

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

Case No. TO-83-160

In the matter of establishing revised depreciation rates on Account Nos. 231.0 and 234.0 of the Missouri properties of United Telephone Company of Missouri, Bourbeuse Telephone Company, MoKan Dial, Inc., Citizens Telephone Company, Craw-Kan Telephone Cooperative, Inc., Fidelity Telephone Company and other Missouri independent telephone corporations.

APPEARANCES: William C. Harrelson, Deputy General Counsel, Missouri Public Service Commission, P.O. Box 360, Jefferson City, Missouri 65102, for the Staff of the Missouri Public Service Commission.

Martin J. Bregman, Assistant Public Counsel, Office of the Public Counsel, 1014 Northeast Drive, Jefferson City, Missouri 65101, for the Office of Public Counsel and the public.

Robert L. Hawkins, Jr., Attorney at Law, and W. R. England, III, Attorney at Law, Hawkins, Brydon & Swearengen, P.C., Post Office Box 456, Jefferson City, Missouri 65102, for: Chariton Valley Telephone Corporation, Northeast Missouri Rural Telephone Company, Mid-Missouri Telephone Company, Eastern Missouri Telephone Company, Continental Telephone Company of Missouri, Green Hills Telephone Company, Missouri Telephone Company, Lathrop Telephone Company, Goodman Telephone Company Le-Ru Telephone Company, Stoutland Telephone Company, Oregon Farmers Mutual Telephone Company, Seneca Telephone Company, Wheeling Telephone Company, Rock Port Telephone Company, Continental Telephone Company of Iowa, Ellington Telephone Company, Continental Telephone Company of Arkansas, Iamo Telephone Company, Inc., F & M Telephone Company, Craw-Kan Telephone Cooperative, Inc., Citizens Telephone Company, MoKan Dial, Inc., Fidelity Telephone Company, Bourbeuse Telephone Company, and Miller Telephone Company.

H. Edward Skinner, Attorney at Law, and Charles R. Camp, Attorney at Law, Post Office Box 2177, Little Rock, Arkansas 72203, for Allied Telephone Company of Missouri, Inc. and Doniphan Telephone Company.

Erwin L. Milne, Attorney at Law, and Gregory C. Stockard, Attorney at Law, Post Office Box 1280, Jefferson City, Missouri 65102, Kingdom Telephone Company, and Grand River Mutual Telephone Corporation.

J. Richard Smith, Vice President and General Counsel,
6666 West 110th Street, Overland Park, Kansas 66211, for
United Telephone Company of Missouri.

Jack N. Peace, Attorney at Law, 9th and Washington Streets,
Post Office Box 549, Trenton, Missouri 64683, for Grand River
Mutual Telephone Corporation.

John E. Frerking, Attorney at Law, Green and Frerking,
1919 Main Street, Post Office Box 489, Higginsville, Missouri
64037, for Alma Telephone Company.

REPORT AND ORDER

The instant docket was created to handle the several applications filed by various telephone companies under the Commission's jurisdiction requesting revised depreciation rates on Account Nos. 231.0 and 234.0. The Commission, by order issued on December 3, 1982, consolidated the applications then on file with the instant docket created therein, and set the matter for hearing. No applications to intervene have been filed.

The prehearing conference was convened on December 20, 1982, at which time the companies which had filed similar applications for revised depreciation rates subsequent to the Commission's December 3, 1982, order were consolidated with the instant docket. On December 20, 1982, the formal hearing was called to order.

Findings of Fact

A stipulation and agreement marked Joint Exhibit No. 2 was presented to the Commission at the hearing by the signatory parties. After presentation and discussion of the stipulation and agreement, the hearing was adjourned for consideration of the stipulation by the Commission.

