STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held at its office in Jefferson City on the 23rd day of December, 2009.

In the Matter of the Application of Mid-Missouri Telephone Company of Pilot Grove, Missouri to Authorize A Minimum Depreciation Rate and to Record Depreciation Expense in Excess of Such Minimum Rate	))) **File No. IU-2010-0164**))

ORDER GRANTING APPLICATION
FOR ACCOUNTING AUTHORITY ORDER

Issue Date: December 23, 2009   Effective Date: January 1, 2010

On November 25, 2009, Mid-Missouri Telephone Company of Pilot Grove, Missouri ("Mid-Missouri") filed an application pursuant to Section 392.280.2 RSMo and Commission Rule 4 CSR 240-2.060 for an accounting authority order to book depreciation rates on new equipment in excess of depreciation rates currently allowed for ratemaking purposes.[1] Specially, Mid-Missouri requests that the Commission establish its current depreciation rate for Account No. 2212 of 6.7% as its "minimum" rate, and authorize a depreciation rate in excess of the minimum rate (20% for five years) to allow for accelerated depreciation of switch equipment to be placed in service on December 31, 2009. Mid-Missouri requests that the accelerated depreciation rate be authorized to become effective on January 1, 2010.

In support of its application, Mid-Missouri states that competitive forces and technological advances have driven their decision to replace their current 5ESS switch with a soft switch capable of working with fiber and other advanced technologies, in order to allow

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[1] Section 392.420, RSMo Cum. Supp. 2008, permits a telecommunications company to elect not be subject to section 392,280, but Mid-Missouri has not pursued such an election.

the Company to provide additional and improved services, including, but not limited to, greater bandwidth for broadband services such as DSL access, VoIP, find me follow me feature, simultaneous ring, and voice mail that can send messages to email.[2] Mid-Missouri also believes the new switch could generate substantial cost savings for the company.

The Commission's Staff filed a recommendation on December 16, 2009. Staff recommends the Commission approve Mid-Missouri's application and authorize the higher depreciation rate so the company can remain competitive in the rapidly advancing telecommunications technology. Staff reports that Mid-Missouri is not delinquent in paying the Commission's assessment, the MoUSF assessment, or Relay Missouri, and it has submitted an annual report to the Commission.

Section 392.280.2 RSMo allows the Commission to authorize a telecommunications company to use minimum depreciation rates in lieu of fixed rates, and allows the Commission to authorize a telecommunications company to record depreciation expense on the basis of deprecation rates in excess of such minimum rates. The Commission has reviewed Mid-Missouri's verified application and Staff's verified recommendation, and, finding it reasonable, will grant the requested accounting authority order.

IT IS ORDERED THAT:

1. The Verified Application for Accounting Authority Order Regarding Depreciation Rates filed by Mid-Missouri Telephone Company of Pilot Grove, Missouri is granted.

2. Mid-Missouri Telephone Company of Pilot Grove, Missouri may book a depreciation rate of 20% per year for five years for equipment in Account Number 2212 beginning January 1, 2010.

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[2] The replacement switch is a Metaswitch MG 3510, which is compatible with fiber.

3. This ruling is not binding for ratemaking purposes and the Commission reserves the right to consider what ratemaking treatment to give the accounting authority order described herein in a subsequent proceeding or proceedings.

4. This order shall become effective on January 1, 2010.

5. This case shall be closed on January 2, 2010.

BY THE COMMISSION

(S E A L)

Steven C. Reed
Secretary

Clayton, Chm., Davis, Jarrett, Gunn,
and Kenney, CC., concur.

Stearley, Senior Regulatory Law Judge