This account has no investment but it has incurred a reserve shortfall of \$95,643 which is to be amortized over one year ending December 31, 1988.

* As described in paragraph 21 of the Order, the net service value for the Crossbar Account is to be amortized over a three year period ending December 31, 1990.

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

Effective January 1, 1988

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years)	(%)	(%)	(%)	(\$000)
	A	B	C	D=(100%-B-C)/A	E
2112 Motor Vehicles	4.4	13.0	36.2	11.5	0
2115 Garage Work Equipment	11.0	5.0	9.6	7.8	-3
2116 Other Work Equipment	11.3	5.0	13.4	7.2	-32
2121 Buildings	33.0	-1.0	27.6	2.2	344
2122 Furniture	11.5	5.0	13.3	7.1	-8
2123 Office Support Equipment	6.8	5.0	17.9	11.3	-2
2123 Company Comm. Equipment	5.5	2.0	38.1	10.9	-401
2124 General Purpose Computers	3.4	5.0	30.9	18.9	0
2211 Analog Electronic Switching	9.2	3.0	37.9	6.4	1784
2212 Digital Electronic Switching	14.2	3.0	11.2	6.0	346
2215 Step-by-Step Switching	-	0.0	-	-	- @
2215 Crossbar Mechanical Switching	-	-4.0	-	-	- *
2220 Operator Systems	3.9	3.0	36.2	15.6	109
2231 Radio Systems	4.3	-17.0	45.5	16.6	-20
2232 Digital Circuit Equipment	8.1	8.0	27.7	7.9	720
2232 Analog Circuit Equipment	6.5	-5.0	37.1	10.4	283
2351 Public Telephone	6.3	8.0	67.3	3.9	172
2362 Other Terminal Equipment	3.8	-4.0	79.6	6.4	0
2411 Poles	19.2	-10.0	27.6	4.3	-566
2421 Aerial Cable-Metallic	17.7	-36.0	41.1	5.4	376
2421 Aerial Cable-Non Metallic	19.3	-10.0	9.0	5.2	0
2422 Underground Cable-Metallic	20.0	-25.0	37.0	4.4	1210
2422 Underground Cable-Non Metal.	21.0	-5.0	9.4	4.6	11
2423 Buried Cable-Metallic	23.0	0.0	20.3	3.5	-84
2423 Buried Cable-Non Metal.	24.0	-5.0	9.3	4.0	0
2424 Submarine Cable	1.0	0.0	65.2	34.8	-1
2426 Intrabldg Netwrk Cable-Metal.	12.5	-50.0	41.8	8.7	402
2426 Intrabldg Netwrk Ca-NonMetal.	12.3	-10.0	16.9	7.6	2
2431 Aerial Wire	11.1	-70.0	53.7	10.5	-24
2441 Conduit Systems	43.0	-15.0	30.8	2.0	451

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

The reserve level in Column C is used to calculate depreciation rates and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 88-14, released January 21, 1988, are continued for all accounts except for Step-by-Step and Crossbar as indicated below.

@ As described in FCC 85-656, the net service value for the Step-by-Step Account is to be amortized over a three year period ending June 30, 1988.

* As described in paragraph 21 of the Order, the net service value for the Crossbar Account is to be amortized over a three year period ending December 31, 1990.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
THE CITIZENS UTILITIES COMPANY OF CALIFORNIA

Effective January 1, 1988

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years)	(%)	(%)	(%)	(\$000)
	A	B	C	D=(100%-B-C)/A	E
2112 Motor Vehicles	4.4	18.0	47.8	7.8	0
2114 Special Purpose Vehicles	9.7	2.0	6.9	9.4	-2
2115 Garage Work Equipment	7.2	-20.0	11.8	15.0	0
2116 Other Work Equipment	8.3	7.0	30.5	7.5	-19
2121 Buildings	37.0	0.0	12.6	2.4	-44
2122 Furniture	13.1	6.0	20.5	5.6	-26
2123 Office Equipment	10.8	3.0	19.5	7.2	-9
2123 Company Comm. Equipment	12.0	0.0	49.2	4.2	-13
2124 General Purpose Computers	6.3	0.0	20.6	12.6	4
2211 Analog Electronic Switching	-	0.0	-	-	- *
2212 Digital Electronic Switching	12.8	6.0	14.6	6.2	-270
2215 Step By Step Switch.	0.0	0.0	100.0	5.0	0
2220 Operator Systems	9.7	0.0	3.1	10.0	-1
2231 Radio Systems	8.8	-1.0	25.6	8.6	-77
2232 Circuit Equipment	7.5	8.0	25.6	8.9	-192
2351 Public Telephone	6.6	3.0	47.4	7.5	-3
2362 Other Terminal Equipment	4.6	0.0	45.9	11.8	-3
2411 Poles	19.4	-51.0	44.2	5.5	-58
2421 Aerial Cable	15.2	-21.0	30.3	6.0	196
2422 Underground Cable	19.5	-3.0	21.3	4.2	101
2423 Buried Cable	16.7	-5.0	24.2	4.8	80
2431 Aerial Wire	7.9	-77.0	98.4	9.9	132
2441 Conduit Systems	46.0	-5.0	9.5	2.1	-47

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

The reserve level in Column C is used to calculate the depreciation rate and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 88-14, released January 21, 1988, are continued for all accounts except for Analog Electronic Switching as indicated below.

* As described in paragraph 21 of the Order, the net service value for the Analog Electronic Switching Account is to be amortized over a two year period ending December 31, 1989.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
CONTEL OF CALIFORNIA

Effective January 1, 1988

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years)	(%)	(%)	(%)	(\$000)
	A	B	C	D=(100%-B-C)/A	E
2112 Motor Vehicles	5.7	15.0	16.5	12.0	0
2113 Aircraft	4.5	50.0	35.3	3.3	0
2116 Other Work Equipment	10.6	8.0	20.0	6.8	-466
2121 Buildings	18.4	-8.0	36.1	3.9	2
2122 Furniture	10.7	3.0	16.3	7.5	116
21232 Company Comm Eq	5.8	2.0	32.6	11.3	-19
21233 Company Comm Eq EMB	-	0.0	-	-	- @
2124 General Purpose Computers	3.1	5.0	30.0	21.0	0
2212 Digital Electronic Sw VIDAR	-	0.0	-	-	- *
2212 Digital Electronic Switching	8.6	-1.0	22.5	9.1	988
2215 Electro-Mechanical Switching	2.3	-1.0	68.6	14.1	0
2220 Operator Systems	1.3	-1.0	68.9	24.7	0
2231 Radio Systems	13.1	-7.0	51.1	4.3	334
2232 Circuit Equipment	8.3	-1.0	25.7	9.1	-353
2321 Customer Premise Wiring	0.0	0.0	60.8	0.0	1941
2351 Public Telephone	4.8	2.0	49.9	10.0	80
2362 Other Terminal Equipment	5.2	5.0	38.6	10.8	57
2411 Poles	11.7	-23.0	34.2	7.6	500
2421 Aerial Cable	11.1	-23.0	41.1	7.4	888
2422 Underground Cable	17.5	-7.0	23.1	4.8	177
2423 Buried Cable	18.6	-6.0	22.0	4.5	-64
2424 Submarine Cable	8.6	0.0	65.3	4.0	-1
2431 Aerial Wire	2.4	-66.0	15.3	62.8	0
2441 Conduit Systems	39.0	-23.0	21.4	2.6	15

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

The reserve level in Column C is used to calculate the depreciation rate and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 88-14, released January 21, 1988, are continued for all accounts except for Company Comm. Equipment EMB and Digital Electronic Switching as indicated below.

@ As described in FCC 85-656, the net service value for the Company Comm. Equipment Account is to be amortized over a three year period ending April 30, 1988.

