

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

CASE NO. TR-86-14

In the matter of ALLTEL Missouri, Inc. of Little Rock, Arkansas, for authority to file tariffs increasing rates for telephone service provided to customers in the Missouri service area of the Company.

APPEARANCES: H. Edward Skinner, Attorney at Law, Prince & Ivester, 212 Center Street, Suite 900, Little Rock, Arkansas 72201, and W. R. England, III, Attorney at Law, Hawkins, Brydon & Swearingen, P.C., P. O. Box 456, Jefferson City, Missouri 65102, for ALLTEL Missouri, Inc.

Joni K. Ott, Assistant Public Counsel, Office of Public Counsel, P. O. Box 7800, Jefferson City, Missouri 65102, for Office of Public Counsel and The Public.

Douglas C. Walther, Assistant General Counsel, Missouri Public Service Commission, P. O. Box 360, Jefferson City, Missouri 65102, for Staff of the Missouri Public Service Commission.

REPORT AND ORDER

On July 16, 1985, ALLTEL Missouri, Inc. (Company) submitted revised tariff sheets designed to increase rates for telephone service provided to customers in the Missouri service area of the Company. These revised tariffs have been suspended and will become effective June 14, 1986, unless otherwise ordered 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:

Pursuant to the Commission's order, a prehearing conference was convened on March 3, 1986. As the result of negotiations conducted during the prehearing conference, the Company, Commission Staff and Office of Public Counsel entered into a Stipulation and Agreement. Thereafter, on March 17, 1986, an evidentiary hearing was held wherein the aforementioned parties presented the Stipulation and Agreement.

Seven public witnesses appeared and testified at the hearing.

Additionally, numerous letters and petitions in opposition to the proposed increase were presented. The major concern of the public witnesses was with the quality of telephone service they were receiving from the Company.

The Commission notes that the prepared direct testimony and exhibits of Company and Staff indicate that the quality of service currently being provided by Company meets or exceeds the standards established by the Commission with the exception of the "percent of commitments kept due date on installation of regular service order" and "trouble reports cleared within 24 hours".

The Stipulation and Agreement among other things, requires the Company to investigate all service complaints raised in this case and report the results of its investigation to the Commission and Public Counsel within thirty (30) days of the effective date of this Report and Order.

Although the Commission is of the opinion the Stipulation and Agreement adequately addresses the quality of service issue, the Commission is nonetheless very concerned by the number of customers indicating their dissatisfaction with the service. The Commission believes that Company should make every reasonable effort to ensure that the service being provided improves as quickly as possible in the troubled areas. The Commission further expects Staff to assist the Company in these efforts and keep the Commission apprised of the Company's progress.

The Commission notes that Company Counsel has stated that ALLTEL does not intend to file any additional rate requests for a period of approximately three (3) years. The Commission applauds this goal and will expect Company to make every effort to accomplish it.

The Stipulation and Agreement which delineates the matters of agreement between the signatory parties with respect to the disposition of this matter, is attached hereto as Appendix I and is incorporated herein by reference.

Conclusions

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

ALLTEL Missouri, Inc. is a public utility subject to the jurisdiction of the Commission pursuant to Chapters 386 and 392, RSMo 1978. The Company's revised tariffs which are the subject matter of this proceeding, were suspended pursuant to the authority vested in this Commission by Section 392.230, RSMo 1978.

For ratemaking purposes, the Commission may accept a Stipulation and Agreement in settlement of any contested matter submitted by the parties. The Commission is of the opinion that the matters 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 entered into between ALLTEL Missouri, Inc., the Staff of the Missouri Public Service Commission and the Office of Public Counsel in Case No. TR-86-14 as set forth herein, is hereby accepted and adopted in disposition of all matters in this proceeding.

ORDERED: 2. That for purposes of implementing the Stipulation and Agreement entered into in this proceeding, the revised tariffs filed by ALLTEL Missouri, Inc. in Case No. TR-86-14 be, and the same are, hereby disapproved and the Company is authorized to file in lieu thereof tariffs consistent with the Stipulation and Agreement.

