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In the matter of the investigation of the earnings of Missouri Telephone Company.

ORDER APPROVING STIPULATION AND AGREEMENT

Under the Stipulation And Agreement, Company shall file tariffs to be effective October 1, 1988, which result in a decrease in Missouri jurisdictional revenue of \$138,017 from local exchange access line and touchtone services, and which will implement revised tariffs for intrastate intraLATA access services which reflect a 20 percent shift in non-traffic sensitive (NTS) costs, as authorized by the Commission in Case No. TO-84-222 as part of the Primary Toll Carrier Plan. The parties have also agreed to a two-year moratorium on general rate filings by Company and complaint filings by Staff and Public Counsel. The Stipulation And Agreement and attached tariffs are incorporated into this order as Appendix A.

The Commission has reviewed the Stipulation And Agreement and proposed tariffs and finds that the tariffs are just and reasonable and should be approved. The rates are a decrease in Company's overall earnings, while the two-year moratorium will ensure rate stability for two years. The Commission determines it will approve the Stipulation And Agreement and approve the rates proposed therein to be effective October 1, 1988.

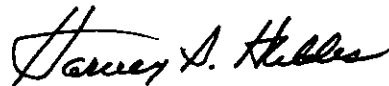
It is, therefore,

ORDERED: 1. That the Stipulation And Agreement, Appendix A, is hereby approved.

ORDERED: 2. That Missouri Telephone Company shall file tariffs to become effective October 1, 1988, which reflect the Stipulation And Agreement approved in Ordered 1.

ORDERED: 3. That this order shall become effective on the 20th day of September, 1988.

BY THE COMMISSION



Harvey G. Hubbs
Secretary

(S E A L)

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

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the investigation
of the earnings of Missouri Telephone
Company.

Case No.

TR-89-53STIPULATION AND AGREEMENT

On or about April 13, 1988, the Staff of the Missouri Public Service Commission (Staff) initiated its investigation of the earnings of the Missouri Telephone Company (Company). The investigation included an on-site review of the Company's books and records as well as written requests for information. At the conclusion of Staff's investigation, Staff met with representatives of the Company and the Office of the Public Counsel (Public Counsel) to discuss Staff's findings. As a result of that meeting, the undersigned Parties hereby stipulate and agree as follows:

1. That effective October 1, 1988, the Company be authorized to implement revised tariffs for local exchange access line and touchtone services designed to decrease Missouri jurisdictional gross annual revenues by \$138,017 exclusive of license, occupation, franchise, sales, gross receipts or other similar fees or taxes. The actual rates to be implemented as a result of this Stipulation and Agreement as well as the quantification of the proposed rate reductions are attached hereto and incorporated herein by reference as Appendix A.

2. Company and Staff agree that effective October 1, 1988, the Company be authorized to implement revised tariffs for intrastate intraLATA access services which implement a twenty

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PUBLIC SERVICE COMMISSION

percent (20%) shift of non-traffic sensitive (NTS) costs (in lieu of the existing NTS "cap") as permitted by the terms of the Conceptual Framework (for a) Missouri Intrastate IntraLATA Primary Carrier by Toll Center Plan as modified and approved by the Missouri Public Service Commission (Commission) in its October 23, 1987, Report and Order in Cases No. TO-84-222, et al. A copy of the access tariff to be filed pursuant to this Stipulation and Agreement is attached hereto and incorporated herein by reference as Appendix B. None of the NTS costs associated with the aforementioned shift will be offset, at this time, by any increases in rates for local exchange telecommunications services. Public Counsel, for the purpose of settling this investigation and obtaining the benefits of the proposed rate reduction for Company's customers does not oppose the terms of this paragraph. Nothing herein shall be construed to limit in any way Public Counsel's right to appeal the decision of the Commission of October 23, 1987, in Cases No. TO-84-222, et al. or to prejudice the appeal taken by Public Counsel in Case No. CV188-20cc, Cole County Circuit Court, or any subsequent appeal or proceedings arising from that same order.

