ORIGINAL

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February 4, 2003

Ms. Blanca S. Bayo, Director
Division of Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850



Re: Docket No. 981834-TP
Petition of Competitive Carriers for Commission Action to Support Local Competition in BellSouth Telecommunications Inc.'s Service Territory

Docket No. 990321-TP
Petition of ACI Corp. d/b/a Accelerated Connections, Inc. for generic investigation to ensure that BellSouth Telecommunications, Inc., Sprint-Florida, Incorporated, and GTE Florida Incorporated comply with obligation to provide alternative local exchange carriers with flexible, timely, and cost-efficient physical collocation

Dear Ms. Bayo:

Please find enclosed for filing an original and 15 copies of the Direct Testimonies of Barbara K. Ellis, Allen E. Sovereign and James H. Vander Weide on behalf of Verizon Florida Inc. in the above matters. Exhibits BKE-1 and BKE-2 to Ms. Ellis' testimony are Verizon's proprietary and confidential cost studies and will be filed under separate cover. Service has been made as indicated on the Certificate of Service. If there are any questions regarding this filing, please contact me at 813-483-2617.

Sincerely,

Kimberly Caswell

Enclosures

AUS
CAF
CMP Fulwood
COM 5 Original
CTR
ECR
GCL 1
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ELLIS
DOCUMENT NUMBER-DATE
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SOVEREIGN
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01118 FEB-4 03
FPSC-COMMISSION CLERK

VANDER WEIDE
DOCUMENT NUMBER-DATE
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FPSC-COMMISSION CLERK

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that copies of the Direct Testimonies of Barbara K. Ellis, Allen E. Sovereign and James H. Vander Weide on behalf of Verizon Florida Inc. in Docket Nos. 981834-TP and 990321-TP were sent via U. S. mail on February 4, 2003 to the parties on the attached list.

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**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

| | |
|---|---|
| In re: Petition of Competitive Carriers for Commission action to support local Competition in BellSouth Telecommunications Inc.'s service territory | Docket No. 981834-TP |
| In re: Petition of ACI Corp. d/b/a Accelerated Connections, Inc. for generic investigation to ensure that BellSouth Telecommunications, Inc., Sprint-Florida, Incorporated, and GTE Florida Incorporated comply with obligation to provide alternative local exchange carriers with flexible, timely, and cost-efficient physical collocation. | Docket No. 990321-TP |

**DIRECT TESTIMONY OF**

**ALLEN E. SOVEREIGN**

**ON BEHALF OF**

**VERIZON FLORIDA INC.**

**SUBJECT: DEPRECIATION**

**FEBRUARY 4, 2003**

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# DIRECT TESTIMONY OF ALLEN E. SOVEREIGN

## I. INTRODUCTION

**Q. PLEASE STATE YOUR NAME, ADDRESS AND PRESENT POSITION.**

A. My name is Allen E. Sovereign. My business address is 600 Hidden Ridge, Irving, Texas 75038. Verizon Services Corporation employs me as Group Manager-Capital Recovery.

**Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

A. I received a Bachelor of Science Degree in Electrical Engineering from Michigan Technological University, Houghton, Michigan, in 1971. I received a Master of Science Degree in Business Administration from Indiana University, Bloomington, Indiana, in 1980. I have attended courses in depreciation and life analysis provided by Depreciation Programs, Inc., of Kalamazoo, Michigan. I have also attended and instructed basic and advanced GTE courses in depreciation life analysis. I am a Senior Member of the Society of Depreciation Professionals.

**Q. PLEASE BRIEFLY DESCRIBE YOUR WORK EXPERIENCE WITH VERIZON.**

A. I have worked for Verizon, and the former GTE Companies, for 29 years, with 22 of those years in the depreciation study area. I have held various positions in Engineering and Construction, Capital Budgeting, Marketing, and Product Development. I assumed my current position in June of 2000 with the merger of GTE and Bell Atlantic, which formed Verizon

Communications.

**Q. WHAT ARE YOUR RESPONSIBILITIES IN YOUR CURRENT POSITION?**

A. I am responsible for the preparation, filing and resolution of capital recovery studies and the determination of economic lives for Verizon Service Corporation, Inc.

