

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 11th
day of July, 1995.

In the matter of the Joint Application)
of GTE Midwest Incorporated and Ozark)
Telephone Company for authority to transfer)
and acquire part of GTE Midwest Incor-) Case No. TM-95-134
porated's Missouri franchise, facilities or)
system located in the state of Missouri.)

ORDER APPROVING SALE AND ORDER GRANTING CERTIFICATE

On October 21, 1994, GTE Midwest Incorporated (GTE) and Ozark Telephone Company (Ozark) filed a joint application pursuant to §392.300, RSMo Supp. 1993, seeking authorization of the Commission: (1) approving the transfer of and acquisition by Ozark of part of GTE's franchise, facilities, and system, including appropriate certificates of public convenience and necessity; (2) authorizing GTE to discontinue providing telecommunications services in the two exchanges involved in the acquisition as of the date of transfer; (3) authorizing Ozark to commence providing telecommunications services in the aforementioned two exchanges; (4) authorizing GTE and Ozark to do and perform such acts and things, and execute and deliver any and all documents as may be necessary to effectuate the proposed transaction; and (5) granting such other relief as is reasonable in the circumstances.

GTE and Ozark attached to their joint application a number of attachments including but not limited to certified copies of its articles of incorporation and certificate issued by the Missouri Secretary of State,

a proprietary asset purchase agreement and certified copies of resolutions from the boards of directors of both GTE and Ozark.

On November 14, 1994, the Commission issued an Order Granting Protective Order. On November 21, 1994, the Commission issued its Order And Notice, giving notice and setting an intervention deadline of December 21, 1994. Applications for intervention were filed by AT&T Communications of the Southwest, Inc. (AT&T) and the Communications Workers of America, AFL-CIO, CLC (CWA). The applications were approved on December 28, 1994. On December 27, 1994, Southwestern Bell Telephone Company (SWBT) had filed an Application to Intervene Out of Time and this application was approved on December 30, 1994.

On April 3, 1995, GTE and Ozark filed a Supplemental Joint Application, wherein Ozark sought a Certificate of Service Authority to provide basic local telecommunications service in the exchanges of Noel and Southwest City. The parties attached to the supplemental application as Exhibit 6 exchange boundary maps. The supplemental application also noted that no metes and bounds description was necessary pursuant to 4 CSR 240-2.060(2)(A)6, and requested a waiver of 4 CSR 240-2.060(2)(A)9 and 11B, which require, respectively, a feasibility study, and a list of the names and addresses of ten persons residing in the proposed service area. In addition, applicants indicated that all the necessary approvals from the appropriate governmental bodies would be transferred to Ozark by GTE pursuant to the Asset Purchase Agreement between the parties.

On May 12, 1995, the parties filed a Stipulation And Agreement, which was signed by GTE, Ozark, the Staff of the Missouri Public Service Commission (Staff), and the Office of the Public Counsel (OPC). None of the intervenors were signatories to the stipulation. The Stipulation And Agreement is attached hereto as Attachment 1. However, due to the

voluminous nature of the specimen tariffs and considering that the stipulation requires Ozark and GTE to subsequently file tariffs in conformity with the specimen tariffs, the Commission will not include Attachments A and B, the specimen tariffs, as part of Attachment 1. The major provisions of the stipulation may be summarized as follows:

- ▶ Acquisition premium: Ozark will separately identify on its books and records all costs of the acquisition of the subject properties which exceed their associated book value and Ozark further agrees to forego recovery in future rates for intrastate telecommunications services of any acquisition premium or incremental acquisition costs.
- ▶ Modernization: Both exchanges will be modernized pursuant to 4 CSR 240-32.100 by December 31, 1997.
- ▶ Income Taxes: Ozark will use an additional offset to rate base in any general rate increase case initiated in the next ten years, to compensate for rate base deductions eliminated by this transaction, unless Ozark can show that its actual deferred tax reserve is the same as or greater than the reserve would have been, absent the sale of these exchanges.
- ▶ Rate Moratorium: There is a moratorium on general rate increases until after the completion of Ozark's modernization plan, which is scheduled for the end of 1998. The moratorium includes basic local exchange rates or access charges, but does not include new services, new features for new services, or other revenue neutral tariff filings. Signatories may not institute a complaint against Ozark regarding rates prior to July 1, 1998. Ozark must provide to the Commission's Accounting Department and to AT&T a Revenue Requirement Cost of Service Study, along with a copy of its latest annual report, no later than January 1, 1998.
- ▶ Future Proceedings: Parties may propose adjustments in future proceedings relating to alleged detrimental or beneficial aspects of this acquisition, other than those specifically addressed in the stipulation.
- ▶ Capital Structure: Ozark must achieve a 40% equity to total capital ratio within its first two years of operation. Until this ratio is achieved, Ozark agrees to seek Commission approval for any short-term debt, long-term debt, or preferred stock issuances which are not part of the financing related to this transaction.
- ▶ Dividends: Dividends will not be given to shareholders if the capital structure falls below the 40% equity to total capital ratio. Ozark will be using Rural Telephone Finance Cooperative (RTFC) as its lender, under a 15 year note with an interest rate equal to RTFC's long term variable rate (as of March 14, 1995, that rate was 8.8%).

- ▶ Goodman/Seneca/Ozark Allocations: Goodman Telephone Company (Goodman), Seneca Telephone Company (Seneca) and Ozark commit to develop specific methods of procedures within six months of the closing date to allocate specific costs between Goodman, Seneca and Ozark. Ozark shall provide a copy of the allocations procedures to the Staff for review within six months of the closing date of this transaction.
- ▶ Digital Switching: Ozark intends to install digital switches within twelve months of the sale closing, and eliminate multi-party service by December 31, 1997, which is an acceleration of the modernization schedule approved for GTE in Case No. TO-93-309.
- ▶ Tax Impact: There should be no tax impact on any political subdivision, as Ozark intends to retain these assets and the location of the assets will not change.
- ▶ Depreciation: (A) Ozark will: use the depreciation rates in Schedule 2, attached to the stipulation; establish accounts per Schedule 2; transfer accumulated reserve for plant acquired from GTE to these accounts and maintain the depreciation reserve by account per Schedule 2; complete the amortizations for accounts 2116.29 and 2123.29 and close these accounts; maintain continuing property records and establish a property unit catalogue, with copies submitted to the Commission's Depreciation Department Manager within one year; and submit copies of a comprehensive depreciation study to the Depreciation Department Manager within three and one-half years, or at the time of a rate case whichever first occurs. (B) GTE will: record the fractional interests sold by account; maintain continuing property records to identify retirements of the plant sold from the normal retirement of other plant owned; and compute the accumulated reserves for depreciation up to the time of sale, using the theoretical reserve prospective method, and transfer those amounts by account to Ozark.
- ▶ Rates: Ozark will use the same rates and terms currently charged by GTE, except Ozark need not adopt any changes in GTE's tariffs made effective on or after April 1, 1995, including restructured transport rates. Ozark and GTE will file tariff sheets substantively identical to the tariff sheets attached to the stipulation as, respectively, Attachment A and Attachment B.
- ▶ Tariffs: The sale and Certificate of Service Authority, if approved by the Commission, would become effective upon the effective date of tariffs filed by Ozark and GTE in conformity with Attachment A and Attachment B to the stipulation.
- ▶ Certificate of Service Authority: The parties agree Ozark should receive a Certificate of Service Authority for the exchanges being purchased.
- ▶ Telemedicine and Distance Learning: GTE and Ozark agree to deploy within six months of a request, at tariffed rates, the necessary infrastructure to accommodate telemedicine and

distance learning at any hospital, school, or public health clinic in their respective service territories.

On May 24, 1995, the Commission issued an Order Regarding Stipulation And Agreement. In its order the Commission expressed concern about the stipulation, and specifically noted the absence of any reference to the positions of non-signatory intervenors, and the lack of sufficient information upon which the Commission could base a decision with respect to numerous substantive issues.

The Commission listed twelve questions and ordered all parties to file a response by May 31, 1995, or, in the alternative, to state why no answer is available. The questions in essence sought further information on the status of the non-signatory parties; the possession by Ozark of municipal franchises; the benefits which might accrue from breaking up a large company into smaller entities; the technical expertise of Ozark; and the financial viability of Ozark with respect to its ability to achieve the capital structure required by the stipulation, the cost of modernization, the risks related to competition, and the risks related to the possible elimination of the high cost fund and possible reduction of access fees.

The parties complied with the order to respond with the exception of CWA. Inasmuch as CWA has failed to comply with this order of the Commission, it would appear to be in violation of § 386.570 of the Statutes. SWBT filed its response late, on June 6, 1995, along with a motion to file its response out-of-time. No party filed a response to SWBT's motion. The Commission has reviewed SWBT's motion, and determines that good cause was stated for the delay, and that no party was prejudiced thereby as a result. The responses of the parties are briefly summarized below.

SWBT observed that the law generally favors the transferability of property. SWBT also stated that it was a non-signatory because of its relative non-involvement in the negotiations, but that it would be willing to waive its rights under paragraph 16 of the stipulation under the same conditions as the signatory parties. In addition, SWBT stressed its belief that most small local exchange companies (LECs) in Missouri could reduce access rates and remain financially viable, and specifically reserved its right to raise this issue in an appropriate docket. Finally, SWBT noted that if the federal high cost fund were eliminated, it might be replaced by another mechanism, but the effect on a LEC might also depend on the LEC's ability to replace those revenues.

