

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 19th
day of December, 1979.

CASE NO. TO-79-227

In the matter of the reasonableness
of the rates and charges of UNITED
TELEPHONE COMPANY OF MISSOURI.

ORDER APPROVING STIPULATION AND AGREEMENT

This action commenced on May 4, 1979, when the General Counsel of the Missouri Public Service Commission filed its Motion requesting an immediate investigation into the reasonableness of the rates and charges of United Telephone Company (Company) of Missouri. On May 16, 1979, the Commission issued an Order directing Company to show cause on or before July 16, 1979, why it should not be directed to file tariffs which will lower its rates so as to bring its return on equity and rate of return to a level found reasonable in Commission Case No. 18,264. On July 13, 1979, the Company responded to the aforementioned Order. Company's response set forth that whether or not its earnings are excessive can only be determined after an investigation and testimony have been filed on the subject. On August 27, 1979, the Commission issued its "Order and Notice of Hearing" in the above-styled matter. Such Order directed the parties to prefile testimony and exhibits and established a prehearing conference on December 18, 1979, to be followed by a hearing immediately upon conclusion of the prehearing conference. Said hearing was scheduled to continue from day to day as necessary, through December 21, 1979. Capital City Telephone Company and Midstate Telephone Company filed a timely joint application to intervene.

On December 6, 1979, a conference was held in connection with the captioned matter. Staff, Public Counsel and Company attended and participated in said conference. Counsel for Company also represented Midstate Telephone Company and Capital City Telephone Company. The discussions and negotiations

that ensued therein, resulted in a stipulation and agreement for the Commission's consideration. Such stipulation and agreement is attached hereto and made a part hereof as Appendix A.

The stipulation and agreement provides that in the event an order of the Commission approving the merger proposed in Case No. 18,617 has been entered prior to January 1, 1980, the Company shall file tariffs to implement new rates designed to decrease the Missouri jurisdictional gross annual revenues by \$1,317,084 exclusive of local franchise taxes to be effective February 1, 1980. The parties agreed that the merger of Midstate Telephone Company and the Capital City Telephone Company into the United Telephone Company of Missouri was in the public interest. The Commission notes that it issued its order approving such merger on December 12, 1979, and as such, has fulfilled said provision of the stipulation and agreement.

The stipulation and agreement further provides that upon the Commission issuing its Order approving the aforementioned merger, that Company will not file tariff sheets affecting a general rate increase which would have an effective operational law date prior to February 1, 1981.

The Commission has considered the matters noted above and is of the opinion and concludes that the stipulation and agreement filed in this matter and attached hereto and made a part hereof as Appendix A is a fair and reasonable solution to the issues involved in this matter and should be approved in all respects.

It is, therefore,

ORDERED: 1. That the Stipulation and Agreement in Case No. TO-79-227 be, and hereby is, approved and the parties are hereby directed and authorized to implement the terms of said Stipulation and Agreement which is attached hereto and made a part hereof as Appendix A.

ORDERED: 2. That United Telephone Company of Missouri be, and is, hereby directed to file revised tariff sheets to implement new rates designed to decrease the Missouri jurisdictional gross annual revenues by \$1,317,084 exclusive of local franchise taxes to be effective February 1, 1980.

ORDERED: 3. That the prehearing conference and hearing scheduled to begin on December 18, 1979, at the Commission's hearing facilities in the City of Jefferson, Missouri, be, and it is, hereby cancelled.

ORDERED: 4. That this Order shall become effective on the 28th day of December, 1979.

BY THE COMMISSION

D. Michael Hearst

D. Michael Hearst
Secretary

(S E A L)

Slavin, Chm., McCartney, Fraas,
Dority and Bryant, CC., Concur.

BY THE PUBLIC SERVICE COMMISSION ()
OF THE STATE OF MISSOURI

In the matter of the)
reasonableness of the rates)
and charges of UNITED TELE-) Case No. TO-79-227
PHONE COMPANY OF MISSOURI)

STIPULATION AND AGREEMENT

On December 6, 1979, a conference on the above-captioned case was commenced in the office of United Telephone Company of Missouri in Kansas City, Missouri. Representatives of the Missouri Public Service Commission Staff (hereinafter referred to as the Staff), United Telephone Company of Missouri (hereinafter referred to as the Company) and the Office of the Public Counsel (hereinafter referred to as the Public Counsel) attended and participated in the aforementioned conference. As a result of this conference the Staff, the Company and the Public Counsel stipulate and agree as follows:

1. That the Company's Application to merge with and into the Midstate Telephone Company and the Capital City Telephone Company, Case No. 18617, now pending before the Commission is in the public interest and should be approved by the Commission. Staff and Public Counsel will obtain an Order from the Commission approving said Application prior to January 1, 1980. If said Application has not been acted upon and an Order approving it entered prior to January 1, 1980, this Stipulation and Agreement is null and void and of no effect whatsoever.
2. That in the event an Order of the Commission approving said merger has been entered prior to January 1, 1980, the Company shall file tariffs to implement new rates designed to decrease the Missouri jurisdictional gross annual revenues by \$1,317,084 exclusive of local franchise taxes to be effective February 1, 1980.
3. That, in the event the actions agreed to in paragraphs one and two are in fact accomplished, the Company will not file tariff sheets effecting a general rate increase which would have an effective operational law date prior to February 1, 1981.

