## BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application of Southeast Nebraska Telephone Company, Falls City, Nebraska which seeks approval for a change in its depreciation rates for certain physical plant. Application No. C-1001

GRANTED AS MODIFIED

Entered: September 14, 1993

## BY THE COMMISSION

Southeast Nebraska Telephone Company ("Southeast"), Falls City, Nebraska filed this application June 14, 1993. Southeast seeks permission from the Commission to accelerate the depreciation of a Cit Alcatel E10-Five Digital Electronic Switch (the "Alcatel switch") previously installed at Southeast's facilities in 1987. Notice of the application was published in the Omaha Daily Record June 16, 1993 and no protests were received. The application is therefore processed using the Commission's modified procedure rule (Title 291 NAC Ch. 1, Rule 108.03).

## OPINION AND FINDINGS

Southeast installed the Alcatel switch in 1987 expecting it to have a life span of 15 years and began depreciating it at an annual rate of 7 percent (as provided by the rate table previously approved by this Commission). The switch is now outdated and is inadequate to provide modern services, example SS-7. It appears that replacement of the switch is more economically feasible than upgrading it. The company originally proposed to install a new switch in 1997 and to the remaining value in the Alcatel (\$1,242,444) over the next five years at an annual depreciation of \$248,498 per year. Further, Southeast proposed this be made retroactive to the beginning of 1992.

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Commission staff recommended that the amortization take place over a five year period commencing January 1, 1993 but taking into account a booking of \$121,596 in depreciation for 1992. This would have left a balance of \$1,120,296 to be amortized over the five year period at an annual rate of \$224,170.

Southeast then amended its application by letter dated August 19, 1993 and requested that the amortization take place over a four year period instead of five because the company now intends to replace the Alcatel switch in the next two to four years.

Therefore, the proposal before the Commission is as follows:

Central Office Equipment Balance January 1, 1992 Additions	\$1,723,435 28,081
Balance December 31, 1992	1,751,516
Accumulated Depreciation Balance January 1, 1992 Additions	\$ 509,372 121,296
Balance December 31, 1992	630,668
Net Book Value December 31, 1992	\$1,120,848
Four Year Amortization Amount	\$ 280,212

The application should be approved as modified and the amortization of the Alactel switch should commence January 1, 1993.

Therefore, the Commission, being fully advised, issues the following order:

ORDER

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IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-1001 be and it is hereby granted as modified under the terms and conditions set forth above and Southeast Nebraska Telephone Company, Falls City, Nebraska is authorized to amortize the remaining net book value of its Cit Alcatel E10-Five Digital Electronic Switch over four year period at a monthly rate of \$23,351 commencing January 1, 1993.

IT IS FURTHER ORDERED that the amortization be and it is hereby made retroactive to January 1, 1993.

MADE AND ENTERED at Lincoln, Nebraska this 14th day of September, 1993.

COMMISSIONERS CONCURRING

//s//Rod Johnson

//s//Frank E. Landis, Jr.

//s//James F. Munnelly

NEBRASKA PUBLIC SERVICE COMMISSION

CHAIRMA

ATTEST!

Executive Director