

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

SOUTH CENTRAL RURAL TELEPHONE)
COOPERATIVE CORPORATION, INC.)
CENTRAL OFFICE EQUIPMENT PLANT) CASE NO. 9977
RETIREMENTS)

O R D E R

On July 24, 1987, South Central Rural Telephone Cooperative Corporation, Inc., ("SCRT") filed with the Commission a request for approval to account for the unprovided-for loss in service value of certain central office equipment removed from service before full capital recovery is realized in Account 138, "Extraordinary Maintenance and Retirements". The original cost of the equipment to be retired is \$3,202,756, of which \$1,265,896 has been depreciated, resulting in net plant of \$1,936,860. As required by Section 31.02-83 of the Uniform System of Accounts, SCRT requested approval to charge Account 609, Extraordinary Retirements, for the unprovided-for loss over a 5-year period.

SCRT also requested that the Commission approve a 5-year amortization for the remaining balance of all equipment pertaining to one party upgrades returned during the past few years and previously authorized by the Commission for a 15-year period. The current unamortized amounts total \$487,916 and have a remaining amortization period as presently approved ranging from 6 to 13 years.

In its request, SCRT provided projected financial data through 1991, the proposed period of amortization, showing that its financial position would not be impaired. An analysis of SCRT's current operations indicates that approval of these requests results in a reduction to SCRT's current TIER of approximately .2X to .25X. However, SCRT's projected financial condition will allow the undertaking of the early retirement and the change in amortization for the one party upgrade without any undue detriment to SCRT's earnings below the requirements of its lender. SCRT noted in its filing that approval of its requests by this Commission will not be binding for rate-making purposes and will be for accounting purposes only. Thus, the Commission finds SCRT's proposal to amortize these unprovided losses over a 5-year period reasonable.

IT IS THEREFORE ORDERED that:

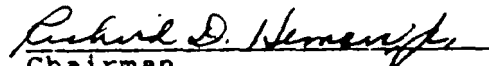
1. SCRT's request for early retirement of central office equipment, as specified in revised Exhibit 1 of its filing of July 30, 1987, to be amortized over a 5-year period be and it hereby is approved.

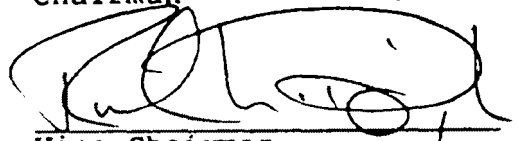
2. SCRT's request for a change in amortization from 15 years to 5 years for equipment pertaining to one party upgrades, as specified in Exhibit 3 of its filing of July 23, 1987, be and it hereby is approved.


3. The Commission's approval of Items 1 and 2 above shall be for accounting purposes only and does not imply approval for rate-making purposes.

Done at Frankfort, Kentucky, this 15th day of October, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director