

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. C-3148
of Qwest Communications, Inc.,)
of Denver, Colorado, seeking) GRANTED
authority to revise its)
depreciation rates.) Entered: April 6, 2004

BY THE COMMISSION:

By application filed March 18, 2004, Qwest Communications, Inc., (Qwest) of Denver, Colorado seeks authority to adjust depreciation rates on classes of its equipment. Notice of the application was published in The Daily Record, Omaha, Nebraska, on March 4, 2004. No protests were filed; therefore, this application is processed pursuant to the Commission's Rule of Modified Procedure.

O P I N I O N A N D F I N D I N G S

Qwest submits the present application in accordance with the Commission's order of April 14, 1987, in Application No. C-664. Pursuant to that order, Qwest is subject to a depreciation rate review on a triennial basis.

Qwest submitted revised depreciation rates in accordance with its triennial obligations. The revised rates will decrease annual depreciation costs by \$31,151,000 or 24.6 percent and will more closely correlate accrual rates with capital asset consumption. A summary of the revised rates is attached to this order as Exhibit A.

Based on the evidence presented, the Commission finds the application is fair and reasonable and in the public interest. The application should be granted.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-3148 be, and it is hereby, granted and Qwest Communications, Inc. is hereby authorized to adjust its depreciation rates as reflected in Exhibit A, attached to and, hereby, made a part of this order.

IT IS FURTHER ORDERED that the revised depreciation rates be effective retroactively beginning January 1, 2004.

MADE AND ENTERED at Lincoln, Nebraska, this 6th day of April,
2004.

COMMISSIONERS CONCURRING: NEBRASKA PUBLIC SERVICE COMMISSION

Chairman

ATTEST:

Executive Director

04/06/04
 02:43 PM
 XREF: 08
 PRES: 1998,SF,02
 PROP: 2003,SK,16
 STAFF NEGOTIATED RESULTS - RESTATED

COMPANY: QWEST CORPORATION
 STATE: NEBRASKA
 ACCOUNT: STATEMENT A
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SUMMARY OF DEPRECIATION RATES
 ALL VINTAGE RECOVERY

ACCOUNT NUMBER	CLASS OR SUBCLASS OF PLANT	DEPRECIATION RATES IN EFFECT 12/31/2002				RATES EFFECTIVE IN 2004			
		REM LIFE YEARS	RESERVE %	FUTURE SALVAGE %	NET RATE %	REM LIFE YEARS	RESERVE %	FUTURE SALVAGE %	NET RATE %
		A	B	C	D	E	F	G	H
2112	MOTOR VEHICLES	4.8	62.7	9.0	5.9	5.4	49.5	7.0	8.1
2114	TOOLS & OTH WK EQUIP	8.8	34.9	7.0	6.6	9.4	15.2	2.0	8.8
2121	BUILDINGS	28.0	28.1	-32.0	3.7	22.0	28.6	-10.0	3.7
2122	FURNITURE	5.1	351.1	0.0	0.0	4.3	100.0	0.0	0.0
2123.1	OFFICE EQUIPMENT	9.3	24.8	0.0	8.1	8.1	35.7	0.0	7.9
2123.2	COMPANY COMM EQUIP	3.3	-365.9	-2.0	141.8	3.2	22.0	-2.0	25.0
2124	GEN PURPOSE CMPTR	2.5	60.9	1.0	15.2	2.0	102.0	-1.0	0.0
2211	ANALOG SW EQUIP	3.7	49.4	-1.0	13.9	0.0	0.0	0.0	0.0
2212	DIGITAL SW EQUIP	6.1	43.2	2.0	9.0	5.0	59.3	-2.0	8.5
2220	OPERATOR SYSTEMS	3.0	-172.8	0.0	90.9	0.6	126.4	0.0	0.0
2231	RADIO SYSTEMS	2.4	92.7	-5.0	5.1	6.8	109.1	-4.0	0.0
2232	CIRCUIT EQUIP								
	CIRCUIT DDS	5.1	48.7	0.0	10.1	4.0	80.2	0.0	5.0
	CIRCUIT DIGITAL	4.9	54.9	-3.0	9.8	4.5	70.4	-7.0	8.1
	CIRCUIT ANALOG	3.1	96.5	-4.0	2.4	2.2	104.3	-4.0	0.0
2362	OTHER TERM EQUIP	4.2	56.4	-5.0	11.6	4.0	73.7	0.0	6.6
2411	POLE LINES	5.2	144.0	-100.0	10.8	3.3	191.1	-100.0	2.7
2421	AERIAL CABLE MET	7.9	81.0	-10.0	3.7	6.6	78.5	-90.0	16.9
2421	AERIAL CABLE NON MET	14.6	-259.3	-10.0	25.3	10.6	-153.9	-10.0	24.9
2422	UNDGRD CABLE MET	5.5	73.7	-16.0	7.7	4.2	102.9	-50.0	11.2
2422	UNDGRD CABLE NON MET	13.4	35.4	-16.0	6.0	11.0	46.6	-10.0	5.8
2423	BURIED CABLE MET	9.2	63.2	-13.0	5.4	6.4	71.7	-14.0	6.6
2423	BURIED CABLE NON MET	14.1	24.7	-13.0	6.3	10.4	51.0	-5.0	5.2
2424	SUB CABLE MET	6.6	66.9	0.0	5.0	0.6	91.9	0.0	13.5
2424	SUB CABLE NON MET	12.1	32.3	0.0	5.6	8.4	60.3	0.0	4.7
2426	INTRA BLDG CA MET	5.2	91.8	-20.0	5.4	4.7	106.0	-6.0	0.0
2426	INTRA BLDG NON MET	14.2	38.1	-20.0	5.8	10.9	48.1	-15.0	6.1
2431	AERIAL WIRE	2.4	126.6	-34.0	3.1	3.7	67.7	-34.0	17.9
2441	CONDUIT SYSTEMS	37.0	39.2	-18.0	2.1	31.0	43.0	-5.0	2.0