AT&T expressed concern about the short and long-term effect on access charges, including interstate access rates and high cost fund draws. AT&T stated that it agreed not to actively oppose or delay the proceedings if the Commission approves the stipulation. AT&T further observed that the Commission's questions were on point regarding the critical issues in this case, but noted that it did not currently have the resources to bring the issues to hearing.

GTE and OPC both adopted the response filed by Ozark. OPC added that the answers submitted by Ozark provide a fair and adequate statement of the representations made to OPC regarding the settlement.

Staff indicated its belief that there may be a niche market for small companies in rural markets. Staff noted that small companies may have a better knowledge of local needs and that the proximity of the company and its principals could increase company responsiveness and customization of services as well as retain some jobs within the community. In addition, Staff opined that smaller companies have generally been quicker to modernize rural areas, and that the remaining GTE exchanges face

a greater threat of competition than the exchanges involved in this case. Staff maintained that the attendant risks could be minimized through the safeguard of adequate capitalization. Further, Staff noted that many of the scenarios which were run showed an increase in access revenues attributable to a growth in usage through both increased numbers of access lines and increased minutes of use, based upon the growth experience in nearby exchanges when those exchanges were modernized. Finally, Staff stated that to the extent non-signatory parties have agreed not to oppose the stipulation, they would waive their right to challenge the actions of the signatories, pursuant to paragraph 16 of the stipulation, if they indicated an agreement to be so bound in some manner, such as a separate written waiver or on the record at a hearing to present the stipulation to the Commission.

Ozark maintained that granting a Certificate of Service Authority to it is in the public interest and that Commission approval of the sale or transfer is not detrimental to the public interest. In support of these assertions, Ozark has noted that it will accelerate the completion of modernization, use the business office of Seneca Telephone Company in Seneca, Missouri, which is only 20 miles from the subject exchanges, will have a management team which has had experience with other Missouri telephone companies and has developed affiliations with other companies, and will retain GTE's existing employees who currently provide day-to-day telecommunication services in these exchanges. Ozark also made reference to many of the provisions in the stipulation. Ozark opined that non-signatory parties would have the right to challenge the nonunanimous stipulation and would not be bound thereby. In addition, Ozark explained that local community rights-of-way and franchises would be assigned to it by GTE pursuant to the contract. Ozark also claimed that pursuant to

§392.290.2, RSMo 1994, Ozark would be exempt from the need for Commission approval of its financing, but agreed in the stipulation to request Commission approval for future financings until such time as it has achieved the capital structure required by the stipulation.

Ozark indicated that the exchanges GTE is currently seeking to sell comprise less than 5% of GTE's access lines, and thus this is not a case of a large company being broken up. Ozark also claimed that the exchanges at issue are remote from GTE's service area, and are difficult to administer and maintain through a centralized system of operations. Therefore, the sale is part of a strategic effort on the part of GTE to sell a portion of its property in markets which may be of greater long-term strategic value to other service providers. In contrast, Ozark suggested that it could offer better operational and marketing synergy.

In addition, Ozark asserted that it has received a commitment for a loan from RTFC. Ozark maintained that it would achieve the 40% equity ratio through accumulated retained earnings, but in the event this proves insufficient, its stockholders would provide additional equity through contributions of equipment and property, or through infusions of cash. Further, Ozark indicated that it has considered the threat of competition and has concluded that competition is not likely to occur in its area for at least five years. Ozark based its conclusion on the area's insufficient density and business customers, low toll volumes for businesses, and the introduction of MCA service. Ozark added that in the interim it intends to establish a strong local presence and generate customer loyalty, as well as attract business customers to its service territory to grow the market, which would reduce its cost of service and make it more competitive.

Ozark explained that the removal of USF assistance would have a substantial impact on Ozark. Ozark also considered the impact of a reduction in access charges. Ozark indicated that its financial viability would not be affected by one of the above scenarios, but if access charges were significantly reduced for some other reason, its financial health could be adversely affected.

No party to this proceeding has requested a hearing, therefore pursuant to *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission*, 776 S.W.2d 494, 496 (Mo. App. 1989), the Commission determines that no hearing is necessary in this case. The Commission will base its decision on the verified Joint Application and Supplemental Joint Application filed by GTE and Ozark, the attachments thereto, the Stipulation And Agreement, and the responses to the Commission's questions set out in its Order of May 24, 1995.

GTE Midwest Incorporated is a telecommunications company and public utility as defined in § 386.020, RSMo 1994, and is subject to the jurisdiction of the Commission pursuant to Chapters 386 and 392 of the Missouri Revised Statutes. Ozark is a Missouri corporation in good standing with its principal office and place of business located at 816 Oneida Street, Seneca, Missouri. If the Commission authorizes the sale and transfer of assets to Ozark and grants to Ozark a Certificate of Service Authority, Ozark would become a telecommunications company and public utility pursuant to § 386.020, RSMo 1994, and would be subject to the jurisdiction of the Commission pursuant to Chapters 386 and 392 of the Missouri Revised Statutes.

Since none of the non-signatory parties requested a hearing pursuant to 4 CSR 240-2.115(3) within five days of notification of the

Stipulation And Agreement, the Commission may treat the stipulation as an unanimous stipulation pursuant to 4 CSR 240-2.115(1). Pursuant to § 536.060, RSMo 1994, the Commission may approve a stipulation concluded among the parties as to any issues in a contested case.

In restating portions of the Stipulation And Agreement, the Commission is not changing the language and terms of the stipulation, but adopts it in full as resolving all issues which were set out therein. The Commission in adopting this Stipulation And Agreement is satisfied that the negotiated settlement represents a reasoned and fair resolution of the issues in this case, and that it would be in the best interest of all parties for the Commission to adopt the stipulation.

The Commission may authorize a telecommunications company to sell or transfer all or part of its facilities, pursuant to § 392.300, RSMo 1994. Based upon the record and the provisions in the stipulation, the Commission finds that the sale of the exchanges at issue in this proceeding will not be detrimental to the public interest. The Commission may also grant a Certificate of Service Authority pursuant to §§ 392.410, 392.420, 392.430, 392.440, and 392.450, RSMo 1994. Based upon the record and the provisions in the stipulation, the Commission likewise finds that it is in the public interest to grant Ozark Telephone Company a Certificate of Service Authority to provide basic local telecommunications service in the exchanges of Noel and Southwest City. The Commission further finds that Ozark possesses sufficient technical, financial, and managerial resources and abilities to be able to provide basic local telecommunications service, and that GTE seeks to abandon the provision of such service in the exchanges at issue. In addition, the Commission finds pursuant to § 392.460, RSMo 1994, that the abandonment of service by GTE in the exchanges

in question will not be contrary to the public interest, as the Commission finds that such service will be subsequently provided by Ozark.

Based upon the evidence, the Commission finds that Ozark intends to accelerate the modernization of the exchanges in question; that it intends to use an office in Seneca, which may provide local service for the community; that it has a loan commitment as well as access to additional funding; and that it intends to retain GTE's existing employee who currently provides the day-to-day telecommunication services in these exchanges. The Commission is of the opinion based on the above that Ozark has adequately considered the various aspects attendant with the running of a local exchange company.

In addition, the Commission finds that the stipulation provides protection to the ratepayers by prohibiting Ozark from recovering its acquisition premium through rates, and by mandating the achievement of a 40% equity to total capital ratio within its first two years of operation. Further, the Revenue Requirement Cost of Service Study required under the stipulation may be of assistance to the Commission in the future.

Nevertheless, the Commission must express concern about the level of access charges, and the vulnerability of these charges to forced reductions in the future. The Commission also has some reservations about the assumption that increased usage of access service will be stimulated. To the extent Ozark is relying on maintaining the same level of access charges or increasing the usage of access service, the Commission believes that Ozark's projections may be overly optimistic.

Notwithstanding the foregoing, based on all of the evidence before the Commission, the Commission finds that it is appropriate to approve the Stipulation And Agreement. The Commission finds that the sale and transfer of assets from GTE to Ozark is not detrimental to the public

interest and therefore the Commission will approve this request. The Commission further finds that granting a new Certificate of Service Authority to Ozark is in the public interest and the Commission will grant this request as well.

IT IS THEREFORE ORDERED:

1. That Southwestern Bell Telephone Company is hereby granted leave to file its response to the Commission's Order of May 24, 1995, which was submitted on June 6, 1995, out-of-time.

2. That the Missouri Public Service Commission hereby approves and adopts all provisions of the Stipulation And Agreement filed on May 12, 1995, which stipulation was agreed to and signed by GTE Midwest Incorporated, Ozark Telephone Company, the Staff of the Missouri Public Service Commission, and the Office of the Public Counsel, and which is incorporated herein by reference as Attachment 1.

3. That the sale and transfer of certain assets of GTE Midwest Incorporated to Ozark Telephone Company pursuant to the Asset Purchase Agreement between GTE Midwest Incorporated and Ozark Telephone Company filed as Exhibit 2 to the original Joint Application, is hereby approved, subject to the Stipulation And Agreement and this Order.

