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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 16th  
day of April, 1993.

In the matter of the application of Citizens )  
Telephone Company of Higginsville, Missouri, )  
Inc. for authority to file, establish and put ) Case No. TR-93-268  
into effect new, increased or revised rates and )  
charges for telephone service. )

**SUSPENSION ORDER AND NOTICE OF PROCEEDINGS**

On March 25, 1993, Citizens Telephone Company of Higginsville, Missouri, Inc. (Citizens or Company) submitted to the Commission tariffs reflecting increased rates for telephone service provided to customers in the Missouri service area of the Company. The proposed tariff bears a requested effective date of April 24, 1993. The proposed tariff is designed to produce an annual increase of less than one (1) percent for an annual increase of fourteen thousand dollars (\$14,000) in the Company's revenues. The Company proposes to accomplish this by reducing or eliminating access fees and compensating for this change by an increase in rates.

Citizens alleges that it qualifies as a "small telephone company" as defined in Section 392.230(4) RSMo. Pursuant to Section 392.240(5) whenever a small telephone company seeks to implement a new rate the proposed tariff may be suspended for not more than one hundred and fifty (150) days. To allow sufficient time to study the effect of the proposed tariffs and to determine if they are just, reasonable and in the public interest, the Commission is of the opinion that the proposed tariffs should be suspended for a period of one hundred and fifty (150) days beyond the requested effective date, unless otherwise ordered by the Commission.

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Inasmuch as the Commission is required by law to give rate increase cases preference over all other questions pending before it and to decide such cases as quickly as possible, and since the burden of proof that the proposed rates are just and reasonable is upon the company proposing such rates, the Commission is of the opinion that a hearing should be scheduled at which time the Company shall present its entire case in support of its proposed rates. To facilitate the hearing process in this matter, the Commission concludes that a schedule of proceedings should be established, and that all parties should be required to file prepared testimony and schedules in advance of the hearing.

Company has sent notice of the proposed tariff to its customers as required by Section 392.230, RSMo Supp. 1991. The Commission is further of the opinion that the Records Department of the Commission should serve a copy of this order upon the mayor of each city and the county commission of each county in the Company's service area. In addition, the Information Officer shall send notice of this order to the media which currently provides service to the same area(s) served by the Company. The Information Officer shall also send notice of this order to the members of the General Assembly representing the Missouri area served by the Company. The Commission is also of the opinion that the Company should give notice to its customers pursuant to 4 CSR 240-2.110(10) as ordered herein.

Any city, county, or other proper entity desiring to intervene in this proceeding shall file its application to intervene on or before the date set in this order as provided by 4 CSR 240-2.110(12) and shall serve a copy of the application on the Company's attorney, W. R. England, III, Brydon, Swearngen & England P. C., P.O. Box 456, Jefferson City, Missouri 65102-0456.

The Commission will require the prefiling of testimony as defined in 4 CSR 240-2.130 Evidence. The practice of prefiling testimony is designed to give parties notice, at the earliest reasonable opportunity, of the claims,

contentions and evidence in issue and to avoid unnecessary objections and delays in the proceedings caused by allegations of unfair surprise at the hearing.

Nothing herein, nor in any other order in this case, shall preclude a party from addressing, or having a reasonable opportunity to address, matters not previously disclosed and arising at the hearing. The Commission, in its discretion and for good cause shown, may waive strict application of these requirements.

Since the instant case is subject to a statutory time limit, the Commission will seek an expedited filing of the transcript without the necessity of a request from any party.

The Commission believes it is appropriate to limit the length of initial briefs to fifty (50) pages and reply briefs to twenty-five (25) pages unless otherwise ordered by the Commission or the Hearing Examiner.

The Commission is of the opinion that the Company should submit any requests for true-up by motion and the request should include a proposed date to which the Company's financial data is to be brought forward as well as a proposed time for a true-up hearing. The Company's proposal should also specify a complete list of accounts or items of expense, revenues and rate base designed to prevent any improper mismatch in those areas. The Commission will not consider isolated adjustments, but will examine only a "package" of adjustments designed to maintain the proper revenue/expense/rate base match at a proper point in time. *Re: Kansas City Power & Light Company*, 26 Mo. P.S.C. (N.S.) 104, 110 (1983). Any test year disputes shall be raised by motion.

The Commission's Staff, the Public Counsel and all intervenors shall state their positions regarding the Company's true-up and test year proposals as hereinafter ordered. The test year is the twelve-month period which is used to audit a company's books to determine the proper amounts of rate base, expenses and revenues to be used in calculating a revenue requirement for a company. A

resolution of the test year issue must be made early in the proceedings so that parties' testimony can be reconciled to the same period. The test year involves an audit of all books and records of a company so that a total revenue requirement can be calculated.

