



Missouri Public Service Commission

Area Code 314
751-3234

P.O. BOX 360
JEFFERSON CITY
MISSOURI 65102

June 1, 1987

Commissioners:

WILLIAM D. STEINMEIER

Chairman

CHARLOTTE MUSGRAVE

ALLAN G. MUELLER

CONNIE B. HENDREN

JAMES M. FISCHER

ROBERT J. SCRIBNER

Staff Director

HARVEY G. HUBBS

Secretary

WILLIAM C. HARRELSON

General Counsel

Mr. Harvey G. Hubbs
Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

RE: Case No. AO-87-48 - In the Matter of the Investigation of
the Revenue Effects Upon Missouri Utilities of the Tax
Reform Act of 1986.

Tariff File No. 8700303 - In the Matter of AT&T
Communications of the Southwest, Inc.'s Proposed
Intrastate Private Line Restructure.

Tariff File No. 8700479 - In the Matter of the Reduction
of AT&T Communications of the Southwest, Inc.'s MTS, WATS
and 800 Services Rates.

Dear Mr. Hubbs:

Enclosed for filing in the above captioned matters is an
original and sixteen (16) conformed copies of the a Stipulation
And Agreement among AT&T Communications of the Southwest, Inc.,
the Staff, and the Office of the Public Counsel. Copies of
said Stipulation And Agreement have been sent this date to all
parties of record in Case No. AO-87-48.

Very truly yours,

Steven Dottheim
Deputy General Counsel

SD/mjm
Enclosure

FILED

JUN 1 1987

PUBLIC SERVICE COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Investigation of the Revenue Effects Upon Missouri Utilities of the Tax Reform Act of 1986.))))	Case No. AO-87-48
In the Matter of AT&T Communications of the Southwest, Inc.'s Proposed Intrastate Private Line Restructure.)))	Tariff File No. 8700303
In the Matter of the Reduction of AT&T Communications of the Southwest, Inc.'s MTS, WATS and 800 Services Rates.))))	Tariff File No. <u>8700479</u>

STIPULATION AND AGREEMENT

Subject to the terms and conditions set forth below herein, the undersigned parties, AT&T Communications of the Southwest, Inc., ("AT&T"), the Staff of the Missouri Public Service Commission ("Staff"), and the Office of Public Counsel of the State of Missouri ("Public Counsel"), by their respective representatives, stipulate and agree as follows:

I.

PROCEDURAL HISTORY

This matter involves a number of filings and proceedings relating to or affecting the Missouri intrastate rates of AT&T Communications of the Southwest, Inc. including:

(A) Case No. AO-87-48 concerning the investigation of the revenue effects upon Missouri utilities of the Tax Reform Act ("TRA") of 1986;

(B) Tariff File No. 8700282 concerning AT&T's January, 1987 filing to reduce rates by approximately \$3,300,000;

(C) Tariff File No. 8700303 concerning AT&T's proposed private line restructure increasing private line rates by approximately \$1,607,840; and

(D) Case No. TC-87-57 concerning the Carrier Common Line ("CCL") reduction portion of the rate reduction of General Telephone Company of the Midwest.

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JUN 1 1987

PUBLIC SERVICE COMMISSION

On November 3, 1986, the Commission ordered an investigation into the revenue effects of the TRA upon Missouri utilities. The matter was assigned Case No. AO-87-48.

On December 18, 1986, AT&T and Staff entered into a verbal agreement concerning a prospective reduction in AT&T's Missouri intrastate rates in the amount of approximately \$3,300,000 annually.

On December 22, 1986, AT&T filed a Report under seal in Case No. AO-87-48 stating that a TRA-related reduction would be included in the prospective rate reduction that it was intending to file pursuant to the AT&T and Staff verbal agreement, supra.

On December 31, 1986, AT&T filed revised supplemental tariff schedules with the Commission to reduce its Missouri intrastate rates by approximately \$3,300,000 in accordance with the prior AT&T/Staff verbal agreement. The matter was assigned Tariff File No. 8700282.