**Q. HAVE YOU PREVIOUSLY TESTIFIED IN FLORIDA?**

A. Yes. I participated in Verizon Florida Inc.'s ("Verizon FL") recent UNE proceeding, Docket 990649B-TP and universal service Docket 980696-TP.

**Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY OTHER REGULATORY BODIES?**

A. Yes, I have also testified before state utility commissions in Arkansas, California, Hawaii, Idaho, Illinois, Indiana, Iowa, Kentucky, Maryland, Massachusetts, Michigan, Nebraska, Nevada, New Mexico, Ohio, Pennsylvania, Rhode Island, South Carolina, Texas, Virginia, Washington, and Washington DC. I have also testified before the Federal Communications Commission (FCC).

**Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

A. The purpose of this testimony is to support the depreciation lives and future net salvages used in the collocation cost studies Verizon FL is proposing in this proceeding.

**Q. IS VERIZON FL PROPOSING THE SAME DEPRECIATION LIVES ADOPTED IN THE RECENT UNE COST CASE?**

A. No. Verizon FL is appealing the depreciation inputs adopted by the Florida Public Service Commission (the "FPSC" or "Commission") in Order No. PSC-02-1574-FOF-TP because they do not correctly reflect the forward-looking value of Verizon FL's assets. Thus, in this collocation proceeding, Verizon FL continues to advocate the use of economic lives (also known as financial reporting lives). Verizon FL will address in this proceeding the concerns raised in Order No. PSC-02-1574-FOF-TP regarding the use of Verizon FL's proposed depreciation inputs.

**Q. IS VERIZON FL RECOMMENDING THE SAME LIVES IN THIS PROCEEDING THAT IT USES IN REPORTS FILED WITH THE COMMISSION?**

A. Yes. Prior to 1996, the FPSC followed the traditional method, and prescribed depreciation rates and parameters to be used for intrastate financial reporting and other regulatory purposes. Since January 1996, however, Verizon has been permitted to set depreciation rates that reflect competitive and technological advancements in the marketplace. Verizon uses the same depreciation inputs for FPSC regulatory purposes that it uses for financial reporting purposes, and thus are the same inputs I recommend here.

**Q. ARE VERIZON FL'S PROPOSED DEPRECIATION INPUTS CONSISTENT WITH GAAP PRINCIPLES?**

A. The depreciation inputs used in Verizon FL's collocation cost studies were developed in accordance with Generally Accepted Accounting Principles (GAAP) and are the same inputs used in Verizon's financial reports. A complete list of Verizon's proposed depreciation lives and future net salvage percentages is attached as Exhibit AES-1.

**Q. HAVE OTHER COMMISSIONS ADOPTED THE ILEC'S FINANCIAL REPORTING LIVES AS INPUTS TO UNE COST STUDIES?**

A. Yes. Numerous state commissions have adopted the use of the former GTE's financial reporting lives in UNE studies. For example, in 1996, the California Public Utilities Commission ("CPUC") endorsed the use of economic lives for Verizon. The CPUC concluded that the economic lives used by GTE and Pacific Bell for external financial reporting were the appropriate forward-looking lives for cost studies. The CPUC rejected the suggestion made by AT&T and others that FCC-prescribed lives are forward-looking, stating:

> We agree with Pacific that the schedules formally adopted in the represcription proceeding reflect the previous paradigm of the regulated monopoly environment, and so are difficult to justify in a cost study that looks forward to an environment in which there is local exchange competition. We also see little merit in the Coalition's original suggestion that we use FCC schedules. These schedules also reflect the previous paradigm; moreover, they are based on different

assumptions and applied in different ways than our own. It also seems to be the case, however, that Pacific is now using these schedules in financial reports it is required to file, and thus for purposes of these cost studies, the schedules also appear consistent with generally accepted accounting principles. The schedules also appear realistic for a firm having to operate in a competitive environment, as Pacific will soon have to do. Accordingly, we will approve their use in this proceeding. (California Public Utilities Commission Decision No. D.96-08-021, August 2, 1996, in Rule Making R.93-04-003, I.93-04-002).