4. That GTE Midwest Incorporated and Ozark Telephone Company are hereby authorized to do and perform such acts and things, and to enter into, execute, deliver, and perform the necessary agreements and documents relative to the sale and transfer of assets authorized herein.

5. That GTE Midwest Incorporated and Ozark Telephone Company shall file a pleading notifying the Commission of the closing date of the sale and transfer of assets within five (5) days after the closing has been completed.

6. That Ozark Telephone Company is hereby authorized to file tariffs for the approval of the Commission consistent with the specimen tariffs contained in the attachment to the Stipulation And Agreement.

7. That GTE Midwest Incorporated is hereby authorized to file tariffs for the approval of the Commission consistent with the specimen tariffs contained in the attachment to the Stipulation And Agreement.

8. That the tariffs referenced in Ordered Paragraphs 6 and 7 be filed with a thirty (30) day effective date.

9. That the effective date of the tariffs referenced in Ordered Paragraphs 6 and 7 shall be simultaneous with the closing date.

10. That Ozark Telephone Company be granted a Certificate of Service Authority to provide basic local telecommunications service in the state of Missouri in the exchanges of Noel and Southwest City, subject to the Stipulation And Agreement and this Order. Said certificate shall become effective simultaneously with the completion of closing.

11. That the current Certificate of Service Authority granted to GTE Midwest Incorporated to provide basic local telecommunications service in the state of Missouri be amended to exclude the exchanges of Noel and Southwest City, subject to the Stipulation And Agreement and this Order. Said amendment shall become effective simultaneously with the completion of closing.

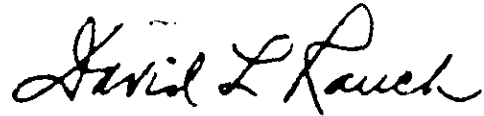
12. That Ozark Telephone Company is hereby authorized to commence telecommunications service in the exchanges of Noel and Southwest City, and GTE is hereby authorized to discontinue telecommunications service in those exchanges, simultaneously with the completion of closing.

13. That nothing in this Order shall be considered a finding of the Commission of the value for ratemaking purposes of the properties herein involved, or as an acquiescence in the value placed upon said

properties by either GTE Midwest Incorporated or Ozark Telephone Company. Furthermore, the Commission reserves the right to consider the ratemaking treatment to be afforded this transaction in any later proceeding.

14. That this Order shall become effective on July 21, 1995.

BY THE COMMISSION



David L. Rauch
Executive Secretary

(S E A L)

Mueller, Chm., McClure and
Crompton, CC., Concur.
Kincheloe, C., Absent.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the Joint Application of)
GTE Midwest Incorporated and Ozark)
Telephone Company for Authority to)
Transfer and acquire, part of GTE)
Midwest Incorporated s Missouri franchise,)
facilities or system located in the)
State of Missouri.)

Case No. TM-95-134

FILED

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MISSOURI
PUBLIC SERVICE COMMISSION

STIPULATION AND AGREEMENT

On October 21, 1994, GTE Midwest Incorporated ("GTE") and Ozark Telephone Company (Ozark) filed an application for authority(1) for GTE to sell, convey and transfer its properties related to the Noel and Southwest City exchanges located in the southwestern part of the State of Missouri to Ozark; and (2) for GTE to transfer all certificates of public convenience and necessity and any other franchises, licenses and permits related to the Noel and Southwest City exchanges in the State of Missouri to Ozark. On April 3, 1995 Ozark and GTE filed a Supplemental Joint Application that sought the granting of a certificate of service authority to Ozark and the discontinuance of GTE's service obligations in those exchanges, among other things.

As a result of meetings and negotiation between the parties concerning the details of the above-described transactions, the parties to this Stipulation and Agreement have reached the following agreements and recommendations:

1. Acquisition Premium/Incremental Acquisition Costs.

Ozark agrees to separately identify on its books and records all costs of acquisition of the subject properties which

exceed their associated book value (i.e., acquisition premium) as well as all incremental acquisition costs (e.g., incorporation expenses, regulatory approvals, due diligence review, associated sales tax, etc.) incurred in acquiring these properties. Ozark further agrees to forgo recovery in future rates for intrastate telecommunications services of any acquisition premium or incremental acquisition costs.

2. Modernization/Quality of Service.

Ozark agrees to modernize both exchanges to meet the necessary elements for basic local and interexchange telecommunications service as identified in 4 CSR 240-32.100, by December 31, 1997. By December 31, 1995, Ozark will file a modernization plan for the years 1996 and 1997 detailing the work to be done. Ozark shall file quarterly reports providing the information identified in Schedule 1 beginning with the first quarter of 1996.

3. Income Taxes.

Ozark agrees to use an additional offset to rate base in any Ozark filing for a general increase in telecommunications rates in Missouri initiated in the next ten years to compensate for rate base deductions eliminated by this transaction, unless Ozark can show that its actual deferred tax reserve is the same as or greater than that reserve would have been, absent the sale of these exchanges. The amount of the offset for the first year shall be \$43,501. The amount shall reduce by \$4,358 per year on each anniversary date of the closing of the subject transaction.

4. Rates Based on Ozark's Operations.

Ozark will not file or implement a general increase in its rates for intrastate telecommunications services until Ozark has fully complied with the provisions of its Modernization Plans in accordance with 4 CSR 240-32.100. Said modernization is scheduled to be complete by the end of 1997. This commitment to not file a general rate increase includes an agreement not to propose increases in basic local exchange or access rates, but neither precludes increasing revenues through tariff filings for the introduction of new services or new features for existing services, nor does it preclude other revenue neutral tariff filings, during the period of this moratorium. No signatory shall bring a complaint concerning Ozark's rates for intrastate telecommunications services, or assist anyone else in the instigation or processing of a complaint regarding Ozark's rates prior to January 1, 1998. This agreement shall not be interpreted to preclude any proper party from bringing a complaint about the terms and conditions upon which service is provided or fully participating in any other complaint not related to rates for intrastate telecommunications services.

Furthermore, the signatories agree that this moratorium on rate increases or rate complaints shall not apply if an unusual event or events occur which would have a significant impact on the intrastate telecommunications operations of Ozark, such as: (a) natural disaster, (b) a significant change in federal or state laws, or (c) a significant change in Missouri or federal regulatory law or policies.

Within six months after completion of its Modernization Plans and no later than July 1, 1998, Ozark will provide to Staff (Accounting Department) and AT&T a Revenue Requirement Cost of Service Study, together with a copy of Ozark's latest annual report, and cooperate with Staff in determining Ozark's cost of service to provide intrastate telecommunications services. Notwithstanding this review and determination, neither Ozark or Staff is prohibited from pursuing a rate increase or earnings complaint subsequent to January 1, 1998.

5. Future Proceedings.

The parties reserve the right to propose adjustments in any future proceedings for any alleged detrimental or beneficial aspects later identified relating to the acquisition other than those specifically addressed in this agreement.

6. Capital Structure.

Ozark will achieve a capital structure of at least 40 percent equity to total capital (total capital is defined as the sum of short-term debt, long-term debt, preferred stock, and common equity) within the first two years of operation. If such a capital structure is not achieved after two years, then sufficient capital will be infused to reach a 40% equity level, unless otherwise approved by the Commission. Ozark agrees to seek approval for any additional short or long-term debt or the issuance of any preferred stock that is not part of the financing of this transaction, until the 40 percent level is reached.

7. Dividends.

Dividends will not be paid or accrued to the shareholders if the capital structure falls below 40% equity to total capital unless otherwise approved by the Commission. It should be noted that Ozark has not asked for approval of its financing because it will operate in multiple states and by Missouri statute it does not need Commission approval for financing. Ozark will be using the Rural Telephone Finance Cooperative ("RTFC") as its lender, and the loan will be a 15 year note with an interest rate equal to RTFC's long-term Variable Rate (as of March 14, 1995 that rate was 8.8 percent).

8. Goodman/Seneca/Ozark Allocations. Goodman (Goodman) Telephone Company, Seneca (Seneca) Telephone Company and Ozark commit to develop specific methods or procedures within six months of the closing date to allocate specific costs between Goodman, Seneca and Ozark. Ozark agrees to provide a copy of the allocations procedures to the Staff for review.

9. Digital Switching and Single Party Service.

Ozark intends to install digital switching equipment in the two exchanges within 12 months of the closing of the sale. In addition, Ozark plans to eliminate multi-party service no later than December 31, 1997. The proposed modernization schedule of Ozark is more accelerated than the schedule approved for the upgrade of these exchanges by the Commission in Re: GTE Midwest, Case No. TO-93-309. Since the rates for the provision of telecommunications services within these exchanges will not change

as a result of this transaction, the proposed transaction will not be detrimental to the customers, and those customers should experience little, if any, change in the day-to-day operations of the telephone exchanges, except for the technological advances that will result from the modernization of the telephone exchanges.

10. Tax Impact.

As a result of the transaction contemplated herein, there should be no impact on tax revenues of the various political subdivisions in which the structures, facilities, or equipment is located, inasmuch as Ozark will, for the foreseeable future, retain its physical assets and the location of said assets will not change.

