

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application of)	Application No. C-356
Hartington Telephone Company, Hartington,)	
Nebraska, for authority to increase in)	GRANTED
local service rates and for approval of)	
Tariffs.)	Entered: October 4, 1983

APPEARANCES: For the applicant
John W. Hummel, Attorney
1615 17th Street
Central City, Nebraska 68826

For the Commission Staff
Hal Hasselbalch, Attorney
301 Centennial Mall South
Lincoln, Nebraska 68509

OPINION AND FINDINGS

BY THE COMMISSION:

By its application filed February 2, 1983, the Hartington Telephone Company, Hartington, Nebraska, seeks authority to increase local service rates and approval of tariffs.

Notice of the filing of the application was published pursuant to the provisions of the Commission's Rules and Regulations. No protest to the application was filed.

Pursuant to notice required by law, public hearing was held on the application on September 14, 1983 at 9:30 a.m. in the Courthouse, Hartington, 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 corporation organized and existing under the laws of the State of Nebraska with its principal place of business at Hartington, Nebraska. It is engaged in the telephone business as a common carrier under the jurisdiction of this Commission and provides telephone service to 2,111 subscribers through an exchange at Hartington, Nebraska.

2. Applicant's present rates and charges were approved by the Commission in its order entered May 8, 1972 in Application No. 29431.

3. Since the last rate order the company has been engaged in a service improvement program which has included: 400 additional central office lines, Touch-Tone equipment, TSPS and 0+ dialing and burying and stormproofing its outside plant.

4. In order to provide a reasonable return on its investment, applicant seeks to increase its rates and charges. A schedule of present and proposed rates is set forth below:

<u>Class of Service</u>	<u>Present</u>	<u>Proposed</u>	<u>Increase</u>
Access line			
Business one party	\$ 9.00	\$12.00	\$ 3.00
Residence one party	5.50	7.50	2.00

5. Both applicant and the Commission staff presented evidence concerning the financial statements, revenues, expenses and rate base of applicant. Applicant's exhibits for the year 1982 indicate a net operating income of \$100,721. The staff's exhibit agreed with the applicant on the 1982 actual net operating income. Adjustments to the operating statement and rate base were made by both the applicant and the staff. These adjustments will be discussed below.

6. Applicant's rate base was \$947,296 and included adjustment for deferred income taxes. The staff proposed an additional adjustment to include annualized depreciation expense. The staff's rate base was \$912,928. We find that the rate base should be \$912,928.

7. Staff adjustments to the operating statement included non-recurring and non-operating items, charitable contributions and the income tax effect of the other adjustments. The staff exhibit shows adjusted net operating income of \$99,799, giving effect to the rate increase and applicant's pro forma adjustments.

8. Applicant's pro forma adjustments, in addition to the revenue effect of the rate increase, include: the elimination of retroactive toll settlements, increased depreciation rates and the income tax effect of the other adjustments.

9. Applicant's pro forma rate of return is 10.92% which is fair and reasonable.

10. The staff presented evidence that prior to the hearing the Chief Engineer had conducted service tests at applicant's exchange. The testimony indicated that local call completion was satisfactory, however toll test results were below expected levels. Subsequent repairs and adjustments by the company corrected the problem.

11. Applicant seeks approval of the following depreciation rates:

Underground cable	4.0%
Underground conduit	4.0
Furniture and office equipment	12.0

12. Applicant also seeks revisions in its tariff to update it and to include unbundling of service charges. A copy of the proposed tariff is attached to the application and is incorporated herein by reference.

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13. The application is fair and reasonable, is in the public interest and should be granted.

ORDER

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that application No. C-356 be and it is hereby granted and the Hartington Telephone company be and it is hereby authorized to charge and collect the schedule of proposed rates set forth in the Opinion and Findings herein effective on the first billing date following the date of this order.

IT IS FURTHER ORDERED that applicant be and it is hereby authorized to use the depreciation rates set forth in the Opinion and Findings herein.

IT IS FURTHER ORDERED that applicant be and it is hereby authorized to revise its tariff as set forth in the Opinion and Findings herein and that a copy of said revised tariff be filed with the Commission.

MADE AND ENTERED at Lincoln, Nebraska, this 4th day of October, 1983.

NEBRASKA PUBLIC SERVICE COMMISSION

Harold D. Simpson
Chairman

ATTEST:

COMMISSIONERS CONCURRING:

Duane D. Gay

Terrence L. Kuback
Executive Secretary