

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

Office of the Public Counsel,)	
)	
Complainant,)	
)	<u>CASE NO. TC-94-86</u>
vs.)	
)	
AT&T Communications of the Southwest, Inc.,)	
)	
Respondent.)	

APPEARANCES: Randy Bakewell, Assistant Public Counsel, P.O. Box 7800,
Jefferson City, Missouri 65102, for Office of the
Public Counsel and the Public

Gloria Salinas, Attorney at Law, 8911 Capitol of Texas
Highway, Suite 1100, Austin, Texas 78759 and
Paul S. DeFord, Attorney at Law, Lathrop & Norquist, 2345
Grand Avenue, Suite 2600, Kansas City, Missouri 64108,
for AT&T Communications of the Southwest, Inc.

Joseph F. Jedlicka, III, Attorney at Law, 100 North Tucker
Boulevard, Room 630, St. Louis, Missouri 63101, for
Southwestern Bell Telephone Company.

Steven Dottheim, Deputy General Counsel, P.O. Box 360,
Jefferson City, Missouri 65102, for Staff of the
Missouri Public Service Commission.

HEARING EXAMINER: Mark A. Grothoff

REPORT AND ORDER

On September 7, 1993, the Office of the Public Counsel (Public Counsel) filed a complaint against AT&T Communications of the Southwest, Inc. (AT&T) requesting that the Commission continue the transitionally competitive status of AT&T's measured toll service (MTS) for two more years pursuant to Section 392.370, RSMo Supp. 1992, and the Commission's Report and Order in Case No. TO-88-142. On September 10, 1993, the Commission issued an Order and Notice directing that AT&T file an answer to the complaint on or before September 20, 1993.

On September 17, 1993, AT&T filed its answer to Public Counsel's complaint. AT&T also filed written direct testimony and a motion for a protective order. On September 21, 1993, the Commission adopted an expedited procedural schedule for

this case. The Commission also adopted a Protective Order for use in this case.

On September 29, 1993, the Commission granted intervention to Southwestern Bell Telephone Company (Bell). On October 1, 1993, the Commission granted intervention to GTE Midwest Inc. (GTE).

On October 6, 1993, a Stipulation and Agreement (Stipulation) was filed by AT&T, Public Counsel, and the Staff of the Commission (Staff) for Commission consideration. October 6, 1993, a hearing was held in which the Stipulation and prefiled testimony were placed on the record. The signatories to the Stipulation waved cross-examination and reading of the transcript by the Commission.

Findings of Fact

The Missouri Public Service Commission, having considered all of the competent and substantial evidence upon the whole record, makes the following findings of fact:

On September 7, 1993, Public Counsel filed a complaint against AT&T requesting that the Commission continue the transitionally competitive status of AT&T 's MTS for two more years pursuant to Section 392.370, RSMo Supp. 1992, and the Commission's Report and Order in Case No. TO-88-142. On October 6, 1993, AT&T, Public Counsel, and Staff filed the Stipulation (Attachment A to this Report and Order and incorporated herein by reference) which proposed to settle all issues in this case. Intervenor Bell and GTE indicated that they neither support nor oppose the Stipulation. The Stipulation represents a negotiated settlement for the purpose of disposing of this case.

The Stipulation provides that all of AT&T's services will be classified as competitive. AT&T has agreed to file, and Staff has agreed to recommend approval of, tariff sheets reflecting competitive status for all of AT&T's services. Also, Public Counsel will not recommend suspension of the tariff sheets.

Under the Stipulation, AT&T will be a competitive company subject to the same requirements as other competitive interexchange carriers with the following exceptions.

AT&T 's commercial long distance (CLD) rates and message toll service

(MTS) rates will remain at their present levels. Also, AT&T has agreed not to increase any rate within its MTS or CLD schedules by more than \$.01 above the rate for that rate element as of October 1, 1993 during the period of October 16, 1993 through October 15, 1994. AT&T has further agreed that during the period of October 16, 1994 through October 15, 1995 it will not increase any rate within its MTS or CLD schedules by more than \$.02 above the rate for that rate element as of October 1, 1993.

AT&T has also agreed to flow through access charge changes to rates for MTS and CLD service, their associated directory assistance (DA) services, and MTS-like services (as identified in PSC MO No. 15 Section 2 First Revised Sheet 8 and Supplemental Schedule First Revised Sheet 1), dollar for dollar, in a manner consistent with methods used in previous access flow throughs.

AT&T will flow through the portion of access charge changes pertaining to MTS, CLD, their associated DA services, and MTS-like services. For purposes of the Stipulation, access charge changes include Commission approved billing and collection changes. The parties have agreed that tariff sheets reflecting access charge reductions must be filed within 90 days of cumulative reductions reaching \$500,000, and that rate changes need not be across-the-board in equal percentage terms by rate element or time of day.

