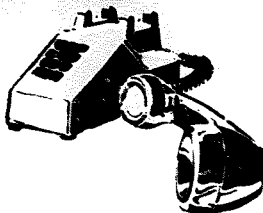


TEL-CENTRAL

of Jefferson City



130 E. High St.
Jefferson City, MO 65101
(314) 634-5445

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December 19, 1986

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Mr. Harvey Hubbs
Secretary
Missouri Public Service Commission
P. O. Box 360
Jefferson City, Missouri 65102

RE: TEL-CENTRAL of Jefferson City, Inc.

Dear Mr. Hubbs,

In response to the state of Missouri Public Service Commission Case No. AO-87-48, TEL-CENTRAL of Jefferson City, Inc. submits its report as follows:

TEL-CENTRAL of Jefferson City, Inc. began operations in May of 1983. The Company is still in its infancy, and as such, does not have meaningful historical data with which to respond to the Missouri Public Service Commission's request on each point regarding the effect of the Tax Reform Act of 1986.

On the attached Schedule A we have projected our income for the year ending April 30, 1987, and the resulting tax consequences using the current rates. We have also projected the same level of net income for the following two fiscal years and computed the tax using the rates provided in the Tax Reform Act of 1986. At the same projected net income levels, the tax rate changes provided for in the Tax Reform Act of 1986 result in an 11% decrease in income tax for the fiscal year ending April 30 1987, and a 13% decrease in income tax for the fiscal year ending April 30, 1988.

The capital recovery provision of the Tax Reform Act of 1986 will result in longer recovery periods for most assets acquired by capital expenditure projections on which to calculate the effect of the tax change.

Should the Commission need any additional information, please let us know.

Sincerely,

Bob Perkins
Vice President

Enclosure

TEL-CENTRAL OF JEFFERSON CITY

	Operating Results Year Ended 4-30-86	Operating Results Six Months Ended 10-31-86	Annualized Operating Results Year Ending 4-30-87	Projected Operating Results Years Ending 4-30-88 4-30-89	
Revenues	\$3,840,900	\$2,173,170	\$4,346,340	\$4,346,340	\$4,346,340
Cost of sales	<u>3,159,675</u>	<u>1,638,925</u>	<u>3,277,850</u>	<u>3,277,850</u>	<u>3,277,850</u>
Gross profit	681,225	534,245	1,068,490	1,068,490	1,068,490
General and administrative	<u>723,972</u>	<u>390,746</u>	<u>781,492</u>	<u>781,492</u>	<u>781,492</u>
Income from operations	(42,747)	143,499	286,998	286,998	286,998
Other income (expense):					
Interest income	\$ 8,731	\$ 7,585	\$ 15,170		
Other income	21,208	10,581	21,162		
Interest expense	<u>(15,642)</u>	<u>(4,231)</u>	<u>(8,462)</u>	<u>27,870</u>	<u>27,870</u>
Income (loss) before income taxes	(28,450)	157,434	314,868	314,868	314,868
Income taxes	<u>-</u>	<u>(55,080)</u>	<u>(129,848)</u>	<u>(115,420)</u>	<u>(112,544)</u>
Net income (loss)	<u>\$ (28,450)</u>	<u>\$ 102,354</u>	<u>\$ 185,020</u>	<u>\$ 199,448</u>	<u>\$ 202,324</u>