ORDERED: 3. That the tariffs to be filed for Commission approval pursuant to this Report and Order, may be effective for service rendered on and after the 7th day of April, 1986.

ORDERED: 4. That within six (6) months of the effective date of this order, Staff shall conduct informational meetings, open to the public, in the area of the Doniphan and Iberia exchanges. Staff shall report the results of the meetings to the Commission so that further appropriate action may be taken if necessary.

ORDERED: 5. That this Report and Order shall become effective on the 7th day of April, 1986.

BY THE COMMISSION

Harvey G. Hubbs

Harvey G. Hubbs
Secretary

(S E A L)

Steinmeier, Chm., Mueller, Hendren
and Fischer, CC., Concur.
Musgrave, C., Concur with separate
concurring opinion.

Dated at Jefferson City, Missouri,
on this 28th day of March, 1986.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of ALLTEL Missouri, Inc.)	
of Little Rock, Arkansas, for authority)	
to file tariffs increasing rates for)	Case No. TR-86-14
telephone service provided to customers)	
in the Missouri service area of the)	
Company.)	

STIPULATION AND AGREEMENT

On July 16, 1985, Alltel Missouri, Inc. ("Company") submitted to the Missouri Public Service Commission ("Commission") revised tariff sheets reflecting increased rates for telephone service provided to customers in the Missouri service area of the Company. The tariff sheets contained a requested effective date of August 16, 1985, and were designed to increase annual revenues by approximately \$1,483,925.

On August 15, 1985, the Commission issued its suspension order and notice of hearing which, among other things, (1) suspended the proposed effective date of the revised tariffs from August 16, 1985 to June 14, 1986 (unless otherwise ordered by the Commission); (2) established deadlines for interventions and the filing of prepared testimony and exhibits, and (3) established dates for a prehearing conference and an evidentiary hearing.

On October 15, 1985, pursuant to Commission directive, Company filed its prepared testimony, exhibits and minimum filing requirements. In addition, the Company filed four (4) additional revised tariff sheets reflecting rules and regulations text which the Company had inadvertently omitted from the revised tariffs filed on July 16, 1985.

On November 13, 1985, the Commission issued its order suspending the proposed effective date of these four (4) tariff sheets from November 15, 1985, to June 14, 1986, so as to coordinate their suspension with that of the other revised tariff sheets filed on July 16, 1985.

On February 10, 1985, pursuant to Commission directive, the Commission Staff ("Staff") filed its prepared testimony and exhibits.

On March 3, 1986, a prehearing conference was convened and representatives of the Company, Staff and the Office of Public Counsel ("Public Counsel") appeared at and participated in said prehearing conference. As a result of this prehearing conference, the parties were able to resolve all areas of disagreement which had previously existed among them as evidenced by their prepared, direct testimony and exhibits. Consequently, Company, Staff and Public Counsel submit the following Stipulation and Agreement to the Commission.

1. Revenue Deficiency

The parties stipulate and agree that Company shall be authorized to file revised, local exchange tariffs designed to increase Company's jurisdictional gross annual revenues (exclusive of applicable gross receipts and franchise taxes) by \$607,000 above those revenues derived from rates currently in effect.

The rates for local access line service shall be determined residually, shall be categorized into four rate groups and shall bear business/residence rate relationships all in accordance with the recommendations contained in the prepared testimony of Staff Witness Van Eschen. The rates for other categories of local exchange telephone service (other than local access lines) shall be as follows:

A. Extended Area Service (EAS)

EAS rates will be those as set forth in Appendix A attached hereto and incorporated herein by reference.

