THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: Jim Robinson, Chairman
F.S. Jack Alexander
Rachel C. Lipman

In the Matter of a Common Depreciation   )
Schedule for small Independent Telephone) Docket No.
Companies in Kansas.   ) 188,681-U

ORDER

NOW, this matter comes before the State Corporation Commission of the State of Kansas for consideration and determination. Having been fully advised in the premises and from the pleadings before it, the Commission finds and concludes as follows:

INTRODUCTION

1. Over the past several years, Commission Staff has received requests for recommendations of approval for various depreciation schedules. Staff routinely requests copies of detailed depreciation studies used by the requesting utility to analyze the appropriateness of the proposed rates. It has become apparent that, due to cost considerations, small companies are unable to perform the necessary detailed depreciation studies and therefore, Staff has undertaken to provide guidelines for the determination of depreciation rates to be useful to small companies.

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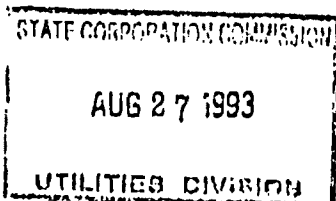
ANALYSIS

2.   On June 24, 1993, Staff provided the Commission with a recommended streamlined process for the determination of depreciation rates and proposed submitting the modifications to the industry and interested parties for comment. The proposed schedule, table and sources of data are attached hereto marked "exhibit A" and made a part hereof by reference.

FINDINGS AND CONCLUSIONS

3.   The Commission finds that it has jurisdiction of the subject matter and the parties.

4.   The Commission finds that a comment period concerning Staff's proposed "streamlined process depreciation schedule" is appropriate and necessary.   Comments will be accepted only in written form through and including September 30, 1993 at 5:00 p.m. All such written comments will be addressed to Judith McConnell, Executive Director, Kansas Corporation Commission, 1500 S.W. Arrowhead Rd., Topeka, Kansas, 66604-4027, and shall reference Docket No. 188,681-U.

5.   The Commission finds that upon receipt of all comments, it shall review the comments and issue a decision on the direction the Commission next will take regarding Staff's proposal.

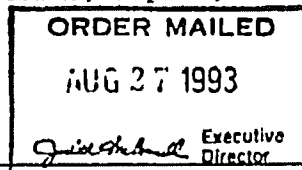IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A comment period shall occur as outlined above.   The Commission retains jurisdiction of the subject matter and the

parties for the purpose of entering such further order or orders as the Commission may deem appropriate and necessary.

Robinson, Chmn.; Alexander, Comm.; Lipman, Comm.

Dated: AUG. 27 1993

Judith McConnell
Executive Director

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DEPRECIATION SCHEDULE

A) PURPOSE OF TABLE

This table has been prepared to provide guidelines for the determination of depreciation rates. It is hoped that this schedule will be useful for small companies which are unable to perform detailed depreciation studies because of limited resources.

The schedule specifies the ranges of depreciation rates to be used with the different plant accounts. These ranges apply for accounts in which the equipment is operated under normal conditions.

Companies should determine a depreciation rate taking into account the service life and the salvage of the account. If this rate is within the KCC specified range, the company will not be required to submit a detailed depreciation analysis.

If a depreciation rate is out of a specified range, the company will be required to perform a detailed depreciation analysis. If the results of the detailed analysis indicate a short life because of rapidly changing technology or extreme operating conditions, the analysis will be given due consideration in the determination of a reasonable depreciation rate.

B) SOURCES OF DATA

The data used to prepare table 1(attachment 1) included the depreciation rates from Pgs 7/8 of the 1991 annual reports of the listed companies. These depreciation rates have been listed in the attached worksheets (attachments 2,3,4). The average and the standard deviation of each account were used to calculate the lower and the upper limits of the range corresponding to the account. These appear on the attached worksheets.

The accounts for which there was insufficient data have not been listed. Any depreciation rate, which was greater than 200% of the next data point for the account, was not considered to be representative of that account. Such points were excluded out of the data set for that account.

DEPRECIATION SCHEDULE

ACCOUNT NO.	NAME	LWR LMT (Avg-Stdev)	UPPR LMT (Avg+Stdev)
2112	Motor vehicles	13.68%	23.24%
2115	Garage eqpmt	6.38%	17.20%
2116	Other work eqpmt	8.33%	18.36%
2121	Buildings	2.51%	4.01%
2122	Furniture	5.47%	11.48%
2123	Office eqpmt	7.08%	14.10%
2124	General purpose computers	9.26%	14.40%
2211	Analog electronic switch	4.59%	9.58%
2212	Digital electronic switch	4.58%	7.80%
2215	Electromechanical switch	4.05%	8.95%
2230	Central office-transmission	4.07%	8.41%
2311	Station apparatus	8.18%	17.69%
2321	Customer premises wiring	5.19%	11.78%
2351	Public tele.terminal eqpmt	9.22%	16.62%
2411	Poles	3.52%	11.21%
2421	Aerial cable	4.12%	5.92%
2422	Underground cable	3.17%	4.80%
2423	Buried cable	3.72%	5.05%
2431	Aerial wire	4.43%	13.46%
2441	Conduit systems	1.78%	4.14%