On January 13, 1987, the Commission approved AT&T's revised supplemental tariff schedules in Tariff File No. 8700282. The approved \$3,300,000 rate reduction became effective on January 14, 1987.

On January 21, 1987, AT&T filed tariffs to restructure its Missouri intrastate private line services effective July 1, 1987. AT&T proposed in its filing to offset any private line increase associated with the proposed restructure with a corresponding reduction in other rates. The matter was assigned Tariff File No. 8700303.

On March 20, 1987, the Commission entered an order in Case No. TC-87-57 relating to the Staff's complaint against General Telephone Company of the Midwest ("GTMW"). The order resulted in a reduction in the Carrier Common Line ("CCL") rates paid by interexchange carriers, including AT&T, commencing May 15, 1987.

On March 2, 1987, AT&T filed a motion to be excluded from the TRA docket, Case No. AO-87-48. AT&T asserted that its \$3,300,000 rate reduction effective January 14, 1987 included a voluntary flow-through of approximately \$618,000 in revenue requirement tax

savings to reflect the 1987 impact of the TRA on AT&T's Missouri intrastate operations. On March 19, 1987, Staff filed its response objecting to AT&T's request for exclusion from Case No. AO-87-48. The Staff stated in its response that it had agreed to delay further investigation into AT&T's earnings in return for a \$3,000,000 rate reduction. The Staff asserted that it had not agreed that any part of the January, 1987 AT&T rate reduction was related to TRA. The Staff also stated in its response that it could not comment further without additional information from AT&T whether AT&T's quantification of the TRA impact represented the full effect of TRA on AT&T's Missouri intrastate operations.

On April 2, 1987, MCI Telecommunications Corporation (MCI) filed an application to intervene in Case No. AO-87-48. MCI stated that its interests in this proceeding are limited to rate reductions by local exchange companies and AT&T.

In an order dated April 22, 1987, the Commission noted the existence of a dispute and denied AT&T's motion to be excluded from Case No. AO-87-48. Also in that order, the Commission granted MCI's application to intervene in the case.

Representatives of AT&T, Staff, and Public Counsel met informally and discussed matters relative to each of the above proceedings on April 16, 1987. Conference calls were also held among such representatives on May 8, 1987, at which time a basic agreement was reached. Intervenor MCI did not ask to be included in the informal meetings so long as it was advised of the general nature of the discussions and informed of the results once an agreement had been reached. Per its request, MCI was advised generally of the nature of the foregoing discussions on April 27 and 28 and on May 11 and 12, 1987. Counsel for AT&T agreed to provide MCI with a copy of any proposed A&T/Staff/Public Counsel "Stipulation and Agreement".

II.

INTRASTATE RATES AND REVENUES

1. The undersigned parties agree that AT&T shall reduce its Missouri MTS, WATS, and 800 services rates in the aggregate by approximately \$4,152,640, annualized, for service rendered on and after July 1, 1987.

2. AT&T and Staff agree that AT&T shall be allowed to implement its proposed private line restructuring. Said restructuring will increase private line rates approximately \$1,607,840, on an annual basis. Public Counsel takes no position for or against approval of AT&T's proposed private line restructuring.

3. The undersigned parties agree that AT&T shall implement the rate reduction agreed to herein across-the-board among its MTS, WATS and 800 services.

4. The undersigned parties further agree that AT&T shall adjust its master schedules to make the new rates, as adjusted by this Stipulation and Agreement, the midpoint of AT&T's authorized minimum and maximum rates for MTS, WATS and 800 services.