In 1997, the Missouri Public Service Commission, likewise adopted economic lives, stating:

Staff's goal has been to recommend depreciation rates based on parameters that GTE is likely to experience for financial purposes so as to fully recover its long run capital costs in a timely fashion. (Case No. TO-97-63, Missouri Public Service Commission, Final Arbitration Order, July 31, 1997, Attachment C at 76).

In 1998, the Michigan Commission approved GTE's use of economic lives:

> GTE proposes to reduce its asset lives in accordance with their economic lives....The Staff's view is that GTE's proposed asset lives are largely consistent with a forward-looking approach and are reasonable....The Commission finds that GTE's proposal related to depreciation is appropriate for TSLRIC purposes....The Commission further finds AT&T/MCI's proposal to be insufficiently forward looking for purposes of a TSLRIC study. (Michigan Docket No. U-11281, Feb. 25, 1998 Order, Section d).

## II. ECONOMIC LIVES MUST BE USED IN FORWARD-LOOKING COST STUDIES

**Q. PLEASE DEFINE THE TERM "ECONOMIC LIFE" AND HOW IT RELATES TO VERIZON'S COLLOCATION COST STUDIES.**

A. The economic life of an asset is defined as the period of time over which it is used to provide economic value. For purposes of this proceeding, Verizon FL's collocation studies comply with the FCC's TELRIC rules, and thus require strictly forward-looking economic depreciation lives. Thus, Verizon's proposed depreciation parameters consider the decline in an asset's value from all causes, including competition and technological change.

**Q. ARE THE DEPRECIATION INPUTS RECENTLY ADOPTED BY THE COMMISSION APPROPRIATELY FORWARD-LOOKING?**

A. No. The lives recently set by the Commission, although more forward-

looking than lives set through the traditional regulatory process, are not the most accurate estimate of forward-looking value of Verizon FL's collocation assets.

**Q. WHAT LIVES DID THE FPSC SET IN ITS RECENT UNE ORDER?**

A. The chart below compares the FPSC-ordered depreciation lives in UNE Docket 990649B-TP with the depreciation lives Verizon uses in its collocation cost studies for the major structure and technology-sensitive accounts. A complete comparison of all accounts is attached as Exhibit AES-1.

**CHART A**

**Comparison of FPSC-Ordered UNE Lives and Verizon's Proposed Depreciation Lives**

| | FPSC Ordered | Verizon Proposed |
|---|---|---|
| Digital Switching Equipment | 13 | 12 |
| Circuit Equipment | 8 | 9 |
| Buildings | 45 | 33 |
| Conduit | 55 | 50 |
| Copper Cable | | |
| Aerial | 18 | 15 |
| Underground | 23 | 15 |
| Buried | 18 | 15 |

| | FPSC Ordered | Verizon Proposed |
|---|---|---|
| Fiber Cable | | |
| Aerial | 20 | 20 |
| Underground | 20 | 20 |
| Buried | 20 | 20 |

As the chart illustrates, the FPSC-ordered lives and Verizon's recommended lives are the same for some of the major technology-sensitive accounts listed above, but somewhat longer for other assets. Establishing the proper economic lives for Verizon's assets is critical for a forward-looking collocation cost study.

**Q. WHY DID THE FPSC ADOPT SOME LIVES LONGER THAN THOSE RECOMMENDED BY VERIZON?**

A. In Order No. PSC-02-1574-FOF-TP, the FPSC concluded, among other things, that Verizon did not provide sufficient evidence explaining the depreciation lives used by its competitors, which Verizon uses as a benchmark. Verizon will demonstrate in this proceeding the relevance of competitors' lives, through, for example, conducting discovery on AT&T and WorldCom.

## III. COMPETITION AND TECHNOLOGICAL INNOVATION REQUIRE THE USE OF ECONOMIC LIVES

**Q. WHAT FACTORS SHOULD THE COMMISSION CONSIDER IN**

**APPROVING DEPRECIATION INPUTS IN THIS PROCEEDING?**

A. The two most important factors that must be considered in establishing the economic value of the Verizon assets used to provide collocation are: (1) technological innovation; and (2) impact of competition.