11. Depreciation.

Ozark agrees to:

- (a) the depreciation rates by plant account as shown in Schedule 2;
- (b) establish accounts as detailed in Schedule 2;
- (c) transfer the accumulated reserve for plant acquired from GTE to these accounts and to maintain the depreciation reserve by account as detailed in Schedule 2.
- (d) immediately following the sale and upon the establishment of the plant accounts as described in (c) above, complete the amortizations for accounts 2116.29 and 2123.29 and close those accounts;
- (e) maintain continuing property records and to establish a property unit catalog and to submit copies of the records

and catalog to the Depreciation Department Manager within one year of the effective date of the Commission's order; and

- (f) submit copies of a comprehensive depreciation study to the Depreciation Department Manager within three years of the effective date of the Commission's order approving this Stipulation and Agreement or together with any filing of a rate case as described in Paragraph 5 above, whichever occurs first.

GTE agrees to:

- (a) record the fractional interests sold by account;
- (b) maintain the continuing property records to identify retirements of the plant sold from the normal retirement of the other owned plant; and
- (c) compute the accumulated reserves for depreciation up to the time of sale and transfer those amounts by account to Ozark. These amounts have previously been computed using the theoretical reserve prospective method, by GTE, through December 31, 1993. This same method shall be used to compute the transferred accumulated reserve for depreciation by account.

12. Rates.

Ozark agrees to use the same rates, terms and provisions that GTE currently charges customers for telecommunications services in these two exchanges, provided that nothing contained herein shall be construed to require adoption of or adherence to

any changes in GTE's tariffs made effective on or after April 1, 1995, including restructured transport rates. The signatories will ask the Commission to approve tariff rate sheets that are substantively identical to those attached as Attachment A, so that Ozark can implement the terms of this paragraph. The signatories will ask the Commission to approve tariff rate sheets that are substantively identical to those attached as Attachment B, so that GTE can implement the terms of this paragraph.

13. Tariffs.

Ozark's tariff approval is conditional upon the approval of the purchase of the GTE telephone exchanges of Noel and Southwest City and the granting of a Certificate of Service Authority. The sale and certificate shall become effective upon the effective date of Ozark's and GTE's tariffs, as referred to in Attachments A and B, respectively.

14. Certificate of Service Authority.

The parties to this Stipulation and Agreement agree that Ozark should be issued a Certificate of Service Authority to provide basic local exchange service in the exchanges of Noel and Southwest City, Missouri.

15. Telemedicine and Distance Learning.

GTE and Ozark agree to deploy, at tariffed rates, within six months of a request, the necessary infrastructure to accommodate telemedicine and distance learning at any hospital, school or public health clinic in their respective service territories that

requests such service, unless the Commission waives this requirement in a specific instance.

16. General Terms and Provisions.

a. If the Public Service Commission accepts the specific terms of this Stipulation and Agreement, the signatories waive their respective rights:

- i. to call, examine or cross-examine witnesses pursuant to Section 536.070(2), RSMo 1994;
- ii. to present oral argument and written briefs pursuant to Section 536.080.1, RSMo 1994;
- iii. to have the Commission read any transcript resulting from this proceeding pursuant to Section 536.080.2, RSMo 1994; and
- iv. to judicial review pursuant to Section 386.510, RSMo 1994.

b. Nothing in this Stipulation shall constitute an agreement by the parties as to the reasonableness of the amount or value for ratemaking purposes of any specific planned or completed expenditure made by the Company.

c. The provisions of this Stipulation and Agreement have resulted from extensive negotiations among the signatories and are interdependent. If the Commission does not approve this Stipulation and Agreement in total, it shall be void and no party shall be bound, prejudiced or in any way affected by any of the agreements or provisions hereof.

d. Except as specified herein, no party shall be bound, prejudiced or in any way affected by any of the agreements or provisions hereof in any future proceeding, or in any proceeding currently pending under a separate docket.

e. At the Commission's request, the Staff may give the Commission a written explanation of its rationale for entering into this Stipulation and Agreement, if the Staff also gives a copy of its explanation to each signatory to this Stipulation and Agreement. In that event, each signatory may give the Commission a responsive written explanation within five (5) business days of receipt of the Staff's explanation, if the responding signatory contemporaneously gives a copy of such responsive written explanation to all other signatories. Each signatory agrees to keep the Staff's and other signatories' explanations confidential, and to treat them as privileged to the same extent as settlement negotiations under the Commission's rules. No signatory acquiesces in or adopts the explanations of another signatory. Such explanations shall not become a part of this proceeding's record, nor bind or prejudice any signatory in any proceeding.

f. The Staff may provide whatever oral explanation the Commission requests at any agenda meeting, if the Commission has given notice that it may consider this Stipulation and Agreement at the meeting. The Staff shall inform the other signatories as soon as practicable when the Staff learns that the Commission will request such explanation. The Staff's explanation in agenda shall

be subject to public disclosure, except to the extent it pertains to matters protected from disclosure.

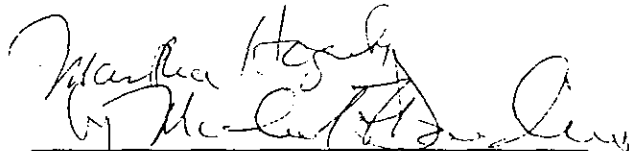
WHEREFORE, the parties respectfully request from the Commission that it approve this Stipulation and Agreement in its entirety.

Respectfully submitted,



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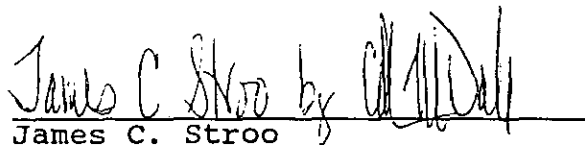
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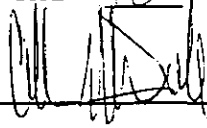


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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was mailed, postage prepaid, this 12th day of May, 1995.



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Switch Conversions

Date Completed
Exchange Name
DTMF Availability date
911 Availability date
Custom Calling Features
 Features Available
 Availability date
Total Access Lines
 Single Party
 Multi Party
Type of switch
Budgeted
 Total Dollars
 Capital Dollars
 Expense Dollars
Actual
 Total Dollars
 Capital Dollars
 Expense Dollars
Explain differences over 10%

Equal Access Conversions

Date Implemented
Exchange Name
Total Access Lines
Budgeted
 Total Dollars
 Capital Dollars
 Expense Dollars
Actual
 Total Dollars
 Capital Dollars
 Expense Dollars
Explain differences over 10%

Interexchange Conversions

Date Completed
Route
Miles Converted
Previous Facility Type
Previous Facility Capacity
New Facility Type
New Facility Capacity
Budgeted
 Total Dollars
 Capital Dollars
 Expense Dollars
Actual
 Total Dollars
 Capital Dollars
 Expense Dollars
Explain differences over 10%

R4 Upgrades

Date Construction completed
Date Tariff effective
Exchange Name
Total Access Lines
Number of upgrades
Budgeted
 Total Dollars
 Capital Dollars
 Expense Dollars
Actual
 Total Dollars
 Capital Dollars
 Expense Dollars
Explain differences over 10%

OZARK TELEPHONE COMPANY

CASE NO. TM-95-134

Missouri PSC Depreciation Department

| ACCOUNT | DESCRIPTION | AVERAGE | | |
|---------|--------------------------------------|---------|--------------|--------|
| | | SALVAGE | SERVICE LIFE | RATE |
| 2112.20 | Vehicles - Combined | 12% | 8.6 | 10.23% |
| 2116.10 | Other Work Equipment | 6% | 14.0 | 6.71% |
| 2121.10 | Buildings | 2% | 35.0 | 2.80% |
| 2122.10 | Furniture | 6% | 14.0 | 6.71% |
| 2123.10 | Office Equipment - Office Support | 3% | 10.0 | 9.70% |
| 2123.21 | Company Communication Eqp.-LPBX | 3% | 10.0 | 9.70% |
| 2123.22 | Company Communication Eqp.-Other | 3% | 8.4 | 11.55% |
| 2124.10 | General Purpose Computers | 13% | 6.4 | 13.59% |
| 2212.10 | Digital Electronic Switching | 0% | 15.0 | 6.67% |
| 2215.31 | Other Electro-Mech Switching | 0% | 14.0 | 7.40% |
| 2232.11 | Analog Circuit Equipment | -3% | 10.0 | 10.30% |
| 2232.21 | Digital Circuit Equipment | -3% | 10.0 | 10.30% |
| 2232.22 | Digital Testing Circuit Equipment | -3% | 10.0 | 10.30% |
| 2232.23 | Lightwave Circuit Equipment | -3% | 10.0 | 10.30% |
| 2351.10 | Public Tele. Terminal Coin Equipment | 10% | 10.3 | 8.74% |
| 2351.30 | Public Telephone Other Equipment | 10% | 10.3 | 8.74% |
| 2362.90 | Other Terminal Equipment | 0% | 8.7 | 11.49% |
| 2411.10 | Pole Lines | -30% | 21.0 | 6.19% |
| 2421.10 | Aerial Metallic Cable | -16% | 21.0 | 5.52% |
| 2423.10 | Buried Metallic Cable | -3% | 24.0 | 4.29% |
| 2423.20 | Buried-Nonmetallic Cable | -3% | 28.0 | 3.68% |
| 2431.10 | Aerial Wire | -70% | 12.0 | 14.17% |

SCHEDULE 2

OZARK TELEPHONE COMPANY

PSC MO. NO. 1
Section 4
Original Sheet 16

GENERAL AND LOCAL EXCHANGE TARIFF

LOCAL EXCHANGE SERVICE

H. Rates

1. The following rate schedule reflects only the rates for central office access lines (excluding semi-public service which includes a coin telephone station).
2. The following rates will be increased appropriately for service within municipalities having in effect a fee or tax described elsewhere in this Section.

