

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held at its office  
in Jefferson City on the 18th  
day of January, 1991.

In the matter of the request for community optional )  
service from Orchard Farm Telephone Company's )  
Orchard Farm exchange to Southwestern Bell Telephone ) CASE NO. TO-90-185  
Company's St. Charles exchange. )

ORDER APPROVING TARIFF

On December 21, 1990, Orchard Farm Telephone Company (Orchard Farm) submitted a tariff proposing to offer community optional service (COS) from its Orchard Farm exchange to the St. Charles exchange served by Southwestern Bell Telephone Company (SWB). In order to maintain revenue neutrality Orchard Farm is also proposing an increase in local rates of \$1.75 for residential customers and \$3.50 for business customers. Orchard Farm is proposing that this increase be approved by this Commission on an interim basis subject to refund at nine percent interest per annum should the revenue loss expected from implementation of COS be less than anticipated. Currently, the basic local service rates for subscribers in the Orchard Farm exchange range from \$2.00 to \$3.00 for residential customers and \$3.00 to \$4.00 for business customers. Orchard Farm is requesting that this tariff become effective for service rendered on and after February 1, 1991.

The Commission's Staff (Staff) filed a memorandum in this case on January 16, 1991, recommending that the Commission approve this tariff as requested. Staff notes that the current local exchange rates of Orchard Farm's customers are quite low. In addition Staff states that Orchard Farm lowered the proposed interim local surcharge by 50 percent from the original request submitted December 21, 1990, by a substitute tariff sheet submitted January 11, 1991, as a result of negotiations between Orchard Farm, Staff and the Office of the Public Counsel.

The Commission determines that the tariff submitted by Orchard Farm on December 21, 1990, as amended on January 11, 1991, should be approved for service on

and after February 1, 1991. The Commission notes that it is under order of the Cole County Circuit Court not to approve implementation of COS routes without permitting the local exchange company in question to maintain revenue neutrality, if need be, by interim local surcharges. The Commission observes with approval that Orchard Farm lowered its proposed surcharge by 50 percent from its original submission.

The Commission will direct its Staff to carefully monitor any revenue loss experienced by Orchard Farm in order to evaluate the necessity for the COS surcharge. If revenue neutrality can be maintained without the surcharge, the money collected pursuant to the surcharge will be refunded to the customers at nine percent interest. To facilitate the monitoring of this interim local surcharge, the Commission will establish a separate docket as set forth below.

IT IS THEREFORE ORDERED:

1. That the community optional service (COS) tariffs submitted by Orchard Farm Telephone Company on December 21, 1990, as amended on January 11, 1991, be approved hereby for service on and after February 1, 1991, with the local surcharge element approved on an interim basis subject to refund at nine (9) percent interest per annum.
2. That the interim local surcharge approved herein be monitored hereinafter in Case No. TR-91-260.
3. That this order shall become effective on the 1st day of February, 1991.

BY THE COMMISSION

*Brent Stewart*

Brent Stewart  
Executive Secretary

(S E A L)

Steinmeier, Chm., Rauch and  
Letsch-Roderique, CC., Concur.  
Mueller and McClure, CC., Dissent  
with opinion to follow.