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May 5, 1987

FILED

MAY - 5 1987

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

PUBLIC SERVICE COMMISSION

Re: Case No. 40-87-48 ~~FO 84-222~~ et al. ~~TA 84-223~~

Dear Mr. Hubbs:

The March 2, 1987 filing of Missouri Telephone Company omitted a calculation of the amortization of excess deferred tax reserves because information necessary to make that calculation was not available at the time of filing. Subsequently, that information has become available and that calculation has been made. Accordingly, please find fifteen (15) copies of Missouri Telephone Company's calculation of the amortization of excess deferred tax reserves. Would you please see that it is put with its filing of March 2, 1987. Copies of the attached are being sent to all parties of record.

I thank you in advance for your cooperation in this matter.

Sincerely,

*W. R. England, III*  
W. R. England, III

WRE/da  
Enclosures  
cc: All Parties of Record

A.D.

MISSOURI TELEPHONE COMPANY  
 AMORTIZATION OF EXCESS DEFERRED TAX RESERVES  
 12/31/86 BALANCES

|                                 | 1981     |           |       | 1982      |         |       | 1983      |         |       | 1984      |          |       | 1985      |         |       | 1986      |            |       | TOTAL       |          | GRAND<br>TOTAL |
|---------------------------------|----------|-----------|-------|-----------|---------|-------|-----------|---------|-------|-----------|----------|-------|-----------|---------|-------|-----------|------------|-------|-------------|----------|----------------|
|                                 | FEDERAL  | STATE     | RATE* | FEDERAL   | STATE   | RATE* | FEDERAL   | STATE   | RATE* | FEDERAL   | STATE    | RATE* | FEDERAL   | STATE   | RATE* | FEDERAL   | STATE      | RATE* | FEDERAL     | STATE    |                |
| DEFERRED TAXES                  | \$69,483 | (\$1,705) |       | \$63,190  | \$8,404 |       | \$81,792  | \$9,323 |       | \$99,029  | \$11,179 |       | \$101,060 | \$7,485 |       | \$59,173  | (\$10,798) |       | \$475,727   | \$23,888 | \$497,615      |
| EFFECTIVE RATE                  | 88.52%   |           |       | 42.16%    |         |       | 43.27%    |         |       | 42.27%    |          |       | 42.74%    |         |       | 50.66%    |            |       | 47.13%      |          | *****          |
| TIMING DIFFERENCES:             |          |           |       |           |         |       |           |         |       |           |          |       |           |         |       |           |            |       |             |          |                |
| TAX OVER BOOK DEPRECIATION      | \$78,492 |           |       | \$150,110 |         |       | \$189,032 |         |       | \$234,301 |          |       | \$236,430 |         |       | \$116,799 |            |       | \$1,005,164 |          |                |
| EFFECTIVE RATE UNDER NEW LAW    | 34.00%   |           |       | 34.00%    |         |       | 34.00%    |         |       | 34.00%    |          |       | 34.00%    |         |       | 34.00%    |            |       | 34.00%      |          |                |
| RESERVE AT NEW RATE             | \$26,687 |           |       | \$51,037  |         |       | \$64,271  |         |       | \$79,662  |          |       | \$80,386  |         |       | \$39,712  |            |       | \$341,750   |          |                |
| EXCESS DEFERRED TAX RESERVE     | \$42,796 | 12.98     |       | \$12,153  | 14.58   |       | \$17,521  | 16.62   |       | \$19,367  | 21.79    |       | \$20,674  | 11.21   |       | \$19,461  | 20.90      |       | \$112,510   |          |                |
| AMORTIZATION OF EXCESS RESERVE* | \$3,297  |           |       | \$834     |         |       | \$941     |         |       | \$689     |          |       | \$1,844   |         |       | \$973     |            |       | \$8,778     |          |                |
|                                 | *****    |           |       | *****     |         |       | *****     |         |       | *****     |          |       | *****     |         |       | *****     |            |       | *****       |          |                |

\* AMORTIZATION PERIOD IS THE COMPOSITE LIFE OF THE ASSETS ADDED DURING THE YEAR

|   |           |
|---|-----------|
| RECONCILIATION TO BOOKS                   |           |
| DEFERRED TAXES                            | \$497,615 |
| ITC CARRIFORWARD AVAILABLE ON TAX RETURNS | \$0       |
| ITC CARRIFORWARD AVAILABLE ON BOOKS       | \$0       |
|   | -----     |
| TOTAL DEFERRED TAX PER SCHEDULE ABOVE     | \$497,615 |
|   | -----     |
| DIFFERENCE                                | \$0       |
|   | *****     |