* As described in FCC 85-656, the net service value for the Digital Electronic Switching VIDAR Account is to be amortized over a five year period ending April 30, 1990.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
CONTEL OF NEW YORK, INCORPORATED

Effective January 1, 1988

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years)	(%)	(%)	(%)	(\$000)
	A	B	C	D=(100%-B-C)/A	E
2112 Vehicles	0.0	0.0	92.7	0.0	0
2114 Vehicles - Special Purpose	10.0	6.0	64.5	3.0	0
2115 Work Equipment - Garage	10.0	6.0	76.9	1.7	0
2116 Work Equipment - Other	10.0	6.0	30.1	6.4	-208
2121 Buildings	24.0	5.0	26.5	2.9	-40
2122 Furniture	15.0	10.0	27.5	4.2	-31
2123 Office Equipment	5.7	0.0	51.2	8.6	-34
2124 Computer - General Purpose	4.9	5.0	20.8	15.1	13
2211 COE Switching - Analog	1.9	0.0	58.4	21.9	0
2212 COE Switching - Digital	12.4	0.0	18.5	6.6	269
2215 COE Switch - Step-by-Step	3.3	3.0	83.4	4.1	0
2220 Operator Systems	10.6	0.0	61.0	3.7	0
2231 Radio - Microwave	11.9	0.0	20.8	6.7	-12
2232 COE Circuit	7.0	1.0	28.7	10.0	265
2351 Public Telephone Equipment	5.4	0.0	44.2	10.3	-46
2362 Other Terminal Equipment	7.0	1.0	39.1	8.6	0
2411 Pole Lines	17.2	-31.0	33.3	5.7	125
2421 Aerial Cable	15.6	-14.0	33.1	5.2	572
2422 Underground Cable	18.8	-10.0	31.0	4.2	57
2423 Buried Cable	18.5	-1.0	19.7	4.4	259
2424 Submarine Cable	16.1	-2.0	16.2	5.3	-2
2431 Aerial Wire	2.8	-55.0	46.6	38.7	0
2441 Conduit Systems	31.0	-3.0	22.7	2.6	-54

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

The reserve level in Column C is used to calculate the depreciation rate and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 88-14, released January 21, 1988, are continued.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
THE DIAMOND STATE TELEPHONE COMPANY

Effective January 1, 1989

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years) A	(%) B	(%) C	(%) D=(100%-B-C)/A	(\$000) E
2112 Motor Vehicles	2.7	27.0	42.1	11.4	-22
2115 Garage Work Equipment	10.2	2.0	26.6	7.0	1
2116 Other Work Equipment	8.6	2.0	28.2	8.1	7
2121 Buildings	30.0	3.0	24.8	2.4	107
2122 Furniture	11.0	8.0	13.6	7.1	0
2123 Office Equipment	6.0	1.0	38.3	10.1	38
2124 General Purpose Computers	4.1	8.0	12.2	19.5	6
2211 Analog Electronic Switching	9.4	3.0	35.1	6.6	1269
2212 Digital Electronic Switching	13.1	3.0	18.6	6.0	49
2220 Operator Systems	9.7	5.0	31.3	6.6	1
2231 Radio Systems	10.1	0.0	39.2	6.0	1
2232 Circuit Equipment DDS	7.8	-4.0	19.5	10.8	-13
2232 Circuit Equipment Other	6.9	4.0	27.7	9.9	641
2351 Public Telephone	5.3	1.0	48.0	9.6	16
2362 Terminal Equipment DDS	5.3	2.0	39.7	11.0	-17
2362 Terminal Equipment Other	8.3	-3.0	26.8	9.2	-243
2411 Poles	24.0	-79.0	53.6	5.2	-43
2421 Aerial Cable	12.6	-11.0	43.5	5.4	640
2422 Underground Cable	18.6	-5.0	25.7	4.3	328
2423 Buried Cable	18.9	-7.0	27.7	4.2	346
2424 Submarine Cable	14.3	0.0	36.8	4.4	0
2426 Intrabuilding Network Cable	14.5	-15.0	33.0	5.7	-5
2441 Conduit Systems	45.0	-15.0	19.6	2.1	-61

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

The reserve level in Column C is used to calculate the depreciation rate and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 88-7, released January 22, 1988, are continued.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
GTE FLORIDA INCORPORATED

Effective January 1, 1988

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years) A	(%) B	(%) C	(%) D=(100%-B-C)/A	(\$000) E
2112 Motor Vehicles	6.2	20.0	26.2	8.7	-404
2115 Garage Work Equipment	10.4	11.0	21.8	6.5	-7
2116 Other Work Equipment	8.1	1.0	20.5	9.7	-196
2121 Buildings	28.0	0.0	23.6	2.7	-333
2122 Furniture	9.4	1.0	26.4	7.7	90
2123 Office Support Equipment	6.4	2.0	32.0	10.3	48
2123 Company Comm Equipment	4.9	3.0	46.2	10.4	904
2124 General Purpose Computers	4.1	3.0	31.7	15.9	419
2211 Analog Electronic Switching	6.2	0.0	45.2	8.8	898
2212 Digital Electronic Switching	13.0	3.0	15.7	6.3	1109
2215 Electro-Mechanical Switching	0.9	-4.0	76.0	31.1	0
2220 Operator Systems	6.4	0.0	53.5	7.3	102
2231 Radio Systems	4.8	0.0	68.4	6.6	484
2232 Circuit Equipment	6.2	6.0	30.1	10.3	4074
2351 Public Telephone	3.9	4.0	57.9	9.8	233
2362 Other Terminal Equipment	5.1	3.0	43.2	10.5	530
2411 Poles	13.3	-83.0	51.0	9.9	412
2421 Aerial Cable	10.8	-18.0	33.3	7.8	930
2422 Underground Cable	19.4	-2.0	27.0	3.9	1889
2423 Buried Cable	16.0	-3.0	23.0	5.0	586
2424 Submarine Cable	12.2	-13.0	48.9	5.3	-11
2426 Intrabuilding Network Cable	14.2	-13.0	31.5	5.7	41
2431 Aerial Wire	8.2	-30.0	61.2	8.4	-53
2441 Conduit Systems	44.0	-19.0	18.9	2.3	144

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

The reserve level in Column C is used to calculate the depreciation rate and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 88-7, released January 22, 1988, are continued.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED

Effective January 1, 1989

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years)	(%)	(%)	(%)	(\$000)
	A	B	C	D=(100%-B-C)/A	E
2112 Motor Vehicles	4.9	13.0	44.1	8.8	0
2115 Garage Work Equipment	9.3	0.0	32.8	7.2	-4
2116 Other Work Equipment	6.9	5.0	43.8	7.4	-120
2121 Buildings	32.0	-3.0	21.6	2.5	-508
2122 Furniture	11.0	4.0	21.0	6.8	-54
2123 O.E.-Office Support Eqpt.	5.4	4.0	25.9	13.0	0
2123 O.E.- Company Comm. Eqpt.	3.6	0.0	55.6	12.3	0
2124 General Purpose Computers	4.8	5.0	23.9	14.8	0
2211 Analog Electronic Switching	6.3	-1.0	51.8	7.8	1294
2212 Digital Electronic Switching	12.9	0.0	16.9	6.4	-51
2215 EMS Step-by-Step	1.7	-6.0	81.9	14.2	0
2215 EMS-Crossbar	-	0.0	-	-	- *
2215 EMS-Autovon	-	-	-	-	- *
2220 Operator Systems	3.9	-5.0	52.3	13.5	0
2231 Radio Systems	7.1	-4.0	40.1	9.0	27
2232 CE-Analog Transpacific	6.1	-5.0	61.6	7.1	-431
2232 Circuit Equipment	8.0	10.0	31.3	7.3	48
2341 Large PBX	0.0	0.0	98.8	12.7	0
2351 Public Telephone	5.4	5.0	67.0	5.2	0
2362 Other Terminal Equipment	7.5	0.0	44.0	7.5	0
2411 Poles	21.0	-38.0	27.3	5.3	-386
2421 Aerial Cable	20.0	-13.0	28.9	4.2	-403
2422 Underground Cable	21.0	-17.0	22.6	4.5	90
2423 Buried Cable	23.0	-10.0	22.0	3.8	-129
2424 Submarine Cable	7.8	-1.0	44.4	7.3	0
2425 Deep Sea Cable	7.8	-1.0	52.2	6.3	-764
2426 Intrabuilding Network Cable	15.4	-15.0	27.7	5.7	0
2431 Aerial Wire	6.8	-31.0	57.7	10.8	37
2441 Conduit Systems	40.0	-15.0	25.8	2.2	138

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

The reserve level in Column C is used to calculate the depreciation rate and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 88-14, released January 21, 1988, are continued for all accounts except for EMS Crossbar and EMS Autovon as indicated below.

