



Missouri Public Service Commission

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JEFFERSON CITY
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PUBLIC SERVICE COMMISSION

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General Counsel

Ms. Martha S. Hogerty
Deputy Chief Hearing Examiner
Missouri Public Service Commission
Post Office Box 360
Jefferson City, MO 65102

Re: AT&T Communications of the Southwest, Inc. Stipulation
and Agreement, Case No. AO-87-48, Tariff File
No. 8700303, and Tariff File No. 8700479.

Dear Ms. Hogerty:

This date, the Staff has filed a Stipulation and Agreement signed by AT&T Communications of the Southwest, Inc. (AT&T), the Staff and the Office of the Public Counsel (Public Counsel). Pursuant to the terms of this Stipulation and Agreement, AT&T will reduce its Missouri MTS, WATS, and 800 services rates in the aggregate by approximately \$4,152,640 annually for service rendered on and after July 1, 1987, and it will be released from any further obligations relating to Case Nos. AO-87-48 and TC-87-57. This Stipulation and Agreement has been entered into as a result of informal meetings held between these parties. All parties to Case No. AO-87-48 that expressed an interest in the investigation of the impact of the Tax Reform Act of 1986 (TRA) on the revenue requirement of AT&T were advised of the TRA meetings addressing this matter.

MCI Telecommunications Corporation (MCI) was granted intervenor's status in Case No. AO-87-48 by the Commission on April 22, 1987. In its Application to Intervene, MCI stated that its interest in Case No. AO-87-48 was limited to rate reductions by local exchange companies and AT&T. In conversations between MCI and AT&T, MCI did not ask to be included in the informal meetings respecting AT&T so long as MCI 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 discussions that occurred

among AT&T, the Staff and Public Counsel. AT&T has provided MCI a copy of the Stipulation and Agreement.

AT&T has taken no formal position respecting MCI's intervention in Case No. AO-87-48. Counsel for AT&T has advised counsel for the Staff that AT&T reserves its rights respecting any position that MCI may take respecting the instant Stipulation and Agreement and any related filings and proceedings. The Staff and Public Counsel also reserve their rights.

Tariff File No. 8700303 involves AT&T's proposed private line restructuring filed on January 21, 1987, for the purpose of restructuring AT&T's Missouri intrastate private line services effective July 1, 1987. AT&T provided notice to its private line customers. No pleadings have been filed with the Commission requesting the Commission to suspend the tariffs filed by AT&T on January 21, 1987. The Staff notes that the Commission has received letters from various auto salvage yards which are subscribers to a "hot line" service. Said auto salvage yards have expressed opposition to AT&T's proposed private line restructuring.

If the Commission does not receive a request for hearings with respect to the above noted filings, AT&T, the Staff and Public Counsel request that the Commission approve the Stipulation and Agreement by session order issued at an agenda meeting. The signatory parties to the Stipulation and Agreement have agreed to waive any rights to a hearing on any of the matters covered by the Stipulation and Agreement. As previously noted, the signatory parties reserve their rights to respond to any request for hearings and reserve their rights respecting any proceeding that may be directed by the Commission.

Very truly yours,



Steven Dottheim
Deputy General Counsel

SD/mjm

cc: All Parties of Record in Case No. AO-87-48