

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION  
Jefferson City

June 23, 1987

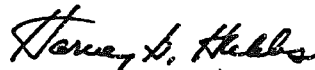
A-87-48

CASE NO. TR-87-168 and AQ-87-48

W.R. England, III, Attorney at Law, PO Box 456, Jefferson City, MO 65102  
Joni K. Ott, PO Box 7800, Jefferson City, MO 65102

Enclosed find certified copy of ORDER in the above-numbered case(s).

Sincerely,



Harvey G. Hubbs  
Secretary

uncertified copy:

Darrel Hollinger, Vice President, Continental Telephone Company of Missouri, 1700 Continental  
Drive, Box 307, Wentzville, MO 63385

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 23rd  
day of June, 1987.

CASE NO. TR-87-168

In the matter of the investigation  
of the revenue effects upon  
Continental Telephone Company of  
Missouri and Contel System of  
Missouri, Inc. of the Tax Reform  
Act of 1986.

CASE NO. AO-87-48

In the matter of the investigation  
of the revenue effects upon Missouri  
utilities of the Tax Reform Act of  
1986.

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ORDER APPROVING STIPULATION AND AGREEMENT

On June 12, 1987, a Stipulation and Agreement was executed by Continental Telephone Company of Missouri (CTC) and Contel System of Missouri, Inc. (CSM), Staff of the Missouri Public Service Commission (Staff) and the Office of the Public Counsel (Public Counsel). The Stipulation involves a rate reduction to Missouri jurisdictional gross annual revenues by \$2,506,294 and \$660,620 respectively, exclusive of license, occupation, franchise, sales, gross receipts or other similar fees or taxes.

The Stipulation adequately sets forth all procedural and factual matters in this case and is set forth in Appendix A attached hereto and incorporated herein by reference.

CTC and CSM are public utilities subject to the jurisdiction of this Commission pursuant to Chapters 386 and 392, RSMo 1986. For ratemaking purposes the Commission may accept a Stipulation and Agreement in settlement of any matters

submitted by the parties. The Commission is of the opinion that the matter of agreement between the parties in this case are reasonable and proper and should be accepted.

It is, therefore,

ORDERED: 1. That the Stipulation and Agreement filed herein on June 12, 1987, be, and it is, hereby approved.

ORDERED: 2. That Continental Telephone Company of Missouri be, and it is, hereby authorized to file revised tariffs designed to decrease its Missouri jurisdictional gross annual revenues by \$2,506,294, exclusive of license, occupation, franchise, sales, gross receipts and other similar fees or taxes. The tariffs shall bear an effective date of July 1, 1987.

ORDERED: 3. That Contel System of Missouri, Inc. be, and it is, hereby authorized to file revised tariffs designed to decrease its Missouri jurisdictional gross annual revenues by \$660,620, exclusive of license, occupation, franchise, sales, gross receipts or other similar fees or taxes. The tariffs shall bear an effective date of July 1, 1987.

ORDERED: 4. That Continental Telephone Company of Missouri and Contel System of Missouri, Inc. shall not be subject to any further requirements in Case No. AO-87-48 and are hereby dismissed as parties from that proceeding.

ORDERED: 5. That the data that Continental Telephone Company of Missouri has agreed to provide as to the revenue impact of its St. Charles County discount calling plan shall be separated from the data to be provided the Commission as to its provision of experimental EMS.

ORDERED: 6. That this Order shall become effective on July 1, 1987.

BY THE COMMISSION

*Harvey G. Hubbs*

Harvey G. Hubbs  
Secretary

(S E A L)

Steinmeier, Chm., Musgrave, Mueller,  
and Fischer, CC., Concur.  
Hendren, C., Absent.

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the matter of the investigation )  
of the revenue effects upon )  
Continental Telephone Company of )  
Missouri and Contel System of )  
Missouri, Inc. of the Tax Reform ) Case No. AO-87-48  
Act of 1986. )

STIPULATION AND AGREEMENT

On or about December 15, 1986, and March 2, 1987, Continental Telephone Company of Missouri (CTC) and Contel System of Missouri, Inc. (CSM) caused to be filed with the Missouri Public Service Commission (Commission) in the above-captioned matter, certain information concerning the impact on CTC and CSM of the Tax Reform Act of 1986. Subsequently, representatives of the Commission Staff, the Office of the Public Counsel (Public Counsel) and CTC and CSM engaged in discussions concerning the impact of the Federal Tax Reform Act of 1986 on CTC's and CSM's revenue requirements. As a result of these discussions, the parties stipulate and agree as follows:

1. That effective July 1, 1987, CTC and CSM be authorized to implement revised tariffs for telephone service designed to decrease their Missouri jurisdictional gross annual revenues by \$2,506,294 and \$660,620, respectively, exclusive of license, occupation, franchise, sales, gross receipts or other similar fees or taxes.