* As described in paragraph 21 of the Order, the net service value for the EMS Crossbar Account and the EMS Autovon Account is to be amortized over a three year period ending December 31, 1991.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
GTE NORTH INCORPORATED - MICHIGAN

Effective January 1, 1989

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years) A	(%) B	(%) C	(%) D=(100%-B-C)/A	(\$000) E
2112 Motor Vehicles	4.0	12.0	45.7	10.6	0
2113 Aircraft	1.5	40.0	60.0	0.0	0
2115 Garage Work Equipment	6.9	0.0	38.2	9.0	1
2116 Other Work Equipment	6.5	5.0	43.1	8.0	-86
2121 Buildings	28.0	-3.0	30.3	2.6	-68
2122 Furniture	9.0	5.0	24.0	7.9	71
2123 Company Comm. Equipment	3.3	1.0	54.3	13.5	0
2124 General Purpose Computers	3.2	5.0	19.0	23.8	0
2211 Analog Electronic Switching	8.1	0.0	41.5	7.2	-407
2212 Digital Electronic Switching	13.0	0.0	15.7	6.5	-115
2215 Electro Mechanical - Switching	4.4	6.0	52.5	9.4	0
2215 Electro Mechanical - Recording	4.5	3.0	60.3	8.2	0
2220 Operator Systems	3.2	-1.0	71.1	9.3	0
2231 Radio Facilities	5.5	-8.0	40.8	12.2	-18
2232 Circuit Equipment	7.3	4.0	39.5	7.7	1125
2351 Public Tel.-Terminal Equipment	5.4	1.0	26.6	13.4	0
2362 Oth. Term. Equip.-Ntwk. Chnl.	3.0	1.0	65.2	11.3	0
2411 Poles	14.1	-63.0	59.6	7.3	498
2421 Aerial Cable - Metallic	19.0	-53.0	43.0	5.8	948
2421 Aerial Cable - Non Metallic	22.0	-30.0	7.4	5.6	1
2422 Underground - Metallic	23.0	-15.0	30.4	3.7	44
2422 Underground - Non Metallic	24.0	-13.0	6.8	4.4	0
2423 Buried Cable - Metallic	17.5	-12.0	29.3	4.7	250
2423 Buried Cable - Non Metallic	21.0	-12.0	19.8	4.4	44
2424 Submarine Cable	9.5	-2.0	47.6	5.7	16
2426 Intrbldg. Netwk. Cable	11.9	-12.0	35.8	6.4	0
2431 Aerial Wire	0.0	-50.0	149.4	5.0	0
2441 Conduit Systems	43.0	-8.0	22.4	2.0	56

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

The reserve level in Column C is used to calculate the depreciation rate and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 88-14, released January 21, 1988, are continued.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
GTE NORTH INCORPORATED - MINNESOTA

Effective January 1, 1988

Rate Category Description	Average Remaining Life	Future Net Salvage	12/31/87 Book Reserve	Remaining Life Rate
	(years) A	(%) B	(%) C	(%) D=(100%-B-C)/A
2112 Motor Vehicles	2.9	10.0	54.1	12.4
2116 Other Work Equipment	7.5	5.0	1.9	12.4
2121 Buildings	13.1	-12.0	55.2	4.3
2123 Company Comm. Equipment	3.0	0.0	80.1	6.6
2212 Digital Electro Switching	18.0	10.0	0.0	5.0
2215 Electro Mechanical - Switching	4.7	7.0	55.3	8.0
2216 E/M - Recording Equipment	2.6	-6.0	83.2	8.8
2232 Circuit Equipment	7.6	8.0	27.8	8.4
2351 Public Tel. Terminal Equipment	2.8	20.0	62.2	6.4
2362 Oth. Term. Equip.-Ntwk. Chnl.	3.0	0.0	53.4	15.5
2411 Poles	8.4	-22.0	32.7	10.6
2421 Aerial Cable-Metallic	10.0	-24.0	49.3	7.5
2422 Underground Cable-Metallic	29.0	-5.0	14.1	3.1
2423 Buried Cable-Metallic	15.9	-6.0	38.2	4.3
2431 Aerial Wire	-	-46.0	146.0	5.0
2441 Conduit Systems	33.0	-5.0	45.0	1.8

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

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
GTE NORTH INCORPORATED - MISSOURI

Effective January 1, 1989

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense	First Year ELG
	(years)	(%)	(%)	(%)	(\$000)	
	A	B	C	D=(100%-B-C)/A	E	
2112 Motor Vehicles	4.3	13.0	37.1	11.6	0	1982
2115 Garage Work Equipment	12.2	0.0	24.8	6.2	0	1982
2116 Other Work Equipment	10.1	6.0	22.8	7.0	19	1982
2121 Buildings	29.0	5.0	26.9	2.3	-99	1982
2122 Furniture	8.4	9.0	32.6	7.0	5	1982
2123 Company Comm. Equipment	5.0	-5.0	33.1	14.4	0	
2124 General Purpose Computers	3.3	8.0	12.9	24.0	0	1986
2211 Analog Electronic Switching	0.0	0.0	0.0	0.0	704	1982
2212 Digital Electronic Switching	12.9	10.0	14.0	5.9	-478	1982
2215 Electro Mechanical-Switching	5.4	1.0	58.5	7.5	449	
2215 Recording Equipment	6.2	0.0	47.2	8.5	-5	
2231 Radio Facilities	5.7	-5.0	54.8	8.8	4	1982
2232 Circuit Equipment	6.7	20.0	23.9	8.4	389	1982
2351 Public Tel. Term. Equipment	5.1	1.0	31.0	13.3	-71	
2362 Other Term. Equip. Ntwk. Chnl.	3.6	1.0	77.9	5.9	0	
2411 Poles	11.4	-25.0	39.5	7.5	-13	1982
2421 Aerial Cable-Metallic	10.5	-6.0	32.3	7.0	304	1982
2421 Aerial Cable-Non Metallic	21.0	-5.0	9.1	4.6	-0	1983
2422 Underground-Metallic	18.7	0.0	25.9	4.0	127	1982
2422 Underground-Non Metallic	25.0	-2.0	7.6	3.8	0	1982
2423 Buried Cable-Metallic	13.0	0.0	30.5	5.3	333	1982
2423 Buried Cable-Non Metallic	21.0	-2.0	8.9	4.4	-6	1983
2426 Intrabldg. Netwk. Cable	12.0	-7.0	31.5	6.3	0	1982
2431 Aerial Wire	4.4	-42.0	73.7	15.5	0	1982
2441 Conduit Systems	42.0	-8.0	22.4	2.0	-11	1982

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

Since amortization for this jurisdiction is being ordered for the first time here, the reserve level in Column C is the theoretical reserve. The amortization amounts in Column E reflect amortization of the January 1, 1988 reserve imbalance over a five year period.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
GTE NORTHWEST INCORPORATED - IDAHO

Effective January 1, 1989

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years)	(%)	(%)	(%)	(\$000)
	A	B	C	D=(100%-B-C)/A	E
2112 Motor Vehicles	5.2	20.0	34.3	8.8	0
2115 Garage Work Equipment	12.8	5.0	41.8	4.2	3
2116 Other Work Equipment	9.2	13.0	27.1	6.5	-20
2121 Buildings	24.0	9.0	19.8	3.0	50
2122 Furniture	14.0	20.0	16.9	4.5	-4
2123 Office Equipment	8.8	15.0	35.1	5.7	-5
2123 Company Comm. Equipment	4.2	0.0	56.3	10.4	0
2124 General Purpose Computers	3.9	10.0	30.5	15.3	0
2212 Digital Electronic Switching	14.0	3.0	22.0	5.4	298
2215 Step-by-Step Switching Equip.	6.8	0.0	60.8	5.8	1367
2220 Analog Operator Systems	8.5	-3.0	25.0	9.2	0
2232 Digital Cir. Test. Equipment	8.0	10.0	25.8	8.0	18
2232 Lightwave Circ. Equipment	8.7	7.0	33.9	6.8	325
2351 Public Tel. Coin Operated	3.7	0.0	63.3	9.9	0
2351 Public Tel. Coinless	6.7	0.0	27.8	10.8	0
2362 Terminating Equipment	3.9	0.0	31.2	17.6	0
2362 Multi-Plexing Equipment	2.2	0.0	55.0	20.5	0
2411 Poles	14.7	-70.0	58.2	7.6	221
2421 Aerial Cable - Metallic	14.8	-30.0	34.2	6.5	73
2421 Aerial Cable - Non Metallic	18.4	-5.0	16.7	4.8	0
2422 UG Cable-Metallic	21.0	-12.0	23.5	4.2	42
2422 UG Cable-Non Metallic	18.4	-5.0	10.6	5.1	0
2423 Buried Cable - Metallic	15.9	-10.0	24.6	5.4	289
2423 Buried Cable - Non Metallic	18.4	-5.0	10.9	5.1	0
2424 Submarine Cable - Metallic	13.4	0.0	49.0	3.8	18
2426 Intrabuilding - Metallic	14.1	-30.0	28.9	7.2	0
2431 Aerial Wire	13.0	-75.0	83.0	7.1	34
2441 Conduit Systems	40.0	-5.0	20.1	2.1	6