Company's prefiled direct testimony should be based upon a twelve-month period using a specific test year ending date. Staff's and other parties' test year proposals should include a specific twelve-month period as a test year and should include any additional period for which Staff or another party has updated significant items from the test year. The test year with the additional period will be called a test year as updated, or updated test year. In addition to a proposed test year or a proposed test year as updated, a party may request isolated changes, such as those imposed by governmental bodies, as part of its case and the Commission will consider whether those isolated changes are known and measurable and whether they should be included in Company's revenue requirement. An issue to be considered in this determination is whether the proposed adjustment affects the matching of rate base, expenses and revenue.

The Commission will schedule a prehearing conference in this case to allow the parties the opportunity to resolve substantive issues as well as to consider those matters described in 4 CSR 240-2.090(6) Discovery and Prehearings. The parties shall also utilize the prehearing conference to eliminate those issues which can be resolved through updating of a party's case, clarification of misunderstandings, explanation of an issue's interrelationship with other issues, and correction of clerical or arithmetic errors if such issues have not been eliminated prior to the prehearing. Each party shall bring to the prehearing conference a list of contested issues to be presented to the hearing examiner. These lists of contested issues are to be used to establish the scope of the settlement discussions that will be held during the prehearing conference. At the conclusion of the prehearing conference, the parties shall present an

agreed-upon list of those issues still unresolved to the hearing examiner. These remaining unresolved issues are to be addressed by the parties in the hearing memorandum and will form the basis for the preparation of rebuttal testimony and the case reconciliation.

The parties shall file a hearing memorandum setting out the issues to be heard and the witnesses to appear on each day of the hearing, definitions of terms used in describing those issues, each party's position on those issues and quantification of the amount of each issue in dispute.

The parties shall file a reconciliation setting forth the total amount or values of each party's case as well as the individual contested amounts or values associated with each party's recommendation for expenses, revenues and rate base in conformance with the issues in the hearing memorandum. If necessary, the reconciliation may be amended or replaced during the proceedings to reflect any change in the issues or amounts in controversy.

The Commission emphasizes the importance of the deadlines for filing the hearing memorandum and the case reconciliation. The Commission Staff will be responsible for preparing and filing the hearing memorandum and case reconciliation. Unless the Commission orders otherwise, the hearing memorandum and case reconciliation shall be filed on the dates set. Each party is expected to provide Staff with its position on each unresolved issue in sufficient time for Staff to meet the established filing deadlines.

The Commission has determined that all prefiled testimony, briefs and reply briefs in this case shall be filed by 3:00 p.m. on the date they are scheduled to be filed.

Testimony and schedules shall not be filed under seal and treated as confidential unless a protective order has first been established by the Commission. The party which considers information to be confidential should request a protective order to ensure the information is treated as confidential. Any

testimony or schedule filed without a protective order first being established shall be considered public information. The Commission has a form protective order which will be used in this proceeding.

In this order the Commission will authorize Staff to file a complaint seeking a reduction in Company's revenues if its audit reflects that Company's earnings are excessive.

**IT IS THEREFORE ORDERED:**

1. That all proposed tariff sheets submitted on March 25, 1993, by Citizens Telephone Company of Higginsville, Missouri, Inc. for the purpose of increasing rates for telephone service are hereby suspended for a period of one hundred and fifty (150) days from April 24, 1993 to September 21, 1993.

2. That any proper entity desiring to intervene and participate herein shall, except for good cause shown, file its application to intervene and serve a copy of same upon the Company's attorney on or before May 17, 1993.

3. That the following procedural schedule is hereby adopted for this proceeding:

Company direct testimony submitted with application.

Staff, Public Counsel and intervenor's direct testimony	6/18/93 3:00 p.m.
Local public hearing (located in Higginsville, MO)	6/22/93 7-9:00 p.m.
Prehearing conference	6/30-7/2/93 10:00 a.m.
Hearing memorandum	7/9/93
All parties rebuttal testimony	7/9/93 3:00 p.m.
Reconciliation	7/9/93
All parties surrebuttal testimony	7/16/93 3:00 p.m.
Hearing	7/22-23/93 10:00 a.m.

The prehearing conference and hearing shall be held at the Commission's offices on the fifth floor of the Harry S Truman State Office Building, 301 West High Street, Jefferson City, Missouri. Any person with special needs as addressed by the Americans With Disabilities Act shall notify the Chief Hearing Examiner [(314) 751-7497] at least ten (10) days prior to the hearing.

