

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 24th
day of November, 1986.

Case No. TM-87-19

In the matter of the application of
General Telephone Company of the
Midwest to merge with certain other
GTE subsidiaries.

ORDER AUTHORIZING MERGER

On August 29, 1986, General Telephone Company of the Midwest (Applicant) filed an application seeking authority to merge with certain other GTE subsidiaries and to transfer all franchises, licenses and permits within the jurisdiction of this Commission to the surviving corporation, General Telephone Company of Indiana, Inc. A supplemental application was filed on September 3, 1986. An intervention deadline of October 31, 1986, was established. No parties intervened.

Applicant is a Missouri corporation with its principal office and place of business located at 11 Eleventh Avenue, Grinnell, Iowa. Applicant is a telephone corporation and public utility operating under Chapter 392, R.S.Mo. 1978, and provides telephone communications to members of the public within its certificated areas.

Applicant requests authority to merge with the following corporations: General Telephone Company of Illinois; General Telephone Company of Indiana, Inc.; General Telephone Company of Michigan; General Telephone Company of Ohio; General Telephone Company of Pennsylvania; General Telephone Company of Wisconsin; and Garrett Telephone Co., Inc.; with General Telephone Company of Indiana, Inc., as the surviving corporation.

Pursuant to 4 CSR 240-2.060(4), Applicant has submitted: (1) a copy of the proposed Agreement Of Merger, including a Plan Of Merger; (2) the individual and combined balance sheets of the constituent corporations to the proposed merger as of June 30, 1986; (3) the individual and combined income statements of the constituent corporations for the 12 months ended June 30, 1986; (4) a copy of the proposed resolutions of the Board of Directors of General Telephone Company of the Midwest authorizing the Agreement Of Merger and exchange of stock involved in the proposed merger; and (5) a statement that said merger will have no effect upon tax revenues.

The Commission Staff has examined the application and recommends its approval based upon an agreement reached between the Applicant, the Commission Staff and the Office of Public Counsel. Applicant has agreed to an efficiency target that will be used in the derivation of the company's revenue requirement in its rate cases until such time as it can show that the merger has produced net savings equal to or greater than the efficiency target. The parties also agree that the benefits of the merger will be passed through to Missouri ratepayers.

The Commission has considered the application, the attachments thereto, the supplemental application, and the recommendation of its Staff, and finds that the proposal is reasonable and should be granted based upon the agreement reached between the parties.

It is, therefore,

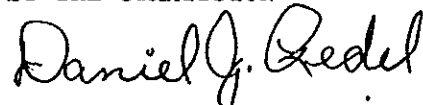
ORDERED: 1. That General Telephone Company of the Midwest's request for authority to merge with the above-named corporations be, and is hereby, granted.

ORDERED: 2. That General Telephone Company of the Midwest be, and is hereby, authorized to transfer all franchises, licenses and permits within the jurisdiction of this Commission to General Telephone Company of Indiana, Inc., the surviving corporation.

ORDERED: 3. That General Telephone Company of the Midwest is hereby granted such other authority as may be necessary to carry out the Plan Of Merger as set forth in its application.

ORDERED: 4. That this order shall become effective on the 1st day of December, 1986.

BY THE COMMISSION



Daniel J. Redel
Acting Secretary

(S E A L)

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