The stipulation and agreement as it was presented in its entirety is as follows:

STIPULATION AND AGREEMENT

Comes now the undersigned parties to the above-captioned docket and stipulate and agree as follows:

1. That effective December 1, 1982, the Company is authorized to accrue depreciation on Account 231.0 and/or Account 234.0 at an annual rate equal to its plant investment in such account(s) as of November 30, 1982, minus the associated reserve(s) as of November 30, 1982, divided by the product of 2.5416 times the plant investment as of November 30, 1982. This annual rate, divided by twelve, will be applied to the gross investment in Accounts 231 and 234, except for amounts representing investment in over voltage protection equipment, inside wiring, coin operated or pay telephones, multiplexing equipment, mobile radio equipment, paging equipment, transmit earth stations, and official telephones and other official switching equipment, for the month of December, 1982, hereinafter referred to as the original base amount. For the month of January, 1983 such original base amount shall be reduced by one-sixtieth. Each month thereafter, the base amount shall be reduced by one-sixtieth of the original base amount.

2. That the Company agrees to offer at a time prior to the deregulation or detariffing of terminal equipment by the Commission or by the Federal Communications Commission (FCC) a sales option for such terminal equipment to its customers. The sales option will offer such terminal equipment at prices no greater than required to recover the remaining investment in Account(s) 231.0 and/or 234.0 (net book cost) at the date of the offering plus an incremental amount to recover the cost of making such sales.

3. That the details of the sales option offering are to be established by a Commission approved tariff and the parties hereto agree to work in good faith towards mutually agreeable terms in order to implement the pricing stipulated to in paragraph 2 herein and to promote the sale of terminal equipment pursuant to the sales option.

4. The parties hereto have entered into this Stipulation and Agreement for the sole purpose of determining depreciation expense and the related accruals to the accumulated depreciation reserve for Accounts 231 and 234, except as otherwise specifically provided herein, and are not bound by its terms with regard to any other depreciation, accounting or ratemaking principle.

5. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their respective rights to present oral argument or written briefs, pursuant to Section 536.080(1), RSMo 1978.

6. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their respective rights pertaining to the reading of the transcript by the Commission pursuant to Section 536.080(2), RSMo 1978.

7. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their respective rights to judicial review, pursuant to Section 386.510, RSMo 1978.

8. That the agreements in this Stipulation and Agreement have resulted from extensive negotiations between the signatory parties and are interdependent. In the event the Commission does not approve and adopt the terms of this Stipulation and Agreement in total in accordance with the provisions contained herein, this Stipulation and Agreement shall be void and no party shall be bound by any of the agreements or provisions hereof.

Respectfully submitted,

/s/ William C. Harrelson

William C. Harrelson
Deputy General Counsel
Attorney for the Staff of the Missouri Public
Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

/s/ Martin J. Bregman

Martin J. Bregman
Assistant Public Counsel
Attorney for the Public
1014 Northeast Drive
Jefferson City, Missouri 65101

/s/ W. R. England, III

W. R. England, III
HAWKINS, BRYDON & SWEARENGEN, P.C.
P. O. Box 456
Jefferson City, Missouri 65102-0456
Attorneys for Chariton Valley Telephone
Corp., Northeast Missouri Rural Telephone
Co., Mid-Missouri Telephone Co., Eastern
Missouri Telephone Co., Continental Telephone
Co. of Missouri, Green Hills Telephone Co.,
Missouri Telephone Co., Lathrop Telephone
Co., Goodman Telephone Co., Le-Ru Telephone
Co., Stoutland Telephone Co., Oregon Farmers
Mutual Telephone Co., Seneca Telephone Co.,
Wheeling Telephone Co., Rock Port Telephone
Co., Continental Telephone Co. of Iowa,
Ellington Telephone Co., Continental
Telephone Co. of Arkansas, IAMO Telephone
Co., Inc., F & M Telephone Co., Craw-Kan
Telephone Coop., Inc., Citizens Telephone
Co., MoKan Dial, Inc., Fidelity Telephone
Co., Bourbeuse Telephone Co., Miller
Telephone Co.

/s/ H. Edward Skinner

Hermann Ivester

H. Edward Skinner

P. O. Box 2177

Little Rock, Arkansas 72203

Attorneys for Allied Telephone Co. of

Missouri, Inc. and Doniphan Telephone Co.

/s/ Erwin L. Milne

Erwin L. Milne

Stockard, Andereck, Hauck, Sharp & Evans

P. O. Box 1280

Jefferson City, Missouri 65102

Attorneys for Kingdom Telephone Co.