3. Commencing with the three month period ended June 30, 1988, Company shall be permitted to file quarterly (in lieu of monthly) surveillance reports with the Commission's Office of Financial Analysis.

4. Commencing on the October 1, 1988 effective date of the tariffs mentioned in paragraphs 1 and 2, supra, and for a period

of two years thereafter until October 1, 1990, Company shall not file tariffs for intrastate telecommunications services with the Commission designed to increase the aggregate level of its Missouri jurisdictional gross annual revenues, exclusive of franchise, gross receipts, sales or other taxes above the aggregate level of revenues produced by its intrastate telecommunications tariffs in effect on October 1, 1988.

5. Commencing on the October 1, 1988 effective date of the tariffs mentioned in paragraphs 1 and 2, supra, and for a period of two years thereafter until October 1, 1990, the Staff and Public Counsel shall not cause to be filed with the Commission any complaint, petition, application or other pleading, document or request, written or oral, alleging that Company's earnings are excessive and requesting that Company reduce the aggregate level of its Missouri jurisdictional gross annual revenues produced by Company's intrastate telecommunications tariffs in effect on October 1, 1988, or the effect of which is to cause the issuance by the Commission of a notice of complaint or show cause order involving a proposed reduction of Company's rates or revenues or which may result in a determination that Company's earnings are excessive or that its rates are not just and reasonable; however, the provisions of this paragraph shall not be construed to prevent the Commission from exercising its other statutory rights, duties and obligations with respect to Company, or prohibit the Staff or Public Counsel from conducting an investigation or audit during the two year period ending October 1, 1990, for purposes of

examining whether the intrastate telecommunications rates of Company are "just and reasonable" or excessive.

6. That the provisions of paragraph 4, supra, are not intended and shall not be construed to prevent Company from filing revised intrastate telecommunications tariffs which redesign all or a portion of the Company's intrastate telecommunications rates, but which do not increase the aggregate level of its Missouri jurisdictional gross annual revenues produced by its intrastate telecommunications tariffs in effect October 1, 1988, or from filing any pleading pursuant to the provisions of Chapters 386 and 392, RSMo Supp. 1987, or the Commission's Rules of Practice and Procedure other than a tariff filing as described in paragraph 4, supra.

7. Notwithstanding the provisions of paragraphs 4, 5, and 6, supra, no party shall be precluded from filing a tariff, complaint, petition, application, or other pleading which would have the effect of increasing or decreasing the aggregate level of Company's jurisdictional gross annual revenues produced by Company's intrastate telecommunications tariffs in effect on October 1, 1988, in the event extraordinary circumstances arise which are beyond the control of the Company and which would cause the continued adherence to this Stipulation and Agreement to become unfair and unreasonable. The burden will be upon the party making such filing prior to October 1, 1990 to demonstrate that extraordinary circumstances have arisen which are beyond the control of the Company and which would cause the continued

adherence to the Stipulation and Agreement to be unfair and unreasonable.

8. That this Stipulation and Agreement represents a negotiated dollar settlement for the sole purpose of disposing of the above-captioned case and none of the signatories to this Stipulation and Agreement shall be prejudiced by or bound by the terms of this Stipulation and Agreement in any other proceeding, or in this proceeding in the event the Commission does not approve this Stipulation and Agreement in its entirety.

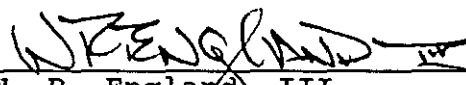
9. That the Parties to this Stipulation and Agreement shall not be deemed to have approved of or acquiesced in any ratemaking principle, valuation method, cost of service method, or rate design proposals; that any number used in this Stipulation and Agreement or in the rates and tariffs provided for by this Stipulation and Agreement shall not prejudice, bind or affect any Party thereto except to the extent necessary to effectuate the terms of this Stipulation and Agreement.