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Walter E. Mitchell
President & General Manager

.OZARK TELEPHONE COMPANY

PSC MO. NO. 1
Section 4
Original Sheet 17

GENERAL AND LOCAL EXCHANGE TARIFF

LOCAL EXCHANGE SERVICE

H. Rates (Cont'd)

3. Local Exchange Access Line Monthly Rate

EXCHANGESNoel
Southwest CityCLASS AND GRADE
OF SERVICE

Business Service:

| | | |
|-------------------------------|--------|---------|
| One-Party | B1 | \$13.00 |
| Four-Party | B4 | 13.00 |
| PBX Trunk | PBX TK | 16.25 |
| Key Line | BKSL | 16.25 |
| Semi-Public | SP | 16.25 |
| Customer Owned Pay Tel Svc | COPT | 26.95 |

Residence Service:

| | | |
|------------|----|------|
| One-Party | R1 | 6.50 |
| Two-Party | R2 | 5.20 |
| Four-Party | R4 | 4.23 |
| Key Line | R1 | 6.50 |

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Walter E. Mitchell
President & General Manager
Seneca, Missouri

OZARK TELEPHONE COMPANY

PSC MO. NO. 1
Section 5
Original Sheet 4

GENERAL AND LOCAL EXCHANGE TARIFF

SERVICE CHARGES

C. Rates and Charges

| | <u>Nonrecurring Charge</u> | |
|---|----------------------------|------------------|
| | <u>Business</u> | <u>Residence</u> |
| 1. Service Ordering Charge | | |
| a. Initial | \$ 25.00 | \$ 13.00 |
| b. Subsequent | 9.00 | 4.00 |
| 2. Line Connection Charge | 14.00 | 7.60 |
| 3. Semi-Public Telephone Installation Charge | 100.00 | - |
| 4. Restoral Charge | 23.00 | 11.60 |

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Walter E. Mitchell
President & General Manager
Spring, Missouri

OZARK TELEPHONE COM. Y

PSC MO. NO. 1
Section 5
Original Sheet 11

GENERAL AND LOCAL EXCHANGE TARIFF

SERVICE CHARGES

F. Customer-Provided Equipment and Inside Wire (Cont'd)

2. Maintenance of Service Charge

- a. The following charge is applicable for time spent by a Company employee when it is determined that the service difficulty or trouble report results from customer-provided terminal equipment and/or communications systems and/or inside wire connected or arranged for connection to Company facilities. Normal working hours are from 8:00 a.m. to 5:00 p.m., Monday through Friday, holidays excepted.

Nonrecurring
Charge

1) In or out of Base Rate Area, per occurrence \$25.00

- b. The above charge is in addition to all other rates and charges billed to the customer for other services and equipment.

- c. The above mentioned charge will be waived for customers who have not been equipped with a network interface jack and who have not been instructed on how to use the network interface jack to isolate their own trouble.

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Walter E. Mitchell
President & General Manager
Seneca, Missouri

OZARK TELEPHONE COMPANY

PSC MO. NO. 1
Section 7
Original Sheet 43

GENERAL AND LOCAL EXCHANGE TARIFF

DIGITAL DATA AND NETWORK SERVICESPRIVATE LINES - LOCAL

D. Rates and Charges

| | <u>Monthly Rate</u> |
|---|-------------------------|
| 1. Special Access Line (SAL) per customer location | |
| a. Two-wire (EUC2X-L) | \$ 9.40 |
| b. Four-wire (EUC4X-L) | 18.80 |
| 2. Special Transport Interoffice facilities | |
| a. Per intraexchange mile (or fraction) (1LF2X-L) | 5.00 |
| 3. Supplemental Features | |
| a. Bridging, per port (BCNV2-L) | 8.00 |

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Walter E. Mitchell
President & General Manager
Seneca Missouri

GTE MIDWEST INCORPORATED

PSC MO. NO. 1
Section 7
Original Sheet 44**GENERAL AND LOCAL EXCHANGE TARIFF**DIGITAL DATA AND NETWORK SERVICESPRIVATE LINES - LOCAL

D. Rates and Charges (Cont'd)

3. Supplemental Features (Cont'd)

b) Local Analog - Circuit Conditioning

- 1) Local private line within same exchange used for data transmission on a two-point or multipoint circuit application of these charges shall mean that the circuit shall meet the following specifications: Envelope delay distortion shall not exceed between 1000 and 26000 Hz, a max difference of 500 micro sec, between 600 and 2600 Hz, a max difference of 1500 micro sec, between 500 and 2800 Hz, a max difference of 3000 micro sec. The loss deviation with frequency from 1004 Hz reference shall not exceed between 500 and 2800 Hz, -1db to +3db, between 300 and 3000 Hz, -2db to +6db (+ means more loss).

| | <u>Monthly Rate</u> | <u>Installation Charge</u> | |
|---|-------------------------|--------------------------------|-----|
| a) Per Circuit Termination (X1CPT-L, NX1CPT-L) | \$19.00 | \$46.65 | (T) |

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Walter E. Mitchell
President & General Manager
Seneca, Missouri

OZARK TELEPHONE COM. IY

PSC MO. NO. 1
Section 8
Original Sheet 4**GENERAL AND LOCAL EXCHANGE TARIFF**COIN AND COINLESS TELEPHONE SERVICECUSTOMER OWNED PAY TELEPHONE SERVICE

D. Rates and Charges

1. Nonrecurring Charges, as specified in this Tariff, apply in addition to other charges specified for Customer Owned Pay Telephone Service.
2. A "local message" from Customer Owned Pay Telephone Service served by a given exchange, is a completed local call originating at such service and terminating at any service which may be called without a toll charge.
3. Customer Owned Pay Telephone Service Access Line Charge - There will be a monthly access charge for each line as follows:

Monthly Rate

- | | |
|---|---------|
| a. Customer Owned Pay Telephone Service Access Line Charge | \$26.95 |
|---|---------|
4. See Section 10 of this Tariff for Screening and Blocking options.

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Walter E. Mitchell
President & General Manager
Seneca, Missouri

OZARK TELEPHONE COMPANY

PSC MO. NO. 1

Section 9

Original Sheet 1

GENERAL AND LOCAL EXCHANGE TARIFF

OPERATOR AND DIRECTORY SERVICE

DIRECTORY ASSISTANCE SERVICE

A. General

1. The Company furnishes Directory Assistance Service whereby customers may request assistance in determining telephone numbers when the listed name is provided.
2. The regulations and rates set forth below apply to calls from customers who request assistance in determining telephone numbers of customers who are located in the same local calling area (1+411) or in the calling customer's Home Numbering Plan Area (HNPA) (1+555-1212).
3. Upon request, the address information normally published in the directory will be given out by the Directory Assistance attendant for listed customers. Information for nonpublished customers will not be provided.

B. Allowances

1. A customer is allowed three direct dialed Directory Assistance calls per month at no charge for each exchange service line and for each trunk line.
2. In addition to the allowance set forth in Paragraph B.1 preceding, each customer shall be allowed one direct dialed long distance Directory Assistance call (within the home area code) for each sent paid home area code long distance call appearing on the customer's bill.
3. Calls placed to the Directory Assistance attendant via an operator are not included in the allowance set forth in Paragraph B.1 and are always billed, except to those customers exempted by this tariff.

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Walter E. Mitchell
President & General Manager
Seneca, Missouri

OZARK TELEPHONE COMPANY

PSC MO. NO. 1
Section 9
Original Sheet 2

GENERAL AND LOCAL EXCHANGE TARIFF

OPERATOR AND DIRECTORY SERVICE

DIRECTORY ASSISTANCE SERVICE

B. Allowances (Cont'd)

4. Third number, special billing number, or Company calling card Directory Assistance calls are not included in the allowance set forth in Paragraph B.1 and are always billed, except to those customers exempted by this tariff.
5. Where dial facilities are not available, calls to the Directory Assistance attendant via an operator shall be treated as customer direct dialed calls.
6. No credit will be given for any unused portion of the customer's allowance. No credit will be given for requested telephone numbers that are nonpublished. No credit will be given for requested telephone numbers that are not found in the directory.
7. Call allowances are not transferable between accounts.

C. Exemptions

1. Charges for Directory Assistance Service are not applicable to calls placed from Public and Semi-Public Telephones.
2. Those customers whose physical, visual, mental or reading handicaps prevent them from using the telephone directory are to be exempted from the charge for direct dialed calls to Directory Assistance; from the charge for placing a call to Directory Assistance via an operator; and the charge applicable when Directory Assistance Service charges are billed to a Company Calling Card. The method of exempting those physically, visually, mentally or reading handicapped customers shall be via the completion of an exemption form supplied by the Company and the Company's acceptance of that form.

