



Control Number: 42101



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March 12, 2014

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Public Utility Commission of Texas  
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Re: Docket No. 42101; *Application of Brazoria Telephone Company for Approval of Revised Depreciation Rates Pursuant to P.U.C. SUBST. R. 26.206*

Dear Filing Clerk:

On behalf of Brazoria Telephone Company ("Brazoria"), I have attached for filing an original and nine (9) copies of the parties' Agreed Proposed Notice of Approval pursuant to Order No. 2. On February 28, 2014 Commission Staff recommended approval of Brazoria's application and the parties are therefore providing agreed proposed fact statements, legal conclusions, and ordering paragraphs for the Administrative Law Judge's consideration in resolving this matter.

Please file-stamp the additional copies and return them to our courier. Your cooperation in this matter is greatly appreciated. You may direct any correspondence or questions to me at the above-listed address and telephone number or you may e-mail me at wrobinson@jsitel.com.

Very truly yours,

Wes Robinson  
Authorized Representative for  
Brazoria Telephone Company

Enclosures

cc: Mr. Gilbert Rasco, Vice President  
Brazoria Telephone Company

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**DOCKET NO. 42101**

<b>APPLICATION OF BRAZORIA</b>	<b>§</b>	<b>BEFORE THE PUBLIC UTILITY</b>
<b>TELEPHONE COMPANY FOR</b>	<b>§</b>	
<b>APPROVAL OF ACCELERATED</b>	<b>§</b>	<b>COMMISSION OF</b>
<b>DEPRECIATION RATE PURSUANT TO</b>	<b>§</b>	
<b>P.U.C. SUBST. R. 26.206</b>	<b>§</b>	<b>TEXAS</b>

**NOTICE OF APPROVAL**

This Notice addresses the application of Brazoria Telephone Company (Brazoria or Company) filed on December 18, 2013, for approval of revised depreciation rate, effective January 1, 2013. The Public Utility Commission of Texas (Commission) Staff recommended approval of the application. Brazoria's application is approved.

**Fact Statements**

1. Brazoria is a small local exchange company as defined by P.U.C. SUBST. R. 26.5.
2. Brazoria provides basic local telecommunications services to approximately 4,000 access lines within two exchanges in the Houston Local Access and Transport Area.
3. Brazoria provides broadband services throughout its service territory.
4. On December 18, 2013, Brazoria filed an application for approval of an accelerated depreciation rate associated with certain digital switching equipment within Account 2212 – Digital Electronic Switching, effective January 1, 2013.
5. Brazoria's application seeks approval to accelerate the depreciation rate from 4.60% to 19.18% on the Company's aging Lucent 5E switches in the Brazoria and Churchill Exchanges in an effort to improve service by transitioning from a digital switch network to an Internet Protocol (IP) based network.
6. To properly account for the equipment, Brazoria will move the affected switching equipment into the new subaccount 2212.1 – Digital Switch to Retire and will create a separate reserve account for depreciation associated with the digital switching equipment number 3212.1.

7. Brazoria will adopt a depreciation rate for certain digital switching equipment consistent with P.U.C. SUBST. R. 26.206(g), which allows for special amortization where all or a substantial portion of a property account or subaccount is retired earlier than anticipated and the reserve for such account is less than the amount to be retired less salvage.
8. The reserve is less than the amount to be retired; therefore, Brazoria requested an increased depreciation rate of 19.18% for current equipment based on a remaining life of two years, which will allow Brazoria to retire the digital switching equipment at the end of 2014.
9. On December 19, 2013, the Administrative Law Judge (ALJ) issued Order No. 1, requiring Commission Staff to file comments regarding Brazoria's application and notice, and requiring all parties to file an agreed procedural schedule for processing this docket.
10. On January 3, 2014, notice of this proceeding was published in the *Texas Register*.
11. On January 6, 2014, Commission Staff recommended that the ALJ find the application and notice sufficient for purposes of review and proposed an agreed procedural schedule.
12. On January 7, 2014, the ALJ issued Order No. 2, finding the application and notice sufficient and establishing a procedural schedule.
13. On January 16, 2013, Brazoria filed a revised Attachment B to its original application to correct certain account numbers contained in footnotes to the original attachment.
14. On February 28, 2014, Commission Staff recommended approval of Brazoria's application regarding accelerating depreciation of the Company's digital switching equipment in account 2212.1. Commission Staff found Brazoria's application in compliance with P.U.C. SUBST. R. 26.206(g).
15. More than 30 days have passed since the completion of notice.
16. No protests, motions to intervene, or requests for hearing were filed in this proceeding.
17. The only parties to this proceeding are Brazoria and Commission Staff.

## Legal Conclusions

1. Brazoria is a public utility as defined in § 51.002 of the Public Utility Regulatory Act. TEX. UTIL. CODE ANN. §§ 11.001-66.016 (Vernon 2007 & Supp. 2012) (PURA).
2. The Commission has jurisdiction over this matter pursuant to §§ 14.001, 52.002, 52.252, and 53.056 of PURA.
3. Notice of this proceeding was provided in compliance with P.U.C. PROC. R. 22.54.
4. The proposed change in depreciation rate for the affected digital switching equipment in account 2212.1 – Digital Switch to Retire is adequate and proper within the meaning of PURA §§ 52.252 and 53.056 and complies with P.U.C. SUBST. R. 26.206.
5. The proposed change in depreciation rate constitutes an accounting change, not a change in rates as defined in PURA § 11.003(16).
6. The proposed effective date of January 1, 2013 complies with P.U.C. SUBST. R. 26.206.
7. Approval of a retroactive effective date for the proposed depreciation rate change does not constitute retroactive rate making, *Application of West Texas Rural Telephone Cooperative, Inc.*, Docket No. 3613, 7 P.U.C. BULL. 4 (June 18, 1981).
8. Pursuant to P.U.C. SUBST. R. 26.206, the revised depreciation rate approved in this proceeding may be reviewed and possibly disallowed in whole or in part as a cost of service in a future case, notwithstanding Brazoria's depreciation rate approved herein.
9. As no protests, motions to intervene, or requests for hearing were filed, the application may be approved without a hearing, pursuant to the Administrative Procedures Act, TEX GOV'T CODE ANN. §§ 2001.001 – 902 (Vernon 2008 & Supp. 2012).
10. This application does not constitute a major rate proceeding as defined by P.U.C. PROC. R. 22.2.
11. The requirements for informal disposition pursuant to P.U.C. PROC. R. 22.35 have been met in this proceeding.

**Ordering Paragraphs**

1. The application of Brazoria for approval of revised depreciation rate for new sub account 2212.1 – Digital Switch to Retire, effective January 1, 2013, is approved.<sup>1</sup>
2. All other motions, requests for entry of specific findings of fact and conclusions of law, and any other requests for relief, general and specific, if not expressly granted, are denied.

**SIGNED AT AUSTIN, TEXAS on the \_\_\_\_\_ day of March 2014.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**IRENE MONTELONGO  
DIRECTOR, DOCKET MANAGEMENT**

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<sup>1</sup> Administrative approval of this uncontested application has no precedential value in a future proceeding.