5. The undersigned parties agree that the proposed reduction in AT&T's Missouri intrastate rates is based on the following:

(A)	TRA impact net of the tax savings associated with the Shared Network Facility Agreement (SNFA) between AT&T and Southwestern Bell Telephone Company ¹	\$2,088,000
(B)	GTMW CCL rate reduction resulting from Case No. TC-87-57 (Staff vs. GTMW)	365,000
(C)	Reduction to offset the increased revenues that are expected to result from AT&T's private line restructuring ²	1,245,840
(D)	Reduction to offset MTS stimulation	453,800
		<u>\$4,152,640</u>

6. Staff's proposed TRA-related adjustment is approximately \$2,088,000. This amount is exclusive of the \$362,000 associated with the SNFA related tax savings which will be realized by SWB rather than AT&T.

7. The CCL reduction associated with Case No. TC-87-57 as it relates to AT&T is quantified at approximately \$365,000.

8. The offset associated with Tariff File No. 8700303, the private line restructuring, is approximately \$1,245,840.

9. The offset for MTS stimulation associated with the reduction agreed to herein is quantified at approximately \$453,800.

10. The rate design and proposed tariff changes associated with the \$4,152,640 reduction are shown on the attached Exhibit A.

11. The undersigned parties agree that the proposed changes are reasonable and recommend their approval by the Commission.

12. The undersigned parties agree that AT&T shall file on or before June 1, 1987 proposed tariffs and schedules reflecting the changes agreed to herein, said tariffs to become effective for service rendered on and after July 1, 1987.

¹A dispute remains between AT&T and Staff on the scope and intent of the tariff changes in File No. 8700282 (AT&T's January 14, 1987 rate reduction) as they relate or do not relate to the TRA. However, the dispute is moot in light of AT&T's voluntary proposal herein to reduce its MTS, WATS and 800 services rates by approximately \$4,152,640.

²The amount of the offset is not equal to the amount of the private line increase (i.e. \$1,607,840) because of the repression in rates associated with the private line change.

13. The undersigned parties further agree that this Stipulation and Agreement moots any issue concerning AT&T's further participation in Case No. AO-87-48 and any issue concerning the flow-through by AT&T of the CCL reduction in Case No. TC-87-57 and recommend that AT&T be dismissed from any further participation or obligation relating to those proceedings.

III.

TERMS AND CONDITIONS

1. This Stipulation and Agreement is the result of extensive negotiations by, between, and among the undersigned parties and if not adopted in its entirety by the Commission, can at the option of any signatory party be declared null and void. Each party further reserves the right, in the event that this Stipulation and Agreement is materially modified by the Commission, to withdraw herefrom upon written notice and commits to notify both the Commission and the signatory parties within five (5) business days following such modification.

2. The parties agree that the amount of the reduction herein proposed is sufficient to resolve fully any and all issues in or resulting from Case Nos. AO-87-48 and TC-87-57 relating to AT&T, but make no other representation regarding the proposed reduction as it relates to specific issues. Neither this Stipulation and Agreement nor the proposed rate reduction nor any aspect thereof shall be deemed to indicate the concurrence of any signatory party with any position advanced by any other signatory or nonsignatory party in this or any other past, present, or future docket.

3. Except as specifically indicated herein, this Stipulation and Agreement shall be binding for purposes of this matter only, and is not binding for any other purpose including, but not limited to, revenue requirement or rate design issues, in any other docket (present or future).

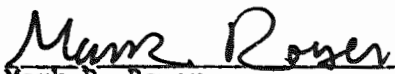
4. This Stipulation and Agreement is intended, however, to be binding on AT&T, the Staff and the Commission in regard to Case

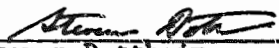
Nos. AO-87-48 and TC-87-57, and Tariff File No. 8700303. This Stipulation and Agreement is also intended to be binding on Public Counsel in regard to Case Nos. AO-87-48 and TC-87-57. None of the provisions of this Stipulation and Agreement, however, shall prejudice, bind or otherwise affect any party should the Commission decide not to approve this Stipulation and Agreement in its entirety or in any way condition its approval of same.