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Walter E. Mitchell
President & General Manager
Seneca, Missouri

OZARK TELEPHONE COMP. 7

PSC MO. NO. 1
Section 9
Original Sheet 3

GENERAL AND LOCAL EXCHANGE TARIFF

OPERATOR AND DIRECTORY SERVICE

DIRECTORY ASSISTANCE SERVICE

D. Rates

1. Where the customer dials the local Directory Assistance number (1+411), the charge for each call over the allowances defined in Paragraph B (maximum of two requested telephone numbers per call) is:

a. per call \$.40

2. Where the customer dials the Directory Assistance number outside the local calling area (1+555-1212), the charge for each call over the allowances defined in Paragraph B (maximum of two requested telephone numbers per call) is:

a. per call \$.40

3. Where the customer places a call to the Directory Assistance attendant via a Company operator, the charge for each call (maximum of two requested telephone numbers per call), in addition to the local Directory Assistance charge, is:

a. per call \$.45

4. Directory Assistance charges billed to a third number, a special billing number, or a Company calling card, in addition to the local Directory Assistance rate, will be billed at:

a. per call \$.45

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Effective: September 1, 1995

Walter E. Mitchell
President & General Manager
Seneca, Missouri

GENERAL AND LOCAL EXCHANGE TARIFF

RULES AND REGULATIONS

A. Application

1. General

e. Exchange Listing of Former Companies

The following exchanges previously comprised GTE Midwest Incorporated (former GTE North Incorporated) PSC MO. NO. 1:

| | | | |
|-------------|-------------|---------------|-----|
| Amazonia | Fillmore | Osborn | |
| Ashland | Gower | Osceola | |
| Ava | Hallsville | Plattsburg | |
| Avenue City | Hamilton | | (D) |
| Bolckow | Helena | Rocheport | |
| Braymer | Humansville | Rosendale | |
| Cameron | Kahoka | Savannah | |
| Centralia | Kidder | Stewartsville | |
| Clark | Kingston | Sturgeon | |
| Clarksdale | Lawson | Trimble | |
| Collins | Lowry City | Turney | |
| Columbia | Macon | | (D) |
| Cosby | Mansfield | Wayland | |
| Crane | Maysville | Weaubleau | |
| Easton | | Whitesville | |

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Effective:

Gerald D. Harris
State Director - External Affairs
Wentzville, Missouri

DRAFT

GENERAL AND LOCAL EXCHANGE TARIFF

RULES AND REGULATIONS

A. Application

1. General

e. Exchange Listing of Former Companies

The following exchanges previously comprised GTE Midwest Incorporated (former GTE Missouri) PSC MO. NO. 10:

| | | | |
|---------------------|------------------|----------------|-----|
| Alton | Fordland | Oates | |
| Annapolis | Foristell | Old Monroe | |
| Arcola | Forsyth | Ozark | |
| Augusta | Fremont | | (D) |
| Avilla | Gainesville | Perry | |
| Belgrade | Galena | Pittsburg | |
| Belleview | | Potosi | (D) |
| Birch Tree | Golden City | Prairie Home | |
| Bland | Gorin | Preston | |
| Blue Eye | Greenfield | Protem | |
| Boss | Grovespring | Reeds Spring | |
| Bourbon | Hartville | Revere | |
| Bradleyville | Hawk Point | Roby | |
| Branson | Hermitage | Rockaway Beach | |
| Branson West | High Hill | Rockville | |
| Bronaugh-Moundville | Highlandville | Safe | |
| Buffalo | Holstein | St. James | |
| Bunker | Hurley | St. Peters | |
| Caledonia | Irondale | Santa Fe | |
| Cape Fair | Ironton | Sarcoxie | |
| Cassville | Jamestown | Schell City | |
| Caulfield | Jenkins | Sheldon | |
| Cedar Creek | Jerico Springs | Shell Knob | |
| Centerville | Jonesburg | | (D) |
| Chamois | Kimberling City | | (D) |
| | (D) Koshkonong | Sparta | |
| | (D) La Plata | Stoutsville | |
| Concordia | LaBelle | Summersville | |
| Conway | Ladonia | Thayer | |
| | (D) Leasburg | Theodosia | |
| Cross Timbers | Lesterville | Thomasville | |
| Cuba | Licking | Timber | |
| Dadeville | Louisburg | Troy | |
| Dardenne/Lake | Manes | Truxton | |
| Defiance | Mano | Urbana | |
| Dora | Marshfield | Van Buren | |
| | (D) Marthasville | Vanzant | |
| | (D) Milo | Vichy | |
| | (D) Montauk Park | Walker | |
| Edgar Springs | Morrison | Warrenton | |
| Eldorado Springs | Moscow Mills | Washburn | |
| Elkland | Mount Sterling | Wasola | |
| Ellsinore | Nebo | Wentzville | |
| Elmer | New Melle | Wheatland | |
| Eminence | Niangua | Winfield | |
| Everton | | (D) Winona | |
| Exeter | Norwood | Wooldridge | |
| Foley | O'Fallon | Wright City | |

Issued:

Effective:

Gerald D. Harris
 State Director - External Affairs
 Wentzville, Missouri

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GENERAL AND LOCAL EXCHANGE TARIFF

RULES AND REGULATIONS

A. Application

I. General

e. Exchange Listing of Former Companies

The following exchanges previously comprised GTE Midwest Incorporated (former GTE Systems of Missouri) PSC MO. NO. 3:

| | | |
|----------------------|-------------|----------------|
| Aurora | Keytesville | Paris |
| Brunswick (Triplett) | LaGrange | Raymondville |
| Cabool | Lewistown | Seymour |
| Canton | Monroe City | Shelbina |
| Clarence | Monticello | Shelbyville |
| Dalton | Mt. Vernon | West Plains |
| Ewing | Mtn. Grove | West Quincy |
| Houston | Mtn. View | Willow Springs |
| Hunnewell | Palmyra | |

The following exchanges previously comprised GTE Midwest Incorporated (former GTE of Eastern Missouri) PSC MO. NO. 1:

| | | | | |
|-------|-----|---------|-----|-----|
| Belle | (D) | Hermann | (D) | (D) |
|-------|-----|---------|-----|-----|

Issued:

Effective:

Gerald D. Harris
State Director - External Affairs
Wentzville, Missouri

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FACILITIES FOR INTRASTATE ACCESS

1. APPLICATION OF TARIFF

1.1 This tariff contains regulations, rates and charges applicable to Carrier Common Line, Switched Access and Special Access or, in combination, as Facilities for Intrastate Access, hereinafter referred to as FIA, provided by GTE Midwest Incorporated, hereinafter referred to as the Telephone Company to customers. This tariff further provides for Ancillary and Miscellaneous Services. This tariff does not apply to other services offered by the Telephone Company. This Tariff is applicable to the following Telephone Company exchanges in Missouri.

1.1.1 GTE MIDWEST INCORPORATED (former GTE North Incorporated)

| | | | | |
|-------------|-------------|------------|---------------|-----|
| Amazonia | Columbia | Kidder | | |
| Ashland | Cosby | Kingston | Rocheport | (D) |
| Ava | Crane | Lawson | Rosendale | |
| Avenue City | Easton | Lowry City | Savannah | |
| Bolckow | Fillmore | Macon | Stewartsville | |
| Braymer | Gower | Mansfield | Sturgeon | |
| Cameron | Hallsville | Maysville | Trimble | |
| Centralia | Hamilton | | Turney | |
| Clark | Helena | Osborn | | (D) |
| Clarksdale | Humansville | Osceola | Wayland | |
| Collins | Kahoka | Plattsburg | Weaubleau | |
| | | | Whiteville | (T) |

1.1.2 GTE MIDWEST INCORPORATED (former GTE Missouri)

| | | | | |
|----------------|------------------|-----------------|----------------|-----|
| Alton | Dora | Kimberling City | Roby | |
| Annapolis | | Koshkonong | Rockaway Beach | |
| Arcola | | LaBelle | Rockville | |
| Augusta | Edgar Springs | Ladonia | Safe | |
| Avilla | Eldorado Springs | La Plata | St. James | |
| Belgrade | Elkland | Leasburg | St. Peters | |
| Bellevue | Ellsinore | Lesterville | Santa Fe | |
| Birch Tree | Elmer | Licking | Sarcoxi | |
| Bland | Eminence | Louisburg | Schell City | |
| Blue Eye | Everton | Manes | Sheldon | |
| Boss | Exeter | Mano | Shell Knob | |
| Bourbon | Foley | Marshfield | | (D) |
| Bradleyville | Fordland | Marthasville | Sparta | |
| Branson | Foristell | Milo | Stoutsville | |
| Branson West | Forsyth | Montauk Park | Summersville | |
| Bronaugh | Fremont | Morrison | Thayer | |
| Buffalo | Gainesville | Moscow Mills | Theodosia | |
| Bunker | Galena | Mount Sterling | Thomasville | |
| Caledonia | | Nebo | Timber | |
| Cape Fair | Golden City | New Melle | Troy | |
| Cassville | Gorin | Niangua | Truxton | |
| Caulfield | Greenfield | | Urbana | (D) |
| Cedar Creek | Grovespring | Norwood | Van Buren | |
| Centerville | Hartville | Oates | Vanzant | |
| Chamois | Hawk Point | O'Fallon | Vichy | |
| | Hermitage | Old Monroe | Walker | |
| Concordia | High Hill | Ozark | Warrenton | |
| Conway | Highlandville | | Washburn | (D) |
| | Holstein | Perry | Wasola | |
| Cross Timbers | Hurley | Pittsburg | Wentzville | |
| Cuba | Irondale | Potosi | Wheatland | |
| Dadeville | Ironton | Prairie Home | Winfield | |
| Dardenne/ | Jamestown | Preston | Winona | |
| Lake St. Louis | Jenkins | Protem | Woodridge | |
| Defiance | Jerico Springs | Reeds Spring | Wright City | |
| | Jonesburg | Revere | | |