**Q. WHAT TECHNOLOGICAL INNOVATIONS WERE CONSIDERED IN ESTABLISHING VERIZON'S ECONOMIC LIVES?**

A. Prior to the passage of the 1996 Telecommunications Act, depreciation analysis consisted primarily of mortality analysis with only slight adjustments for technological change. Now, the rapid pace of advancement in technological innovations must be considered in establishing the depreciation inputs for Verizon's assets. Most significantly, alternative technologies that allow customers and competitors to bypass the local loop have developed, and these technologies threaten to render the local loop obsolete. Examples of these alternative technologies are wireless systems and data-intensive CATV systems. Thus, for example, Verizon's lives for copper cable, used in the collocation cost studies, are affected by this changing technology.

**Q. WHAT KINDS OF COMPETITIVE DEVELOPMENTS WERE CONSIDERED IN ESTABLISHING VERIZON'S ECONOMIC LIVES?**

A. The depreciation lives used in Verizon FL's collocation studies are also affected by the level of competition expected in the forward-looking network. Florida is a particularly attractive market for entry by alternative competitive local exchange carriers, as evidenced by the extensive local

exchange competition in the state. Around 400 CLECs, with access to all of Verizon FL's lines, are certificated to offer local exchange service. CLECs own and operate at least 36 switches in Verizon's service area; and facilities-based competitors include, among others, 2nd Century, AT&T, Intermedia, ITC DeltaCom, KMC, MCI WorldCom, Sprint, Teligent, and Time Warner.

In its recent report, The Division of Policy Analysis and Intergovernmental Liaison recently concluded that evidence is mounting that local broadband services markets are increasingly competitive. ILECs are, and will be, competing on a number of fronts to avoid losing market share. Many consumers now have a number of choices for local telephone and broadband services from a variety of service providers and technologies. Indeed, cable, wireless, satellite, competitive local exchange companies are fiercely competing with the ILECs. The impact of this competition is beginning to show: a number of ILECs are experiencing declines in the number of access lines in service. (Understanding the Local Exchange and Broadband Markets in Florida, Telecommunications Competition and its Developments, Prepared by The Division of Policy Analysis and Intergovernmental Liaison, October 2001, page 26).

That same report stated that the telecommunications industry is undergoing dramatic structural and technological changes. "The global phone system is on the verge of its biggest technology shift since Alexander Graham Bell's invention eclipsed the telegraph." (*Id.*, quoting a

June 24, 2001, Florida Times Union article.) Data traffic has now surpassed voice traffic and continues to grow. Present technology allows all information to be converted into digital format at one end of the transmission and reconverted at the other. Thus, it is now possible to deliver integrated voice, data and video services over existing connections. This opens up tremendous possibilities for new applications, revenue sources, and network efficiencies for companies that successfully converge the distinct voice and data technologies and networks so that integrated services can be brought into homes and businesses over a single broadband connection. Broadband deployment heralds the beginning of this convergence. (Understanding the Local Exchange and Broadband Markets in Florida, Telecommunications Competition and its Developments, Prepared by The Division of Policy Analysis and Intergovernmental Liaison, October 2001, page 25). These developments significantly impact existing facilities. For instance, digital switching (whose depreciation life is an input in collocation power studies) will likely be replaced by packet switches, which offer advanced capabilities.

The FPSC's December 2000 Report on Competition in Telecommunications Markets in Florida likewise noted the competitive strides ALECs have made and continue to make in Florida. The Commission's own statistics (based on ALECs' self-reported data) demonstrate accelerating competitive activity in Verizon's territory, particularly in the business market. This trend will only become more pronounced, as more and more competitors enter the market.

**Q. SHOULD ONLY THE CURRENT LEVEL OF COMPETITION AND TECHNOLOGY BE CONSIDERED IN DEVELOPING DEPRECIATION INPUTS?**

A. No. In developing depreciation lives, Verizon FL also considers future competition and advancements in technology over the entire expected life of the assets.

