

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 3rd
day of May, 1990.

In the matter of the investigation of experimental extended)
measured service (EMS).) Case NO. TO-87-131
)

In the matter of the administration of community optional)
service (COS) program and the consideration of the inter-)
company compensation plan, expedited treatment of COS-related) Case No. TO-90-232
rate increases and attendant issues.)
)

In the matter of Southwestern Bell Telephone Company to file)
tariffs to provide community optional service and recover)
actual net revenue loss associated with provision of service) Case No. TR-90-300
to customers in the company's Missouri service area.)
)

ORDER DIRECTING CHANGES IN COMMUNITY OPTIONAL SERVICE
AND REVENUE DEFICIENCY TARIFFS FOR
SOUTHWESTERN BELL TELEPHONE COMPANY

On December 29, 1989, the Commission issued a Report And Order in Case
No. TO-87-131 effective January 9, 1990, ordering local exchange companies (LECs) to
implement community optional service (COS) where extended measured service (EMS) is
offered and in other qualifying exchanges. The Commission gave the affected LECs
until May 9, 1990 to implement COS.

On April 18, 1990, the Commission issued a Report And Order in Case
No. TO-90-232 establishing an intercompany compensation plan for division of COS
revenues. Also, the Commission authorized LECs which would be implementing COS on
May 9, 1990 to file tariffs based upon the compensation plan adopted.

On April 30, 1989, Southwestern Bell Telephone Company (SWB) filed tariffs
to implement COS and to recover the projected revenue deficiency from that implemen-
tation. On May 1, 1990, Public Counsel filed a motion regarding SWB's tariffs and
recommending the Commission suspend the revenue recovery tariffs.

Commission Staff filed a recommendation concerning the COS and revenue recovery tariffs of other companies on April 30, 1990, in which it addressed draft tariffs given to Staff by SWB. Staff filed its recommendation concerning SWB's proposed tariffs on May 3, 1990.

Staff's May 3 recommendation references the same concerns raised in its April 30 recommendation for other companies' tariffs. Staff recommends the Commission order SWB to comply with the recommendations in Attachment A to the April 30 recommendation, as modified by the Commission's May 1 order.

In addition, Staff recommends that SWB be required to provide COS to the Kansas portion of the Kansas City metropolitan area. This would bring SWB's tariffs into compliance with the Commission's December 29, 1989 Report And Order in Case No. TO-87-131. Staff also states that SWB, by implementing COS pursuant to the Commission's order, is not professing to offer this service.

Staff opposes SWB's revenue recovery tariffs on the same basis as Public Counsel. Staff indicates that SWB projects its losses due to COS implementation at \$1,462,910. This amount, Staff states, includes \$123,941 for COS from Pleasant Hill to Kansas City that will not be in service until June 30, 1990. Staff recommends that if the Commission approves SWB's revenue recovery tariffs, that they be adjusted for the June 30 service date for the Pleasant Hill to Kansas City route.

On May 1, 1990 the Commission issued an order requiring the other companies implementing COS to file substitute tariff sheets with revisions as recommended by Staff, as modified by the Commission in that order. SWB shall also comply with the Commission's May 1 order except as herein discussed. This means that SWB shall submit substitute tariff sheets in compliance with Attachment A to Staff's April 30 recommendation as modified, and shall comply with Attachment B to that recommendation with regard to record-keeping and notice. This includes tracking customers who discontinue service during the period the interim rates are in effect.

SWB's proposed revenue recovery tariffs do not increase local rates as do other companies' proposed tariffs. The Commission understands that because of SWB's

incentive plan, it chose to increase the rates for miscellaneous directory services. SWB shall file substitute tariff sheets retaining the proposal for rate increases to miscellaneous directory services but which comply with the Commission's May 1 order. In addition, the proposed rate increases should reflect a reduction for the June 30, 1990 service date for the Pleasant Hill to Kansas City route. The Commission will address in a later order Public Counsel and Staff's proposal to suspend SWB's revenue recovery tariffs.

To comply with the Commission order in TO-87-131, SWB shall provide service to the Kansas portion of the Kansas City metropolitan area. Also, the Commission understands SWB's position on the provision of service but finds the tariff language proposed by SWB is not appropriate. SWB is providing service pursuant to the Commission order as affirmed by the Circuit Court of Cole County.

SWB shall file its substitute tariff sheets in compliance with this order by 10:00 a.m. Friday, May 4, 1990. This will allow the Commission time to review the tariffs for compliance with this order and the other issues.

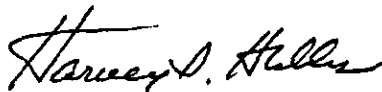
It is, therefore,

ORDERED: 1. That Southwestern Bell Telephone Company shall file substitute tariff sheets reflecting the Commission's decision in this order.

ORDERED: 2. That Southwestern Bell Telephone Company shall file substitute tariff sheets reflecting the Commission's decision concerning revenue recovery tariffs as discussed in this order.

ORDERED: 3. That this order shall become effective on the date hereof.

BY THE COMMISSION



Harvey G. Hubbs
Secretary

(S E A L)

Steinmeier, Chm., McClure and
Letsch-Roderique, concur.
Mueller and Rauch, CC., absent.