2. That the categories of telephone service for which certain rates are proposed to be reduced and the approximate, aggregate amount of the rate reductions are as follows:

A. <u>CTC</u>	<u>Amount</u>
1) Mileage and Zone charges (approximate 35% reduction)	\$ 762,007.00
2) St. Charles County discount calling plan*	\$ 115,000.00
3) Touch Calling Service (\$0.05 reduction in residential rate only)	\$ 37,038.00
4) Local access line rates (approximate 9.7% reduction)	\$ 1,592,249.00
Total Revenue Reduction	\$ 2,506,294.00

\*See Paragraph No. 4 below for further description of this plan.

B. <u>CSM</u>	
1) Mileage Charges (reduce existing rates by \$0.10)	\$ 58,795.00
2) Elimination of Rural 4-Party Mileage Charges	\$ 21,204.00
3) Touch Calling Service (\$0.05 reduction in residential rate only)	\$ 6,897.00
4) Local access line rates (approximate 10.7% reduction)	\$ 573,724.00
Total Revenue Reduction	\$ 660,620.00

3. That CTC and CSM shall revise their existing Maintenance of Service Charge such that the charge will not be applied to customers who have not been equipped with a network interface jack and who have not been instructed on how to use the network interface jack to isolate their trouble. Also, the charge will be renamed the "trouble isolation charge". CTC agrees to reduce its "after normal business hours" charge such that the "trouble isolation charge" is \$25 regardless of when the

service call is made. CSM agrees to eliminate its additional quarter-hour charges such that the charge is a flat rate of \$15 for each service call regardless of duration.

4. That CTC shall be authorized to implement a St. Charles County discount calling plan in those CTC exchanges which are located within St. Charles County. This calling plan will permit CTC customers in St. Charles County to make interexchange calls among all St. Charles County exchanges served by CTC at rates which are 50% less than the existing toll rates for those calls. Subscribers to this plan will be required to pay an additional \$2.00/month flat rate in order to avail themselves of these discounted toll rates. The parties agree that the revenue loss anticipated by CTC shall be included as a part of the revenue reduction agreed to in paragraph 2.A.2) above. CTC also agrees to provide Public Counsel and the Staff with data derived from the affected exchanges so that the parties are better able to evaluate the revenue impact of the calling plan. The data CTC agrees to provide will be consistent with that CTC has agreed to provide in the EMS docket, Case No. TO-87-131, and, further, such data will be provided under terms and conditions similar to those imposed in Case No. TO-87-131.

5. That this Stipulation and Agreement is a negotiated dollar settlement which is intended to include, reflect, and fully dispose of any decreases in CTC's and CSM's gross annual revenue requirement for their Missouri jurisdictional operations which presently have been determined to result from the

provisions of the Federal Tax Reform Act of 1986. In addition, CTC and CSM shall not be further subject to any present or future requirements of the instant docket; it being understood, however, that neither Staff nor any other party is bound in any proceeding other than the above-captioned docket regarding the effects of the Tax Reform Act on CTC's and CSM's revenue requirement;

6. That this Stipulation and Agreement is intended to be binding on the parties and the Commission for purposes of Commission Case No. AO-87-48 (as it relates to CTC and CSM); that none of the provisions of this Stipulation and Agreement, however, shall prejudice, bind or otherwise affect any party should the Commission decide not to approve this Stipulation and Agreement in its entirety or in any way condition its approval of same;

7. That except as otherwise expressly provided herein, the parties to this Stipulation and Agreement shall not be deemed to have approved of or acquiesced in any express or implied ratemaking principle, valuation method, cost of service method, or rate design proposal;

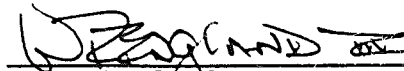
8. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their respective rights to present oral arguments or written briefs, pursuant to Section 536.080(1), RSMo 1986, and their respective rights to judicial review regarding the disposition of these matters, pursuant to Section 386.510, RSMo 1986;

9. That the agreements contained in this Stipulation and



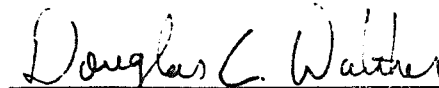
Agreement have resulted from extensive negotiations among the signatory parties and are interdependent; that in the event that the Commission does not approve and adopt the terms of this Stipulation and Agreement and in the event the tariffs agreed to herein do not become effective in accordance with 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,



W. R. England, III #23975  
HAWKINS, BRYDON & SWEARENGEN P.C.  
P. O. Box 456  
312 East Capitol Avenue  
Jefferson City, Missouri 65102  
(314) 635-7166

Attorneys for CONTINENTAL TELEPHONE  
COMPANY OF MISSOURI and CONTEL  
SYSTEM OF MISSOURI, INC.



Douglas C. Walther  
Assistant General Counsel  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, Missouri 65102  
(314) 751-2412

Attorney for the Staff of the  
Missouri Public Service Commission

Joni K. Ott  
Joni K. Ott  
Assistant Public Counsel  
Office of the Public Counsel  
P. O. Box 7800  
Jefferson City, Missouri 65102  
(314) 751-4857

Attorney for  
The Office of the Public Counsel

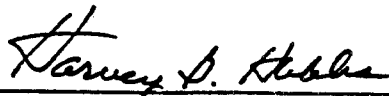
Dated: June 11, 1987

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission at Jefferson City, this 23rd day of June, 1987.



Harvey G. Hubbs  
Secretary