## IV. VERIZON PROPERLY WEIGHS ALL RELEVANT FACTORS IN DETERMINING ECONOMIC LIVES.

**Q. WHAT METHOD DOES VERIZON USE TO DETERMINE THE ECONOMIC LIFE OF AN ASSET?**

A. When estimating economic lives, Verizon (a) evaluates the criteria that are used to establish the retirement lives of assets as a guideline for estimating economic lives, (b) considers industry benchmark comparisons, and (c) considers the effect the evolving competitive market will have on the economic lives of many of Verizon's assets.

**Q. WILL YOU PLEASE EXPLAIN THE USE OF THESE FACTORS IN MORE DETAIL?**

A. Verizon first considers the National Association of Regulatory Utility Commissioners' description of factors that cause property to be retired. (Public Utility Depreciation Practices, National Association of Regulatory Utility Commissioners (NARUC), 1996, at 15).

These include:

1. Physical Factors
   a. Wear and tear
   b. Decay or deterioration
   c. Action of the elements and accidents
2. Functional Factors
   a. Inadequacy
   b. Obsolescence
   c. Changes in art and technology
   d. Changes in demand
   e. Requirements of Public Authorities
   f. Management discretion
3. Contingent Factors
   a. Casualties or disasters
   b. Extraordinary obsolescence

These same factors can be used to help estimate an asset's economic life expectancy by allocating the appropriate weighting to each factor. That is, they can be used as a guideline for choosing economic lives of certain assets, but only after the proper weight is allocated to the effects of competition and technological change.

The "Functional Factors" (Part 2 of the NARUC factors) are sensitive to competition and technological change and are given substantially greater weight when Verizon considers the NARUC criteria in establishing the

economic lives of Verizon's assets. As I explained above, the effects of competition and technological change on an asset's economic life must be properly considered when determining competitive market asset lives. It has long been recognized in the industry that traditional methods for determining lives for accounts most affected by technology and competition are inadequate. Most Commissions, including this one, have thus seen it fit to make adjustments to the physical life indications produced by historical mortality analysis.

**Q. WHAT OTHER GUIDES DO YOU USE IN ESTABLISHING ASSET LIVES?**

A. To determine the reasonableness of Verizon's lives, Verizon also benchmarks against competitors, such as AT&T, MCI WorldCom, and cable television providers, and considers industry studies performed by Technology Futures Inc. ("TFI").

**Q. PLEASE EXPLAIN WHY BENCHMARKING IS USEFUL AND APPROPRIATE.**

A. Verizon FL benchmarks its competitors to assess the reasonableness of its recommended depreciation lives. As we transition to a competitive environment, all carriers should be treated the same with respect to setting depreciation rates. Indeed, competitors' depreciation rates are not reviewed or approved by any regulatory body, and are a good guide to reasonable practices in a competitive market. A table illustrating the results of Verizon's Benchmarking Study is contained in Exhibit AES-2.

**Q. WAS IT APPROPRIATE TO REJECT THE USEFULNESS OF SUCH BENCHMARKING IN ORDER NO. PSC-02-1574-FOF-TP?**

A. No. In Order No. PSC-02-1574-FOF-TP (pp 73-74), the Commission wrongly determined that the relevance of competitors' depreciation lives could not be determined without an understanding of the basis or assumptions underlying those lives. Based on this description, the Commission's decision sounds logical. In that proceeding, Verizon obtained highly relevant information regarding the lives used by its competitors, which the Commission wrongly disregarded in its Order. Verizon intends to pursue this issue on appeal. In this proceeding, however, Verizon will attempt to gather additional evidence from its competitors, through the discovery process, to address the Commission's concerns.

**Q. HOW DO VERIZON'S ECONOMIC DEPRECIATION LIVES COMPARE WITH THOSE OF WORLDCOM AND AT&T?**

A. The economic depreciation lives employed by AT&T are shorter than those employed by Verizon. AT&T's 2001 annual report lists the following useful life ranges: 3 to 15 years for communications and network equipment; 3 to 7 years for other equipment; and 10 to 40 years for buildings and improvements. In contrast, Verizon believes that an asset's useful life ranges from 9 to 20 years for communications and network equipment (9 to 50 including poles and conduit); 5 to 12 years for other equipment; and 33 years for buildings.