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

The reserve level in Column C is used to calculate the depreciation rate and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 88-14, released January 21, 1988, are continued.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
GTE NORTHWEST INCORPORATED - MONTANA

Effective January 1, 1989

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years)	(%)	(%)	(%)	(\$000)
	A	B	C	$D = (100\% - B - C) / A$	E
2112 Motor Vehicles	5.2	20.0	40.2	7.7	0
2116 Other Work Equipment	9.2	13.0	35.9	5.6	5
2121 Buildings	21.0	9.0	29.3	2.9	-3
2122 Furniture	14.0	20.0	25.4	3.9	-1
2123 Office Equipment	8.8	15.0	24.3	6.9	-2
2123 Company Comm. Equipment	4.2	0.0	65.1	8.3	0
2215 Electromechanical	7.1	-5.0	58.8	6.5	-6
2231 Radio	9.9	0.0	31.9	6.9	20
2232 Circuit	8.3	0.0	33.7	8.0	3
2351 Public Tel. - Coin Operated	3.7	0.0	67.3	8.8	0
2362 Terminating Equipment	3.9	0.0	72.0	7.2	0
2362 Multi-Plexing Equipment	2.2	0.0	76.5	10.7	0
2411 Poles	14.9	-70.0	76.2	6.3	40
2421 Aerial Cable - Metallic	12.9	-40.0	51.5	6.9	28
2422 Underground Cable - Metallic	19.7	-20.0	27.6	4.7	2
2423 Buried Cable - Metallic	18.2	-15.0	27.9	4.8	22
2426 Intrabldg. - Metallic	12.3	-40.0	42.8	7.9	0
2431 Aerial Wire	6.1	-70.0	42.4	20.9	14
2441 Conduit Systems	45.0	-5.0	8.0	2.2	0

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

The reserve level in Column C is used to calculate the depreciation rate and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 88-14, released January 21, 1988, are continued.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
GTE NORTHWEST INCORPORATED - OREGON

Effective January 1, 1989

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years)	(%)	(%)	(%)	(\$000)
	A	B	C	D=(100%-B-C)/A	E
2112 Motor Vehicles	5.2	20.0	38.9	7.9	0
2115 Garage Work Equipment	12.8	5.0	38.6	4.4	1
2116 Other Work Equipment	9.2	13.0	25.5	6.7	-14
2121 Buildings	32.0	13.0	15.5	2.2	77
2122 Furniture	14.0	20.0	14.5	4.7	-48
2123 Office Equipment	8.8	15.0	28.8	6.4	-15
2123 Company Comm. Equipment	4.2	5.0	62.3	7.8	0
2124 General Purpose Computers	3.9	10.0	32.5	14.7	0
2211 Analog Electronic Switching	8.2	2.0	25.8	8.8	0
2212 Digital Electronic Switching	12.8	3.0	14.5	6.4	118
2214 Electromechanical Switching	5.8	-1.0	8.9	15.9	0
2220 Analog Operator Systems	3.0	-3.0	78.5	8.2	0
2231 Radio	7.9	5.0	47.9	6.0	-28
2232 Circuit	8.2	7.0	30.2	7.7	589
2351 Public Tel. - Coin Operated	3.7	5.0	73.3	5.9	0
2351 Public Telephone - Coinless	6.7	5.0	22.9	10.8	0
2362 Terminating Equipment	3.9	0.0	59.6	10.4	0
2362 Multi-Plexing Equipment	2.2	0.0	73.8	11.9	0
2411 Poles	16.6	-85.0	62.0	7.4	343
2421 Aerial Cable - Metallic	16.3	-35.0	46.7	5.4	1172
2421 Aerial Cable - Non Metal.	18.7	-5.0	6.4	5.3	0
2422 Underground Cable - Metallic	21.0	-25.0	25.6	4.7	226
2422 UG. Cable - Non Metal.	18.5	-5.0	11.5	5.1	0
2423 Buried Cable - Metallic	15.3	-10.0	26.7	5.4	159
2423 Buried Cable - Non Metal.	18.7	-5.0	1.3	5.5	0
2424 Submarine Cable - Metallic	9.3	0.0	52.5	5.1	10
2426 Intrabldg. -Metallic	13.0	-35.0	39.7	7.3	0
2431 Aerial Wire	13.1	-80.0	85.8	7.2	93
2441 Conduit Systems	42.0	-5.0	12.9	2.2	-47

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

The reserve level in Column C is used to calculate the depreciation rate and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 88-14, released January 21, 1988, are continued.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
GTE NORTHWEST INCORPORATED - WASHINGTON

Effective January 1, 1989

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years) A	(%) B	(%) C	(%) D=(100%-B-C)/A	(\$000) E
2112 Motor Vehicles	5.2	20.0	36.8	8.3	0
2113 Aircraft	3.5	70.0	-6.9	10.5	0
2115 Garage Work Equipment	12.8	5.0	39.8	4.3	5
2116 Other Work Equipment	9.2	13.0	29.4	6.3	125
2121 Buildings	31.0	14.0	9.6	2.5	492
2122 Furniture	14.0	20.0	14.7	4.7	-191
2123 Office Equipment	8.8	15.0	31.5	6.1	-6
2123 Company Comm. Equipment	4.2	5.0	55.8	9.3	0
2124 General Purpose Computers	4.6	10.0	32.3	12.5	0
2211 Analog Electronic Switch.	8.5	2.0	34.6	7.5	1434
2212 Digital Electronic Switch.	12.8	5.0	16.8	6.1	65
2215 Electromechanical Switch.	3.8	0.0	5.7	24.8	0
2220 Operator Systems	1.9	1.0	58.3	21.4	500
2220 Operator Systems - General	5.8	1.0	28.8	12.1	0
2231 Radio Systems	7.4	10.0	37.0	7.2	81
2232 Circuit Equipment	7.9	10.0	28.2	7.8	995
2351 Public Tel. - Coin Operated	3.7	10.0	66.1	6.5	0
2351 Public Tel. - Coinless	6.7	10.0	27.3	9.4	0
2362 Terminating Equipment	5.5	0.0	74.4	4.7	0
2362 Multiplexing Equipment	3.6	0.0	90.6	2.6	0
2411 Poles	17.2	-86.0	58.1	7.4	749
2421 Aerial Cable - Metallic	14.4	-33.0	31.1	7.1	455
2421 Aerial Cable - Non Metal.	18.6	-5.0	8.0	5.2	0
2422 UG. Cable - Metallic	19.1	-20.0	31.6	4.6	1031
2422 UG. Cable - Non Metal.	22.0	-5.0	10.9	4.3	0
2423 Buried Cable - Metallic	17.4	-5.0	25.9	4.5	802
2423 Buried Cable - Non Metal.	18.6	-5.0	5.0	5.4	0
2424 Submarine Cable - Metallic	9.3	0.0	52.7	5.1	-13
2426 Intrabldg. - Metallic	13.0	-35.0	34.2	7.8	0
2426 Intrabldg. - Non Metal.	16.8	-5.0	13.2	5.5	0
2431 Aerial Wire	10.4	-60.0	85.3	7.2	28
2441 Conduit Systems	41.0	-5.0	17.8	2.1	87