AC NAME		Motor vehicles	Aircraft	Spec pup vehicles	Garage work segmt	Other work segmt	Other work segmt tools	Buildings	Furniture	Office segmt	Can put camps	Analog sets Switch	Digital sets Switch
AC NO		2112	2113	2114	2115	2116	2117	2121	2122	2123	2124	2210	2212
ACCPA#4												2210	2212
BLUE VALLEY		25.00%				10.00%		2.40%	10.00%	10.00%			
COLUMBUS		13.00%				8.00%		3.00%	5.00%		5.00%		3.80%
COUNCIL GROVE		20.00%				13.00%		3.50%	8.00%	8.00%			6.00%
CRAW KAN		25.00%				10.00%		2.50%			14.00%		10.00%
DUNNGHAM		15.00%				25.00%	8.00%	3.50%		20.00%			8.07%
ELKHART		20.00%			10.00%	10.00%		3.50%	8.00%	7.40%	13.00%		8.00%
GORHAM		20.01%				10.00%		3.00%	6.00%		13.57%	5.00%	6.00%
GOLDEN BELT		16.00%				20.01%		2.00%	10.00%	10.80%	13.14%		9.70%
HAVILAND		18.00%	10.00%			20.00%		3.80%	4.00%				
H&B		18.00%				18.00%		3.00%	8.00%	9.00%	13.80%	8.00%	6.70%
HOME		25.00%				10.00%		2.50%	8.00%	8.00%	8.00%		
JBN		12.18%			8.00%	12.00%		2.10%	10.00%	8.50%	10.00%	4.00%	8.07%
KANOKLA		20.00%				7.83%		2.10%	5.30%	7.40%	10.00%		5.00%
LAHARPE		10.00%			4.54%	4.54%		3.33%	8.40%			8.50%	
MADISON		14.00%				10.00%		4.00%	10.00%	8.40%	15.00%		8.44%
MUTUAL		20.00%				7.50%		4.00%	7.50%	10.00%	10.00%		
PEOPLES MUT		13.00%				20.00%		4.00%	20.00%	7.50%	12.50%		8.00%
RAINBOW		20.00%				8.00%		2.00%	8.00%	20.00%	13.50%		5.00%
RURAL		20.00%				11.00%		4.00%	7.50%	12.00%	8.00%		5.00%
S&A		14.00%				10.00%		3.50%	10.00%	7.50%	12.50%		9.75%
S&T		16.87%				15.00%		4.00%		11.00%	13.57%		8.70%
S KS TEL		17.50%				10.00%		3.00%	7.00%	13.90%	15.00%		
S CENTRAL TEL		33.34%				10.00%		3.00%	10.00%	10.00%	13.00%		5.50%
TOTAH		10.00%				10.00%		4.80%	5.00%	10.00%	14.50%		8.10%
SUNFLOWER		24.00%			10.00%	18.00%		5.30%	8.00%	18.00%	10.00%		5.00%
TRI-COUNTY		10.00%			8.00%	20.00%		3.50%		9.80%			8.25%
TWIN		14.20%			14.20%	18.00%		3.00%	11.70%	11.70%	11.70%		
UNITED TEL		10.00%			15.00%	14.20%		3.10%	8.10%	8.10%	8.10%		4.20%
WAMEGO		18.67%		20.00%		20.00%		3.00%	7.80%	9.80%	13.00%	8.00%	8.00%
ZENDA								2.80%	8.00%	14.20%	14.20%	11.00%	11.00%
AVERAGE		18.48%	18.00%	20.00%	11.78%	13.35%	8.00%	3.25%	8.47%	10.58%	11.83%	7.08%	5.94%
DATA PTS	AVG-STDEV	30	1	1	8	30	1	31	20	20	28	6	6.19%
LOWER LMT	AVG-STDEV	13.65%			6.33%	8.33%		2.33%	5.47%	7.08%	9.28%	4.59%	24
UPPER LMT		23.24%			17.20%	18.36%		4.01%	11.48%	14.10%	14.45%	9.58%	4.58%
													7.80%
MIN		10.00%	18.00%	20.00%	4.54%	4.54%	8.00%	2.00%	4.00%	5.00%	5.00%	4.00%	3.80%
MAX		33.34%	18.00%	20.00%	18.00%	25.00%	8.00%	5.30%	20.00%	20.00%	15.00%	11.00%	11.00%

