

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application of)
Northwestern Bell Telephone Company,)
Omaha, Nebraska, for modification of)
the Commission order establishing)
depreciation procedures.)

Application No. C-40

GRANTED

Entered: December 2, 1980

APPEARANCES: For the applicant
David Sather, Attorney
100 South 19th Street
Omaha, Nebraska

For the Intervenor, General Telephone
Company of the Midwest
Dale E. Sporleder, Attorney
11 Eleventh Avenue
Grinnell, Iowa

OPINION AND FINDINGS

BY THE COMMISSION:

By its application filed July 3, 1980, the Northwestern Bell Telephone Company, Omaha, Nebraska, seeks modification of the Commission order establishing depreciation procedures.

Notice of the filing of the application was published pursuant to the provisions of the Commission's Rules and Regulations. No protests to the application were filed, however a petition to intervene was filed by The Lincoln Telephone and Telegraph Company and a letter was submitted by General Telephone Company of the Midwest.

Pursuant to notice required by law, public hearing was held on the application on October 15, 1980, at 9:30 a.m. in the Commission Hearing Room, Lincoln, Nebraska with appearances as set forth above.

Upon consideration of the application, the evidence adduced at the hearing and being fully advised, the Commission is of the opinion and finds that:

1. Applicant is a telephone company doing business in Nebraska as a common carrier and is under the jurisdiction of this Commission.
2. By order entered April 10, 1979 in Application No. 33118 of the Nebraska Telephone Association, the Commission established procedures for modification of depreciation rates of Nebraska telephone companies. The order established maximum rates of depreciation for the different categories of telephone plant and allowed companies to change depreciation rates up to those maximums by filing a letter with the Commission.
3. Since that time a number of telephone companies have modified their depreciation rates in accordance with this procedure, and in many cases, the rates were made retroactive to the beginning of the year in which the letter was filed.
4. The applicant herein, as the toll settlement company, is concerned about the effect of retroactive costs not offset by revenues and has therefore filed this application which seeks to modify the procedure established in Application No. 33118 to provide that letters requesting changes in depreciation rates shall contain an effective date of not less than 30 days after the date of the letter to the Commission.
5. At the hearing on this matter, applicant amended its application to propose that the Commission adopt the following language in lieu of the language contained in its order in Application No. 33118:

"Any telephone company may amend its existing depreciation rates on any class of plant so long as its new depreciation rate does not exceed the rates set forth by this Commission in our Order entered April 10, 1979, in Application No. 33118. Such amendments shall be made by use of the following methods:

- (1) Telephone companies may file a letter of intent with the Nebraska Public Service Commission indicating that the company expects to seek a change in its depreciation rates at a future date. The letter should contain:
 - (a) The estimated date on which a change will be applied for;
 - (b) The estimated annual dollar amount of change in depreciation expense;
 - (c) The estimated effective date of the change in depreciation rates, which date shall be at least 30 days after and not more than 12 months after the date of the letter of intent; and further, the effective date shall not precede January 1 of the calendar year in which the actual depreciation rates are filed;
 - (d) The classes of plant that it is estimated will be affected by a change in depreciation rates.
- (2) Within the period allowed by (1)(c) above, the company shall file a letter with the Commission proposing to amend its existing depreciation rates. Said letter shall include the following information: present depreciation rate, proposed depreciation rate, effective date, plant account balance, effect on depreciation expense, and such other information as the company may desire to submit. Unless the company has previously filed a letter of intent under (1) above describing the proposed amendment, the effective date of the amended rates shall be at least 30 days after the date of the letter to the Commission. If a letter of intent has been filed, the effective date of depreciation changes can be established pursuant to section (1)(c) above.
- (3) The Commission may, if it deems necessary, require any company to file a formal application for approval of such depreciation rates. Any telephone company may file a formal application seeking approval of depreciation rates which exceed the rates set forth by this Commission in our Order entered April 10, 1979, in Application No. 33118.

6. The application is fair and reasonable, is in the public interest and should be granted, however this order should in no way change the effective date of depreciation letters filed before the date of this order.

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ORDER

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-40 be and it is hereby granted and the provisions of the Commission's order in Application No. 33118 establishing depreciation procedures be and they are hereby modified as set forth in the Opinion and Findings herein.

IT IS FURTHER ORDERED that this order shall have no effect upon the effective date of depreciation letters filed before the date of this order.

NEBRASKA PUBLIC SERVICE COMMISSION

Harold D. Simpson

Chairman

ATTEST:

COMMISSIONERS CONCURRING:

Jack Roman
Duane D. Gay

Terence L. Kuback

Secretary