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BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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

APPLICATION

Applicant, Arcadia Telephone Company is a public utility subject to the jurisdiction of this Commission, requests authority from your Commission to change its depreciation accrual rates for the reason that the present average service lives and net salvage values will not provide for the adequate depreciation of its property over its estimated useful life. The Applicant's current depreciation accrual rates were prescribed in Case No. 87-1726-TP-AIR, effective October 1, 1988. In addition, 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. Attached and marked as Exhibit "A" is a tabulation of the current and proposed depreciation accrual rates for the Applicant's various plant accounts. The Applicant requests that the change in accrual rates be made effective as of January 1, 1996. Attached and marked as Exhibit "B" is a calculation showing the change in the annual depreciation expense that would result with the approval of the proposed accrual rates.

Applicant, further requests authority from your Commission to make adjustments to the depreciation reserve for the Applicant's various plant accounts as shown on Exhibit "C". Approval of these proposed entries will result in better correlation of the reserve account balances with the age distribution of the invested dollars for each plant account. Further, Commission approval of this request will provide for the recovery of the unrecovered invested cost of \$107,954 shown on Exhibit C by a five year amortization. Applicant proposes to charge this amortization to Account 6560, Depreciation and Amortization Expense. The Applicant requests that approval of this request also be made effective as of January 1, 1996.

Applicant does not anticipate that a request for rate relief will be filed with this Commission upon the approval of this application.

Respectfully Submitted,

Dana Reed

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Arcadia Telephone Company
Accrual Rate Summary

Exhibit A

ACCT. NO.	ACCOUNT DESCRIPTION	Current			Proposed		
		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) Applicant Proposed Accrual Rates effective at January 1, 1996

Exhibit B

Arcadia Telephone Company
Depreciation Expense Summary

ACCT. NO.	ACCOUNT DESCRIPTION	Plant In Service (a)	Current Accrual Rate % (b)	Depreciation Expense (c)	Proposed Accrual Rate % (d)	Depreciation Expense (e)	Difference (f)
2111	Land	\$ 870	0.00%	0	0.00%	0	\$ 0
2112	Motor Vehicles	47,582	11.60%	5,520	12.86%	6,119	600
2116	Other Work Eqpt	30,636	4.80%	1,471	9.60%	2,941	1,471
2121	Buildings	129,588	3.46%	4,484	3.46%	4,484	0
2122	Furniture	21,460	4.75%	1,019	6.33%	1,358	339
2123.1	Office Support Eqpt	7,003	4.75%	333	12.25%	858	525
2123.2	Company Communications Eqpt	12,226	10.56%	1,291	11.11%	1,358	67
2124	General Purpose Computers	126,277	13.57%	17,136	16.67%	21,050	3,915
2212	Digital Switching Eqpt	488,623	7.76%	37,917	9.70%	47,396	9,479
2219	Traffic Measuring System	6,137	6.13%	376	9.70%	595	219
2231	Radio Eqpt	125,132	9.70%	12,138	11.11%	13,902	1,764
2232	Circuit Eqpt	175,808	9.70%	17,053	9.70%	17,053	0
2351	Public Telephone Terminal Eqpt	5,164	7.07%	365	10.00%	516	151
2411	Poles	19,137	6.43%	1,231	7.50%	1,435	205
2421.1	Aerial Cable-Metallic	33,342	5.00%	1,667	6.25%	2,084	417
2421.2	Aerial Cable-Nonmetallic	3,167	5.00%	158	4.20%	133	(25)
2421.3	Aerial Cable-Drop & Block	23,704	5.00%	1,185	6.94%	1,645	460
2423.1	Buried Cable-Metallic	377,440	4.32%	16,305	5.25%	19,816	3,510
2423.2	Buried Cable-Nonmetallic	35,621	4.32%	1,539	4.20%	1,496	(43)
2423.3	Buried Cable-Drop & Block	87,794	4.32%	3,793	5.25%	4,609	816
2431	Aerial Wire	4,315	13.50%	583	13.50%	583	0
Totals		\$ 1,761,026		\$ 125,563		\$ 149,433	\$ 23,870

- (a) Applicant's Plant at 12-31-95
- (b) Current Accrual Rates
- (c) Columns: (a * b)
- (d) Proposed Accrual Rates
- (e) Columns: (a * d)
- (f) Columns: (e - c)

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)