

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of )  
Century Telephone of Ohio, Inc. to )  
Change its Depreciation Accrual Rates ) Case No. 97-649-TP-AAM  
and to Amortize the Unrecovered )  
Invested Cost. )

ENTRY

The Commission finds:

- (1) Applicant, Century Telephone of Ohio, Inc., 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. 92-2298-TP-AAM and were made effective January 1, 1992.
- (4) On June 18, 1997, the 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, 1997.
- (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. The Applicant requests that the total of these adjustments of \$13,480,873 be amortized over six years with equal monthly charges to Account 6560, Depreciation and Amortization Expense. The Applicant requests that these adjustments and amortization be made effective January 1, 1997.

- (6) Finally, the Applicant states that it has specific plant represented by dying accounts and proposes to amortize the existing reserve deficiency amounts for these accounts over one year. The total reserve deficiency to be amortized for these accounts is \$72,709. The Applicant requests that this amortization also be made effective January 1, 1997.
- (7) Review of the Applicant's request by the Staff has resulted in the recommended accrual rates listed on Table I (attached). The Staff concurs with the Applicant's request with the exception of Account 2411, Poles. The Staff recommends that the current accrual rate be continued until the Applicant provides factual documentation to support a change in this accrual rate. The underlying depreciation parameters for these accrual rates were agreed upon by representatives of the Applicant and the PUCO Staff in a meeting held earlier this year. The Staff recommends that these accrual rates be approved by the Commission effective January 1, 1997. 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.
- (8) In addition, the Staff has reviewed the Applicant's request for adjustments to the present depreciation reserve balances for its various depreciable accounts along with the six year amortization and concurs with the Applicant with one exception. Consistent with the accrual rate adjustment for Account 2411, Poles, the Staff has recalculated the total reserve deficiency to be \$11,682,797. The Staff recommends that these adjustments and amortization, shown on Table II (attached), be effective January 1, 1997.
- (9) Finally, the Staff has reviewed the Applicant's request for a one year amortization of the reserve deficiency for specific plant represented by dying accounts and concurs with the

Applicant. The Staff recommends that this amortization, shown on Table III (attached), be effective January 1, 1997.

- (10) The Staff's recommendations contained in Findings (7), (8), and (9) 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.

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, 1997. It is, further,

ORDERED, That the Applicant submit a depreciation study for all of its plant accounts no later than 5 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 (8) above, and be made effective January 1, 1997. It is, further,

ORDERED, That the amortization amounts shown on Table III (attached) be granted as outlined in Finding (9) above, and be made effective January 1, 1997. 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

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Craig A. Glazer, Chairman

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Jolynn Barry Butler

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Ronda Hartman Fergus

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David W. Johnson

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Judith A. Jones