

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application )  
of Arcadia Telephone Company to )  
Change its Depreciation Accrual Rates ) Case No. 96-1376-TP-AAM  
and to Amortize the Unrecovered )  
Invested Cost. )

ENTRY

The Commission finds:

- (1) Applicant, Arcadia Telephone Company, is a telephone company as defined by Section 4905.03 (A), Revised Code, and a public utility as defined by Section 4905.02, Revised Code. Therefore, the Applicant is subject to the jurisdiction of this Commission.
- (2) Section 4905.18, Revised Code, provides in pertinent part:

Every public utility shall carry a proper and adequate depreciation or deferred maintenance account, whenever the public utility commission, after investigation, determines that a depreciation account can be reasonably required. The commission shall ascertain, determine, and prescribe what are proper and adequate charges for depreciation of the several classes of property for each public utility.... The commission may prescribe such changes in such charges for depreciation as it finds necessary.
- (3) The Applicant's current depreciation accrual rates were prescribed by the Commission in Case No. 87-1726-TP-AIR and were effective October 1, 1988. Further, in Case No. 92-1466-TP-AAM accrual rates for Accounts 2124, General Purpose Computers and 2212, Digital Switching Equipment, were prescribed effective January 1, 1992.
- (4) On December 18, 1996, Applicant filed an application to change its depreciation accrual rates for all of its plant accounts. The Applicant requested that the new accrual rates be made effective January 1, 1996.

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- (5) In addition, the Applicant requests authorization to adjust the present depreciation reserve balances among various depreciable accounts. Approval of these proposed adjustments will result in better correlation of the reserve account balances with the age distribution of the investment in each plant account. Finally, the Applicant requests that the total of these adjustments of \$107,954 be amortized over five years and charged to Account 6560, Depreciation and Amortization Expense. The Applicant requests that these adjustments and amortization also be made effective January 1, 1996.
- (6) Review of the Applicant's request by the Staff has resulted in the recommended accrual rates listed on Table I (attached). These accrual rates are the result of a negotiated agreement between the Staff and the Applicant, and also correlate to both the accrual rates prescribed for similar investment of other companies and to actual history experienced by the Applicant. The Staff recommends that these accrual rates be approved by the Commission effective January 1, 1996. Further, the Staff recommends that the Commission order the Applicant to submit a depreciation study for all of its accounts no later than five years from the date of this Entry.
- (7) In addition, the Staff has reviewed the Applicant's request for adjustments to the present depreciation reserve balances of \$107,954 and a five year amortization and concurs with the Applicant. The Staff recommends that the adjustments and amortization, shown on Table II (attached) be effective January 1, 1996.
- (8) The Staff's recommendations contained in Findings (6) and (7) are reasonable and will not result in any increase in rates currently in effect. Hence, the Commission is satisfied that consent and authority should be granted accordingly. The Applicant is cautioned that, due to the extended period between depreciation studies, the Commission may not permit full recovery of the reserve deficiency if a rate case is filed by the Applicant during the period the amortization is in effect.

It is, therefore,

ORDERED, That the accrual rates shown on Table I (attached) are hereby prescribed as proper and adequate charges for depreciation of the Applicant's telephone plant. It is, further,

ORDERED, That these accrual rates be made effective January 1, 1996. It is, further,

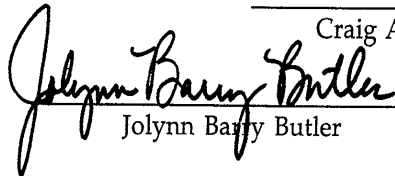
ORDERED, That the Applicant submit a depreciation study for all of its plant accounts no later than five years after the date of this Entry. It is, further,

ORDERED, That the adjustments to the reserve balances and amortization shown on Table II (attached) be granted as outlined in Finding (7) above, and be made effective January 1, 1996. It is, further,

ORDERED, That nothing in this Entry shall be binding upon this Commission in any further proceeding or investigation involving the justness or reasonableness of any rate, charge, rule or regulation. It is, further,

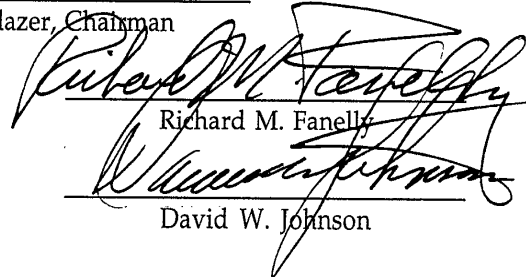
ORDERED, That a copy of this Entry be served upon each party of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