4. That the Company shall file fifteen (15) copies of its prepared direct testimony and schedules and minimum filing requirements with the Executive Secretary of the Commission, and shall serve two (2) copies of same upon the Public Counsel and each party who has filed a timely and proper application to intervene.

5. The Company shall file with the Commission its recommendation concerning the proper test year for use in this case on or before May 17, 1993. The Commission's Staff, the Public Counsel and the intervenors shall either concur in the Company's recommendation or shall recommend alternatives to the Company's suggested test year concurrent with the filing of their direct testimony and exhibits in this matter.

6. That if Company requests a true-up audit and hearing, it shall file a pleading with such a request within thirty (30) days of the effective date of this order. Concurrent with their prefiled direct testimony, the Commission Staff, the Public Counsel and all intervenors shall file a pleading indicating either concurrence in the Company's request or suggested alternatives to the Company's true-up recommendation.

7. That the Commission Staff shall file fifteen (15) copies of its prepared direct testimony and schedules with the Executive Secretary of the Commission, and serve five (5) copies of same upon the Company and two (2) copies of same upon the Public Counsel and each intervenor.

8. That the Public Counsel and each intervenor shall file fifteen (15) copies of their prepared direct testimony and schedules with the Executive

Secretary of the Commission, and serve five (5) copies of same upon the Company and two (2) copies of same upon each other party.

9. That all parties shall file their rebuttal and surrebuttal testimony in the same quantities as required for direct testimony.

10. That testimony and any attachments to a witness's testimony shall be marked and filed only in the manner prescribed by 4 CSR 240-2.130(11).

11. That the Company shall notify each affected customer of all hearings by either a notice on or accompanying a bill, or in a separate notice, at least ten (10) days but not more than forty-five (45) days prior to the first of those hearings, unless otherwise ordered by the Commission. The notice shall be in the following form:

#### NOTICE

Citizens Telephone Company of Higginsville, Missouri, Inc. has filed revised tariffs with the Missouri Public Service Commission (PSC) which would increase the Company's Missouri jurisdictional annual gross revenues by approximately one (1) percent. For the average residential customer, the proposed increase would be from the current rate to a proposed rate of \$10.80 per month. For the average business customer the proposed increase would be from the current rate to the new proposed rate of \$16.15 per month.

A local public hearing has been scheduled in this matter. Any member of the public wishing to testify on the rate request or quality of telephone service received by him/her should be present at the following time and location:

<u>(Date/time)</u>	<u>(Location)</u>	<u>(Address)</u>
June 22, 1993 7:00 p.m.	Lafayette County School Dist., C-1	2818 Highway Blvd. Higginsville, MO

An evidentiary hearing has been set before the PSC beginning at 10:00 a.m., on July 22, 1993 in the PSC's hearing room on the fifth floor of the Harry S Truman State Office Building, 301 West High Street, Jefferson City, Missouri. If you wish to comment or secure information, you may contact the Office of Public Counsel, Post Office Box 7800, Jefferson City, Missouri 65102, telephone (314) 751-4857.

If any person has special needs as addressed by the Americans With Disabilities Act, please notify the Chief Hearing Examiner [(314) 751-7497] at least ten (10) days prior to the hearing.



12. That all counsel and parties to this proceeding shall review 4 CSR 240-4.020 Conduct During Proceedings, comply with its terms and communicate the meaning and importance of that rule to all personnel whom counsel believes or reasonably should believe ought to be made aware of that rule.

13. That all counsel shall immediately report to the Commission all future possible violations of any Commission rule by any party, including the party they represent.

14. That the Records Department and Information Office of the Commission shall serve a copy of this order and provide notice as described in this order.

15. That initial briefs filed in this case shall be no longer than fifty (50) pages and reply briefs shall be no longer than twenty-five (25) pages, unless otherwise ordered.

16. That all prefiled testimony, briefs and reply briefs shall be filed by 3:00 p.m. on the scheduled filing date.

17. That prefiled testimony shall only be filed under seal pursuant to a protective order approved by the Commission.

18. That Commission Staff is authorized to file a complaint against Company if its audit reflects that Company's earnings are excessive.

19. That this order shall become effective on the date hereof.

BY THE COMMISSION



Brent Stewart  
Executive Secretary

( S E A L )

McClure, Chm., Rauch, Perkins  
and Kincheloe, CC., Concur.  
Mueller, C., Absent.