/s/ J. Richard Smith

J. Richard Smith

Vice President and General Counsel

6666 West 110th Street

Overland Park, Kansas

Attorney for United Telephone Co. of Missouri

/s/ Jack Peace by Erwin L. Milne

Jack Peace

9th & Washington Streets

P. O. Box 549

Trenton, Missouri 64683

Attorney for Grand River Mutual Telephone Corp.

/s/ John E. Frerking

John E. Frerking

Green and Frerking

1919 Main Street

P. O. Box 489

Higginsville, Missouri 64037

Attorneys for Alma Telephone Co.

On December 28, 1982, the attorney for the Staff informed the Commission that all attorneys of record have consented to a modification of the foregoing stipulation and agreement. All parties have agreed to delete the second sentence of Paragraph 2 contained in the foregoing stipulation and agreement and in its place insert a new second sentence, with the first sentence to remain as originally proposed, as follows:

"The sales option will offer such terminal equipment at a price to be determined by the Commission at such time as is appropriate due to the announcement of the detariffing or deregulation of terminal equipment, but will, in any event, include an amount to recover the cost of making such sales."

Conclusions

The telephone companies listed in the stipulation are public utilities subject to the jurisdiction of this Commission pursuant to Chapters 386 and 392, R.S.Mo. 1978. For ratemaking purposes, the Commission may accept a stipulated settlement of any contested matter submitted by the parties. In the instant docket the parties to the stipulation have agreed to revised depreciation rates and other matters which, as modified, the Commission finds to be reasonable and proper. The Commission also recognizes the modification set out herein and hereby finds the stipulation and agreement to be modified in accordance with the foregoing.

The Commission also concludes that its actions herein shall be strictly limited to the unique facts and circumstances of this case, which has been considered by the Commission on a highly expedited basis.

It is, therefore,

ORDERED: 1. That the stipulation and agreement entered into between the Missouri Public Service Commission Staff, the Office of Public Counsel and the following telephone utilities:

United Telephone Company of Missouri - TO-83-97
Bourbeuse Telephone Company - TR-83-142
MoKan Dial, Inc. - TR-82-143
Citizens Telephone Company - TR-83-144
Craw-Kan Telephone Cooperative, Inc. - TR-83-145
Fidelity Telephone Company - TR-83-146
Northeast Missouri Rural Telephone Company - TR-83-167
Chariton Valley Telephone Corporation - TR-83-168
Continental Telephone Company of Missouri - TR-83-177
Green Hills Telephone Company - TR-83-178
Eastern Missouri Telephone Company - TR-83-179
Lathrop Telephone Company - TR-83-180
Missouri Telephone Company - TR-83-181
Mid-Missouri Telephone Company - TR-83-182
Grand River Mutual Telephone Corporation - TR-83-184
Kingdom Telephone Company - TR-83-185
Le-Ru Telephone Company - TR-83-187

Seneca Telephone Company - TR-83-188
Goodman Telephone Company - TR-83-189
Oregon Farmers Mutual Telephone Company - TR-83-191
Wheeling Telephone Company - TR-83-192
Stoutland Telephone Company - TR-83-194
Rock Port Telephone Company - TR-83-195
Ellington Telephone Company - TR-83-198
Continental Telephone Company of Arkansas - TR-83-199
Continental Telephone Company of Iowa - TR-83-200
Alma Telephone Company - TR-83-209
Doniphan Telephone Company - TR-83-210
Allied Telephone Company of Missouri, Inc. - TR-83-211
F & M Telephone Company - TR-83-212
Miller Telephone Company - TR-83-213
Iamo Telephone Company, Inc. - TR-83-214;

in Case No TO-83-160 as set forth herein and modified as set out herein is hereby
accepted and adopted in disposition of all matters in this case.

ORDERED: 2. That this report and order shall become effective on the date
hereof.

BY THE COMMISSION

Harvey G. Hubbs
Harvey G. Hubbs
Secretary

(S E A L)

Fraas, Chm., McCartney, Dority,
Shapleigh and Musgrave, CC., Concur.

Dated at Jefferson City, Missouri,
on this 29th day of December, 1982.