  
Jolynn Barry Butler

Ronda Hartman Fergus

Craig A. Glazer, Chairman

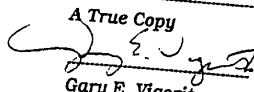
  
Richard M. Fanelli

David W. Johnson

DCK:dj

Entered in the Journal  
DEC 30 1996

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Gary E. Vigorito  
Secretary

Arcadia Telephone Company  
Accrual Rate Summary

Table I

ACCT. NO.	ACCOUNT DESCRIPTION	Current			Final		
		Average Service Life	Average Net Salvage %	Accrual Rate %	Average Service Life	Average Net Salvage %	Accrual Rate %
				(a)			(b)
2112	Motor Vehicles	7.5	13.0	11.60	7.0	10.0	12.86
2116	Other Work Eqpt	20.0	4.0	4.80	10.0	4.0	9.60
2121	Buildings	28.0	3.0	3.46	28.0	3.0	3.46
2122	Furniture	20.0	5.0	4.75	15.0	5.0	6.33
2123.1	Office Support Eqpt	20.0	5.0	4.75	8.0	2.0	12.25
2123.2	Company Communications Eqpt	9.0	5.0	10.56	9.0	0.0	11.11
2124	General Purpose Computers	7.0	5.0	13.57	6.0	0.0	16.67
2212	Digital Switching Eqpt	12.5	3.0	7.76	10.0	3.0	9.70
2219	Traffic Measuring Eqpt	15.0	8.0	6.13	10.0	3.0	9.70
2231	Radio Ept	10.0	3.0	9.70	9.0	0.0	11.11
2232	Circuit Eqpt	10.0	3.0	9.70	10.0	3.0	9.70
2351.0	Public Telephone Terminal Eqpt	14.0	1.0	7.07	10.0	0.0	10.00
2411.0	Poles	21.0	(35.0)	6.43	18.0	(35.0)	7.50
2421.1	Aerial Cable-Metallic	25.0	(25.0)	5.00	20.0	(25.0)	6.25
2421.2	Aerial Cable-Nonmetallic	25.0	(25.0)	5.00	25.0	(5.0)	4.20
2421.3	Aerial Cable-Drop & Block	25.0	(25.0)	5.00	18.0	(25.0)	6.94
2423.1	Buried Cable-Metallic	25.0	(8.0)	4.32	20.0	(5.0)	5.25
2423.2	Buried Cable-Nonmetallic	25.0	(8.0)	4.32	25.0	(5.0)	4.20
2423.3	Buried Cable-Drop & Block	25.0	(8.0)	4.32	20.0	(5.0)	5.25
2431.0	Aerial Wire	10.0	(35.0)	13.50	10.0	(35.0)	13.50

(a) Current Accrual Rates prescribed in Case No. 87-1726-TP-AIR, effective October 1, 1988  
and in Case No. 92-1466-TP-AAM for Accts 2124 and 2212 effective January 1, 1992  
(b) Staff Recommended Accrual Rates effective at January 1, 1996

Table II  
Arcadia Telephone Company  
Depreciation Reserve Summary

ACCT. NO.	ACCOUNT DESCRIPTION	Book Reserve (a)	Adjustments (b)	Adjusted Book Reserve (c)
2112	Motor Vehicles	\$ 39,535	\$ (6,344)	\$ 33,191
2116	Other Work Eqpt	5,954	3,940	9,894
2121	Buildings	61,195	(8,745)	52,450
2122	Furniture	11,825	(651)	11,174
2123.1	Office Support Eqpt	7,512	(4,009)	3,503
2123.2	Company Communications Eqpt	8,200	453	8,653
2124	General Purpose Computers	74,880	30,299	105,179
2212	Digital Switching Eqpt	201,509	23,363	224,872
2219	Traffic Measuring Eqpt	3,126	(370)	2,756
2231	Radio Eqpt	49,693	35,952	85,645
2232	Circuit Eqpt	91,905	(15,963)	75,942
2351	Public Telephone Terminal Eqpt	2,769	(959)	1,810
2411	Poles	31,560	894	32,454
2421.1	Aerial Cable-Metallic	51,450	(19,598)	31,852
2421.2	Aerial Cable-Nonmetallic	0	271	271
2421.3	Aerial Cable-Drop & Block	(2,807)	26,481	23,674
2423.1	Buried Cable-Metallic	210,947	(6,940)	204,007
2423.2	Buried Cable-Nonmetallic	3,469	(417)	3,052
2423.3	Buried Cable-Drop & Block	(653)	49,706	49,053
2431	Aerial Wire	5,089	591	5,680
	Totals	\$ 857,158	\$ 107,954	\$ 965,112

(a) Book Reserve at 12-31-95  
(b) Adjustments  
(c) Columns: (a + b)