AC NAME	Electromech switch	Owned all trunks	Radio systems	Carrier signal	Station app	Cust prems wiring	Large pvt brnch exch	Public tel	Other tele signal	Radio	Aerial cable	Underground cable	Buried cable
AC NO	2215	2220	2231	2232	2233	2211	2221	2341	2340	2351	2352	2411	2421	2422	2423
ABENA		3.80%													
BLUE VALLEY	8.00%	8.00%			18.00%	18.00%	10.00%			18.00%					3.40%
COLUMBUS					18.00%	18.00%	10.00%			18.00%					9.00%
COUNCIL GROVE		8.00%			5.00%	5.00%	5.00%			10.00%	5.00%	8.00%	4.50%	4.50%	4.50%
CRAW-KAN	8.00%	8.00%	8.00%		18.00%	18.00%	10.00%			18.00%	5.00%	5.00%	8.00%	8.00%	4.60%
CUBNRCHM	8.00%	8.70%						18.00%		8.70%	8.10%	8.00%			4.25%
BUDGET					4.00%	10.00%		8.70%		15.34%					4.00%
COPAN	4.00%	7.00%			18.00%	10.00%		18.00%		8.00%	8.00%	6.00%	4.25%		
GOLDEN BELT	5.00%	5.00%			18.00%	10.00%		18.00%		4.00%	5.00%	4.00%	4.00%	
HAVILAND		4.00%					18.00%	18.00%		17.00%			4.60%	
H&B		12.00%						9.50%		7.00%	5.00%		4.00%	
HOME	4.70%	5.00%			18.00%	10.00%		18.00%				2.40%	4.00%	
JBN						8.22%		12.86%		8.37%		5.20%	4.10%	4.70%	
KANOKLA	10.00%	7.62%			10.00%	10.00%		8.85%	0.85%	15.00%			4.00%	4.25%	
LAHARPE	5.00%	8.00%			18.00%	18.00%						5.50%	
MADCOR						10.00%		13.00%		5.00%	5.00%	4.00%	4.00%	
MUTUAL		5.00%						9.50%			4.00%		4.25%	
PEOPLES 14-E		5.00%						18.00%					5.67%	
RAINBOW	10.00%	10.00%			18.00%	3.94%		18.00%		3.96%	3.94%		3.94%	
RURAL	4.00%	4.00%		4.50%	10.00%	10.00%		18.00%		8.90%	3.75%	5.65%	5.65%	
S&A		7.00%				8.00%		18.00%		3.75%		3.75%	
S&T	8.10%	8.10%				3.90%		18.00%		8.00%		4.50%	
S.KSTEL		9.00%			10.00%	5.00%		18.00%		4.00%	5.00%	4.00%	5.00%	
S.CENTRAL TEL		8.25%		4.50%		7.31%		5.00%				3.10%	
TOTAH										8.50%	4.40%	4.40%	3.10%	
SUNFLOWER	8.00%	8.00%						10.10%		3.00%	7.00%	4.00%	4.40%	
TRI-COUNTY	4.20%	8.00%						18.00%		12.00%		4.50%	
TWIN		7.00%				15.00%		9.00%	8.00%	12.00%		3.00%	4.50%	
UNITED TEL	11.00%	11.00%			10.00%	3.35%		10.00%		7.08%	5.00%	4.00%	4.50%	
WAMEGO		5.84%			18.00%	5.00%		8.00%		10.00%	4.00%	4.00%	
ZENDA						10.00%		18.00%				2.40%	3.10%	
AVERAGE	8.50%	8.23%	8.00%	8.25%	12.03%	8.45%	18.00%	12.82%	8.28%	7.38%	5.07%	3.08%	4.30%	
DATA PTS	14	23	1	2	15	24	1	27	3	21	10	17	29	
LOWER LMT	4.05%	4.07%		3.78%	8.18%	5.11%		9.22%	8.00%	3.52%	4.17%	3.17%	3.72%	
UPPER LMT	8.95%	8.41%		0.72%	17.09%	11.78%		16.42%	8.01%	11.21%	5.81%	4.60%	5.05%	
MIN	4.00%	3.80%	8.00%	4.50%	4.00%	3.35%	18.00%	5.00%	8.05%	3.00%	3.75%	2.40%	3.10%	
MAX	11.00%	12.00%	3.00%	8.00%	18.00%	16.00%	18.00%	18.00%	10.00%	17.00%	7.00%	5.65%	5.05%	

ACNAME	Subscriber rate	Aerial Wire	Combat systems
	2424	2431	2441
ACHD			
ALBION			
BLUE VALLEY			
COLUMBUS			
COUNCIL GROVE		5.00%	5.00%
CUNNINGHAM		0.90%	3.50%
ELKHART			
GORHAM		4.00%	2.00%
GOLDEN BELT			4.00%
HAYSLAND		7.00%	4.00%
H&B	4.00%		
HOME			2.00%
JBN		18.20%	1.94%
KANOKLA			1.78%
LAHARPE			
MADISON			2.50%
MUTUAL			
PEOPLES &/			
RAINBOW			
RURAL			4.00%
S&A		3.75%	
S&T			
S K3 TEL		12.40%	2.00%
S CENTRAL TEL		9.00%	4.40%
TOTAH		12.00%	
SUNFLOWER			
TRI-COUNTY		8.00%	1.80%
TWIN		10.00%	2.20%
UNITED TEL			2.40%
WAMEGO			
ZENDA			
AVERAGE	4.00%	8.85%	2.94%
DATA PTS	1	11	15
LOWER LIMIT		4.45%	1.78%
UPPER LIMIT		13.40%	4.14%
MIN	4.00%	3.75%	1.78%
MAX	4.00%	18.20%	5.00%