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

The reserve level in Column C is used to calculate the depreciation rate and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 88-14, released January 21, 1988, are continued.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
THE ILLINOIS BELL TELEPHONE COMPANY
Effective January 1, 1989

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years)	(%)	(%)	(%)	(\$000)
	A	B	C	D=(100%-B-C)/A	E
2112 Motor Vehicles	4.0	13.0	46.1	10.2	-1324
2115 Garage Work Equipment	10.6	8.0	55.8	3.4	-8
2115 Other Work Equipment	6.8	8.0	38.7	7.8	-81
2121 Buildings	31.0	0.0	27.4	2.3	3625
2122 Furniture	9.5	5.0	28.8	7.0	588
2123 Office Support Equipment	7.0	5.0	30.3	9.2	397
2123 OCE - Station Apparatus	7.5	25.0	7.9	8.9	115
2123 Other Comm. Equipment - PBX	3.1	0.0	80.8	6.2	11
2124 Computer Systems	3.7	3.0	28.8	18.4	-4518
2124 Other Comm. Equipment - Data	6.3	-1.0	28.7	11.5	1675
2211 C.O.E. - Electronic Analog	8.2	-1.0	44.5	6.9	43344
2212 C.O.E. - Electronic Digital	12.9	2.0	12.7	6.6	-272
2215 C.O.E. - Step-by-Step CDO	-	-7.0	-	-	- *
2215 C.O.E. - Crossbar	-	-8.0	-	-	- *
2220 C.O.E. - Operator Systems	6.1	3.0	56.9	6.6	-364
2231 C.O.E. - Radio	9.0	2.0	37.5	6.7	20
2232 C.O.E. - Circuit DDS	6.0	-1.0	29.4	11.9	11
2232 C.O.E. - Circuit Digital	7.2	-1.0	29.8	9.9	8890
2232 C.O.E. - Circuit Analog	6.4	-6.0	43.6	9.8	4458
2341 Large PBX	-	-	102.9	5.0	-103
2351 Public Telephone Equipment	5.0	2.0	37.9	12.0	-234
2362 Other Terminal Equipment	-	-	95.3	5.0	-998
2411 Poles	23.0	-89.0	76.5	4.9	2654
2421 Aerial Cable Exch. - Metallic	18.3	-54.0	38.4	6.3	6430
2421 Aerial Cable Toll - Metallic	5.2	15.0	8.2	14.8	0
2422 Ungrd. Cable Exch. - Optic	16.7	-16.0	13.2	6.2	100
2422 Ungrd. Cable Toll - Optic	16.5	0.0	8.3	5.6	156
2422 Ungrd. Cable Exch - Metallic	18.8	-19.0	41.6	4.1	20425
2422 Ungrd. Cable Toll - Metallic	10.1	3.0	43.2	5.3	875
2423 Buried Cable Exch. - Optic	19.8	-10.0	6.2	5.2	0
2423 Buried Cable Toll - Optic	15.6	0.0	9.3	5.8	54
2423 Buried Cable Exch. - Metallic	17.0	-12.0	29.9	4.8	11830
2423 Buried Cable Toll - Metallic	9.7	1.0	50.2	5.0	713
2424 Submarine Cable - Metallic	15.8	-2.0	62.9	2.5	11
2426 Intrabldg. - Optic	14.4	-6.0	14.1	6.4	11
2426 Intrabldg. - Metallic	17.8	-7.0	30.8	4.3	4207
2441 Underground Conduit	48.0	-5.0	24.0	1.7	1787

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

The reserve level in Column C is used to calculate the depreciation rate and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 87-32, released January 29, 1987, are continued for all accounts except for Step-by-Step CDO and Crossbar as indicated below.

* As described in paragraph 21 of the Order, the net service value for the Step-by-Step CDO Account and the Crossbar Account is to be amortized over a three year period ending

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
MOUNTAIN STATES TELEPHONE AND TELEGRAPH COMPANY - ARIZONA

Effective January 1, 1988

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years)	(%)	(%)	(%)	(\$000)
	A	B	C	D=(100%-B-C)/A	E
2112 Motor Vehicles	4.1	19.0	39.0	10.2	-9
2114 Special Purpose Vehicles	12.2	23.0	20.8	4.6	-83
2115 Garage Work Equipment	12.2	23.0	20.7	4.6	-19
2116 Other Work Equipment	12.2	23.0	20.8	4.6	-186
2121 Buildings	30.0	-10.0	16.0	3.1	456
2122 Furniture	12.9	3.0	20.9	5.9	33
2123 Office Equipment	7.3	5.0	20.9	10.2	13
2123 Company Comm. Equipment	3.5	1.0	51.6	13.5	-14
2124 General Purpose Computers	4.9	5.0	46.8	9.8	0
2211 Analog Electronic Switching	9.5	2.0	28.9	7.3	4845
2212 Digital Electronic Switching	13.3	3.0	7.4	6.7	0
2215 Step By Step Switching	4.9	-15.0	67.4	9.7	0
2215 Crossbar Switching	2.2	-2.0	41.0	27.7	0
2220 Operator Systems	9.0	3.0	37.8	6.6	87
2231 Radio Systems	9.1	-8.0	36.7	7.8	-125
2231 Circuit DDS	4.6	-4.0	41.9	13.5	159
2232 Circuit Equipment	7.3	3.0	26.6	9.6	4056
2351 Public Telephone	2.5	1.0	72.8	10.5	0
2362 Large PBX-DDS	6.0	1.0	62.4	6.1	0
2362 Large PBX-Other	6.0	3.0	71.3	4.3	0
2411 Poles	16.7	-49.0	38.4	6.6	-1030
2421 Aerial Cable	15.1	-9.0	38.5	4.7	1501
2422 Underground Cable	21.0	-3.0	23.8	3.8	3822
2423 Buried Cable	18.7	1.0	23.2	4.1	3766
2424 Submarine Cable	21.0	0.0	-107.5	9.9	0
2426 Intrabuilding Network Cable	14.5	-12.0	12.3	6.9	-1982
2431 Aerial Wire	12.1	-32.0	30.1	8.4	335
2441 Conduit Systems	48.0	-11.0	17.7	1.9	541

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

The reserve level in Column C is used to calculate the depreciation rate and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 88-14, released January 21, 1988, are continued.

FEDERAL COMMUNICATIONS COMMISSION
 Schedule of Annual Percentages of Depreciation for
 MOUNTAIN STATES TELEPHONE AND TELEGRAPH COMPANY - COLORADO

Effective January 1, 1989

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years) A	(%) B	(%) C	(%) D=(100%-B-C)/A	(\$000) E
2112 Motor Vehicles	3.7	11.0	52.1	10.0	0
2113 Aircraft	2.4	50.0	36.7	5.5	0
2114 Special Purpose Vehicles	9.5	8.0	0.0	9.7	0
2115 Garage Work Equipment	9.5	8.0	39.4	5.5	15
2116 Other Work Equipment	9.5	8.0	39.5	5.5	271
2121 Buildings	31.0	-10.0	20.5	2.9	851
2122 Furniture	10.1	1.0	18.0	8.0	-35
2123 Office Equipment	5.4	0.0	18.2	15.1	-44
2123 Company Comm. Equipment	4.4	-1.0	53.3	10.8	335
2124 General Purpose Computers	3.4	2.0	42.0	16.5	0
2211 Analog Electronic Switching	9.3	4.0	28.6	7.2	9380
2212 Digital Electronic Switching	13.7	5.0	9.1	6.3	0
2215 Step By Step Switching	5.4	-5.0	64.9	7.4	1013
2215 Crossbar Switching	2.1	-5.0	59.6	21.6	0
2220 Operator Systems	6.8	4.0	5.1	13.4	10
2231 Radio Systems	9.0	-7.0	27.2	8.9	-160
2231 Circuit DDS	4.4	-2.0	27.6	16.9	-249
2232 Circuit Equipment	7.4	1.0	28.5	9.5	1739
2351 Public Telephone	4.4	2.0	73.9	5.5	407
2362 Large PBX-DDS	3.2	1.0	72.6	8.3	0
2362 Large PBX-Other	5.1	-1.0	77.7	4.6	0
2411 Poles	13.8	-49.0	58.7	6.5	269
2421 Aerial Cable	15.9	-13.0	33.6	5.0	1360
2422 Underground Cable	19.3	-8.0	21.5	4.5	2986
2423 Buried Cable	18.3	0.0	22.3	4.2	1289
2424 Submarine Cable	18.4	0.0	25.8	4.0	-1
2426 Intrabuilding Network Cable	13.1	-2.0	31.0	5.4	-179
2431 Aerial Wire	5.7	-30.0	60.0	12.3	1370
2441 Conduit Systems	46.0	-7.0	15.6	2.0	-38