Issued:

Effective:

Gerald D. Harris
State Director - External Affairs
Wentzville, Missouri

DRAFT

FACILITIES FOR INTRASTATE ACCESS

1. APPLICATION OF TARIFF (Cont'd)

1.1.3 GTE MIDWEST INCORPORATED (former GTE Systems of Missouri)

| | | | |
|------------|-------------|--------------|----------------|
| Aurora | Ewing | Monticello | Seymour |
| Brunswick | Houston | Mt. Vernon | Shelbina |
| (Triplett) | Hunnewell | Mtn. Grove | Shelbyville |
| Cabool | Keytesville | Mtn. View | West Plains |
| Canton | LaGrange | Palmyra | West Quincy |
| Clarence | Lewistown | Paris | Willow Springs |
| Dalton | Monroe City | Raymondville | |

1.1.4 GTE MIDWEST INCORPORATED (former GTE of Eastern Missouri)

| | |
|---------|-----|
| Belle | (D) |
| (D) | (D) |
| Hermann | |

- 1.2 Regulations, rates and charges as specified in this tariff apply to FIA and shall not serve as a substitute for IC tariff offerings of services to end users. The provision of such FIA by the Telephone Company as set forth in this tariff does not constitute a joint undertaking with an IC for the furnishing of any service.
- 1.3 Local Exchange Carriers (LECs) subject to this tariff are also subject to the terms and conditions of the Conceptual Framework, Missouri Intrastate, IntraLATA Primary Carrier By Toll Center Plan filed in Case No. TO-84-222 et al., as modified and approved by the Missouri Public Service Commission.
- 1.4 The regulations and rates contained in Section 5, Special Access, apply to Intrastate InterLATA facilities only. Regulations and rates for dedicated Intrastate IntraLATA facilities are as set forth in P.S.C. Mo. No. 5, Private Line Service Tariff.

Issued:

Effective:

Gerald D. Harris
State Director - External Affairs
Wentzville, Missouri

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LONG DISTANCE MESSAGE TELECOMMUNICATIONS SERVICE

A. APPLICATION OF TARIFF

2. (Cont'd)

a. GTE Midwest Incorporated

| | | | | |
|----------------------|------------------------|----------------------------|---------------------------|-------------------------|
| Alton | Collins | Hawk Point | Montauk Park | Savannah |
| Amazonia | Columbia | Helena | Monticello | Schell City |
| Annapolis | Concordia | Hermann | Morrison | Seymour |
| Arcola | Conway | Hermitage | Moscow Mills ² | Shelbina |
| Ashland | Crosby | High Hill | Mount Sterling | Shelbyville |
| Augusta ² | Crane | Highlandville ² | Mt. Vernon | Sheldon |
| Aurora | | Holstein | Mtn. Grove | Shell Knob |
| Ava | Cross Timbers (D) | Houston | Mtn. View | |
| Avenue City | Cuba | Humansville | Nebo | Sparta ² (D) |
| Avilla | Dadeville | Hunnewell | New Melle ² | (D) |
| Belgrade | Dalton | Hurley ² | Niangua | Stewartsville |
| Belle | Dardenne/Lake | Irondale | | Stoutsville |
| Bellevue | St. Louis ¹ | Ironton | Norwood | Sturgeon |
| | Defiance ² | Jamestown | Oates | Summersville |
| Birch Tree (D) | Dora | Jenkins | O'Fallon ¹ | Thayer |
| Bland | | Jerico Springs | Old Monroe ² | Theodosia |
| Blue Eye | | Jonesburg | Osborn | Thomasville |
| Bolckow | Easton | Kahoka | Osceola | Timber |
| Boss | Edgar Springs | Keytesville | Ozark ¹ | Trimble ¹ |
| Bourbon | Eldorado Springs | Kidder | Palmyra | Troy ² |
| Bradleyville | Elkland ² | Kimberling City | Paris | Truxton |
| Branson | Ellsinore | Kingston | | Turney (D) |
| Branson West | Elmer | Koshkonong | | |
| Braymer | Eminence | LaBelle | Perry | Urbana |
| Bronaugh | Everton | Ladonia | Pittsburg | Van Buren |
| Brunswick | Ewing | LaGrange | Plattsburg ² | Vanzant |
| (Triplet) | Exeter | LaPlata | Potosi | Vichy |
| Buffalo | Fillmore | Lawson ² | Prairie Home | Walker |
| Bunker | Foley | Leasburg | Preston | Warrenton |
| Cabool | Fordland ² | Lesterville | Protom | Washburn |
| Caledonia | Foristell ² | Lewistown | | Wasola |
| Cameron | Forsyth | Licking | Raymondville | Wayland |
| Canton | Fremont | Louisburg | Reeds Spring | Weaubleau |
| Cape Fair | Gainesville | Lowry City | Revere | Wentzville ² |
| Cassville | Galena | Macon | Roby | West Plains |
| Caulfield | | Manes | Rocheport | West Quincy |
| Cedar Creek | | Mansfield | Rockaway Beach | Wheatland |
| Centerville | Golden City | Mano | Rockville | Whitesville |
| Centralia | Gorin | Marshfield ² | Rosendale | Willow Springs |
| Chamois | Gower | Marthasville | Safe | Winfield ¹ |
| Clarence | Greenfield | Maysville | St. James | Winona |
| Clark | Grovespring | | St. Peters ¹ | Woodridge |
| Clarksdale | Hallsville | Milo | Santa Fe | Wright City |
| | Hamilton | Monroe City | Sarcoxie | |
| | Hartville | | | |

¹ Optional Outstate Calling Area (OCA) service is not available in this exchange since it is classified as an Metropolitan Calling Area (MCA) MCA-3 or MCA-4 exchange. Refer to the Missouri Public Service Order, effective January 5, 1993, in Case #10-92-306, and this Tariff for additional information.

² Optional Outstate Calling Area (OCA) service is available in this exchange; however, the 23-mile OCA radius does not include any Metropolitan Calling Area (MCA) exchanges since this exchange is classified as St. Louis MCA-5, Kansas City MCA-5 or Springfield MCA-2. Refer to the Missouri Public Service Order, effective January 5, 1993, in Case # 10-92-306, and this Tariff for additional information.

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WIDE AREA TELECOMMUNICATIONS SERVICE

A. APPLICATION OF TARIFF

2. (Cont'd)

a. GTE Midwest Incorporated

| | | | | |
|--------------|-------------------|-----------------|----------------|-----------------|
| Alton | Collins | Hawk Point | Montauk Park | Savannah |
| Amazonia | Columbia | Helena | Monticello | Schell City |
| Annapolis | Concordia | Hermann | Morrison | Seymour |
| Arcola | Conway | Hermitage | Moscow Mills | Shelbina |
| Ashland | Crosby | High Hill | Mount Sterling | Shelbyville |
| Augusta | Crane | Highlandville | Mt. Vernon | Sheldon |
| Aurora | | Holstein | Mtn. Grove | Shell Knob |
| Ava | Cross Timbers (D) | Houston | Mtn. View | |
| Avenue City | Cuba | Humansville | Nebo | Sparta (D) |
| Avilla | Dadeville | Hunnewell | New Melle | (D) |
| Belgrade | Dalton | Kurley | Niangua | Stewartsville |
| Belle | Dardenne/Lake | Irondale | | Stoutsville (D) |
| Bellevue | St. Louis | Ironton | Norwood | Sturgeon |
| | (D) Defiance | Jamestown | Oates | Summersville |
| Birch Tree | Dora | Jenkins | O'Fallon | Thayer |
| Bland | | Jerico Springs | Old Monroe | Theodosia |
| Blue Eye | | (D) Jonesburg | Osborn | Thomasville |
| Bolckow | Easton | (D) Kahoka | Osceola | Timber |
| Boss | Edgar Springs | Keytesville | Ozark | Trimble |
| Bourbon | Eldorado Springs | Kidder | Palmyra | Troy |
| Bradleyville | Elkland | Kimberling City | Paris | Truxton |
| Branson | Ellsinore | Kingston | | Turney (D) |
| Branson West | Elmer | Koshkonong | | |
| Braymer | Eminence | LaBelle | Perry | Urbana |
| Bronaugh | Everton | Ladonia | Pittsburg | Van Buren |
| Brunswick | Ewing | LaGrange | Plattsburg | Vanzant |
| (Triplet) | Exeter | La Plata | Potosi | Vichy |
| Buffalo | Fillmore | Lawson | Prairie Home | Walker |
| Bunker | Foley | Leasburg | Preston | Warrenton |
| Cabool | Fordland | Lesterville | Protem | Washburn |
| Caledonia | Foristell | Lewistown | | Wasola (D) |
| Cameron | Forsyth | Licking | Raymondville | Wayland |
| Canton | Fremont | Louisburg | Reeds Spring | Weaubleau |
| Cape Fair | Gainesville | Lowry City | Revere | Wentzville |
| Cassville | Galena | Macon | Roby | West Plains |
| Caulfield | | Manes | Rocheport | West Quincy |
| Cedar Creek | Golden City (D) | Mansfield | Rockaway Beach | Wheatland |
| Centerville | Gorin | Mano | Rockville | Whitesville |
| Centralia | Gower | Marshfield | Rosendale | Willow Springs |
| Chamois | Greenfield | Marthasville | Safe | Winfield |
| Clarence | Grovespring | Maysville | St. James | Winona |
| Clark | Hallsville | | St. Peters | Woodridge |
| Clarksdale | Hamilton | Milo (D) | Santa Fe | Wright City |
| | (D) Hartville | Monroe City | Sarcoxie | |

