

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

In the matter of the Application of Citizens)	
Telephone Company of Higginsville, Missouri)	
to Authorize A Minimum Depreciation Rate)	Case No. _____
and to Record Depreciation Expense in Excess)	
of Such Minimum Rate.)	

**APPLICATION FOR AUTHORITY TO ESTABLISH
MINIMUM DEPRECIATION RATE FOR ACCOUNT NO. 2212 AND
TO RECORD DEPRECIATION EXPENSE IN EXCESS OF SUCH MINIMUM RATE**

Comes now Citizens Telephone Company of Higginsville, Missouri ("Citizens") and for its Application For Authority to Establish A Minimum Depreciation Rate for Account No. 2212 and To Record Depreciation Expense in Excess of Such Minimum Rate pursuant to §392.280.2, RSMo 2000, and 4 CSR 240-2.060 states to the Missouri Public Service Commission ("Commission" or "PSC") as follows:

1. Citizens is a corporation duly organized and existing under the laws of the State of Missouri; its principal office and place of business is located at 1905 Walnut Street, Higginsville, Missouri 64037-0737. Its telephone number is (660) 584-2111, and its fax number is (660) 584-6211. Citizens currently provides telecommunications service to customers located in the state of Missouri in one exchange pursuant to a certificate of public convenience and necessity issued by this Commission in Case No. TA-88-68. Citizens is a "telecommunications company" and a "public utility" as those terms are defined in §392.020, RSMo 2000, and, thus, is subject to the jurisdiction, supervision and control of this Commission. A copy of a Certificate of Corporate

Good Standing from the Missouri Secretary of State's Office is attached as Exhibit 1.

2. Correspondence, orders and decisions in this matter should be addressed to:

W.R. England, III
Brian T. McCartney
Brydon, Swearengen & England
P.O. Box 456
Jefferson City, MO 65102
(573) 635-7166
(573) 635-0427 (fax)
bmccartney@brydonlaw.com

Brian L. Cornelius
Citizens Telephone Company
Box 737, 1905 Walnut Street
Higginsville, MO 64037-0737
(660) 584-2111
(660) 584-6211

3. Section 392.280.2, RSMo 2000, provides a method whereby the Commission may authorize minimum depreciation rates in lieu of fixed rates and allow a telecommunications company to record depreciation expense on the basis of rates in excess of such minimum rates. Citizens requests that the Commission authorize its current depreciation rate for Account No. 2212 of 6.67% as its "minimum" rate and authorize a depreciation rate in excess of the minimum rate to allow for the accelerated depreciation of switch equipment that is being decommissioned as more specifically described below.

4. In June of 2008, Citizens decommissioned its GTD-5 digital switch ("GTD-5 switch") that had been placed in service in 1985. In addition, a Coppercom model CSX digital switch ("Coppercom switch") had been purchased and placed into service in 2004 to meet the regulatory demands of local number portability (LNP) and federal law enforcement requirements

(e.g., CALEA). Between 2004 and 2008, the Coppercom switch served the class 4 toll tandem function and subscriber lines were gradually transferred to it until the transition was completed in June, 2008.

5. As a result of business factors beyond Citizens' control, the Coppercom switch is no longer an acceptable switch solution as Coppercom announced its intention to cease doing business and declared that it will suspend all feature development, provide no future upgrades, and offer only limited technical support. As a result, Citizens has begun the process of seeking a suitable replacement. The process of removing the GTD-5 was concluded by the end of the second quarter of 2008. It is anticipated that the new switch, which is estimated to cost \$325,000, will be installed and operational as early as the fourth quarter of 2008, and no later than the second quarter of 2009.

6. If the new switch is installed and the Coppercom switch is retired in the fourth quarter of 2008, and no change is made to the existing, authorized depreciation rate of 6.67%, then, as of December 31, 2008, Citizens estimates it will have total switching investment of \$520,643.49 and a negative depreciation reserve of \$149,632.31. (See Exhibit 2, third column, attached hereto). In addition, if no change is made in the currently authorized depreciation rate of 6.67%, it will take 19.31 years to fully depreciate the investment in the switching account, all other things being equal.

7. Citizens therefore requests that the Commission allow it to depreciate its investment in this account at an accelerated rate. Citizens proposes that its investment in switching be depreciated at a rate of 16.67% for a period of one year beginning January 1, 2008.

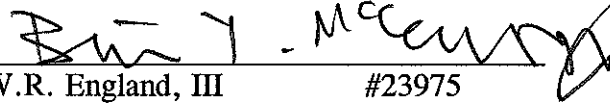
If Citizens is permitted to increase its rate of depreciation for this account for one year to 16.67% (and the new switch is installed and the Coppercom switch is retired in the fourth quarter of 2008), then, as of December 31, 2008, Citizens estimates its total investment in switching will be \$520,643.49, and the associated reserve balance will be a positive \$4,872.03 (see Exhibit 2, last column, attached hereto). Accordingly, Citizens requests that the PSC establish a minimum depreciation rate for Account No. 2212 of 6.67% and further authorize Citizens to book depreciation expense in excess of such minimum rate at a rate of 16.67% for a period of one year, effective January 1, 2008.

8. Citizens does not have any pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates, which action, judgment or decision has occurred within three (3) years of the date of the application.

9. Citizens does not have any annual report or assessment fees which are overdue.

WHEREFORE, Citizens respectfully requests that its Application for Authority to Establish Minimum Depreciation Rate for Account No. 2212 and to Record Depreciation Expense in Excess of Such Minimum Rate at 16.67% for one year effective January 1, 2008 be granted, and for any other relief appropriate in the circumstances.

Respectfully submitted,



W.R. England, III #23975

Brian T. McCartney #47788

BRYDON, SWEARENGEN & ENGLAND P.C.

P.O. Box 456

Jefferson City, MO 65102-0456

(573) 635-7166

(573) 635-0427 (fax)

bmccartney@brydonlaw.com (e-mail)

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was served electronically on this 22nd day of July, 2008 to:

Mr. Mike Dandino
Office of the Public Counsel
P.O. Box 7800
Jefferson City, Missouri 65102

General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

