

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
Jefferson City

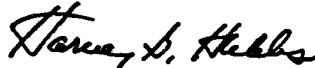
May 19, 1987

CASE NO. TR-87-126 & AO-87-48

H. Edward Skinner, Attorney, 212 Center Street, Suite 900, Little Rock, AR 72201
W.R. England, III, Attorney, P.O. Box 456, Jefferson City, MO 65102

Enclosed find certified copy of ORDER in the above-numbered case(s).

Sincerely,



Harvey G. Hubbs
Secretary

uncertified copy:

Office of Public Counsel, P.O. Box 7800, Jefferson City, MO 65102

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 May, 1987.

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.

Case No. TR-87-126

In the matter of ALLTEL Missouri, Inc.,
for authority to file tariffs decreasing
rates for telephone service provided to
customers in the Missouri service area of
the company.

O R D E R

On April 27, 1987, a stipulation and agreement was executed by ALLTEL Missouri, Inc. (Company), the Staff of the Missouri Public Service Commission and the Office of Public Counsel. The stipulation involves the reduction in the Company's Missouri jurisdictional gross annual revenues to reflect the impact of the federal Tax Reform Act.

The stipulation adequately sets forth all procedural and factual matters in this case and is set forth in Appendix A attached hereto and incorporated herein by reference. ALLTEL Missouri, Inc., is a public utility subject to the jurisdiction of this Commission pursuant to Chapters 386 and 392, R.S.Mo. 1986. For ratemaking purposes, the Commission may accept a stipulation and agreement in settlement of any matters submitted by the parties. The Commission is of the opinion that the matters of agreement between the parties in this case are reasonable and proper and should be accepted.

It is, therefore,

ORDERED: 1. That the stipulation and agreement referred to herein is approved and adopted.

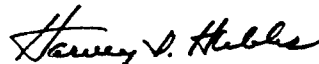
ORDERED: 2. That ALLTEL Missouri, Inc., is authorized to file revised tariffs which reflect the rate changes and are subject to the conditions set forth in the stipulation and agreement.

ORDERED: 3. That ALLTEL Missouri, Inc., shall not be subject to any further requirements of Case No. AO-87-48.

ORDERED: 4. That ALLTEL Missouri, Inc., is hereby dismissed from Case No. AO-87-48.

ORDERED: 5. That this order shall become effective on the 29th day of May, 1987.

BY THE COMMISSION



Harvey G. Hubbs
Secretary

(S E A L)

Steinmeier, Chm., Musgrave,
Mueller and Hendren, CC.,
Concur.
Fischer, C., Absent.

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) | Case No. AO-87-48 |
| Reform Act of 1986.) | |

| | |
|--------------------------------------|----------------------------|
| In the matter of ALLTEL Missouri,) | |
| Inc. for authority to file tariffs) | |
| decreasing rates for telephone) | Case No. TR-87- <u>126</u> |
| service provided to customers in) | |
| the Missouri service area of the) | |
| Company.) | |

STIPULATION AND AGREEMENT

On or about December 15, 1986, and March 2, 1987, ALLTEL caused to be filed with the Commission, in Case No. AO-87-48, certain information concerning the impact on ALLTEL of the Tax Reform Act of 1986. Commencing in February, 1987, the Staff of the Missouri Public Service Commission ("Staff") conducted a review of the books and records of ALLTEL Missouri, Inc. ("ALLTEL"). Subsequently, representatives of Staff, the Office of the Public Counsel ("Public Counsel") and ALLTEL engaged in discussions concerning the impact of the Federal Tax Reform Act of 1986 on Company's revenue requirement and the results of Staff's review of ALLTEL's books and records. As a result of these discussions, the parties stipulate and agree as follows:

1. That effective June 1, 1987, ALLTEL be authorized to implement revised tariffs for certain categories of telephone service designed to decrease Missouri jurisdictional gross annual

revenues by \$800,000, exclusive of license, occupation, franchise, sales, gross receipts or other similar fees or taxes;

2. That the specific rates to be reduced and the approximate annual effect of said rate reductions are as follows¹:

- a). local exchange access line rates
(an approximate 24.7% reduction) (\$616,600)
- b). mileage charges (an approximate 61.5%
reduction) (\$183,400)