Any MTS, CLD, and their associated DA rates that are below cost would not be reduced further with a reduction in access charges. Cost under the Stipulation is defined as including access charges, billing, and collection plus \$.005. AT&T has agreed to recalculate the composite cost of access whenever there is an access flow through.

MTS and CLD service rates may be raised provided offsetting rate reductions in dollar terms are made to other rates in order to maintain revenue neutrality for each of the schedules within each service category. Such a rate increase is subject to the maximum increase per rate element agreed to by AT&T.

AT&T has agreed to file DA tariff sheets containing no call allowances at a rate of \$.65 per DA call. AT&T has also agreed that it will not increase the rate for DA calling during the period of October 16, 1993 to October 15, 1995

above the interstate DA calling rate element. DA rates contained in business calling plans would be unaffected by the Stipulation.

Specific tariff sheet numbers are identified in the Stipulation solely for convenience. The intent of the parties is that the term and conditions contained in the Stipulation shall apply to successor tariff sheets.

The Commission has reviewed the Stipulation filed in this case and find that its provisions are reasonable. The Stipulation is consistent with the purposes and policies of Chapter 392 and Section 392.370, RSMo Supp. 1992. The Commission also finds that the Stipulation is in the public interest because it provides for control of rate increases and ensures that access charge decreases will be passed on to rate payers. Thus, the Commission finds that the Stipulation is just and reasonable and should be approved.

Conclusions of Law

The Missouri Public Service Commission has arrived at the following conclusions of law:

The Commission has jurisdiction over this matter pursuant to Sections 386 and 392, RSMo 1986, as amended. Chapter 392 concerns the regulation of telecommunications companies. Specifically, Section 392.370, RSMo Supp. 1992, provides for the classification of telecommunications companies and their services. The Commission finds that the Stipulation filed in this case is consistent to the purpose and policies of Chapter 392 and Section 392.370.

The standard for Commission approval of the Stipulation is whether it is just and reasonable. The Commission has found the Stipulation to be just and reasonable and thus concludes that the Stipulation should be approved. The Commission also concludes that AT&T should file tariff sheets in compliance with the Stipulation and this Report and Order.

IT IS THEREFORE ORDERED:

1. That the Stipulation and Agreement filed in this case (Attachment A) is hereby approved and adopted.

2. That AT&T Communications of the Southwest, Inc. is hereby

authorized to file tariff sheets consistent with the Stipulation and Agreement and this Report and Order for service on and after October 17, 1993.

3. That this Report and Order shall become effective on October 17, 1993.

BY THE COMMISSION



David L. Rauch
Executive Secretary

(S E A L)

Mueller, Chm., McClure, Perkins,
Kincheloe, and Crumpton, CC., Concur;
and certify compliance with the
provisions of Section 536.080,
R.S.Mo. 1986.

Dated at Jefferson City, Missouri,
on this 8th day of October 1993.

BEFORE THE PUBLIC SERVICE COMMISSION

STATE OF MISSOURI

Office of the Public Counsel,)	
Complainant,)	
)	
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)	Case No. TC-94-86
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AT&T Communications of the)	
Southwest, Inc.,)	
Respondent)	

FILED

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MISSOURI
PUBLIC SERVICE COMMISSIONSTIPULATION AND AGREEMENT

After extensive negotiations, the Office of Public Counsel (OPC), The Missouri Public Service Commission Staff (Staff) and AT&T Communications of the Southwest, Inc. (AT&T), an Interexchange Carrier (IXC) agree and stipulate to the matters set forth in this document. If approved and adopted by the Commission, this Stipulation and Agreement will eliminate the need for a hearing. The only other parties to this proceeding, Southwestern Bell Telephone Company (SWB) and GTE of the Midwest, Inc. (GTE) neither support nor oppose this Stipulation and Agreement.

Terms and Conditions

OPC, Staff and AT&T agree as follows:

- I. All of AT&T's services will be classified as competitive.

II. AT&T agrees to file and Staff agrees to recommend approval of tariff sheet(s) reflecting competitive status for all of its services. OPC will not recommend suspension of the tariff sheets.

III. AT&T will become a competitive company and subject to the same requirements as other competitive IXC companies with the exceptions noted in Paragraph IV.

IV. The following terms of this agreement will be for two years. Any references in this agreement to Commercial Long Distance (CLD) and Message ~~Telecommunications~~ Service (MTS) rates refer to the CLD rates as identified in AT&T's tariff, PSC Mo No. 14, Section 26, Original Sheet 4 and MTS rates as identified in AT&T's tariff, PSC Mo No. 15, Section 1, Supplemental Schedule, 2nd Revised Sheet 1.

