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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 2nd
day of September, 1982.

Case No. TR-82-199

In the matter of the filing by
Southwestern Bell Telephone
Company of new intrastate rates,
tolls and charges applicable to
intrastate telecommunication
services furnished within the
State of Missouri.

ORDER

On August 26, 1982, the City of Trenton, Missouri filed a "Motion to Dismiss/or to Continue Scheduled Hearing." By its Motion, the City of Trenton, an Intervenor in this case, requests the Commission to dismiss this proceeding or, in the alternative, to cause the hearing in this case to be continued until at least a reasonable time after February 24, 1983. As reasons for its Motion, the City of Trenton points out that by Order dated August 24, 1982 in the U.S. District Court for the District of Columbia, Judge Harold Greene ordered American Telephone and Telegraph Company (AT&T) to divest itself of all of its operating telephone companies (including Southwestern Bell) on or before February 24, 1984. Judge Greene's Order provided that a plan of divestiture should be submitted to the judge for his approval on or before February 24, 1983. The City of Trenton asserts that under the antitrust settlement which was the subject of Judge Greene's Order (hereinafter, "Modified Final Judgment" or "MFJ"), Southwestern Bell will receive substantially greater revenues from its operations than would have been the situation at the time of the filing of Bell's tariffs in the instant case. Thus, in the opinion of the City of Trenton, the hearing scheduled in this case to commence on September 20, 1982 would "result in a complete waste of time, energy, and expense for all parties without any compensating benefits to any party."

On August 31, 1982, Southwestern Bell filed a "Response to City of Trenton's Motion to Dismiss or to Continue Scheduled Hearing," requesting that the Commission issue an Order denying the City of Trenton's Motion of August 26, 1982. In its Response, Southwestern Bell notes that Judge Greene has granted intervenor status to numerous parties in the case and that it is unknown whether the Court's decision will be appealed. An appeal of the decision could result in a stay which would further delay implementation of the Modified Final Judgment. Southwestern Bell also points out that the instant case is based on an historical test year ending April 30, 1982, which may be updated in a true-up hearing with historical data through October, 1982. Thus, Southwestern Bell asserts that the changes in the Modified Final Judgment requested by Judge Greene and agreed to by the parties have "no impact whatsoever" on Southwestern Bell's proposed rates in this case. Bell agrees that significant changes will occur in the future in the Company's Missouri intrastate operations, if and when the Modified Final Judgment is implemented. However, those changes would apparently not occur until at least February, 1984, and later if the decision is appealed and implementation stayed pending appeal. Southwestern Bell infers that a grant of the City of Trenton's Motion to Dismiss would constitute an illegal confiscation of the Company's property.

The Commission determines that the hearing of this matter cannot be postponed, since the proposed tariffs filed by Southwestern Bell in this case will become effective by operation of law on January 16, 1983 unless otherwise ordered by the Commission, based upon the record of a full hearing on those proposed tariffs. Therefore, the City's Motion will be denied.

Also on August 31, 1982, Southwestern Bell filed a "Motion for Hearing and Ruling on Southwestern Bell Telephone Company's Objections to Staff's Data Request No. 606." Said Data Request was submitted by the Staff of the Commission to Southwestern Bell on July 8, 1982, and requested Bell to make available for Staff's review certain work papers of Arthur Young and Company relating to that firm's 1981 audit of Western Electric Company. Southwestern Bell filed objections to the data

request on August 6, 1982 alleging, among other things, that the documents sought by the request were not discoverable because they were not in the possession, custody or control of Southwestern Bell, and that the documents sought were protected by the Missouri accountant-client privilege. On August 23, 1982, the Staff filed a Response to Southwestern Bell's objections to the Data Request, requesting the Commission to withhold its determination respecting Southwestern Bell's objections to Data Request No. 606 pending the issuance of a Report and Order in this case. Staff stated in its Response that it intended, as a result of Bell's objection to the Data Request, to recommend that the Commission authorize Bell the opportunity to earn only the low end of Staff's recommended rate of return range in this case. Staff indicated that it would present evidence in its prefiled testimony and exhibits in this case concerning Bell's refusal to answer Data Request No. 606.

By its Motion of August 31, 1982, Southwestern Bell requests that the Commission set a hearing on Bell's objections to Data Request No. 606 and issue an order ruling on those objections prior to September 10, 1982. Bell believes that the Staff's stated intention to file testimony intended to punish Southwestern Bell for failure to comply with the discovery request is totally improper prior to a determination that Southwestern Bell has any obligation or ability to furnish the requested documents. Bell asserts that its objections to Data Request No. 606 constitute a discovery matter which should be disposed of prior to the commencement of hearings in this case. Bell asserts that no sanctions can be imposed for enforcement of discovery (such as the rate of return determination which Staff indicates it will seek) until the objections are overruled by the Commission and the responding party is given a reasonable time to comply prior to the imposition of such sanctions.

The Commission determines that Southwestern Bell's objections to Data Request No. 606 should be argued to the Commission by counsel at 1:30 p.m. on Wednesday, September 8, 1982 in the Commission's hearing room in Jefferson City.

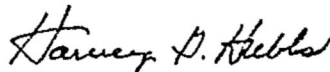
It is, therefore,

ORDERED: 1. That the "Motion to Dismiss/or to Continue Scheduled Hearing" filed by the City of Trenton, Missouri on August 26, 1982 be, and is hereby, denied.

ORDERED: 2. That oral argument by counsel concerning Southwestern Bell Telephone Company's objections to Staff's Data Request No. 606 be, and is hereby, scheduled to be heard by the Commission at 1:30 p.m. on Wednesday, September 8, 1982 in the Commission's hearing room in Jefferson City.

ORDERED: 3. That this Order shall become effective on the date hereof.

BY THE COMMISSION



Harvey G. Hubbs
Secretary

(S E A L)

Fraas, Chm., McCartney, Dority
and Musgrave, CC., Concur.
Shapleigh, C., absent.