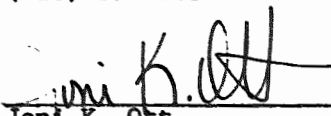
5. In the event the Commission accepts and approves all of the specific terms of this Stipulation and Agreement, the undersigned parties waive their respective rights, insofar as they relate to the terms hereof, to: a) present oral arguments or written briefs, pursuant to Section 536.080(1), RSMo 1986; b) require the Commission to read the full record pursuant to Section 536.080(3), RSMo 1986; and c) seek judicial review pursuant to Section 386.510, RSMo 1986.

WHEREFORE, the undersigned parties submit this Stipulation and Agreement to the Commission for its consideration and recommend that the Commission approve the Stipulation and Agreement in its entirety as to the matters which are addressed herein.

Respectfully submitted,


Mark P. Royer
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Communications of the
Southwest, Inc.
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P.S.C. No. - No. 1

No supplement to this tariff will
be issued except for the purpose
of cancelling this tariff.

Message Telecommunications
Service Tariff
Section 1
Supplemental Schedule
3rd Revised Sheet 1
Replacing 2nd Revised Sheet 1

SUPPLEMENTAL SCHEDULE

A. Rate Table

	Mileage	Day Initial 1 Minute	Day Each Additional Minute
	1-10	\$.11	\$.09
	11-14	.15	.13
	15-18	.18	.16
(CR)	19-23	.23	.17
!	24-28	.36	.20
!	29-33	.39	.22
!	34-40	.40	.24
!	41-50	.42	.25
!	51-60	.46	.27
!	61-80	.47	.30
!	81-100	.48	.31
!	101-125	.48	.34
!	126-150	.51	.36
!	151-190	.54	.36
!	191-300	.57	.40
!	301-430	.59	.42
(CR)	Over-430	.60	.43

B. Service Charges

Dial Calling Card Station-to-Station	\$.50
Operator Station-to-Station	1.05
Operator Person-to-Person	2.40

C. Conference Service

Set-up Charge	\$1.60
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<u>Mileage Between the Two Most Distant Service Points</u>	<u>Charge Per Minute</u>
0 - 18	\$.05
19 - 60	.10
61 - 150	.15
Over 150	.20

D. Special Residence Message Telecommunications Service

Monthly rate	\$21.55
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To contact AT&T Communications:
Business Customers: 1-800-222-0400
Residence Customers: 1-800-222-0300

Issued:

Don W. Stewart, Area Manager
AT & T Communications of the Southwest, Inc.

Effective:

FILED
JUN 1 1987
PUBLIC SERVICE COMMISSION

P.S.C. Mo. - No. 1

No supplement to this tariff will
be issued except for the purpose
of cancelling this tariff.

Message Telecommunications
Service Tariff
Section 1
3rd Revised Sheet 23
Replacing 2nd Revised Sheet 23

MESSAGE TELECOMMUNICATIONS SERVICE

1.4 TWO-POINT SERVICE - (Continued)

1.4.8 Rate Table

Rates shown in the following table are applicable to Company
intrastate business between all points within the State of
Missouri.

Dial Station-to-Station, Dial Calling Card Station-to-Station,
Customer Dialed Calling Card Station, Operator Station-to-Station
and Operator Person-to-Person.

	Mileage	Day Initial 1 Minute(1)		Day Each Additional Minute(1)	
		Minimum	Maximum	Minimum	Maximum
(CR)	1-10	\$.10	\$.12	\$.08	\$.10
	11-14	.14	.16	.12	.14
(CR)	15-18	.16	.19	.14	.17
!	19-23	.21	.25	.15	.18
!	24-28	.33	.39	.19	.22
!	29-33	.36	.42	.20	.24
!	34-40	.37	.43	.22	.26
!	41-50	.38	.45	.23	.27
!	51-60	.42	.50	.25	.29
!	61-80	.43	.51	.27	.32
!	81-100	.44	.52	.29	.34
!	101-125	.44	.52	.31	.37
!	126-150	.47	.55	.33	.39
!	151-190	.49	.58	.33	.39
!	191-300	.53	.62	.37	.43
!	301-430	.54	.64	.38	.45
(CR)	Over-430	.55	.65	.39	.46

FILED
JUN 1 1987
PUBLIC SERVICE COMMISSION

(1) See Supplemental Schedule for present effective rates.