B. Service Connection Charges

Service Order:	<u>Residence</u>	<u>Business</u>
New Customer	\$ 10.55	\$ 13.70
Existing Customer	9.05	12.15
Line Connection:	\$ 16.00	\$ 20.80
Trip:	\$ 6.40	\$ 8.15
Premise Wiring:		
First Outlet	\$ 5.60	\$ 9.05
Each Additional	\$ 4.70	\$ 6.00
Station Connection:		
First Station	\$ 3.20	\$ 5.10
Each Additional	\$ 3.20	\$ 4.00
Jack:		
Desk	\$ 1.75	\$ 2.30
Wall	\$ 3.75	\$ 5.20

C. Other Non Recurring Charges

<u>Service</u>	<u>Rate</u>
Restoral of Service:	\$ 13.60
Collection Charge:	6.40
Maintenance of Customer Owned Apparatus:	
First Hour	16.00
Each Additional Hour	9.60
Nuisance Call Investigation:	24.00
Prewiring Residential Premise:	
First Three Outlets	8.00
Each Additional Outlet	4.70

D. Miscellaneous Services and Equipment Charges

The rates for all miscellaneous services shall be increased 30% and the rates for equipment shall be increased 25%.

E. Local Public Coin Service Telephone Rates

\$.20 per call.

F. Special Assembly

All special assembly or miscellaneous cost rate equipment will be increased 10%.

The parties further stipulate and agree that the rates specified hereinabove shall become effective for service rendered on and after April 1, 1986.

2. Quality of Service

The prepared, direct testimony and exhibits of Company and Staff indicate that the quality of telephone service currently being provided by Company meets or exceeds the standards established by this Commission, with the exception of the "percent of commitments kept due date on installation of regular service order" and "trouble reports cleared within 24 hours." Company agrees to submit two series of reports to the Staff for the period April 1, 1986 through October 1, 1986, said reports being due 30 days following the end of the previous month. One Report to be entitled "Out of Service Over 24 Hours" shall be submitted for the following exchanges: Grandin, LaClede, Mindenmines, Myrtle, Neelyville, Patterson, Verona and Wappapello Park. A second Report entitled "Percent of Commitments Kept Due - Regular Service Orders" shall be submitted for the following exchanges: Clubb, Fairdealing, Patterson, Fairview and Purdy.

The Company agrees to survey, at its own expense, all business customers in its Doniphan exchange to ensure that none of the current business customers changed their subscription from residential to business service due to the mistaken advise of a Company employee. Further, the Company agrees to refund the difference between the rate charged for business and residential service to any such customer. Similarly, the Company agrees to determine if any disconnections resulted from a particular residential customer being mistakenly told by a Company employee that he/she had to switch from residential to business service. Further, the Company agrees to immediately reconnect such residential customers at its own expense. The Company agrees that the survey will be completed within 90 days after the effective date of an order approving this Stipulation and Agreement is issued in this case, and the refunds, if any, be made within 60 days thereafter.

The Company agrees to file revised tariffs which require the Company to automatically prorate a customer's bill in an amount equivalent to the customer's local service rate for each 24 hour period after the initial 24 hour period following a report by the customer that he/she has had service interrupted other than by negligence or wilfull act of the subscriber. For purposes of calculating the credit, a fraction of the 24 hour period will be treated the same as an entire 24 hour period, i.e., 25 hours would be treated like two 24 hour periods. The foregoing shall

not apply where such service outage occurs on a weekend or holiday.

The Company agrees to require each of its service representatives who deals with customers on a one-to-one basis to attend annually a training session which promotes customer relations.

The Company agrees to investigate all service complaints raised in this case and report the results of its investigations to the Commission and Public Counsel within 30 days after the effective date of an order approving this Stipulation and Agreement.

3. EAS Tariffs

Company agrees to file a revised tariff(s) no later than March 25, 1986, which separately sets forth the charge for EAS service for each applicable exchange. In addition, Company agrees to file with the Commission, no later than March 21, 1986, a revised tariff(s) establishing procedures for the elimination of non-optional EAS service within Company's system.

4. Capital Recovery - Depreciation

That effective April 1, 1986, Company shall be authorized to accrue depreciation at the rates and for the various categories of property as set forth in Appendix B which is attached hereto and incorporated herein by reference.

Within twelve months of the effective date of an order approving this Stipulation and Agreement, the Company agrees to perform engineering, statistical and economic studies as well as

forecast projections which support the dates of final retirement of each central office installation within each three year budget cycle.

The Company agrees to report to Staff, on an annual basis, the projected retirement dates for each of its central offices and justification for any deviations from the forecasted dates.