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

The reserve level in Column C is used to calculate the depreciation rate and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 85-656, released December 31, 1985, are continued.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
MOUNTAIN STATES TELEPHONE AND TELEGRAPH COMPANY - IDAHO

Effective January 1, 1988

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years)	(%)	(%)	(%)	(\$000)
	A	B	C	D=(100%-B-C)/A	E
2112 Motor Vehicles	3.9	17.0	37.6	11.6	-13
2114 Special Purpose Vehicles	10.0	12.0	0.0	8.8	0
2115 Garage Work Equipment	10.0	12.0	37.0	5.1	-6
2116 Other Work Equipment	10.0	12.0	36.3	5.2	-107
2121 Buildings	30.0	-1.0	25.9	2.5	110
2122 Furniture	11.7	3.0	20.8	6.5	-11
2123 Office Equipment	6.1	4.0	19.6	12.5	-8
2123 Company Comm. Equipment	4.7	1.0	44.5	11.6	0
2124 General Purpose Computers	3.5	0.0	39.1	17.4	0
2211 Analog Electronic Switching	9.3	3.0	31.7	7.0	1236
2212 Digital Electronic Switching	16.0	3.0	6.8	5.6	0
2215 Step By Step Switching	1.4	-6.0	67.3	27.6	0
2215 Crossbar Switching	1.4	-1.0	74.3	19.1	0
2220 Operator Systems	8.4	3.0	23.9	8.7	2
2231 Radio Systems	7.8	0.0	61.1	5.0	-101
2231 Circuit DDS	6.8	-4.0	38.4	9.6	0
2232 Circuit Equipment	7.5	6.0	31.1	8.4	239
2351 Public Telephone	3.2	1.0	57.6	12.9	0
2362 Large PBX-DDS	4.5	1.0	52.3	10.4	0
2362 Large PBX-Other	4.7	1.0	62.1	7.9	0
2411 Poles	10.6	-51.0	52.1	9.3	214
2421 Aerial Cable	13.1	-16.0	33.0	6.3	572
2422 Underground Cable	20.0	-1.0	26.4	3.7	489
2423 Buried Cable	20.0	-2.0	23.6	3.9	530
2424 Submarine Cable	23.0	0.0	45.4	2.4	0
2426 Intrabuilding Network Cable	13.4	-4.0	30.9	5.5	-18
2431 Aerial Wire	5.1	-51.0	-51.2	39.6	572 @
2441 Conduit Systems	47.0	-7.0	19.4	1.9	67

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

The reserve level in Column C is used to calculate the depreciation rate and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 88-14, released January 21, 1988, are continued except for Aerial Wire as indicated below.

@ As described in FCC 85-656, the January 1, 1985 reserve imbalance is to be amortized over a three year period ending September 30, 1988.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
MOUNTAIN STATES TELEPHONE AND TELEGRAPH COMPANY - MONTANA

Effective January 1, 1989

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years)	(%)	(%)	(%)	(\$000)
	A	B	C	D=(100%-B-C)/A	E
2112 Motor Vehicles	3.8	14.0	45.9	10.6	0
2114 Special Purpose Vehicles	10.5	19.0	0.0	7.7	0
2115 Garage Work Equip	10.7	19.0	25.9	5.1	-3
2116 Other Work Equipment	10.5	19.0	23.3	5.5	-167
2121 Buildings	22.0	-10.0	30.4	3.6	582
2122 Furniture	10.6	1.0	24.7	7.0	-14
2123 Office Support Equip	6.0	1.0	25.2	12.3	-6
2123 Company Comm Equip	3.2	1.0	62.1	11.5	0
2124 General Purpose Cmptr	3.2	5.0	26.6	21.4	0
2211 Analog Elect Sw Equip	9.2	3.0	33.0	7.0	554
2212 Digital Elect Sw Eq	13.3	3.0	9.3	6.6	0
2215 Step By Step Sw	6.0	-7.0	52.9	9.0	0
2215 Crossbar Switching	4.2	-3.0	47.8	13.1	0
2220 Operator Systems	7.1	3.0	35.5	8.7	17
2231 Radio Systems	10.0	-8.0	50.8	5.7	-8
2232 Circuit Equipment	7.7	2.0	29.7	8.9	481
2232 Circuit DDS	8.0	-3.0	0.0	12.9	0
2251 Pub Tele Term Equip	5.3	1.0	60.4	7.3	0
2362 Large PBX - DDS	6.0	1.0	0.0	16.5	0
2362 Large PBX - OTH	6.1	1.0	65.5	5.5	0
2411 Pole Lines	8.9	-60.0	87.7	8.1	1066
2421 Aerial Cable	17.0	-18.0	27.8	5.3	-31
2422 Underground Cable	18.4	-21.0	32.2	4.8	400
2423 Buried Cable	20.0	8.0	19.0	3.7	46
2424 Submarine Cable	20.0	0.0	40.1	3.0	-1
2426 Intra Ntwk Cable	14.7	10.0	25.2	4.4	26
2431 Aerial Wire	4.6	-40.0	79.2	13.2	784
2441 Conduit Systems	48.0	-7.0	27.0	1.7	86

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

The reserve level in Column C is used to calculate the depreciation rate and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 88-14, released January 21, 1988, are continued for all accounts except for Aerial Wire as indicated below.

@ Amortization of the reserve imbalance over a two year period ending December 31, 1990.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
MOUNTAIN STATES TELEPHONE AND TELEGRAPH COMPANY - NEW MEXICO

Effective January 1, 1988

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years)	(%)	(%)	(%)	(\$000)
	A	B	C	D=(100%-B-C)/A	E
2112 Motor Vehicles	3.8	16.0	38.4	12.0	61
2114 Special Purpose Vehicles	9.2	10.0	0.0	9.8	0
2115 Garage Work Equipment	9.2	10.0	26.0	7.0	-3
2116 Other Work Equipment	9.2	10.0	25.9	7.0	-138
2121 Buildings	28.0	-5.0	18.1	3.1	-98
2122 Furniture	11.7	1.0	51.8	4.0	91
2123 Office Support Equip	5.2	0.0	-26.6	24.3	0
2123 Company Comm. Equipment	2.9	4.0	59.1	12.7	0
2124 Gen'l Purpose Computers	3.3	2.0	34.3	19.3	0
2211 Analog Elect Switching	9.7	3.0	27.7	7.1	2189
2212 Digital Elect Switching	10.9	3.0	8.3	8.1	0
2215 Step By Step Switching	4.4	-16.0	55.8	13.7	0
2215 Crossbar Switching	2.3	-10.0	54.2	24.3	0
2220 Operator Systems	7.1	3.0	30.9	9.3	0
2231 Radio Systems	8.1	-5.0	36.2	8.5	200
2232 Circuit - DDS	4.4	-4.0	5.3	22.4	-12
2232 Circuit Equip. Other	7.3	3.0	26.4	9.7	1186
2341 Large PBX - DDS	4.0	1.0	71.0	7.0	0
2341 Large PBX - Oth	4.5	1.0	47.4	11.5	0
2351 Pub. Tele. Term. Equipment	2.4	1.0	76.1	9.5	0
2411 Poles	11.9	-27.0	44.9	6.9	-211
2421 Aerial Cable	15.9	-16.0	35.0	5.1	467
2422 Underground Cable	19.3	-1.0	22.1	4.1	346
2423 Buried Cable	19.4	-3.0	25.1	4.0	1340
2424 Submarine Cable	22.0	0.0	90.4	0.4	0
2426 Intrabuilding Network Cable	14.1	-7.0	26.6	5.7	45
2431 Aerial Wire	6.8	-20.0	-5.0	18.4	0
2441 Conduit Systems	47.0	-7.0	17.2	1.9	28

