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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-98-346
the Earnings of Citizens Telephone Company)
of Higginsville, Missouri, Inc.)

ORDER ESTABLISHING AND GIVING NOTICE OF CASE

On February 13, 1998, the Staff of the Missouri Public Service Commission (Staff) and Citizens Telephone Company of Higginsville, Missouri, Inc. (Citizens) 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.

In their motion, Staff and Citizens 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 Citizens would reduce Citizens' gross intrastate revenues by approximately \$170,024 on an annual basis and would be accomplished as a result of changes in intrastate rates. Under the proposed Agreement, Citizens would decrease its service installation charge (a customer activity charge) and its billing and collection rates. Also, Citizens' charges for most switched access rates, including InterLATA Originating CCL, InterLATA Terminating CCL, and IntraLATA Originating Full CCL, would be lowered. Citizens' IntraLATA Terminating Full CCL rate would increase. Citizens' IntraLATA and

InterLATA rates would be equalized. The Agreement also provides that Citizens would be permitted to accrue depreciation expense based on the depreciation rates set forth in Attachment B to the Agreement.

The Commission finds that Staff's and Citizens' 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.

Citizens has not filed tariff sheets to implement the proposed rate reductions, but the Agreement provides that Citizens 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, Citizens 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 Lafayette County, Missouri. The Records Department should also send a copy of this order to the mayor of every city located in Lafayette 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, Swearngen & 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 Citizens Telephone Company of Higginsville, Missouri, Inc., on February 13, 1998, is granted.

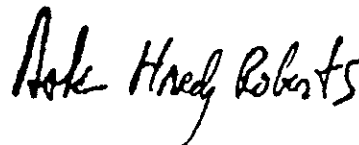
2. That Case No. TR-98-346 is established to address the investigation by the Missouri Public Service Commission Staff into the earnings of Citizens Telephone Company of Higginsville, Missouri, Inc.

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**