The Company agrees to collect data from its continuing property record system by January 1, 1987. Company agrees to collect all adjustment dollars after 1979 concerning outside plant accounts showing the year of adjustment as well as the vintage year by primary plant account. The Company agrees to complete its collection of the actuarial data associated with the inside plant accounts....

5. Overtime Reports

The Company agrees to prepare written reports that will explain and document the reasons for the actual overtime hours worked by Company employees and will maintain those records at the Company's headquarters.

6. Service Connection Study

Within twelve months of the effective date of an order approving this Stipulation and Agreement, the Company agrees to perform a Missouri specific multi-element service connection study and submit same to the Staff.

7. General.

A. That this Stipulation and Agreement represents a negotiated dollar settlement for the purpose of disposing of

Case No. TR-86-14, and none of the parties to this Stipulation and Agreement shall be prejudiced by or be bound by the terms of this Stipulation and Agreement in any future proceedings, or in this proceeding, in the event the Commission does not approve this Stipulation and Agreement in its entirety.

B. That none of the parties to this Stipulation and Agreement shall be deemed to have approved of or acquiesced in any ratemaking principle or any method of cost of service determination, or cost allocation underlying any of the rates for which provision is made in this Stipulation and Agreement.

C. That the prefiled testimonies and exhibits sponsored by Company witnesses Will G. Staggs, Jack Mitchell, Robert Sandhaus, Charles E. Olson and Jim Williams shall be received into evidence without the necessity of those witnesses taking the witness stand. That the prefiled testimonies and exhibits sponsored by Staff witnesses John B. Van Eschen, Ralph Gladden, Russell L. Cox, Mick LeBlanc, David Hibbard, Tom S. Werdenhause, Thomas M. Imhoff, Larry G. Cox, Sharon K. White, James A. Gray, and Thomas M. Cook shall be received into evidence without the necessity of those witnesses taking the witness stand.

D. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their rights to cross-examine the witnesses

named in paragraph 8.C. above with respect to their prepared direct testimonies and exhibits.

E. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their rights to present oral argument and written briefs pursuant to §536.080, RSMo 1978; their rights pertaining to the reading of the transcript by the Commission pursuant to §536.080, RSMo 1978; and their rights to judicial review pursuant to §386.510, RSMo 1978.

F. That the agreements in this Stipulation and Agreement have resulted from extensive negotiations among the signatory parties and are interdependent. In the event the Commission does not approve and adopt this Stipulation and Agreement in its entirety, and in the event the tariffs agreed to herein do not become effective for local exchange telephone service rendered on and after April 1, 1986, the parties agree that this Stipulation and Agreement shall be void and no party shall be bound by any of the agreements or provisions hereof.

Respectfully submitted,

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PUBLIC COUNSEL

Dated this 7th day of March, 1986.

SUMMARY OF EAS REVENUE REQUIREMENTS

EXCHANGE	RESIDENTIAL ACCESS LINE	BUSINESS ACCESS LINE
Doniphan	\$0.55	\$1.15
Fairdealing	\$1.10	\$2.20
Fairview	\$1.25	\$2.50
Grandin	\$1.50	\$3.05
Holliday	\$0.60	\$1.20
Madison	\$0.20	\$0.45
Mendon	\$2.25	\$4.50
Naylor	\$0.75	\$1.45
Neelyville	\$0.50	\$1.00
Oxly	\$1.30	\$2.55
Patterson	\$1.00	\$2.05
Piedmont	\$0.20	\$0.45
Ponder	\$2.00	\$3.95
Purdy	\$0.35	\$0.70
Rothville	\$3.65	\$7.55
Stark City	\$0.65	\$1.25
Sumner	\$2.80	\$5.60
Wheaton	\$0.50	\$1.00

