

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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In the Matter of the Depreciation Technical )  
Update Filing of QWEST CORPORATION as )  
of December 31, 2000 )

DOCKET NO. 01-049-67  
REPORT AND ORDER

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ISSUED: February 13, 2002

By The Commission:

On June 28, 2001, Qwest Corporation ("Qwest") filed its annual depreciation technical update as of December 31, 2000 in this docket. Qwest made this filing pursuant to the Commission's Report and Order issued June 16, 1998 in Docket No. 97-049-16, which required Qwest to file annual technical updates in the future. Subsequent to the order in Docket No. 97-049-16, the Commission issued a Report and Order in connection with Qwest's 1998 technical update in Docket No. 98-049-18. That order, issued December 18, 1998, required Qwest to file a technical update in 1999, but did not refer to subsequent years. Qwest made technical update filings in 1999, and also made filings in 2000 and 2001. The Commission's Report and Orders in connection with the 1999 and 2000 technical updates in Docket Nos. 99-049-36 (issued September 16, 1999) and 00-049-59 (issued September 5, 2000) did not mention further annual filings; however, they also did not modify the June 16, 1998 Report and Order in Docket No. 97-049-16.

Pursuant to Utah Code Ann. § 54-8b-2.4, Qwest is no longer subject to traditional rate of return regulation. Qwest's last general rate case was Docket No. 97-049-08, which concluded with the Commission's Order on Rehearing issued February 17, 1998. Inasmuch as Qwest's retail rates are no longer set based upon cost of service, it is no longer necessary to consider Qwest's depreciation rates on an annual basis. Qwest's prescribed depreciation rates and lives are used in connection with cost studies used to set prices for interconnection services and unbundled network elements. To date, no party has challenged use of the depreciation lives last prescribed by this Commission in 1998 for use in those studies. In addition, the Federal Communications Commission ("FCC") no longer requires triennial depreciation reviews which were part of the basis for three-way depreciation reviews between the FCC, Utah regulators and Qwest leading to full depreciation cases before this Commission every three years in the past.

At the time we issued our orders in Docket Nos. 97-049-16 and 98-049-18 requiring Qwest to file future annual technical updates, the retirement of certain 1AESS switches was an issue. One reason for Qwest to continue to file technical updates, even though it was no longer subject to rate of return regulation, was so that the Commission could be kept apprised of the retirement of these analog switches. The last of those analog switches in Utah was retired in 2000. Therefore, that reason for requiring technical updates is no longer present.

Following Qwest's filing of its 2001 technical update, one member of the Commission questioned whether review and approval of these annual updates was still necessary. In response to this inquiry, the Division of Public Utilities filed a memorandum with the Commission on October 10, 2001. The memorandum stated:

The question has been raised as to whether Qwest should continue to be required to provide the Commission with annual depreciation technical updates, or whether there is a need for the Commission to continue approving technical updates. The Division finds no significant or material reason to continue to approve Qwest's depreciation technical updates nor require Qwest to file its technical updates with the Commission on an annual basis.

The memorandum recommended that "the Commission allow Qwest to discontinue filing its annual . . . depreciation technical update." The Commission has been advised that Qwest concurs with this recommendation.

We are persuaded that there is no good reason to require Qwest to continue to file annual depreciation technical updates. The Utah Legislature has encouraged us to allow reduced regulation in the new telecommunications environment where

appropriate. *See* Utah Code Ann. § 54-8b-1.1(4). We believe that it is appropriate to eliminate regulatory requirements that arose in traditional rate of return regulation that have little or no usefulness under price cap regulation. Doing so not only reduces regulatory burdens on regulated businesses, it reduces the workload of state agencies and this Commission and allows focus of resources on issues of current significance. We note that if any party wishes to have the Commission reconsider the prescribed depreciation lives and rates of Qwest with respect to matters associated with Qwest's wholesale pricing or for other relevant reasons in the current regulatory environment, the party may request that the Commission reconsider these matters in an appropriate docket.

Based upon the foregoing, we find and conclude that requiring Qwest to continue to file annual depreciation technical updates is not required to protect the public interest and that it is in the public interest for the requirement to be eliminated.

### ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. Qwest is not required to file annual depreciation technical updates with the Commission.
2. It is unnecessary for the Commission to approve Qwest's 2001 depreciation technical update in this docket and this docket is closed.
3. Any party aggrieved by this order may file a written request for review or reconsideration in accordance with Utah Code Ann. §§ 54-7-15, 63-46b-12 and 63-46b-13. Failure to do so, may deprive the party of the right to seek judicial review of this order.

DATED at Salt Lake City, Utah, this 13th day of February, 2002.

/s/ Stephen F. Mecham, Chairman

/s/ Constance B. White, Commissioner

/s/ Richard M. Campbell, Commissioner

Attest:

/s/ Julie Orchard,  
Commission Secretary

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