WorldCom's 2001 annual report states that, for the MCI Group, the useful life ranges from 4 to 10 years for transmission equipment, 5 to 10 years for communications equipment; and 4 to 39 years for furniture, fixtures, and buildings; and 4 to 39 years for other equipment. For the WorldCom Group, the useful life ranges from 4 to 40 years for transmission equipment (including conduit); 5 to 10 years for communications equipment; and 4 to 39 years for furniture, fixtures, buildings and other equipment. Verizon FL's recommendations are very comparable, ranging from 9 to 20 years for transmission equipment (9 to 50 including poles and conduit); 9 to 12 years for communication equipment; 5 to 12 years for furniture, fixtures, and equipment; and 33 years for buildings.

**Q. WHAT WAS DETERMINED BY THE COMPARISONS TO LIVES USED BY THE CABLE TELEVISION (CATV) OPERATORS?**

A. Verizon's lives are not as short as the lives used by CATV operators. For example, the FCC adopted useful lives for cable distribution facilities in the 10 to 15 years. In contrast, Verizon proposes a 15-year economic life for copper cable and the 20-year life for fiber cable. Additionally, the lives proposed by Verizon for support assets such as office furniture and equipment, vehicles, and buildings are reasonable when compared to the FCC-allowed ranges for CATV operators. The FCC CATV range for office furniture and equipment is 9 to 11 years, which compares favorably to Verizon's proposal of 10 to 15 years for these accounts. The FCC range for vehicles and equipment is 3 to 7 years, which is shorter than Verizon's proposal of 8 to 12 years. The FCC range for buildings is 18 to 33 years,

which is shorter than Verizon's proposal of 33 years. (FCC MM Docket No. 93-215, Implementation of Sections of the Cable Television Consumer Protection and Competition Act of 1992: Rate Regulation and FCC CS Docket No. 94-28, Adoption of a Uniform Accounting System for Provision of Regulated Cable Service, Second Report and Order, First Order on Reconsideration, and Further Notice of Proposed Rulemaking, January 26, 1996).

**Q. PLEASE EXPLAIN VERIZON'S USE OF THE INDUSTRY STUDIES PERFORMED BY TECHNOLOGY FUTURES INC. (TFI).**

A. TFI forecasts the remaining lives for certain assets when technological change is shortening their useful lives. To quantify technological change, TFI employs a model using patterns of technological substitution observed in the communications industry, as well as other industries. The industry studies conducted by TFI forecast the combined effects that competition and technological change will have on an asset's remaining useful life.

**Q. WHAT DO THE TFI STUDIES RECOMMEND VERIZON USE AS ECONOMIC LIVES FOR ITS ASSETS?**

A. Verizon's recommendations are in line with TFI's recommended economic life ranges, as shown by the following chart. (*Transforming the Local Exchange Network: Analyses and Forecasts of Technology Change*, Larry K. Vanston, Ray L. Hodges, and Adrian J. Poitras, 2d Ed. 1997, Technology Futures, Inc., at 33).

**Comparison of The TFI Ranges with Verizon's Proposed Economic Lives**

| | TFI Ranges | Verizon Economic |
|---|---|---|
| Digital Switching Equipment | 9-12 | 12 |
| Circuit Equipment | 6-9 | 9 |
| Copper Cable | 14-20 | 15 |
| Fiber Cable | 20 | 20 |

TFI specifically addresses the appropriate lives to be used for outside plant cable, central office switching, and circuit equipment accounts, because these accounts are most affected by changes in competition and technology.

## VI. CONCLUSION

**Q. PLEASE SUMMARIZE YOUR DIRECT TESTIMONY.**

A. Verizon FL's proposed depreciation inputs are properly forward-looking and are the most accurate estimate of the length of time over which Verizon's assets will produce economic value. Verizon's proposed lives are reasonable in comparison to the financial reporting lives of competitive telecommunications providers and should be approved by this Commission for use in establishing collocation rates. The Commission's decision in its recent UNE order did not appropriately reflect Verizon's forward-looking

lives and should not be adopted in this proceeding.

**Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

A. Yes.

Comparison of Verizon Florida's Recommended GAAP Depreciation Lives and Future Net Salvage Percents with the FPSC Ordered Depreciation Lives and Future Net Salvage Percents in UNE Docket 990649B-TP

| | Account | | LIFE YEARS | | | FNS SALVAGE % | |
|---|---|---|---|---|---|---|---|
| Account | Description | | FPSC UNE | VZ GAAP | | FPSC UNE | VZ GAAP |
| 2112 | Motor Vehicles | | 8.0 | 8.0 | | 16 | 15 |
| 2114 | Special Purpose Vehicles | | 7.0 | 12.0 | | 0 | 5 |
| 2115 | Garage Work Equipment | | 12.0 | 12.0 | | 0 | 5 |
| 2116 | Other Work Equipment | | 15.0 | 12.0 | | 0 | 5 |
| 2121 | Buildings | | 45.0 | 33.0 | | 0 | 0 |
| 2122 | Furniture | | 15.0 | 15.0 | | 10 | 0 |
| 2123.1 | Office Support Equip. | | 11.5 | 10.0 | | 5 | 0 |
| 2123.2 | Company Comm Equip. | | 11.5 | 10.0 | | 5 | 0 |
| 2124 | Computers | | 4.5 | 5.0 | | 2 | 2 |
| 2212 | Digital Switching Equipment | | 13.0 | 12.0 | | 0 | 0 |
| 2220 | Operator Systems | | 10.0 | 10.0 | | 0 | 0 |
| 2231 | Radio Systems | | 9.0 | 5.0 | | (5) | (10) |
| 2232 | Circuit Equipment | | 8.0 | 9.0 | | 0 | 2 |
| 2362 | Other Terminal Equipment | | 6.0 | 8.0 | | 5 | 1 |
| 2411 | Poles | | 35.0 | 30.0 | | (55) | (70) |
| 2421.1 | Aerial Ca. - Metallic | | 18.0 | 15.0 | | (14) | (5) |
| 2421.2 | Aerial Ca. - Non-Metallic | | 20.0 | 20.0 | | (14) | (5) |
| 2422.1 | U.G. Cable - Metallic | | 23.0 | 15.0 | | (8) | (10) |
| 2422.2 | U.G. Cable - Non Metallic | | 20.0 | 20.0 | | (8) | (5) |
| 2423.1 | Buried Ca. - Metallic | | 18.0 | 16.0 | | (7) | (3) |
| 2423.2 | Buried Ca. - Non Metallic | | 20.0 | 20.0 | | (7) | (3) |
| 2422.1 | Submarine Ca. - Metallic | | 18.0 | 16.0 | | (5) | (5) |
| 2424.2 | Submarine Ca. - Non Metallic | | 20.0 | 20.0 | | (5) | (5) |
| 2426.1 | Intrabuilding Ca. - Metallic | | 20.0 | 16.0 | | (10) | (5) |
| 2426.1 | Intrabuilding Ca. - Non Metallic | | 20.0 | 20.0 | | (10) | (5) |
| 2441 | Conduit Systems | | 55.0 | 50.0 | | (10) | (10) |

# Benchmark Comparisons of Telecommunications Providers

| Account Category | Verizon | AT&T | MCI/ WorldCom | CATV | TFI |
|---|---|---|---|---|---|
| Buildings & Other Equipment | 5-33 | | 4-39 | | |
| Buildings | 33 | 10-40 | | 18-33 | |
| Other Equipment | 5-12 | 3-7 | | | |
| Vehicles Other Wk Equipment | 8-12 | | | 3-7 | |
| Furniture & Equipment | 5-10 | | | 9-11 | |
| Communications & Network | 9-20 | 3-15 | | | |
| Communications | 9-12 | | 5-10 | 6-14 | |
| Digital Switching | 12 | | | | 9-12 |
| Digital Circuit | 9 | | | | 6-9 |
| (including Conduit) | 9-50 | | 4-40 | | |
| Transmission Equipment | 9-20 | | 4-10 | 10-15 | |
| Cable | 15-20 | | | 10-15 | 14-20 |

Sources:
Verizon: 2001 Financial Reporting Lives
AT&T: 2001 Annual Report
MCI/WorldCom: 2001 Annual Report
CATV: FCC CATV order MM Dkt. 93-215
TFI: Transforming the Local Exchange Network.