4. This Stipulation and Agreement represents a negotiated dollar settlement for the sole purpose of disposing of Case Number TO-79-227, and none of the parties to this Stipulation and Agreement shall be prejudiced or bound by the terms of this Stipulation and Agreement in any future proceedings or in this proceeding in the event that the Commission does not approve this Stipulation and Agreement.

5. None of the parties to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any rate making principles or any method of cost of service determination, cost allocation or rate design underlying or suppose to underlie any of the rates provided for in this Stipulation and Agreement.

6. That the right to judicial review pursuant to Section 386.510 RSMo. 1978, is waived.

As a further result of the conference, the Staff, the Company and Public Counsel stipulate and agree as follows:

7. That the prefiled testimony and exhibits sponsored by Staff witnesses Persinger, Carver, Catron, Sommer, Shackelford, and Mangnall shall be received in evidence and copied into the record without the necessity of these witnesses taking the stand. That the prefiled testimony of and exhibits sponsored by the Company witnesses Baker, Fisher, Garfield, Hanson, Whinery, and Zehnder shall be received in evidence and copied into the record without the necessity of these witnesses taking the stand.

8. That the right to cross-examine the witnesses named in paragraph eight with respect to the prefiled testimony and exhibits sponsored by such witness is waived.

9. That the right to oral argument pursuant to Section 536.080(1), RSMo. 1978, is waived.

10. That the Staff shall reserve the right to submit to the Commission, in memorandum form, an explanation of its rationale for entering into this Stipulation and Agreement and to provide to the Commission whatever further explanation the Commission requests and that such memorandum shall not become a part of the record of this proceeding and shall not bind or prejudice the Staff in any

5. That Stipulation and Agreement depends on a negotiated dollar settlement for the sole purpose of disposing of Case Number TO-79-227, and none of the parties to this Stipulation and Agreement shall be prejudiced or bound by the terms of this Stipulation and Agreement in any future proceedings or in this proceeding in the event that the Commission does not approve this Stipulation and Agreement.

6. None of the parties to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any rate making principles or any method of cost of service determination, cost allocation or rate design underline or suppose to underline any of the rates provided for in this Stipulation and Agreement.

7. That the right to judicial review pursuant to Section 386.510 RSMo. 1978, is waived.

As a further result of the conference, the Staff, the Company and Public Counsel stipulate and agree as follows:

8. That the prefiled testimony of the exhibits sponsored by Staff witnesses Persinger, Carver, Cattron, Sommer, Shackelford, and Mangnall shall be received in evidence and copied into the record without the necessity of these witnesses taking the stand. That the prefiled testimony of and exhibits sponsored by the Company witnesses Baker, Fisher, Garfield, Hanson, ^{Whinery} ~~Watts, Steenbergen, Whitney~~ and ^{JRS} ~~Zehnder~~ TH shall be received in evidence and copied into the record without the necessity of these witnesses taking the stand.

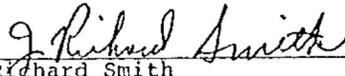
9. That the right to cross-examine the witnesses named in paragraph eight with respect to the prefiled testimony and exhibits sponsored by such witness. is waived.

10. That the right to oral argument pursuant to Section 536.080(1), RSMo. 1978, is waived.

11. That the Staff shall reserve the right to submit to the Commission, in memorandum form, an explanation of its rationale for entering into this Stipulation and Agreement and to provide to the Commission whatever further explanation the Commission requests and that such memorandum shall not become a part of the record of this proceeding and shall not bind or prejudice the Staff in any

future proceeding or in this proceeding in the event the Commission does not approve the Stipulation and Agreement.

Respectfully submitted,



J. Richard Smith
Vice President and General Counsel

6666 West 110th Street
Overland Park, Kansas 66211
Attorney for United Telephone
Company of Missouri



Paul W. Phillips
General Counsel

Treva J. Hearne
Assistant General Counsel

P. O. Box 360
Jefferson City, Missouri 65102
Attorneys for the Staff of the
Missouri Public Service Commission



Steven P. Callahan
Assistant Public Counsel

P. O. Box 1216
Jefferson City, Missouri 65102
Attorney for the Office of the
Public Counsel