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BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

The Staff of the Missouri Public)	
Service Commission,)	
)	
Complainant,)	
v.)	<u>Case No. TC-98-350</u>
)	
Miller Telephone Company, a Missouri)	
Corporation,)	
)	
Respondent.)	

AMENDED ORDER GIVING NOTICE AND SETTING INTERVENTION PERIOD

The Staff of the Missouri Public Service Commission (Staff) filed a Complaint on February 13, 1998 against Miller Telephone Company (Miller). The Commission issued a Notice of Complaint on February 23, which set a deadline of March 25 for Miller to file an answer or satisfy the complaint. Miller filed a Motion for Extension of Time to Answer or Satisfy Complaint on March 23, indicating that the parties were close to a settlement of all the issues in the complaint. On March 27, the Commission granted Miller an extension of time until April 8, and on that date the parties filed a Stipulation and Agreement.

Staff stated in the Stipulation that it conducted a per book review of Miller's earnings based upon the 12 months ending June 30, 1997. Staff and Miller executed a Stipulation and Agreement (Attachment A to this order) resolving the issues surrounding Staff's audit. The agreement calls for a reduction in Miller's revenues by approximately \$90,708 annually. The reduction would be accomplished by changes in certain rates which are more specifically set forth in the Stipulation. The parties also agreed that beginning with the first full month after the effective date of an

order approving the Stipulation, Miller would be authorized to accrue depreciation expense based on the depreciation rates set forth in Attachment A to the Stipulation. The Stipulation further states that Miller will provide draft tariff sheets incorporating the rate changes to Staff no later than April 22. The agreement states that none of the signatories have approved or acquiesced in any particular ratemaking or procedural principle or method of cost determination or allocation.

The Commission finds that interested persons should receive notice and an opportunity to intervene. The Commission's Records Department should send a copy of this order to the county commissioners of Lawrence County, and to the mayor of every city located in that county. The Records Department should also send a copy of this order to all certificated telecommunications carriers in Missouri. Any party wishing to intervene must file a written application to intervene no later than May 13, 1998 with the Secretary of the Missouri Public Service Commission, Post Office Box 360, Jefferson City, Missouri 65102. Copies of the application must be served on:

W.R. England, III
Brydon, Swearngen & England, P.C.
312 East Capitol
P.O. Box 456
Jefferson City, MO 65102-0456

IT IS THEREFORE ORDERED:

1. That parties wishing to intervene shall file an application to intervene no later than May 13, 1998.
2. That the Commission's Records Department shall give notice as described in this order.

3. That this order shall become effective on April 14, 1998.

BY THE COMMISSION

A handwritten signature in black ink, reading "Dale Hardy Roberts". The signature is written in a cursive style with a large, stylized "D" and "R".

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Elaine E. Bensavage, 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 14th day of April, 1998.

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

FILED
APR 08 1998
MISSOURI
PUBLIC SERVICE COMMISSION

In the matter of the investigation into the)
earnings of Miller Telephone Company.)

Case No. TC-98-350

STIPULATION AND AGREEMENT

The Staff of the Missouri Public Service Commission (Staff) has performed a per books review of the earnings of Miller Telephone Company (Company). The Staff's audit was based upon twelve (12) months ending June 30, 1997. Upon completion of its preliminary earnings analysis, the Staff began negotiations with the Company. Although the Company and Staff engaged in extensive negotiations, they were not able to resolve all of their differences and, on February 13, the Staff filed a complaint against Miller Telephone Company. Thereafter, the Company and Staff continued their negotiations and, as a result, stipulate and agree as follows:

1. The Company's annual earnings will be reduced by approximately \$90,708 on an annual basis.

2. This reduction in earnings is to be accomplished as follows:

A. Beginning on the effective date of a Commission Report and Order approving this Stipulation and Agreement in its entirety, the Company will eliminate its charge for touchtone service which is currently \$2 per month. The Company currently has approximately 761 touchtone customers. Thus, the elimination of this charge will result in a reduction in revenues of approximately \$18,264 annually.

B. Beginning the first full month after the effective date of a Commission Order approving this Stipulation and Agreement in its entirety, the Company will accrue depreciation expense based upon the depreciation rates contained in Attachment A attached hereto and

ATTACHMENT A

incorporated herein by reference. The Staff used these depreciation rates to calculate the Company's revenue requirement.

C. The Company is in the initial phase of a \$2,098,600 modernization and upgrade program (the financing for which the Commission recently approved in Case No. TF-98-109). The Staff does not oppose the Company's modernization and upgrade program. The Company anticipates that its construction program will be completed approximately fifteen (15) months after receipt of funds from the Rural Utility Services (RUS) Agency. Beginning the first full month after the effective date of a Commission Report and Order approving this Stipulation and Agreement in its entirety, the Company will book a special amortization of \$6,037 per month. This special amortization will result in an additional \$72,444 of charges to the depreciation reserve on an annual basis. The special amortization will continue for the duration of the modernization and upgrade program until such time as the Commission approves a request by the Company to end the special amortization. The Company and Staff agree that the special amortization will be used as a permanent reduction in the Company's rate base calculation. The Company agrees to provide the Commission's Accounting Staff semiannual financial statements in such detail as to specifically identify the special amortization.

