

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of)
Northeast Missouri Rural Telephone)
Company for Accounting Authority Order)
Regarding Depreciation Rates)

Case No. IU-2007-0362

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission and for its recommendation states:

1. On March 29, 2007, Northeast Missouri Rural Telephone Company filed an application with the Commission for an accounting authority order to book depreciation rates on new equipment in excess of depreciation rates currently allowed for ratemaking purposes.

2. Section 392.280.2 RSMo provides that a telecommunications company may request 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.

3. In Case No. TA-2002-61, the Commission set minimum depreciation rates for Northeast and authorized it to record depreciation expense on the basis of depreciation rates in excess of such minimum rates. Specifically, as relevant to the current case, the Commission set a minimum depreciation rate of 10.00% for Account 2232, Digital Circuit Equipment, and authorized Northeast to book depreciation expense based on a higher depreciation rate of 10.30%.

4. In the current case, Northeast requests authorization to record depreciation expense for Account 2232 at 20.00%, while maintaining the minimum depreciation rate of 10.00%. In the attached Memorandum, labeled Appendix A, the Staff recommends that the Commission approve Northeast's request.

WHEREFORE, the Staff recommends the Commission authorize Northeast to record depreciation expense for Account 2232 using a depreciation rate of 20.00%, effective July 1, 2007.

Respectfully submitted,

/s/ William K. Haas

William K. Haas

Deputy General Counsel

Missouri Bar No. 28701

Attorney for the Staff of the

Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 751-7510 (Telephone)

(573) 751-9285 (Fax)

william.haas@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 27th day of April 2007.

/s/ William K. Haas

William K. Haas

MEMORANDUM

Staff Recommendation

To: Missouri Public Service Commission Official Case File
Case No. IU-2007-0362 Northeast Missouri Rural Telephone Company

From: Rosella L. Schad, PE, CPA
Engineering & Management Services Department

/s/ Rosella L. Schad 04/26/07
Engineering & Management Services/Date

/s/ William K. Haas 04/27/07
General Counsel Division/Date

Subject: Northeast Missouri Rural Telephone Company for an Accounting Authority Order
Regarding Depreciation Rates

Date: April 27, 2007

Staff recommends that the Commission authorize the Company to book a higher depreciation rate of 20.00% for Account 2232, Digital Circuit Equipment, and to record depreciation expense on the basis of this depreciation rate, in excess of the minimum 10% depreciation rate established in Case No. TA-2002-0061. In Case No. TA-2002-0061 the Commission authorized minimum depreciation rates in lieu of fixed rates for the Company and, specific to this account, authorized the Company to book a higher depreciation rate of 10.30% and to record depreciation expense based on the 10.30% depreciation rate. A 10% fixed rate for this account was ordered in Case No. TR-2001-0344.

Staff concurs with the Company that it may request 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 as provided in Missouri Revised Statutes, Chapter 392, Section 392.280.

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STATE OF MISSOURI)
)
COUNTY OF COLE) SS.

Rosella L. Schad
Rosella L. Schad

Subscribed and sworn to before me this 26th day of April 2007.