ALLTEL MISSOURI, INC
CASE NO. TR-86-14
SUMMARY OF PROPOSED DEPRECIATION RATES

Acct. No.	Account Description	Investment at 12/31/84 \$	Reserve at 12/31/84 \$	PROPOSED REMAINING LIFE DEPRECIATION RATES				Currently Prescribed	Proposed Change in 1984
				Remaining Life (Yrs.)	Iowa Curve Type	Future Net Salvage %	Depr. Rate %	Whole life Depr. Rates	Annualized Depreciation Accruals
212.0	BUILDINGS	1,945,833	618,149			0	3.0	3.0	0
221.1	CENTRAL OFF EQ: STEP/ELECTRONI	7,399,548	2,599,166	10.8		0	6.0	4.0	147,991
221.2	CENTRAL OFF EQ: CARRIER-SUBSC.	951,349	335,698	6.7	01/10	0	9.0	8.0	9,513
221.3	CENTRAL OFF EQ: CARRIER-TOLL	2,089,214	802,736	6.7	01/10	0	9.0	8.0	20,892
221.5	CENTRAL OFF EQ: TRAFFIC STY EQ	222,130	66,469	10.8		0	6.0	4.0	4,443
221.6	CENTRAL OFF EQ: CABL PRESS EQ	1,195	1,160	10.8		0	6.0	4.0	24
221.7	CENTRAL OFF EQ: DIGITAL	673,279	26,871	18.9	SQ/20	0	5.1	4.0	7,406
235.0	PUBLIC TELEPHONE EQUIPMENT	113,928	48,562	7.0		0	8.2	6.0	2,506
241.0	POLE LINES	2,040,280	653,532	12.0	L1.5/20	-40	9.0	5.0	81,611
242.0	AERIAL CABLE-TOLL	636,366	459,153	22.4	L2/31	-26	4.7	4.0	4,455
242.1	AERIAL CABLE-SUBSCRIBER	4,732,268	1,402,961	22.4	L2/31	-26	4.7	4.0	33,126
242.2	UNDERGROUND CABLE	68,883	33,973	8.3	S3/23	0	6.1	4.0	1,447
242.3	BURIED CABLE-SUBSCRIBER	12,398,857	3,183,984	20.0	S1/26	-5	4.0	4.0	0
242.4	BURIED CABLE-TOLL	545,097	116,577	20.0	S1/26	-5	4.0	4.0	0
243.0	AERIAL WIRE	668,394	(195,160)++				37.5 **	10.0	183,808
244.0	UNDERGROUND CONDUIT	89,712	45,246	25.3	R5/40	0	2.0	4.0	(1,794)
261.0	FURNITURE & FIXTURES	275,970	152,277	10.3	R5/16	10	3.4	6.0	(7,175)
262.0	OTHER COMMUNICATIONS EQ	43,435	23,849	7.0		0	6.4	0.0	2,780
262.1	DATA STATION TERMINATIONS	0	0	5.0	--/5	0	20.0	6.0	0
264.1	TOOLS	431,034	223,691	7.2	SQ/12	10	5.3	10.0	(20,259)
264.2	SMALL TRUCKS	446,364	154,839	5.9	L0.5/8	20	5.8	12.5	(29,906)
264.3	LARGE TRUCKS	1,022,936	539,917	5.9	L0.5/8	20	5.8	12.5	(68,537)
264.4	PASSENGER CARS	117,461	39,991	5.9	L0.5/8	20	5.8	12.5	(7,870)
TOTAL		36,913,533	11,413,641				5.9		364,461
									35,651 ++

** AMORTIZATION RATE TO BE APPLIED TO
ACCOUNT 243-AERIAL WIRE'S PLANT-IN-SERVICE
++ SEVEN YEAR AMORTIZATION OF ACCOUNT 243-AERIAL WIRE'S
\$249560 DEBIT RESERVE AT 12/31/85

400,112

Concurring Opinion of Commissioner Charlotte Musgrave
Case No. TR-86-14

I concur in the decision of the majority in accepting and approving the Stipulation and Agreement submitted by the parties. I do, however, believe that there should be some further examination of the quality of service Company is providing.

At the very least, I believe Staff and Company should reexamine equipment in the Doniphan and Iberia exchanges since there seems to be an overwhelming response from customers in those areas.

Further, I think that Staff should at its earliest convenience, begin a review of the reasonableness of the Commission's quality of service standards. Upon completion of its review, Staff should recommend what course of action it believes the Commission should follow.

Respectfully submitted,


Charlotte Musgrave
Commissioner