

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the matter of the application of
Stanton Telephone Company, Stanton
Nebraska, for authority to revise
rates and charges for local exchange
service.

) Application No. C-532

) GRANTED IN PART

) Entered: February 19, 1985

APPEARANCES: For the applicant
Nicolas J. Lamme, Attorney
81 West 5th Street
Fremont, Nebraska 68025

OPINION AND FINDINGS

BY THE COMMISSION:

By its application filed July 17, 1984, Stanton Telephone Company, Stanton, Nebraska, seeks authority to revise rates and charges for local exchange service.

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.

Pursuant to notice required by law, public hearing was held on the application on January 3, 1985 at 10:00 a.m. in the Stanton County Courthouse, Stanton, Nebraska with appearance as shown.

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 Stanton, Nebraska. It is engaged in the telephone business as a common carrier serving approximately 1,021 subscribers in and around Stanton, Nebraska.

2. Applicant alleges that its present rates and charges are not adequate to provide a reasonable rate of return and seeks to increase rates as follows:

	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Increase</u>
First business line	\$15.00	\$18.00	\$3.00
Additional business line	13.50	17.00	2.50
Residence line	11.00	15.00	4.00

3. Both applicant and the Commission staff have used as a test year the year 1984 consisting of 9 months actual experience and 3 months estimated.

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4. Applicant's original cost rate base, as of September 3, 1984 adjusted for depreciation accruals is \$2,266,502. A late filed exhibit filed by applicant at the direction of the Commission reflects the value to Stanton Cable Company of using the same trench for its cable as was used by Stanton Telephone Company. At a rate of 25¢ per foot for trenching and 5¢ per foot for drops, a value of \$13,886 was assigned, which after depreciation for 3 years leaves a net adjustment to rate base of \$12,386. The Commission finds that this adjustment should be made to the rate base to reflect the value of the cable company and the telephone company using the same cable trench. The rate base is therefore found to be \$2,254,116.

5. The proposed rates would produce additional annual revenue of \$47,325. Net operating income after adjustments for toll settlements, salary reductions, reimbursement from cable company, minor adjustments and taxes would be \$179,309 based on applicant's exhibits and \$179,760 based on staff's exhibits. The differences between applicant's and staff's exhibits is in uncollectibles and maintenance. We will adopt the staff net operating income. A further adjustment to operating income is necessary to reflect the depreciation and tax effect of the adjustment we have made to rate base for the cable company's use of the telephone company's trench. This adjustment would increase operating income to \$180,029.

6. Net operating income of \$180,029 produces a rate of return of 7.99% on a rate base of \$2,254,116.

7. Having considered all of the evidence, the Commission is of the opinion and finds that the appropriate rate of return on rate base is 7.75%. A reduction of applicant's proposed residence rates from \$15.00 to \$14.00 would produce this rate of return, which is fair and reasonable.

8. The application, as modified above, is fair and reasonable and should be granted in part and applicant should be allowed the following schedule of monthly rates:

First business line	\$18.00
Additional business line	17.00
Residence line	14.00

ORDER

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-532 be and it is hereby granted in part and Stanton Telephone Company be and it is hereby authorized to increase its rates and charges as set forth in paragraph 7 of the Opinion and Findings herein.

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IT IS FURTHER ORDERED that all rates and charges not herein revised be and they shall remain in full force and effect.

MADE AND ENTERED at Lincoln, Nebraska, this 19th day of February, 1985.

NEBRASKA PUBLIC SERVICE COMMISSION

Harold D. Simpson
Chairman

COMMISSIONERS CONCURRING:

ATTEST:

Donald Adams
Executive Secretary