Issued:

Effective:

Don W. Stewart, Area Manager
AT & T Communications of the Southwest, Inc.

P.S.C. Mo. - No. 1

No supplement to this tariff will
be issued except for the purpose
of cancelling this tariff.

Message Telecommunications
Service Tariff
Section 2
Supplemental Schedule
3rd Revised Sheet 1
Replacing 2nd Revised Sheet 1

SUPPLEMENTAL SCHEDULE

E. REACH OUT* Missouri

1. Recurring:

		<u>Charges</u>	<u>USOC</u>
(CR)	Initial hour of night/weekend use, per month.....	\$11.70	TS1BT
(CR)	Additional hour of night/ weekend use, each.....	\$10.35	-
	Evening use, initial Minute.....	(1)	-
	Additional Minute.....	(1)	-

2. Non-recurring:

Initiation of service, per account. \$ 6.00

- (1) Charges apply from the AT&T Long Distance evening
schedule, at an additional discount of 15%. See MTS
Section 1 - Two Point Service - Classes of Service, Rates,
and Rate Table.

To contact AT&T Communications:

Business Customers: 1-800-222-0400

Residence Customers: 1-800-222-0300

FILED
JUN 1 1987
PUBLIC SERVICE COMMISSION

Issued:

Effective:

Dori W. Stewart, Area Manager
AT & T Communications of the Southwest, Inc.

P.S.C. Mo. - No. 1

No supplement to this tariff will be issued except for the purpose of cancelling this tariff.

Message Telecommunications
Service Tariff
Section 2
2nd Revised Sheet 3
Replacing 1st Revised Sheet 3

OPTIONAL CALLING PLANS

2.1 REACH OUT* Missouri (continued)

2.1.2 Regulations (continued)

C. Application of Rates and Charges (continued)

4. A non-recurring charge applies for this Plan, as given in paragraph 2.1.3, following.
5. The non-recurring charge is billed on the first bill date after service is established.
6. The non-recurring charge is a Service Order Charge which is applied when REACH OUT Missouri is initially furnished. The non-recurring charge will not apply for orders received within ninety (90) days after REACH OUT Missouri becomes available.

2.1.3 Rates and Charges

A. Recurring:

		Charges(1)		USOC
		Minimum	Maximum	
(CR)	Initial hour of night/weekend use, per month	\$10.75	\$12.65	TS1BT
(CR)	Additional hour of night/weekend use, each.....	\$ 9.51	\$11.19	
	Evening use, Initial Minute.....	(2)	(2)	
	Additional Minute.....	(2)	(2)	

B. Non-recurring:

Initiation of service, per account \$ 5.10 \$ 6.00

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JUN 1 1987

PUBLIC SERVICE COMMISSION

(1) See Supplemental Schedule for present effective rates.

(2) Charges apply from the AT&T Long Distance evening schedule, at an additional discount of 15%. See MTS Section 1 - Two Point Service - Classes of Service, Rates, and Rate Table.

Issued:

Effective:

Don W. Stewart, Area Manager
AT & T Communications of the Southwest, Inc.

No supplement to this tariff will
be issued except for the purpose
of cancelling this tariff.

P.S.C. Mo. - No. 5

Wide Area Telecommunications
Service Tariff
Supplemental Schedule
2nd Revised Sheet 2
Replacing 1st Revised Sheet 2

SUPPLEMENTAL SCHEDULE

800 Service

Monthly Line Use Charge, per line - \$40.20

Monthly Usage Rate Table:

	<u>Day</u>	<u>Evening</u>	<u>Night/Weekend</u>
(CR) First 11 Hours, each hour	\$19.15	\$15.32	\$12.44
! Next 11 Hours, each hour	18.91	15.14	12.30
! Next 18 Hours, each hour	18.62	14.88	12.09
(CR) Over 40 Hours, each hour	18.44	14.75	11.98