3. That this Stipulation and Agreement is a negotiated dollar settlement. For purposes of Staff's review of ALLTEL's books and records and 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", this Stipulation and Agreement is intended to include, reflect, and fully dispose of any decreases in ALLTEL's gross annual revenue requirement for its Missouri jurisdictional operations which presently have been determined to result from the provisions of the Federal Tax Reform Act of 1986. In addition, ALLTEL shall not be subject to any present or future requirements of the Commission's Federal Tax Reform Act docket, Case No. AO-87-48; it being understood, however, that neither

1. The actual rates by rate group are shown on Appendix "A" attached hereto.

Staff or any other party is bound in any proceeding other than the above-captioned dockets regarding the effects of the Tax Reform Act on ALLTEL's revenue requirement;

4. That this Stipulation and Agreement is intended to be binding on the parties and the Commission in regard to Staff's review of ALLTEL's books and records and Case No. AO-87-48 (as it relates to Alltel); that 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;

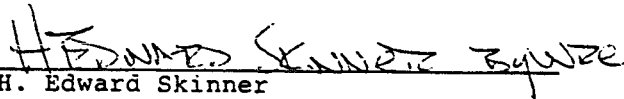
5. That except as otherwise expressly provided herein, the parties to this Stipulation and Agreement shall not be deemed to have approved of or acquiesced in any express or implied ratemaking principle, valuation method, cost of service method, or rate design proposal;

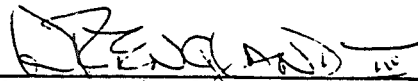
6. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their respective rights to present oral arguments or written briefs, pursuant to Section 536.080(1), RSMo 1986, and their respective rights to judicial review regarding the disposition of these matters, pursuant to Section 386.510, RSMo 1986;

7. That the agreements contained in this Stipulation and Agreement have resulted from extensive negotiations among the signatory parties and are interdependent; that in the event that


the Commission does not approve and adopt the terms of this Stipulation and Agreement and in the event the tariffs agreed to herein do not become effective in accordance with the provisions contained herein, this Stipulation and Agreement shall be void and no party shall be bound by any of the agreements or provisions hereof.

Respectfully submitted,

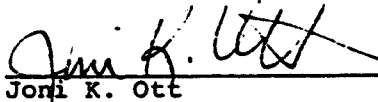

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Attorneys for the Office of the
Public Counsel

Dated: April 27, 1987

ALLTEL PROPOSED RATE DESIGN

GROUP 1-A

| SVC. TYPE | QUANTITIES | EXT. RATES | PRO. RATES (NICKEL ROUNDED) | PERCENTAGE | RATE DIFFER- ENTIAL | ANNUAL REVENUE DIFFERENTIAL |
|--------------|------------|---------------|-----------------------------------|------------|---------------------------|-----------------------------------|
| R1 | 1478 | \$6.50 | \$4.85 | 25.50 | \$1.65 | \$29,264.40 |
| R2 | 3 | \$4.90 | \$3.80 | 22.50 | \$1.10 | \$39.60 |
| R4 | 2880 | \$4.85 | \$5.10 | 25.50 | \$1.75 | \$60,480.00 |
| B1 ROT | 0 | \$14.00 | \$10.45 | 25.50 | \$3.55 | \$0.00 |
| B1 NON ROT | 254 | \$13.05 | \$9.75 | 25.50 | \$3.30 | \$10,058.40 |
| B4 | 107 | \$8.15 | \$6.05 | 26.00 | \$2.10 | \$2,696.40 |
| KEY SYS | 27 | \$14.00 | \$14.00 | 0.00 | \$0.00 | \$0.00 |
| PBX TK | 0 | \$19.55 | \$14.00 | 28.00 | \$5.55 | \$0.00 |
| SEMI PUB | 4 | \$19.55 | \$14.00 | 28.00 | \$5.55 | \$266.40 |

