

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of Diller Telephone Com-) Application No. C-954
pany, Diller, Nebraska seeking to tem-))
porarily revise depreciation rates.) GRANTED

) Entered: December 8, 1992

BY THE COMMISSION

By application filed October 14, 1992, Diller Telephone Company ("Diller"), Diller, Nebraska seeks authorization from the Nebraska Public Service Commission to temporarily revise its depreciation rates as they affect certain physical plant facilities used by Diller. Diller is a telecommunications common carrier operating in intrastate commerce and is subject to the jurisdiction of and regulation by the Commission as to rates, service, and its general control.

The Omaha Daily Record published notice of the application October 19, 1992 in accordance with the Commission's procedural requirements. No one filed a protest. The application is therefore processed as provided by the modified procedure rule set forth in Title 291 Neb. Admin. Reg. Ch. 1, Rule 018.03.

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

Upon consideration of the application, the supporting documentation supplied by William P. Sandman, Diller's Manager, and being fully advised, the Commission is of the opinion and finds:

1. Diller operates four central office switches which are located in Diller, Harbine, Odell, and Virginia, Nebraska. The switch located in Virginia is a Stromberg-Carlson step-by-step mechanical switch originally purchased by Diller in 1971 and moved to Virginia in 1980. The other three switches are Vidar Digital Central Offices (DCOs) installed in 1980 to perform custom calling and toll ticketing functions which the older model cannot accomplish.

2. Shortly after installation of the Vidar DCOs, the manufacturer discontinued building this particular type of equipment. American Digital Switch presently supports the Vidar switches in a limited fashion. There are no viable upgrades available which are competitively priced.

3. The switches in their present configuration are incapable of providing equal access, SS-7, interchangeable NPAs and NXXs or other advanced telecommunications services sought by subscribers in today's environment. Additionally, new switches will permit Diller to:

- a. block 900 calls individually;
- b. provide multi-jurisdictional E-911 services;

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- c. improve, through equal access, 800 number routing for its Kansas customers;
- d. improve its trunk handling capacity to the toll network through installation of a new fiber system; and
- e. replace the Stromsberg-Carlson switch so that custom-calling features can be offered to all subscribers.

4. To upgrade its service capabilities, Diller proposes to install new switches capable of processing the new technologies available. New switches are apparently less expensive than attempting an upgrade of the current DCOs. The company solicited bids on new switches and plans to install new switches in the fourth quarter of 1993.

5. Based on an analysis of the company's records, the Vidar DCOs will not be fully depreciated prior to the planned retirement date. Therefore, Diller requests this Commission to authorize the company to ratably charge to income the undepreciated balance of its Account #2210 (balance measured as of December 31, 1991) over a twenty four month period commencing January 1, 1992 and terminating December 31, 1993. If granted as proposed, the requested charge to income will be:

	Account #
	2210
Plant Balance	\$ 760,322
Accumulated Depreciation	584,344
Net Plant	<u>175,978</u>
Months	24
Requested monthly charge to income	<u>\$ 7,332</u>
Current monthly charge to income	<u>\$ 4,435</u>

6. The Communications Department staff analyzed the Diller proposal and found the undepreciated balance in Account #2210 on December 31, 1991 to be \$175,978. Based on previous applications of a similar nature, staff suggested the amortization period be increased from twenty four months to thirty months (beginning January 1, 1992 and terminating June 30, 1994). Diller concurred in this change by letter dated October 28, 1992. We will treat the correspondence between staff and Diller in the form of a stipulation. With these changes, Diller's current monthly charge to income will be \$5,866 ($\$175,978 / 30 = \$5,866$) and its monthly increase in expense will be \$1,431 ($\$5,866 - \$4,435$).

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After review, the application is fair and reasonable, will not harm the public interest, and should be granted.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-954 be, and it is hereby, granted and Diller Telephone Company of Diller, Nebraska is authorized to enter into a temporary revision of the depreciation rates applicable to the previously identified Vidar DCOs.

IT IS FURTHER ORDERED that Diller's current monthly charge to income for depreciation of the affected DCOs be changed from \$4,435 to \$5,866.

IT IS FINALLY ORDERED that the amortization period for Account #2210 begin on January 1, 1992 and terminate thirty months later on June 30, 1994.

MADE AND ENTERED at Lincoln, Nebraska this 8th day of December, 1992.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING

Daniel G. Quirk
Duane D. Gay

//s//Frank E. Landis, Jr.
//s//James F. Munnely

Frank E. Landis, Jr.
Chairman

ATTEST:

John R. G.
Executive Director