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PRIVATE LINE SERVICE

A. APPLICATION OF TARIFF

1. This tariff applies to interexchange Private Line Services furnished or made available by GTE Midwest Incorporated, hereinafter referred to as the Telephone Company, and for Private Line Services furnished jointly with a connecting company, to the portion of such Private Line Services furnished by the Telephone Company to the point of connection with the service components of another company for which that company's rates and regulations apply, over service components wholly within or partly within the Local Access and Transport Area's (LATA's) of the State of Missouri, between two or more points, all of said points being within LATA's of the State of Missouri.

The schedule of rates and specific regulations are set forth in this Tariff.

2. This Tariff is applicable to the following Telephone Company exchanges in Missouri:

a. GTE Midwest Incorporated (former GTE North Incorporated)

| | | | | |
|-------------|------------|-------------|------------|---------------|
| Amazonia | Clarksdale | Hamilton | Mansfield | Savannah |
| Ashland | Collins | Helena | Maysville | Stewartsville |
| Ava | Columbia | Humansville | (D) | Sturgeon |
| Avenue City | Cosby | Kahoka | Osborn | Trimble |
| Bolckow | Crane | Kidder | Osceola | Turney |
| Braymer | Easton | Kingston | Plattsburg | (D) |
| Cameron | Fillmore | Lawson | (D) | Wayland |
| Centralia | Gower | Lowry City | Rocheport | Weaubleau |
| Clark | Hallsville | Macon | Rosendale | Whitesville |

b. GTE Midwest Incorporated (former GTE Missouri, GTE Systems of Missouri, GTE of Eastern Missouri)

| | | | | |
|---------------------|------------------|-----------------|----------------|----------------|
| Alton | Conway | Hawk Point | Morrison | Sarcoxie |
| Annapolis | (D) | Hermann | Moscow Mills | Schell City |
| Arcola | Cross Timbers | Hermitage | Mount Sterling | Seymour |
| Augusta | Cuba | High Hill | Mt. Vernon | Shelbina |
| Aurora | Dadeville | Highlandville | Mtn. Grove | Shelbyville |
| Avilla | Dalton | Holstein | Mtn. View | Sheldon |
| Belgrade | Dardenne/ | Houston | Nebo | Shell Knob |
| Belle | Lake St. Louis | Hunnewell | New Melle | (D) |
| Bellevue | Defiance | Hurley | Niangua | (D) |
| (D) | Dora | Irondale | (D) | Sparta |
| Birch Tree | (D) | Ironton | Norwood | Stoutsville |
| Bland | (D) | Jamestown | Oates | Summersville |
| Blue Eye | Edgar Springs | Jenkins | O'Fallon | Thayer |
| Bo | Eldorado Springs | Jerico Springs | Old Monroe | Theodosia |
| Bourbon | Elkland | Jonesburg | Ozark | Thomasville |
| Bradleyville | Ellsinore | Keytesville | Palmyra | Timber |
| Branson | Elmer | Kimberling City | Paris | Troy |
| Branson West | Eminence | Koshkonong | (D) | Truxton |
| Bronaugh-Moundville | Everton | LaBelle | (D) | Urbana |
| Brunswick (Triplet) | Ewing | Ladonia | Perry | Van Buren |
| Buffalo | Exeter | LaGrange | Pittsburg | Vanzant |
| Bunker | Foley | La Plata | Potosi | Vichy |
| Cabool | Fordland | Leasburg | Prairie Home | Walker |
| Caledonia | Foristell | Lesterville | Preston | Warrenton |
| Canton | Forsyth | Lewistown | Protom | Washburn |
| Cape Fair | Fremont | Licking | Raymondville | Wasola |
| Caville | Gainesville | Louisburg | Reeds Spring | Wentzville |
| Caulfield | Galena | Mans | Revere | West Plains |
| Cedar Creek | (D) | Mano | Roby | West Quincy |
| Centerville | Golden City | Marshfield | Rockaway Beach | Wheatland |
| Chamois | Gorin | Marthasville | Rockville | Willow Springs |
| Clarence | Greenfield | Milo | Safe | Winfield |
| (D) | Grovespring | Monroe City | St. James | Winona |
| Concordia | Hartville | Montauk Park | St. Peters | Wooldridge |
| | | Monticello | Santa Fe | Wright City |

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Wentzville, Missouri

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DIGITAL DATA TRANSMISSION SERVICE

A. APPLICATION OF TARIFF

1. This tariff is applicable to the following Missouri exchanges:

a. GTE Midwest Incorporated (former GTE North Incorporated)

| | | | | |
|-------------|-------------|------------|---------------|-----|
| Amazonia | Columbia | Kidder | | (D) |
| Ashland | Cosby | Kingston | Rocheport | |
| Ava | Crane | Lawson | Rosendale | |
| Avenue City | Easton | Lowry City | Savannah | |
| Bolckow | Fillmore | Macon | Stewartsville | |
| Braymer | Gower | Mansfield | Sturgeon | |
| Cameron | Hallsville | Maysville | Trimble | |
| Centralia | Hamilton | | Turney | (D) |
| Clark | Helena | Osborn | | (D) |
| Clarksdale | Humansville | Osceola | Wayland | |
| Collins | Kahoka | Plattsburg | Weaubleau | |
| | | | Whitesville | |

b. GTE Midwest Incorporated (former GTE Missouri, GTE Systems of Missouri, GTE of Eastern Missouri)

| | | | | |
|----------------------|------------------|-----------------|----------------|----------------|
| Alton | Conway | Hawk Point | Morrison | Sarcoxie |
| Annapolis | (D) | Hermann | Moscow Mills | Schell City |
| Arcola | Cross Timbers | Hermitage | Mount Sterling | Seymour |
| Augusta | Cuba | High Hill | Mt. Vernon | Shelbina |
| Aurora | Dadeville | Highlandville | Mtn. Grove | Shelbyville |
| Avilla | Dalton | Holstein | Mtn. View | Sheldon |
| Belgrade | Dardenne/ | Houston | Nebo | Shell Knob |
| Belle | Lake St. Louis | Hunnell | New Melle | |
| Belleview | Defiance | Hurley | Niangua | (D) |
| (D) | Dora | Irondale | (D) | Sparta |
| Birch Tree | (D) | Ironton | Norwood | Stoutsville |
| Bland | (D) | Jamestown | Oates | Summersville |
| Blue Eye | Edgar Springs | Jenkins | O'Fallon | Thayer |
| Boss | Eldorado Springs | Jerico Springs | Old Monroe | Theodosia |
| Bourbon | Elkland | Jonesburg | Ozark | Thomasville |
| Bradleyville | Ellsinore | Keytesville | Palmyra | Timber |
| Branson | Elmer | Kimberling City | Paris | Troy |
| Branson West | Eminence | Koshkonong | (D) | Truxton |
| Bronaugh-Moundville | Everton | LaBelle | (D) | Urbana |
| Brunswick (Triplett) | Ewing | Ladonia | Perry | Van Buren |
| Buffalo | Exeter | LaGrange | Pittsburg | Vanzant |
| Bunker | Foley | La Plata | Potosi | Vichy |
| Cabool | Fordland | Leasburg | Prairie Home | Walker |
| Caledonia | Foristell | Lesterville | Preston | Warrenton |
| Canton | Forsyth | Lewistown | Protom | Washburn |
| Cape Fair | Fremont | Licking | Raymondville | Wasola |
| Cassville | Gainesville | Louisburg | Reeds Spring | Wentzville |
| Caulfield | Galena | Manes | Revere | West Plains |
| Cedar Creek | (D) | Mano | Roby | West Quincy |
| Centerville | Golden City | Marshfield | Rockaway Beach | Wheatland |
| Chamois | Gorin | Marthasville | Rockville | Willow Springs |
| Clarence | Greenfield | Milo | Safe | Winfield |
| (D) | Grovespring | Monroe City | St. James | Winona |
| Concordia | Hartville | Montauk Park | St. Peters | Woodridge |
| | | Monticello | Santa Fe | Wright City |

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