

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In Re Disposition of Property Tax)	Application No.
Revenues For Taxable Year 1991 By Cer-)	
tain Affected Telecommunications Com-)	C-931(36)
panies:)	
)	ORDER APPROVING
)	DISPOSITION
United Telephone Company of the West.)	
)	Entered: July 21, 1992

PRELIMINARY MATTERS

The Commission on its own motion opened this docket May 14, 1992 to consider plans submitted by certain affected telecommunications companies for the disposition of revenues resulting from decreases in personal property taxes for the taxable year 1991. This docket is governed by Neb. Rev. Stat. §86-803(9) (1991 Supp.).

Notice of hearing was sent to the above-named party May 29, 1992 by the Executive Director and hearing was scheduled for July 7, 1992. The Commission in its order opening this docket ruled that a plan for disposition would be approved, without a hearing pursuant to the Commission's modified procedure rule, if (a) there was no dispute as to the amount of revenue calculated for disposition and (b) if the respondent telephone company agreed to dispose of the revenues pursuant to one or more of the alternatives "pre-approved" by the Commission.

In this particular application, United Telephone of the West ("United") stipulated to the amount of revenue subject to disposition, but proposed a method of disposition different from the pre-approved alternatives. Hearing was subsequently held July 7, 1992 in the Commission Hearing Room, Commissioner Landis, chairing.

BY THE COMMISSION

O P I N I O N A N D F I N D I N G S

The Commission, being fully advised, finds:

1. United has \$116,976 available for disposition in personal property tax revenues for the 1991 taxable year (after various offsets).¹

2. The pre-approved alternatives from which United could have selected are:

- (a) used to install equipment necessary to provide 911 or E-911 service;
- (b) used to implement Phase II of the Frame Relay project;
- (c) used to install distance learning or other technology assisted education systems for secondary and/or primary school districts;
- (d) returned to the local governmental subdivision from which they came;
- (e) refunded to the respondent's customers on a pro rata basis; or
- (f) used to provide toll route diversity to improve network reliability.

3. At the hearing, United's Governmental Affairs Manager, Debra Peterson, testified. United proposes to use the revenues for disposition to fund rural addressing in its service area and to pay off part of a loan used by Scottsbluff County to purchase 911 equipment. According to Peterson, the local communities and surrounding areas receive, or are in the process of contracting to receive, 911 service. Rural addressing is an

¹ Commission staff accepted certain offsets in arriving at each company's calculation while realizing pending litigation may alter those offsets as they pertain to the depreciation surcharge (which is the subject of the litigation). Since the outcome of these lawsuits may result in adjustments to the depreciation surcharge, the docket should remain open and if changes occur (a) a new calculation of the additional revenues should be made and confirmed for each company affected, and (b) respondents should stipulate to the disposition of those additional revenues.

important component of 911 service because it actually places street signs at rural cross roads. For example, a rural residence receives a specific address such as "4901 West 120th Street" as opposed to the more generic "Route 1, Box 200" used today. Rural addressing is extremely expensive.

4. United proposes to distribute the revenue as follows:

	<u>Total Lines</u>	<u>% of Total</u>	<u>Amount For Distribution</u>
Scottsbluff	18,714	77.2	\$85,043
Kimball	1,890	07.8	\$9,120
Banner	224	00.9	\$2,000
Cheyenne	283	01.2	\$2,000
Morrill	1,091	04.5	\$5,264
Sioux	43	00.2	\$2,000
Gardner	1,223	05.0	\$5,901
Keith	18	00.1	\$2,000
Duel	756	03.1	\$3,548

5. Approximately 77% of United's subscribers reside in Scottsbluff County. The remainder are scattered among eight other counties. Peterson testified Scottsbluff County's rural addressing project is approximately 90% complete and the county needs to spend about \$15,000 more to finish its rural addressing. The county borrowed \$92,857 to purchase its 911 equipment and approximately \$76,000 of the loan remains unpaid. As regards the smaller counties, United believes a minimum appropriation of \$2,000 per each of these counties is fair compared to a figure which is based on a percentage of the total number of access lines.² This will give the smaller counties a sum

²The amount of money in excess of the figure calculated on a percentage basis to arrive at a final figure of \$2,000 for each affected county (Banner, Cheyenne, Sioux, and Keith) has been deducted from the amount which would otherwise be available to Scottsbluff County if the distribution is made solely on the basis of percentage of access lines. Peterson testified this formula reduces Scottsbluff County's portion from approximately \$90,000 to \$85,403.

with which they use to apply for a matching grant toward rural addressing.

6. There is no dispute as to the amount of revenue in question. We are of the opinion that United's proposal is reasonable and will benefit the local community which it serves. An order should be entered approving the proposed disposition per county as listed above in paragraph 4. However, the order should specifically mandate that this revenue distribution is to be used for rural addressing in each county (in the case of Scottsbluff County, it is to be used for rural addressing in the amount of \$15,000 and the residue used to pay off its 911 equipment loan).

7. In addition, United should be ordered not to distribute the revenue to a county until it enters into a written agreement with that county stating that the revenue is designated for rural addressing and that the county agrees to spend the funds for rural addressing as established by this order. If a county rejects such a written agreement, United should develop another method of distribution for that county and apply to the Commission for its approval as part of this docket.

8. Further, the revenue subject to this order should be maintained in an interest-bearing account pending its actual disposition. Finally, disposition should be made as soon as is practicable for the alternatives selected.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the proposed plan filed by United Telephone of the West for disposition of revenues resulting from decreased personal property taxes for the 1991 taxable year be, and it is hereby, approved pursuant to this order as follows: Each county

shall receive the amount of revenue listed for that county in paragraph 4. This revenue distribution shall be used for rural addressing in each county (in the case of Scottsbluff County, it shall be used for rural addressing in the amount of \$15,000 and the residue used to pay off its 911 equipment loan).

IT IS FURTHER ORDERED that United shall not distribute the revenue to a county until it enters into a written agreement with that county stating that rural addressing is the designation for which the revenue is to be spent and that the county agrees to spend the funds for rural addressing as established by this order. If a county rejects such a written agreement, United shall develop another method of distribution for that county and apply to the Commission for its approval as part of this docket.

IT IS FURTHER ORDERED that this docket shall remain open and, if the outcome of pending litigation involving the depreciation surcharge results in adjustments to the depreciation surcharge and consequently to the amount of the offsets used in the calculation of revenues subject to disposition, (a) a new calculation of the additional revenues shall be made and confirmed for United, and (b) United shall stipulate to the disposition of those additional revenues.

IT IS FURTHER ORDERED that the revenue subject to this order shall be maintained in an interest-bearing account pending its actual disposition and disposition shall be made as soon as is practicable for the alternatives selected.

MADE AND ENTERED at Lincoln, Nebraska this 21st day of July, 1992.

NEBRASKA PUBLIC SERVICE COMMISSION

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COMMISSIONERS CONCURRING

Daniel G. Krwilla
Deane D. Gay

//s//Frank E. Landis, Jr.
//s//James F. Munnelly
//s//Eric Rasmussen

James J. Faulstich
Chairman

ATTEST:

John B. Swanson
Acting Executive Director