1. AT&T's CLD rates and AT&T's MTS rates will remain at their present levels. See Term Nos. 2 and 4 for exceptions to this restriction. In addition, for the period October 16, 1993 through October 15, 1994, AT&T agrees not to increase any rate within its MTS or CLD schedules by more than \$.01 above the rate for that rate element as of October 1, 1993. For the period October 16, 1994 through October 15, 1995, AT&T agrees not to increase any rate within its MTS or CLD schedules by more than \$.02 above the rate for that rate element as of October 1, 1993.

2. AT&T agrees to flow-through access charge changes to rates for MTS and CLD Service, their associated DA services, and MTS-like services (MTS-like services are those services as identified in PSC Mo No. 15,

Section 2, 1st Revised Sheet 8 and PSC Mo No. 15, Section 2, Supplemental Schedule, 1st. Revised Sheet 1), dollar-for-dollar, in a manner consistent with methods used in previous access flow-throughs. In respect to this paragraph:

(a) AT&T will flow-through the portion pertaining to MTS , CLD, their associated DA Services and MTS-like services.

(b) Access charge changes include Commission approved billing and collection changes.

(c) Tariff sheet(s) reflecting access charge reductions must be filed within 90 days of cumulative reductions reaching \$500,000.

(d) Rate changes need not be across-the-board in equal percentage terms by rate element or time-of-day.

3. Any MTS, CLD and their associated DA rates that are below cost would not be reduced further with a reduction in access charges. Cost in this context would include access charges, billing and collection plus \$.005. AT&T will recalculate the composite cost of access whenever there is an access flow-through.

4. MTS and CLD Service rates may be raised provided offsetting rate reductions in dollar terms are made to other rates (i.e., in order to maintain revenue neutrality for each of the schedules within each service category).

AT&T further agrees to the maximum increase per rate element as outlined in IV.1. above.

5. AT&T will file a DA tariff sheet(s) containing no call allowances and a rate of \$.65 per DA call. AT&T will agree that it will not increase the rate for DA calling during the period October 16, 1993 through October 15, 1995 above the interstate DA calling rate element. DA rates contained in business calling plans are unaffected by this agreement.

6. Specific tariff sheet numbers identified are for the convenience of the reader. It is the intent of the parties that the terms and conditions contained herein shall apply to successor tariff sheet(s).

Additional Terms

This Stipulation and Agreement represents a negotiated settlement of all issues that have been raised or may properly have been raised under 392.370.2 and other applicable provisions of Chapter 392 concerning the classification and regulation of AT&T and all of its telecommunications services. Except as specifically provided herein, none of the Signatory Parties shall be prejudiced by or bound by the stipulations contained herein in any future proceeding, or in any proceeding currently pending under a separate docket, in this or any other jurisdiction.

The agreements in this Stipulation and Agreement are interdependent. In the event that the Commission does not approve and adopt the Stipulation and Agreement in its entirety, it shall be void at the option of any Signatory Party and no party shall be bound by any of the agreements or provisions hereof.

The Staff shall have the right to explain to the Commission its rationale for entering into this Stipulation and Agreement, and to provide to the Commission whatever further explanation the Commission requests. The Staff's explanation shall not become part of the record of this proceeding and shall not bind or prejudice the Staff in any further proceeding. In the event the Commission does not approve and adopt this Stipulation and Agreement, the Staff's explanation shall not bind or prejudice the Staff in this proceeding. Any rationales advanced by the Staff are its own and are not acquiesced in or otherwise adopted by the other signatories.

The signatory parties agree that all prefiled testimony shall be received into evidence without the necessity of those witnesses taking the witness stand. In the event that the Commission adopts this Stipulation and Agreement, the signatories hereto waive their right to cross-examine any witness. Further, the signatories waive their right to initiate an appeal of this proceeding, whether through a writ of review or otherwise, if the Commission adopts this Stipulation and Agreement.

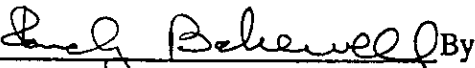
Wherefore, the undersigned parties respectfully request the Commission approve and adopt this Stipulation and Agreement in its entirety and issue an order consistent with this document.

Respectfully submitted,

OFFICE OF THE PUBLIC
COUNSEL OF THE STATE OF
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STAFF OF THE MISSOURI
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By



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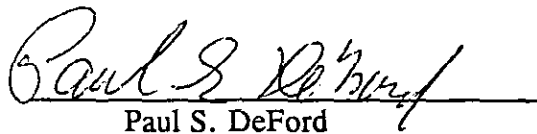
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I hereby certify that copies of the foregoing document were served on all parties of record by first-class, postage prepaid, U.S. Mail, on October 5, 1993.


Paul S. DeFord

CASE NO. TC-94-86
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