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

The reserve level in Column C is used to calculate the depreciation rate and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 88-14, released January 21, 1988, are continued.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
MOUNTAIN STATES TELEPHONE AND TELEGRAPH COMPANY - UTAH

Effective January 1, 1988

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years)	(%)	(%)	(%)	(\$000)
	A	B	C	D=(100%-B-C)/A	E
2112 Motor Vehicles	3.6	11.0	44.3	12.4	-120
2114 Special Purpose Vehicles	9.7	14.0	0.0	8.9	0
2115 Garage Work Equipment	9.7	14.0	-10.7	10.0	-22
2116 Other Work Equipment	9.7	14.0	24.1	6.4	-239
2121 Buildings	34.0	-2.0	19.8	2.4	588
2122 Furniture	7.9	2.0	15.2	10.5	81
2123 Office Equipment	6.0	1.0	9.8	14.9	27
2123 Company Comm. Equipment	2.2	1.0	93.6	2.5	0
2124 General Purpose Computers	3.1	2.0	40.5	18.5	0
2211 Analog Electronic Switching	9.6	1.0	27.9	7.4	2645
2212 Digital Electronic Switching	12.7	3.0	14.1	6.5	0
2215 Step By Step Switching	5.4	-5.0	58.7	8.6	0
2215 Crossbar Switching	2.0	-2.0	71.1	15.5	0
2220 Operator Systems	11.2	3.0	21.9	6.7	70
2231 Radio Systems	8.2	-5.0	29.5	9.2	-168
2231 Circuit DDS	3.8	0.0	26.7	19.3	-27
2232 Circuit Equipment	7.2	0.0	31.1	9.6	2942
2351 Public Telephone	2.2	1.0	61.3	17.1	0
2362 Large PBX-DDS	4.3	5.0	40.4	12.7	0
2362 Large PBX-Other	0.0	5.0	95.0	0.0	0
2411 Poles	16.1	-46.0	36.3	6.8	-334
2421 Aerial Cable	16.9	-9.0	34.6	4.4	382
2422 Underground Cable	19.4	-10.0	27.0	4.3	1463
2423 Buried Cable	22.0	-1.0	25.1	3.5	2148
2426 Intrabuilding Network Cable	13.1	-3.0	34.8	5.2	132
2431 Aerial Wire	5.8	8.0	44.0	8.3	-1
2441 Conduit Systems	45.0	-7.0	23.5	1.9	143

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

The reserve level in Column C is used to calculate the depreciation rate and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 85-656, released December 31, 1985, are continued.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
MOUNTAIN STATES TELEPHONE AND TELEGRAPH COMPANY - WYOMING

Effective January 1, 1989

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years)	(%)	(%)	(%)	(\$000)
	A	B	C	D=(100%-B-C)/A	E
2112 Motor Vehicles	3.7	8.0	53.1	10.5	0
2114 Special Purpose Vehicles	19.4	11.0	0.0	4.6	0
2115 Garage Work Equipment	19.3	12.0	15.5	3.8	-13
2116 Other Work Equipment	19.4	11.0	17.7	3.7	-161
2121 Buildings	29.0	-9.0	24.1	2.9	173
2122 Furniture	8.8	0.0	30.9	7.9	23
2123 Office Equipment	5.9	0.0	32.9	11.4	16
2123 Company Comm. Equipment	2.1	0.0	58.9	19.6	0
2124 General Purpose Computers	3.1	0.0	29.1	22.9	0
2211 Analog Electronic Switch.	10.5	3.0	33.1	6.1	800
2212 Digital Electronic Switch.	20.0	3.0	0.0	4.9	0
2212 Digital ESS-Saratoga	10.4	3.0	5.6	8.8	0
2215 Step by Step Switch.	3.8	-10.0	67.8	11.1	0
2215 Crossbar Switching	5.8	-15.0	60.8	9.3	0
2220 Operator Systems	7.2	3.0	54.8	5.9	15
2231 Radio Systems	8.4	-11.0	46.4	7.7	200
2232 Circuit Equip.-Other	8.2	2.0	36.4	7.5	1713
2232 Circuit Equip.-DDS	8.0	0.0	0.0	12.5	0
2351 Pub Tele Term Equip	2.2	3.0	64.1	15.0	0
2362 Large PBX-Other	3.0	9.0	33.3	19.2	0
2411 Poles	7.7	-64.0	64.0	13.0	-228
2421 Aerial Cable	15.8	-17.0	32.2	5.4	262
2422 Underground Cable	19.1	-7.0	24.7	4.3	429
2423 Buried Cable	22.0	-1.0	22.8	3.6	-501
2424 Submarine Cable	19.1	0.0	50.5	2.6	0
2426 Intrabuilding Network Cable	13.1	-9.0	28.3	6.2	8
2431 Aerial Wire	4.8	-20.0	49.5	14.7	0
2441 Conduit Systems	49.0	-7.0	15.0	1.9	11

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

The reserve level in Column C is used to calculate the depreciation rate and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 88-14, released January 21, 1988, are continued.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
NEVADA BELL

Effective January 1, 1989

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years)	(%)	(%)	(%)	(\$000)
	A	B	C	D=(100%-B-C)/A	E
2112 Motor Vehicles	4.1	30.0	48.5	5.2	-116
2114 Special Purpose Vehicles	16.9	12.0	26.0	3.7	-2
2115 Garage Work Equipment	16.9	12.0	30.6	3.4	-3
2116 Other Work Equipment	16.9	12.0	30.1	3.4	-40
2121 Buildings	27.0	-2.0	18.5	3.1	-85
2122 Furniture	13.5	6.0	27.1	5.0	4
2123 Office Equipment - Other	7.1	6.0	25.5	9.6	0
2123 Office Comm. Equipment	6.2	2.0	-24.0	19.7	121
2124 General Purpose Computers	7.8	3.0	36.3	7.8	12
2211 Analog Electronic Switching	9.0	0.0	32.3	7.5	366
2212 Digital Electronic Switching	13.1	3.0	15.8	6.2	142
2215 Step By Step	6.3	-4.0	90.9	2.1	0
2215 Crossbar	5.3	-2.0	82.6	3.7	0
2220 Operator Systems - Analog	5.2	-4.0	25.7	15.1	0
2220 Operator Systems - Digital	9.2	3.0	25.3	7.8	0
2231 Radio Systems	5.9	-6.0	50.5	9.4	-158
2232 Circuit Equipment - Other	6.9	8.0	17.5	10.8	172
2232 Circuit Eqpt. Dig. Data Syst.	3.6	33.0	48.1	5.3	8
2351 Public Telephone	4.8	0.0	63.4	7.6	-41
2362 Other Term. Eq. - PBX Other	5.7	-4.0	33.6	12.4	30
2362 Other Term. Eq. - PBX DDS	3.1	2.0	70.0	9.0	0
2362 Other Term. Eq. - Tel & Misc.	7.2	21.0	50.5	4.0	30
2362 Other Term. Eq. - Teletypewr.	5.1	0.0	-16.7	22.9	14
2411 Poles	18.2	-27.0	84.5	2.3	640
2421 Aerial Cable - Exchange	11.3	-3.0	47.6	4.9	505
2421 Aerial Cable - Interoffice	11.2	-25.0	40.5	7.5	37
2422 Underground Cable - Exchange	14.8	-7.0	33.2	5.0	401
2422 Underground Cable - Interofc.	21.0	-6.0	42.1	3.0	45
2423 Buried Cable - Exchange	21.0	-14.0	27.3	4.1	270
2423 Buried Cable - Interoffice	12.1	-6.0	42.3	5.3	86
2426 Intrabuilding Network Cable	11.8	-3.0	36.0	5.7	0
2431 Aerial Wire - Exchange	3.4	-40.0	103.2	10.8	0
2431 Aerial Wire - Toll	16.7	-12.0	74.5	2.2	175
2441 Conduit Systems	39.0	-5.0	13.5	2.3	18

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

The reserve level in Column C is used to calculate the depreciation rate and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 88-7, released January 22, 1988, are continued.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
NEW JERSEY BELL TELEPHONE COMPANY

