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BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Investigation by the Staff)
of the Missouri Public Service Commission into) Case No. TR-98-345
the Earnings of Lathrop Telephone Company.)
)

ORDER ESTABLISHING AND GIVING NOTICE OF CASE

On February 13, 1998, the Staff of the Missouri Public Service Commission (Staff) and Lathrop Telephone Company (Lathrop) filed a pleading entitled "Motion to Open Docket" with the Commission in which they requested the Commission to open a case to consider the Stipulation and Agreement (Agreement) reached between them. The proposed Agreement was also filed on February 13. The Office of the Public Counsel (OPC) signed neither the motion nor the Agreement.

Staff and Lathrop alleged that Staff had initiated a per book earnings review based upon the twelve months ending December 31, 1996; updated for known and measurable changes occurring during 1997. The Agreement proposed by Staff and Lathrop would reduce Lathrop's gross intrastate revenues by approximately \$182,711 on an annual basis. Part of the reduction would be accomplished by Lathrop investing \$183,967 in digital carrier equipment which would eliminate all analog carrier equipment currently existing in its network, with an associated annual revenue impact of approximately \$36,793. This investment would have to be approved by Lathrop's Board of Directors. The remaining \$145,918 reduction in gross intrastate revenues would be accomplished as a result of changes in intrastate rates. Under the proposed Agreement, Lathrop would increase

its customer activity charges, such as service order charges and central office connection and reconnection charges. Lathrop would also introduce a directory assistance charge and a new tariff for E911 trunks. Lathrop's billing and collection rates would be lowered. Also, Lathrop's charges for most switched access rates, including Originating CCL, Terminating CCL, Local Transport, End Office LS1 and LS2 Switches, and Line Termination, and the Directory Surcharge, would be lowered and its IntraLATA and InterLATA rates would be equalized. A rate for Local Switching would be introduced.

The Commission finds that Staff's and Lathrop's motion to open a docket to address the proposed Agreement should be granted, and that the scope of the case should be the same as for any case involving an overearnings investigation.

Lathrop has not filed tariff sheets to implement the proposed rate reductions, but the Agreement provides that Lathrop will submit draft tariff sheets incorporating the proposed rate changes to Staff by March 6. The Commission finds that tariffs should not be filed with the Commission unless the Agreement is approved. Should the Commission approve the Agreement, Lathrop would be directed to file conforming tariff sheets. Any tariffs filed prior to approval of the Agreement would be rejected as premature. However, draft tariff sheets, without a proposed effective date, may be submitted to the Staff for discussion purposes.

The Commission finds that interested persons should receive notice of the case. The Commission's Records Department should send a copy of this order to the county commissioners of Clinton County, Missouri. The Records Department should also send a copy of this order to the mayor of every city located in Clinton County, and to all certificated Missouri telecommunications companies.

Any party who wishes to intervene must file a written Application to Intervene within 30 days and address it to the Secretary of the Missouri Public Service Commission, Post Office Box 360, Jefferson City, Missouri 65102. Copies of any Application to Intervene must be sent to:

W.R. England, III
Brydon, Swearingen & England, P.C.
Post Office Box 456
Jefferson City, Missouri 65102

IT IS THEREFORE ORDERED:

1. That the motion filed by the Missouri Public Service Commission's Staff and Lathrop Telephone Company on February 13, 1998, is granted.

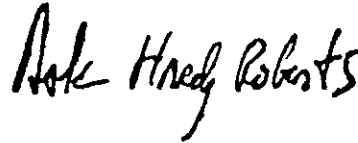
2. That Case No. TR-98-345 is established to address the investigation by the Missouri Public Service Commission Staff into the earnings of Lathrop Telephone Company.

3. That the Commission's Records Department and Information Officer shall send notice as described in this order.

4. That parties wishing to intervene shall file an application to intervene no later than March 30, 1998.

5. That this order shall become effective on February 27, 1998.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Amy E. Randles, Regulatory Law
Judge, by delegation of authority
pursuant to 4 CSR 240-2.120(1)
(November 30, 1995) and
Section 386.240, RSMo 1994.

Dated at Jefferson City, Missouri,
on this 27th day of February, 1998.

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COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION