

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 6th day of
November, 2007.

In the matter of the Application of Oregon Farmers)	
Mutual Telephone Company to Authorize a Minimum)	<u>Case No. TO-2008-0070</u>
Depreciation Rate and to Record Depreciation)	
Expense in Excess of Such Minimum Rate.)	

**ORDER GRANTING APPLICATION FOR AUTHORITY TO ESTABLISH
MINIMUM DEPRECIATION RATES AND TO RECORD DEPRECIATION
EXPENSE IN EXCESS OF SUCH MINIMUM RATES**

Issue Date: November 6, 2007

Effective Date: November 16, 2007

Oregon Farmers Mutual Telephone Company filed an application on September 7, 2007, asking the Commission for authority to establish a minimum depreciation rate and to record depreciation expense in excess of such minimum rate. Oregon Farmers is an incumbent local exchange carrier providing services in one exchange located in Holt County, Missouri.

Oregon Farmers' application asks that the Commission establish its current authorized depreciation rate of 6.67% as its "minimum" rate for Account No. 2212.xxx and authorize a depreciation rate in excess of the minimum rate. This will allow Oregon Farmers to accelerate depreciation for a switch that was originally placed in service in 1989 and will become technologically obsolete on September 30, 2010, when it is planned to be replaced.

The current accumulated depreciation for the Nortel DMS-10 switch is \$648,406.10 leaving an undepreciated balance of \$296,990.60. Oregon Farmers requests that it be allowed to recover this balance over a period of three years beginning October 1, 2007. This would result in a depreciation rate of 10.34% for Account No. 2212.xxx and an annual depreciation expense of \$34,696. This will also allow the company to recover its investment by the time the switch is retired.

On October 24, 2007, the Commission's Staff filed a recommendation concurring with Oregon Farmers' request and recommending that the Commission grant the company's application. Staff also states that the increased amount of interstate revenue requirement will come from Local Switching Support and NECA Interstate settlements. No other response to the application and no request for an evidentiary hearing was received.

Section 392.280.2, RSMo 2000, provides that a telecommunications company may ask the Commission to authorize minimum depreciation rates in lieu of fixed rates, and to record depreciation expense on the basis of depreciation rates in excess of such minimum rates. Based on the verified application filed by Oregon Farmers and on the verified recommendation filed by Staff, which are hereby admitted into evidence, the Commission finds that Oregon Farmers' request is reasonable and shall be granted.

IT IS ORDERED THAT:

1. The Application for Authority to Establish Minimum Depreciation Rate for Account No. 2212 and to Record Depreciation Expense in Excess of Such Minimum Rate filed by Oregon Farmers Mutual Telephone Company is granted.

2. The minimum depreciation rate for Account No. 2212.xxx is set at its current rate of 6.67% and Oregon Farmers Mutual Telephone Company is granted authority to

record a depreciation rate in excess of the minimum of 10.34% for Account No. 2212.xxx for the period of October 1, 2007, through September 30, 2010.

3. This order shall become effective on November 16, 2007.
4. This case may be closed on November 17, 2007.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale'.

Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Clayton, Appling,
and Jarrett, CC., Concur.
Murray, C., Dissents.

Dippell, Deputy Chief Regulatory Law Judge