Effective August 1, 1988

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years)	(%)	(%)	(%)	(\$000)
	A	B	C	D=(100%-B-C)/A	E
2112 Motor Vehicles	5.4	12.0	33.7	10.1	-345
2113 Aircraft	4.5	31.0	34.7	7.6	-20
2115 Garage Work Equipment	6.6	0.0	30.8	10.5	-14
2116 Other Work Equipment	6.3	0.0	40.5	9.4	-198
2121 Buildings	32.0	3.0	25.7	2.2	-1583
2122 Furniture	13.9	1.0	22.1	5.5	213
2123 Office Equipment - Ofc Supp	4.8	8.0	20.8	14.8	199
2123 Office Equipment - O. C. E.	5.1	3.0	39.8	11.2	0
2124 General Purpose Computers	3.5	7.0	38.5	15.6	0
2211 Analog Electronic Switching	9.6	1.0	31.4	7.0	12829
2212 Digital Electronic Switching	12.8	3.0	9.6	6.8	278
2215 Electro-Mechanical Switching	-	-9.0	-	-	- *
2220 Operator Systems	7.9	3.0	64.1	4.2	99
2231 Radio Systems	10.0	-5.0	37.3	6.8	-69
2232 Circuit Equipment - Analog	7.2	-4.0	40.1	8.9	6384
2232 Circuit Equipment - Digital	8.7	4.0	31.1	7.5	6435
2232 Circuit Equipment - DDS	5.7	0.0	50.1	8.8	0
2351 Public Telephone	6.2	3.0	43.0	8.7	217
2362 Other Term Eqpt - PBX Other	4.4	-3.0	60.6	9.6	0
2362 Other Term Eqpt - PBX -DDS	4.3	-1.0	92.8	1.9	0
2362 Other Term Eqpt - Tel & Misc	1.8	3.0	76.7	11.3	0
2411 Poles	25.0	-89.0	57.2	5.3	3505
2421 Aerial Cable - Subscriber	16.2	-14.0	36.8	4.8	19706
2421 Aerial Cable - Trunk	11.2	-2.0	20.1	7.3	177
2422 Underground Cable - Trunk	16.9	-4.0	34.3	4.1	2052
2422 Underground Cable -Subscriber	23.0	-28.0	27.4	4.4	5680
2423 Buried Cable	18.9	-7.0	24.6	4.4	2681
2424 Submarine Cable	11.5	-10.0	63.0	4.1	39
2426 Intrabuilding Network Cable	13.7	-14.0	2.9	8.1	0
2441 Conduit Systems	45.0	-5.0	23.7	1.8	3691

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

The reserve level in Column C is used to calculate the depreciation rate and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 88-14, released January 21, 1988, are continued for all accounts except for Electro-Mechanical Switching as indicated below.

* As described in paragraph 21 of the Order, the net service value for the Electro-Mechanical Switching Account is to be amortized over an eighteen month period ending January 31, 1990.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
PACIFIC BELL

Effective January 1, 1989

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years)	(%)	(%)	(%)	(\$000)
	A	B	C	D=(100%-B-C)/A	E
2112 Motor Vehicles	5.1	18.0	25.2	11.1	53
2114 Special Purpose Vehicles	4.7	51.0	27.2	4.6	0
2115 Garage Work Equipment	6.0	1.0	27.2	12.0	2
2116 Other Work Equipment	8.3	1.0	27.2	8.7	27
2121 Buildings	38.0	1.0	9.2	2.4	-15621
2122 Furniture	12.4	3.0	15.5	6.6	606
2123 Office Support Equipment	7.1	3.0	15.6	11.5	133
2123 Company Comm. Equipment	5.1	-1.0	34.1	13.1	-1519
2124 General Purpose Computers	3.5	3.0	44.1	15.1	0
2211 Analog Electronic Switching	9.6	5.0	27.6	7.0	32042
2212 Digital Electronic Switching	12.5	5.0	16.2	6.3	11688
2215 E-M Switching - Step-by-Step	4.9	-10.0	78.3	6.5	0
2215 E-M Switching - Crossbar	4.5	-6.0	48.5	12.8	0
2220 Operator Systems - Crossbar	5.9	0.0	37.9	10.5	0
2231 Radio Systems	8.2	-4.0	35.5	8.4	1336
2232 Digital Data Systems	5.7	-4.0	37.2	11.7	1687
2232 Digital Circuit-Other	7.6	1.0	31.1	8.9	27614
2232 Analog Circuit-Other	6.4	0.0	37.0	9.8	19581
2351 Public Telephone	4.1	8.0	44.6	11.6	-170
2362 Other Terminal Equipment	3.4	-3.0	53.5	14.6	-1065
2411 Poles	19.5	-86.0	53.4	6.8	6382
2421 Aerial Cable-Exchange	14.1	-15.0	34.8	5.7	31385
2421 Aerial Cable-Interoffice	6.1	-18.0	70.9	7.7	1853
2422 U. G. Cable-Exchange	19.3	-12.0	26.5	4.4	25657
2422 U. G. Cable-Interoffice	12.9	-3.0	30.4	5.6	7530
2423 Buried Cable-Exchange	17.4	-8.0	31.4	4.4	14087
2423 Buried Cable-Interoffice	10.9	-4.0	39.4	5.9	2349
2424 Submarine Cable	5.9	4.0	78.1	3.0	452
2426 Intrabuilding Network Cable	12.0	-15.0	27.0	7.3	0
2431 Aerial Wire	5.3	-39.0	37.0	19.2	-1215
2441 Conduit Systems	46.0	-24.0	18.6	2.3	5759

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

The reserve level in Column C is used to calculate the depreciation rate and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 88-14, released January 21, 1988, are continued.

FEDERAL COMMUNICATIONS COMMISSION
Schedule of Annual Percentages of Depreciation for
PACIFIC NORTHWEST BELL TELEPHONE COMPANY - IDAHO

Effective January 1, 1988

Rate Category Description	Average Remaining Life	Future Net Salvage	Reserve Level	Remaining Life Rate	Annual Amort. Expense
	(years)	(%)	(%)	(%)	(\$000)
	A	B	C	D=(100%-B-C)/A	E
2112 Motor Vehicles	3.9	17.0	37.6	11.6	-21
2114 Special Purpose Vehicles	10.0	12.0	0.0	8.8	0
2115 Garage Work Equipment	10.0	12.0	37.0	5.1	-2
2116 Other Work Equipment	10.0	12.0	36.3	5.2	-11
2121 Buildings	30.0	-1.0	25.9	2.5	46
2122 Furniture	11.7	3.0	20.8	6.5	4
2123 Office Equipment	6.1	4.0	19.6	12.5	1
2123 Company Comm. Equipment	4.7	1.0	44.5	11.6	0
2124 General Purpose Computers	3.5	0.0	39.1	17.4	0
2211 Analog Electronic Switching	9.3	3.0	31.7	7.0	67
2212 Digital Electronic Switching	16.0	3.0	6.8	5.6	0
2215 Step By Step Switching	1.4	-6.0	67.3	27.6	0
2215 Crossbar Switching	1.4	-1.0	74.3	19.1	0
2220 Operator Systems	8.4	3.0	23.9	8.7	0
2231 Radio Systems	7.8	0.0	61.1	5.0	2
2231 Circuit DDS	6.8	-4.0	38.4	9.6	0
2232 Circuit Equipment	7.5	6.0	31.1	8.4	-23
2351 Public Telephone	3.2	1.0	57.6	12.9	0
2362 Large PBX-DDS	4.5	1.0	52.3	10.4	0
2362 Large PBX-Other	4.7	1.0	62.1	7.9	0
2411 Poles	10.6	-51.0	52.1	9.3	38
2421 Aerial Cable	13.1	-16.0	33.0	6.3	15
2422 Underground Cable	20.0	-1.0	26.4	3.7	30
2423 Buried Cable	20.0	-2.0	23.6	3.9	10
2424 Submarine Cable	23.0	0.0	45.4	2.4	-1
2426 Intrabuilding Network Cable	13.4	-4.0	30.9	5.5	0
2431 Aerial Wire	5.1	-51.0	-51.2	39.6	-5
2441 Conduit Systems	47.0	-7.0	19.4	1.9	6

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

The reserve level in Column C is used to calculate the depreciation rate and does not necessarily reflect the book reserve. The amortization amounts in Column E, ordered in FCC 88-13, released January 21, 1988, are continued.