 \$102,805.20

RATE 11-A

| SVC. TYPE | QUANTITIES | EXT. RATES | PRO. RATES (NICKEL ROUNDED) | PERCENTAGE | RATE DIFFER- ENTIAL | ANNUAL REVENUE DIFFERENTIAL |
|--------------|------------|---------------|-----------------------------------|------------|---------------------------|-----------------------------------|
| R1 | 1212 | \$6.95 | \$5.20 | 25.00 | \$1.75 | \$25,452.00 |
| R2 | 22 | \$5.20 | \$3.90 | 25.00 | \$1.30 | \$343.20 |
| R4 | 2049 | \$7.30 | \$5.45 | 25.00 | \$1.85 | \$45,487.80 |
| B1 ROT | 0 | \$15.00 | \$11.20 | 25.00 | \$3.80 | \$0.00 |
| B1 NON ROT | 242 | \$13.95 | \$10.35 | 26.00 | \$3.60 | \$10,454.40 |
| B4 | 69 | \$8.75 | \$7.00 | 20.00 | \$1.75 | \$1,449.00 |
| KEY SYS | 60 | \$15.00 | \$15.00 | 0.00 | \$0.00 | \$0.00 |
| PBX TK | 2 | \$20.95 | \$15.00 | 28.00 | \$5.95 | \$142.80 |
| SEMI PUB | 6 | \$20.95 | \$15.00 | 28.00 | \$5.95 | \$428.40 |

 \$83,757.60

| SUC. TYPE | QUANTITIES | EXT. RATES | PRO. RATES (NICKEL ROUNDED) | | RATE DIFFER- ENTIAL | ANNUAL REVENUE DIFFERENTIAL |
|--------------|------------|---------------|-----------------------------------|------------|---------------------------|-----------------------------------|
| | | | | PERCENTAGE | | |
| R1 | 4799 | \$7.50 | | | | |
| R2 | 149 | \$5.60 | \$5.55 | | | |
| R4 | 4207 | \$7.90 | \$4.10 | 26.00 | \$1.95 | \$112,296.60 |
| B1 ROT | 13 | \$16.10 | \$5.85 | 26.00 | \$1.50 | \$2,682.00 |
| B1 NON ROT | 894 | \$15.00 | \$11.90 | 26.00 | \$2.05 | \$103,492.20 |
| B4 | 121 | \$9.40 | \$11.10 | 26.00 | \$4.20 | \$655.20 |
| KEY SYS | 281 | \$16.10 | \$6.95 | 26.00 | \$3.90 | \$41,839.20 |
| PBX TK | 22 | \$22.50 | \$16.10 | 26.00 | \$2.45 | \$3,557.40 |
| SEMI PUB | 35 | \$22.50 | \$16.10 | 0.00 | \$0.00 | \$0.00 |
| | | | | 28.00 | \$6.40 | \$1,689.60 |
| | | | | 28.00 | \$6.40 | \$2,688.00 |
| | | | | | | \$248,900.20 |

| SVC. TYPE | QUANTITIES | EXT. RATES | PRO. RATES (NICKEL ROUNDED) | PERCENTAGE | RATE DIFFER- ENTIAL | ANNUAL REVENUE DIFFERENTIAL |
|--------------|------------|---------------|-----------------------------------|------------|---------------------------|-----------------------------------|
| R1 | 1014 | \$7.85 | \$5.80 | 26.00 | \$2.05 | |
| R2 | 0 | \$5.85 | \$4.25 | 27.00 | \$1.60 | \$24,944.40 |
| R4 | 1349 | \$8.20 | \$6.10 | 26.00 | \$2.10 | \$0.00 |
| B1 ROT | 0 | \$16.80 | \$12.45 | 26.00 | \$4.35 | \$33,994.80 |
| B1 NON ROT | 290 | \$15.65 | \$11.65 | 26.00 | \$4.00 | \$0.00 |
| B4 | 50 | \$9.80 | \$7.25 | 26.00 | \$2.55 | \$13,920.00 |
| KEY SYS | 119 | \$16.80 | \$16.80 | 0.00 | \$0.00 | \$1,530.00 |
| PBX TK | 4 | \$23.45 | \$16.80 | 28.00 | \$6.65 | \$0.00 |
| SEMI PUB | 6 | \$23.45 | \$16.80 | 28.00 | \$6.65 | \$319.20 |
| | | | | | | \$478.80 |
| | | | | | | \$75,187.20 |