DIGITAL SW RESERVE ADJ FOR RESIDUAL ANALOG SWITCH, STEP BY STEP, AND CROSSBAR. EXCESS FURNITURE RESERVE MOVED TO OFFICE EQ.

04/06/04
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XREF: 08
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PROP: 2003,SK,16
STAFF NEGOTIATED RESULTS - RESTATED

COMPANY: QWEST CORPORATION
STATE: NEBRASKA
ACCOUNT: STATEMENT B
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CHANGE IN ANNUAL DEPRECIATION ACCRUALS
RESULTING FROM CHANGES IN DEPRECIATION RATES
(\$000)

ACCOUNT NUMBER	CLASS OR SUBCLASS OF PLANT	INVESTMENT 1/1/03	RATES EFFECTIVE 12/31/2002			RATES EFFECTIVE IN 2004			CHANGE IN ACCRUALS
			RATE AMOUNT	AMORT AMOUNT	TOTAL	RATE AMOUNT	AMORT AMOUNT	TOTAL	
		I	J=D*I	K	L=J+K	M=H*I	N	O=M+N	P=O-L
2112	MOTOR VEHICLES	10,496	619	0	619	850	0	850	231
2114	TOOLS & OTH WK EQUIP	7,610	502	0	502	670	0	670	168
2121	BUILDINGS	139,702	5,169	0	5,169	5,169	0	5,169	0
2122	FURNITURE	98	0	0	0	0	0	0	0
2123.1	OFFICE EQUIPMENT	8,231	667	0	667	650	0	650	-17
2123.2	COMPANY COMM EQUIP	173	245	0	245	43	0	43	-202
2124	GEN PURPOSE CMPTR	191,353	29,086	0	29,086	0	0	0	-29,086
2211	ANALOG SW EQUIP	0	0	0	0	0	0	0	0
2212	DIGITAL SW EQUIP	270,027	24,302	0	24,302	22,952	0	22,952	-1,350
2220	OPERATOR SYSTEMS	66	60	0	60	0	0	0	-60
2231	RADIO SYSTEMS	5,331	272	0	272	0	0	0	-272
2232	CIRCUIT EQUIP								
	CIRCUIT DDS	2,931	296	0	296	147	0	147	-149
	CIRCUIT DIGITAL	330,782	32,417	0	32,417	26,793	0	26,793	-5,624
	CIRCUIT ANALOG	21,018	504	0	504	0	0	0	-504
2362	OTHER TERM EQUIP	14,821	1,719	0	1,719	978	0	978	-741
2411	POLE LINES	1,334	144	0	144	36	0	36	-108
2421	AERIAL CABLE MET	14,073	521	0	521	2,378	0	2,378	1,857
2421	AERIAL CABLE NON MET	1	0	0	0	0	0	0	0
2422	UNDGRD CABLE MET	66,760	5,141	0	5,141	7,477	0	7,477	2,336
2422	UNDGRD CABLE NON MET	26,553	1,593	0	1,593	1,540	0	1,540	-53
2423	BURIED CABLE MET	315,306	17,027	0	17,027	20,810	0	20,810	3,783
2423	BURIED CABLE NON MET	69,092	4,353	0	4,353	3,593	0	3,593	-760
2424	SUB CABLE MET	476	24	0	24	64	0	64	40
2424	SUB CABLE NON MET	28	2	0	2	1	0	1	-1
2426	INTRA BLDG CA MET	11,375	614	0	614	0	0	0	-614
2426	INTRA BLDG NON MET	952	55	0	55	58	0	58	3
2431	AERIAL WIRE	222	7	0	7	40	0	40	33
2441	CONDUIT SYSTEMS	60,266	1,266	0	1,266	1,205	0	1,205	-61
	TOTALS	1,569,077	126,605	0	126,605	95,454	0	95,454	-31,151
	COMPOSITES				8.1			6.1	

DIGITAL SW RESERVE ADJ FOR RESIDUAL ANALOG SWITCH, STEP BY STEP, AND CROSSBAR. EXCESS FURNITURE RESERVE MOVED TO OFFICE EQ.