3. The Company will prepare draft tariff sheets incorporating the rate changes identified in paragraph 2.A. above and provide such drafts to Staff no later than April 22, 1998.

4. The approval of this Stipulation and Agreement in its entirety by the Commission will satisfy Staff's complaint filed herein and conclude Staff's per books earnings investigation of the Company upon which said complaint was based.

5. None of the signatories to this Stipulation and Agreement shall have been deemed to have approved or acquiesced in any ratemaking or procedural principle or any method of cost determination or cost allocation, or any service or payment standard and none of the signatories shall be prejudiced or bound in any manner by the terms of this Stipulation and Agreement in this or any other proceeding, except as otherwise expressly specified herein.

6. This Stipulation and Agreement has resulted from extensive negotiations among the signatories and the terms hereof are interdependent. In the event the Commission does not approve and adopt this Stipulation and Agreement in its entirety, then this Stipulation and Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof.

7. In the event the Commission accepts the specific terms of this Stipulation and Agreement, the Parties waive, with respect to the issues resolved herein: their respective rights to present testimony and to cross-examine witnesses pursuant to Section 526.070(2) RSMo.; their respective rights to present oral argument and written briefs pursuant to Section 536.080.1 RSMo. 1994; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo. 1994; and their respective rights to judicial review pursuant to Section 386.510 RSMo. 1994.

8. If requested by the Commission, the Staff shall have the right to submit to the Commission a memorandum explaining its rationale for entering into this Stipulation and Agreement. Each Party of record shall be served with a copy of any memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of the Staff's memorandum, a responsive memorandum which shall also be served on all Parties. All memoranda submitted by the Parties shall be considered privileged in the same manner as are settlement discussions under the Commission's rules, shall be maintained on a confidential basis by all Parties, and shall not become

a part of the record of this proceeding or bind or prejudice the Party submitting such memorandum in any future proceeding or in this proceeding whether or not the Commission approves this Stipulation and Agreement. The contents of any memorandum provided by any Party are its own and are not acquiesced in or otherwise adopted by the other signatories to the Stipulation and Agreement, whether or not the Commission approves this Stipulation and Agreement.

WHEREFORE, the signatories respectfully request that the Commission issue its order approving the terms of this Stipulation and Agreement and for such other orders as are reasonable in the circumstances.

Respectfully submitted,



William K. Haas
Senior Counsel
Missouri Bar No. 28701

Missouri Public Service Commission
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(573) 751-7510
(573) 751-9285 (Fax)

Attorney for the Staff of the
Missouri Public Service Commission



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(573) 635-7166
(573) 634-7431 (Fax)

Attorneys for Miller Telephone Company

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 8th day of April, 1998.

Wm K Haas

Miller Telephone Company
Depreciation Rates
Case No. TC-98-350

Account	Account Number	Net Salvage	Average Service Life	Rate (%)
Vehicles - Combined	2112	12	8.6	10.23
Vehicles - Passenger Cars	2112.1	10	6.3	14.29
Vehicles - Light Trucks	2112.2	9	7.9	11.52
Vehicles - Heavy Trucks	2112.3	13	9.9	8.79
Garage Work Equipment	2115	1	13.0	7.62
Other Work Equipment	2116	6	14.0	6.71
Buildings	2121	2	35.0	2.80
Furniture	2122	6	14.0	6.71
Office Equipment - Office Support	2123.1	3	10.0	9.70
Office Equipment - Company Communications	2123.2	3	8.4	11.55
General Purpose Computers	2124	13	6.4	13.59
Digital Switching	2212	0	15.0	6.67
Radio Equipment	2231	2	11.3	8.67
Circuit Equipment- Combined	2232	-3	10.0	10.30
Circuit Equipment - Digital	2232.x	-3	10.0	10.30
Circuit Equipment- Analog	2232.x	-3	10.0	10.30
Public Telephones	2351	10	10.3	8.74
Other Terminal Equipment/Subscriber Carrier	2362	0	8.7	11.49
Poles	2411	-30	21.0	6.19
Aerial Cable - Metallic	2421.1	-16	21.0	5.52
Aerial Cable - Fiber	2421.2	-10	21.0	5.24
Aerial Cable - Drop	2421.3	-15	17.0	6.76
Underground Cable - Metallic	2422.1	-5	26.0	4.04
Underground Cable - Fiber	2422.2	-5	28.0	3.75
Buried Cable - Metallic	2423.1	-3	24.0	4.29
Buried Cable - Fiber	2423.2	-3	28.0	3.68
Buried Cable - Drop	2423.3	-2	21.0	4.86
Submarine Cable	2424	-1	21.0	4.81
Aerial Wire	2431	-70	12.0	14.17
Conduit Systems	2441	0	50.0	2.00