Outward WATS

Monthly Line Use Charge, per line - \$23.80

Monthly Usage Rate Table:

	<u>Day</u>	<u>Evening</u>	<u>Night/Weekend</u>
(CR) First 10 Hours, each hour	\$19.11	\$15.30	\$12.42
! Next 10 Hours, each hour	17.64	14.10	11.46
! Next 17 Hours, each hour	17.42	13.93	11.32
(CR) Over 37 Hours, each hour	14.71	11.77	9.56

To contact AT&T Communications:

Business Customers: 1-800-222-0400
Residence Customers: 1-800-222-0300

Issued:

Effective:

Don W. Stewart
Area Manager
AT & T Communications of the Southwest, Inc.

FILED

JUN 1 1967

PUBLIC SERVICE COMMISSION

P.S.C. Mo. - No. 5

No supplement to this tariff will
be issued except for the purpose
of cancelling this tariff.

Wide Area Telecommunications
Service Tariff
3rd Revised Sheet 29
Replacing 2nd Revised Sheet 29

WIDE AREA TELECOMMUNICATIONS SERVICE

4. RATES - (Continued)

4.4 Line Usage - 800 Service or Outward WATS

Rates for 800 Service in paragraph 4.4.A following will apply to 53% of the total 800 Service usage by rate period. Rates for 47% of the total 800 Service usage by rate period will be at the appropriate rates as found in the Tariffs of the local exchange carrier.

Rates for Outward WATS Service in paragraph 4.4.B following will apply to interLATA only usage by rate period. Rates for intraLATA usage will be at the appropriate rates as found in the Tariffs of the local exchange carrier.

The monthly line use charge applies for each WATS access line (in addition to the monthly usage charges specified).

A. 800 Service

		<u>USOC</u>		<u>Monthly Rate(2)*</u>			
				<u>Minimum</u>	<u>Maximum</u>		
1. Line Usage Charge, per line (1) 8DU				\$34.17	\$40.20		
2. Monthly Usage Rate Table		<u>Day</u>		<u>Evening</u>		<u>Night/Weekend</u>	
		<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>
(CR)	First 11 hours, each hour*	\$17.71	\$20.59	\$14.17	\$16.47	\$11.51	\$13.37
!	Next 11 hours, each hour*	17.49	20.33	14.00	16.28	11.38	13.22
!	Next 18 hours, each hour*	17.22	20.02	13.76	16.00	11.18	13.00
(CR)	Over 40 hours, each hour*	17.06	19.82	13.64	15.86	11.08	12.88

B. Outward WATS

B. Outward WATS		<u>USOC</u>		<u>Monthly Rate(2)*</u>			
				<u>Minimum</u>		<u>Maximum</u>	
1. Line Usage Charge, per line (1) WDU				\$20.23		\$23.80	
2. Monthly Usage Rate Table		<u>Day</u>		<u>Evening</u>		<u>Night/Weekend</u>	
		<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>
(CR)	First 10 hours, each hour*	\$17.68	\$20.54	\$14.15	\$16.45	\$11.49	\$13.35
!	Next 10 hours, each hour*	16.32	18.96	13.04	15.16	10.60	12.32
!	Next 17 hours, each hour*	16.11	18.73	12.89	14.97	10.47	12.17
(CR)	Over 37 hours, each hour*	13.61	15.81	10.89	12.65	8.84	10.28

(1) Shared Access Lines will be provided until December 31, 1985.

(2) In addition, apply the appropriate Special Access Service Surcharge rates as found in Section 7, Paragraph 7.4.2 and 7.5.4 of the local exchange carrier Access Services Tariff when not billed to the customer by the local exchange carrier.

*See Supplemental Schedule for present effective rates.

Issued:

Effective:

FILED

JUN 1 1987

Don W. Stewart
Area Manager

AT & T Communications of the Southwest, Inc.

PUBLIC SERVICE COMMISSION