RATE III-B

| SVC. TYPE | QUANTITIES | EXT. RATES | PRO. RATES (NICKEL ROUNDED) | PERCENTAGE | RATE DIFFER- ENTIAL | ANNUAL REVENUE DIFFERENTIAL |
|--------------|------------|---------------|-----------------------------------|------------|---------------------------|-----------------------------------|
| R1 | 973 | \$8.60 | \$6.35 | 26.00 | \$2.25 | \$26,271.00 |
| R2 | 0 | \$0.00 | \$0.00 | 0.00 | \$0.00 | \$0.00 |
| R4 | 0 | \$0.00 | \$0.00 | 0.00 | \$0.00 | \$0.00 |
| B1 ROT | 0 | \$18.50 | \$13.70 | 26.00 | \$4.80 | \$0.00 |
| B1 NON ROT | 90 | \$17.20 | \$12.75 | 26.00 | \$4.45 | \$4,806.00 |
| B4 | 0 | \$0.00 | \$0.00 | 9.00 | \$0.00 | \$0.00 |
| KEY SYS | 26 | \$18.50 | \$18.25 | 1.00 | \$0.25 | \$78.00 |
| PBX TK | 4 | \$25.50 | \$18.25 | 28.00 | \$7.25 | \$348.00 |
| SEMI PUB | 3 | \$25.50 | \$18.25 | 28.00 | \$7.25 | \$261.00 |
| | | | | | | <hr/> \$31,764.00 |

RATE IV-B

| SVC. TYPE | QUANTITIES | EXT. RATES | PRO. RATES (NICKEL ROUNDED) | PERCENTAGE | RATE DIFFER- ENTIAL | ANNUAL REVENUE DIFFERENTIAL |
|--------------|------------|---------------|-----------------------------------|------------|---------------------------|-----------------------------------|
| R1 | 0 | \$9.00 | \$6.65 | 26.00 | \$2.35 | |
| R2 | 0 | | | | \$0.00 | |
| R4 | 0 | | | | \$0.00 | |
| B1 ROT | 0 | \$19.35 | \$14.25 | 26.00 | \$5.10 | |
| B1 NON ROT | 0 | \$18.00 | \$13.30 | 26.00 | \$4.70 | |
| B4 | 0 | | | | \$0.00 | |
| KEY SYS | 0 | \$19.35 | \$19.00 | 2.00 | \$0.35 | |
| PBX TK | 0 | \$26.60 | \$19.00 | 29.00 | \$7.60 | |
| SEMI PUB | 0 | \$26.60 | \$19.00 | 29.00 | \$7.60 | |

GRAND TOTAL OF ALL ANNUAL REVENUE DIFFERENTIALS =

\$616,612.80

Please Wait...

MILEAGE

| MILEAGE | QUANTITY | PRESENT RATE | PRESENT REVENUE | PROPOSED RATE | PROPOSED REVENUE |
|----------------------------|----------|-----------------|--------------------|------------------|---------------------|
| 1 LEAD | 317 | \$1.30 | \$412.10 | \$0.50 | \$158.50 |
| 1 LEM2 | 289 | \$2.60 | \$751.40 | \$1.00 | \$289.00 |
| 1 LESP | 785 | \$1.30 | \$1,020.50 | \$0.50 | \$392.50 |
| 1 LMLA | 363 | \$1.30 | \$471.90 | \$0.50 | \$181.50 |
| 1 LML1 | 98 | \$3.90 | \$382.20 | \$1.50 | \$147.00 |
| 1 LXD1 | 16771 | \$1.30 | \$21,802.30 | \$0.50 | \$8,385.50 |
| TOTAL REVENUES | | | \$24,840.40 | | \$9,554.00 |
| TOTAL REVENUES X 12 MONTHS | | | \$298,084.80 | | \$114,648.00 |

*Decrease
mi. Chgs.*

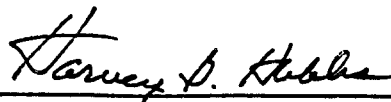
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STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission at Jefferson City, this 19th day of May, 1987.

A handwritten signature in cursive script, reading "Harvey G. Hubbs", written over a horizontal line.

Harvey G. Hubbs

Secretary