10. 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 Section 536.080(1), RSMo 1986; their rights pertaining to the reading of the transcript by the Commission pursuant to §536.080, RSMo 1986 and their rights to judicial review pursuant to §386.510, RSMo 1986.

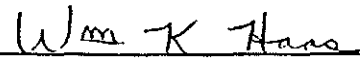
11. That the agreements in this Stipulation and Agreement have resulted from extensive negotiations among the signatory

Parties and are interdependent. In the event the Commission does not approve and adopt the terms of 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 October 1, 1988, 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.

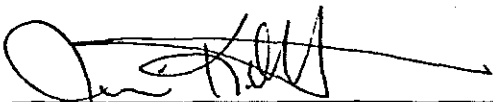
Respectfully submitted,



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Attorney for THE OFFICE
OF THE PUBLIC COUNSEL

Dated this 2nd day of September, 1988.

MISSOURI TELEPHONE - 1988 RATE REDUCTION

Local Line Rate Groups & Lines LOCAL and TOUCHTONE

		Current	Rate	New	Revenue	Rate	Res	Rate
		Rate	Change	Rate	Change	Ratios	Spread	
Group 1 (1-500)								
RESIDENCE	2477	\$6.90	-0.85	\$6.05	-25265			
BUSINESS	185	\$12.10	-1.60	\$10.50	-3552	1.736		
ROTARY TRUNK	11	\$18.15	-2.70	\$15.45	-356	1.471		

Group 2 (501-1000)

RESIDENCE	2387	\$7.30	-0.70	\$6.60	-20051		0.55
BUSINESS	271	\$12.70	-1.20	\$11.50	-3902	1.742	
ROTARY TRUNK	34	\$19.00	-2.00	\$17.00	-816	1.478	

Group 3 (1001+)

RESIDENCE	7893	\$7.70	-0.55	\$7.15	-52094		0.55
BUSINESS	1212	\$13.50	-1.05	\$12.45	-15271	1.741	
ROTARY TRUNK	551	\$20.25	-1.60	\$18.65	-10579	1.498	

15021 TOTAL w/TOUCHTONE -138022

+ or - Goal 5

REDUCTION GOAL -138017

TOUCHTONE CUSTOMERS

		** RATES	** Revenue	
		Current	New	Loss
Business	1110	\$1.20	\$1.20	0
Residence	3409	\$1.20	\$1.05	-6136

This rate design maintains the integrity of rate differential ratios of 1.75 for BUS to RES and 1.5 for ROTARY to BUS. It also makes a fairer rate difference for the RES rate between the different rate groups. Rate groups with much larger calling scopes should pay relatively more than small calling area rate groups (see "Res Rate Spread" column).

Missouri Telephone Company

Cancels 1st Revised Sheet No. 38.1

ACCESS SERVICES TARIFF CONCURRENCE

12. Rates and Charges12.1 Missouri Telephone Company12.1.1 Carrier Common Line Access Service

(A) Intrastate InterLATA

Carrier Common Line Access,
per minuteRate Tariff
 Section
 Reference

- Originating

\$0.0478

3.6

- Terminating

\$0.0818

3.6

(B) Intrastate IntraLATA

Carrier Common Line Access

- Originating

\$0.0325

3.6(E)

- Terminating

\$0.0557

3.6(E)

12.1.2 Switched Access Service(A) Nonrecurring Charges

Per Line or Trunk Connected

\$204.88

6.7.1(A)

(B) Local Transport*Per Access
Minute

1. FGC Premium Access, per minute

.0139

6.2(A)

2. FGA and FGB Premium Access, per
minuteCall Miles

0 to 1.

.0066

6.2(A)

Over 1 to 25.

.0139

6.2(A)

Over 25 to 50

.0525

6.2(A)

Over 50

.0823

6.2(A)

* The Local Transport rate includes non-chargeable Interface Groups and
Optional Features as set forth in 6.2(A)(1) and 6.2(A)(2).

Issued:

B. Wayne Clark

Effective:

President

P.O. Box 180

Bolivar, Missouri 65613