

BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

FILED
MAY 14 1997
MISSOURI
PUBLIC SERVICE COMMISSION

Petition of Southwestern Bell Telephone)
Company for a Determination that it is) Case No. TO-97-397
Subject to Price Cap Regulation Under)
Section 392.245 RSMo (1996).)

MOTION TO OPEN PUBLIC SERVICE COMMISSION RECORDS OF THE
SURVEILLANCE REPORTS OF
SOUTHWESTERN BELL TELEPHONE COMPANY, INC.

The State as intervenor appears through the Attorney General and respectfully requests that the Commission open its records and provide the State with the all surveillance reports filed with the Commission by respondent Southwestern Bell Telephone Company from August 31, 1994 through the present. In support of its motion, the State asserts the following:

1. In this proceeding, Southwestern Bell asks the Commission to determine that it is subject to price cap regulation under § 392.245 RSMo 1996.

2. Under § 392.245 RSMo 1996, if the Commission determines that Southwestern Bell is subject to price cap regulation, Southwestern Bell's rates would be frozen at its December 31, 1996 levels. This Commission has before it a docket, number TO-97-303, in which the issue of Southwestern Bell's over-earnings has been raised. As such, where the Commission is being asked to freeze the rate charged by Southwestern Bell, this Commission must determine whether the rate involved is just, reasonable and lawful. § 392.245.1.

3. Examination of the surveillance reports may best demonstrate that the price cap Southwestern Bell is so aggressively seeking will lock into place rates which render Southwestern Bell with unlawful overearnings.

4. Examination of the surveillance reports submitted by Southwestern Bell will help demonstrate that there is no effective competition in the market place offered by Dial U.S.

5. Southwestern Bell has benefitted for years from its monopoly on local phone service. The rates it has charged its customers are not only regulated but are a matter of public interest.

6. The Attorney General is aware of motions to continue this docket pending resolution of the over-earnings docket, TO-97-303. The Attorney General fully supports those motions to stay or continue this proceeding.

7. Allowing the TO-97-303 over-earnings docket to proceed first will enable this Commission to ensure that the rates charged customers under the current rates, or under the price capped rate, are just, reasonable and lawful.

8. Because Southwestern Bell currently operates under the rates existing as of December 31, 1996, the same rates it seeks to lock into with the price cap regulation, it is not harmed by staying the price cap proceeding until the over-earnings case is decided.

9. The surveillance reports, if accurate, should provide evidence as to whether Southwestern Bell is overearning on its regulated rates. The surveillance reports should assist the Commission in determining whether allowing Southwestern Bell to be regulated

under price cap regulation, and the rate at which it is set, would wrongfully subject its customers to rates which deprive them of the benefits of improved technology and make a sham of the concepts of deregulation and effective competition.

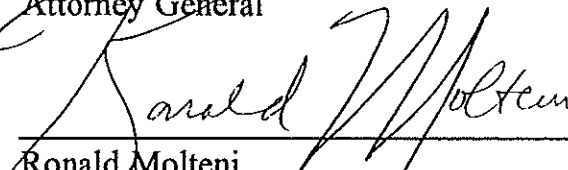
10. It is of crucial importance that the rates Southwestern Bell charges its customers be examined and readjusted downward before the Commission makes a determination that Southwestern Bell is subject to price cap regulation.

11. The Commission has the authority to order the surveillance records open pursuant to § 386.480 RSMo 1994.

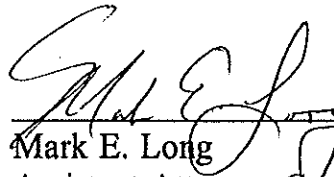
12. Therefore, as a matter of public policy, the information contained in the surveillance reports should be made a matter of public record.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was mailed, postage prepaid, this 14th day of May 1997 to:

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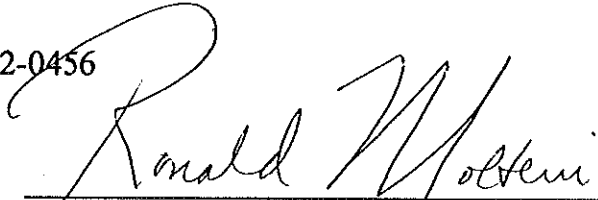
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