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 ACCOUNT: STATEMENT C - RESERVES
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SUMMARY OF RESERVES 1-1-2003

ACCOUNT	CATEGORY	1-1-2003 INVESTMENT	BOOK RESERVE		AVERAGE SERVICE LIFE	AVERAGE REM LIFE	AVERAGE NET SALVAGE	FUTURE NET SALVAGE	THEORETICAL RESERVE	
			AMOUNT	PERCENT					AMOUNT	PERCENT
		A\$	B\$	C=B/A	D	E	F	G	H\$	I
2112	MOTOR VEHICLES	10,495,871	5,197,236	49.5	11.4	5.4	9	7	5,237,440	49.9
2114	TOOLS & OTH WK EQUIP	7,609,756	1,159,194	15.2	13.6	9.4	3	2	2,359,024	31.0
2121	BUILDINGS	139,702,138	39,976,590	28.6	37.0	22.0	-11	-10	61,468,941	44.0
2122	FURNITURE	97,936	97,936	100.0	16.4	4.3	0	0	72,277	73.8
2123.1	OFFICE EQUIPMENT	8,230,785	2,936,340	35.7	14.3	8.1	0	0	3,572,161	43.4
2123.2	COMPANY COMM EQUIP	173,389	38,090	22.0	8.7	3.2	-1	-2	112,529	64.9
2124	GEN PURPOSE CMPTR	191,353,170	195,173,681	102.0	7.5	2.0	5	-1	144,854,350	75.7
2211	ANALOG SW EQUIP	0	0	0.0	0.0	0.0	0	0	0	0.0
2212	DIGITAL SW EQUIP	270,026,584	160,133,389	59.3	11.5	5.0	-2	-2	155,805,339	57.7

2220	OPERATOR SYSTEMS	65,993	83,420	126.4	16.7	0.6	0	0	63,617	96.4
2231	RADIO SYSTEMS	5,330,512	5,816,111	109.1	23.0	6.8	-5	-4	3,891,274	73.0
2232	CIRCUIT EQUIP									
	CIRCUIT DDS	2,931,183	2,350,458	80.2	11.1	4.0	-1	0	1,864,232	63.6
	CIRCUIT DIGITAL	330,781,977	232,874,072	70.4	10.1	4.5	-7	-7	196,153,712	59.3
	CIRCUIT ANALOG	21,018,079	21,925,917	104.3	14.5	2.2	-3	-4	18,579,982	88.4
2362	OTHER TERM EQUIP	14,820,974	10,929,420	73.7	9.4	4.0	0	0	8,507,239	57.4
2411	POLE LINES	1,334,148	2,549,177	191.1	22.0	3.3	-52	-100	2,364,110	177.2
2421	AERIAL CABLE MET	14,073,211	11,047,279	78.5	17.3	6.6	-41	-90	19,167,713	136.2
2421	AERIAL CABLE NON MET	664	-1,022	-153.9	17.1	10.6	-10	-10	278	41.8
2422	UNDGRD CABLE MET	66,759,516	68,671,382	102.9	23.0	4.2	-42	-50	82,848,559	124.1
2422	UNDGRD CABLE NON MET	26,552,821	12,383,219	46.6	19.0	11.0	-10	-10	12,293,956	46.3
2423	BURIED CABLE MET	315,305,923	226,179,504	71.7	18.7	6.4	-12	-14	238,686,584	75.7
2423	BURIED CABLE NON MET	69,091,903	35,207,318	51.0	19.4	10.4	-4	-5	33,993,216	49.2
2424	SUB CABLE MET	476,241	437,552	91.9	24.0	0.6	0	0	464,335	97.5
2424	SUB CABLE NON MET	27,703	16,716	60.3	19.9	8.4	0	0	16,012	57.8
2426	INTRA BLDG CA MET	11,374,977	12,052,992	106.0	21.0	4.7	-10	-6	9,259,231	81.4
2426	INTRA BLDG NON MET	951,823	458,137	48.1	19.2	10.9	-14	-15	478,767	50.3
2431	AERIAL WIRE	221,922	150,318	67.7	7.4	3.7	-41	-34	140,920	63.5
2441	CONDUIT SYSTEMS	60,266,401	25,927,101	43.0	52.0	31.0	-6	-5	25,191,356	41.8
	TOTAL	1,569,075,600	1,073,771,527	68.4					1,027,447,154	65.5

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