

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
Jefferson City

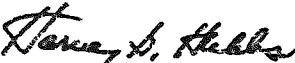
June 2, 1987

CASE NO. TR-87-150 & AO-87-48

W. P. England, III, Attorney for applicant, PO 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, Joni K. Ott, PO Box 7800, Jefferson City, MO 65102
B. Wayne Clark, President and Chief Executive Officer, PO Box 180, Missouri Telephone Co.,
Bolivar, MO 65613

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 June, 1987.

CASE NO. TR-87-150

In the matter of the proposed
reduction in the rates of
Missouri Telephone Company.

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.

ORDER APPROVING STIPULATION AND AGREEMENT

On May 22, 1987, a Stipulation and Agreement was submitted by Missouri Telephone Company (Company), the Staff of the Public Service Commission (Staff), and the Office of the Public Counsel (Public Counsel). The Stipulation involves a rate reduction to Missouri jurisdictional gross annual telephone revenues of approximately \$37,000. The reduction reflects the impact of the Tax Reform Act of 1986 and also takes into account the information filed by the Company in Case No. AO-87-48.

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.

Missouri Telephone Company is a public utility subject to the jurisdiction of this Commission pursuant to Chapters 386 and 392, RSMo 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 matter

of agreement between the parties in this case are reasonable and proper and should be accepted.

It is, therefore,

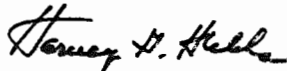
ORDERED: 1. That the Stipulation and Agreement filed herein on May 22, 1987, be, and it is, hereby approved.

ORDERED: 2. That Missouri Telephone Company be, and it is, hereby authorized to file revised tariffs designed to decrease its Missouri jurisdictional gross annual revenues by \$37,000, exclusive of license, occupation, franchise, sales, gross receipts or other similar fees or taxes. The tariffs shall bear an effective date of July 1, 1987.

ORDERED: 3. That Missouri Telephone Company shall not be subject to any further requirements in Case No. AO-87-48 and is hereby dismissed as a party from that proceeding.

ORDERED: 4. That this Order shall become effective on June 12, 1987.

BY THE COMMISSION


Harvey G. Hubbs
Secretary

(S E A L)

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

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the investigation)
of the revenue effects upon)
Missouri Telephone Company of the) Case No. AO-87-48
Tax Reform Act of 1986.)

STIPULATION AND AGREEMENT

On or about December 15, 1986, March 2, 1987, and May 5, 1987, Missouri Telephone Company (Company) caused to be filed with the Missouri Public Service Commission (Commission) in the above-captioned matter, certain information concerning the impact on the Company of the Tax Reform Act of 1986. Subsequently, representatives of the Commission Staff, the Office of the Public Counsel (Public Counsel) and the Company engaged in discussions concerning the impact of the Federal Tax Reform Act of 1986 on the Company's revenue requirement. As a result of these discussions, the parties stipulate and agree as follows:

1. That effective July 1, 1987, the Company be authorized to implement revised tariffs for local exchange access line service designed to decrease Missouri jurisdictional gross annual revenues by \$37,000, exclusive of license, occupation, franchise, sales, gross receipts or other similar fees or taxes. The actual rates to be implemented as a result of this Stipulation and Agreement as well as a quantification of the proposed rate reductions are attached hereto and incorporated herein by reference as Appendix A;

2. That this Stipulation and Agreement is a negotiated dollar settlement which is intended to include, reflect, and

fully dispose of any decreases in the Company'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, the Company shall not be further subject to any present or future requirements of the instant docket; it being understood, however, that neither Staff nor any other party is bound in any proceeding other than the above-captioned docket regarding the effects of the Tax Reform Act on the Company's revenue requirement;

3. That this Stipulation and Agreement is intended to be binding on the parties and the Commission for purposes of Commission Case No. AO-87-48 (as it relates to Missouri Telephone Company); 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;

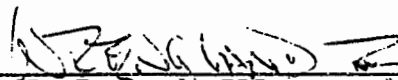
4. That except as otherwise expressly provided herein, the parties to this Stipulation and Agreement shall not be deemed to have approved of or acquiesced in any express or implied ratemaking principle, valuation method, cost of service method, or rate design proposal;

5. 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;


6. 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,



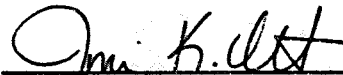
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Attorney for
The Office of the Public Counsel

Dated: May _____, 1987

MISSOURI TELEPHONE COMPANY
TAX REFORM RATE REDUCTION ALLOCATION

	LINES	Group Reduction	Group Red. Annualized	Current Rate	New Rate	Percent Change
RESIDENTIAL LINES						
Group 1	2429	0.15	\$4,372.20	7.05	6.90	2.13%
Group 2	2342	0.15	\$4,215.60	7.45	7.30	2.01%
Group 3	7669	0.20	\$18,405.60	7.90	7.70	2.53%
RESIDENTIAL TOTALS	12440		\$26,993.40			
BUSINESS ACCESS LINES						
Group 1	162	0.25	\$486.00	12.35	12.10	2.02%
Group 2	235	0.25	\$705.00	12.95	12.70	1.93%
Group 3	1104	0.35	\$4,636.80	13.85	13.50	2.53%
SINGLE BUSINESS LINES	1501		\$5,827.80			
BUSINESS TRUNK LINES						
Group 1	21	0.40	\$100.80	18.55	18.15	2.16%
Group 2	65	0.46	\$312.00	19.40	19.00	2.06%
Group 3	629	0.50	\$3,774.00	20.75	20.25	2.41%
TOTAL TRUNK LINES	715		\$4,186.80			
TOTAL BUSINESS LINES	2216					
SEMI PUBLIC PAY STATIONS	29	0.45	\$156.60	Various	Various	1.8%-2.1%
TOTALS	14685		\$37,164.60			

	Residence	Business	Semi-Pub	Totals
Group 1				
Aldrich	306	14		320
Allendale	103	11		116
Coffey	122	14		138
Fair Play	356	27		387
Half Way	365	25		393
Jameson	175	11		188
Polk	358	14		372
Union Star	326	24		356
Winston	318	22		342
Total-Group 1	2429	162		2612

Group 2				
Grant City	619	97	2	750
Morrisville	553	42		600
Pattonsburg	553	59		625
Pleasant Hope	617	37		669
Total-Group 2	2342	235	2	2644

Group 3				
Albany	948	166	2	1211
Bolivar	3717	526	13	4653
Gallatin	1215	163	7	1458
Stockton	1789	249	5	2107
Total-Group 3	7669	1104	27	9429

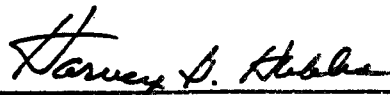
GRAND TOTALS	12440	1501	29	14685
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STATE OF MISSOURI

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 2nd day of June, 1987.

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

Harvey G. Hubbs
Secretary