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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Investigation by the Staff)
of the Missouri Public Service Commission into) Case No. TR-98-347
the Earnings of McDonald County Telephone)
Company.)

ORDER ESTABLISHING AND GIVING NOTICE OF CASE

On February 13, 1998, the Staff of the Missouri Public Service Commission (Staff) and McDonald County Telephone Company (MCTC) filed a pleading entitled "Motion to Open Docket" with the Commission in which they requested the Commission to open a case to consider the Stipulation and Agreement (Agreement) reached between them. The proposed Agreement was also filed on February 13. The Office of the Public Counsel (OPC) signed neither the motion nor the Agreement.

In their motion, Staff and MCTC alleged that Staff had initiated a per book earnings review based upon the twelve months ending December 31, 1996, updated for known and measurable changes occurring during 1997. The Agreement proposed by Staff and MCTC would reduce MCTC's gross intrastate revenues by approximately \$91,145 on an annual basis and would be accomplished as a result of changes in intrastate rates. Under the proposed Agreement, MCTC would increase customer activity charges such as new installation, record change, programming and reconnection charges. MCTC would introduce a directory assistance charge, a new tariff for E911 trunks, and local operator charges. MCTC would decrease its billing and collection rates, and eliminate touch call rates. MCTC's charges for most switched access rates, including all CCL rates, End Office LS1 and

LS2 Switch rates, the Line Termination rate and the Directory Surcharges would be lowered or eliminated. MCTC's Local Switching rate would increase. MCTC' IntraLATA and InterLATA rates would be equalized. The Agreement also provides that MCTC would be permitted to accrue depreciation expense based on the depreciation rates set forth in Attachment B to the Agreement.

The Commission finds that Staff's and MCTC's motion to open a docket to address the proposed Agreement should be granted, and that the scope of the case should be the same as for any case involving an overearnings investigation.

MCTC has not filed tariff sheets to implement the proposed rate reductions, but the Agreement provides that MCTC will submit draft tariff sheets incorporating the proposed rate changes to Staff by March 6. The Commission finds that tariffs should not be filed with the Commission unless the Agreement is approved. Should the Commission approve the Agreement, MCTC would be directed to file conforming tariff sheets. Any tariffs filed prior to approval of the Agreement would be rejected as premature. However, draft tariff sheets, without a proposed effective date, may be submitted to the Staff for discussion purposes.

The Commission finds that interested persons should receive notice of the case. The Commission's Records Department should send a copy of this order to the county commissioners of McDonald County. The Records Department should also send a copy of this order to the mayor of every city located in McDonald County and to all certificated Missouri telecommunications companies.

Any party who wishes to intervene must file a written Application to Intervene within 30 days and address it to the Secretary of the Missouri

Public Service Commission, Post Office Box 360, Jefferson City,
Missouri 65102. Copies of any Application to Intervene must be sent to:

W.R. England, III
Brydon, Swearingen & England, P.C.
Post Office Box 456
Jefferson City, Missouri 65102

IT IS THEREFORE ORDERED:

1. That the motion filed by the Missouri Public Service Commission's Staff and McDonald County Telephone Company on February 13, 1998, is granted.

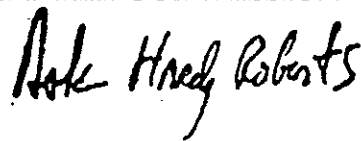
2. That Case No. TR-98-347 is established to address the investigation by the Missouri Public Service Commission Staff into the earnings of McDonald County Telephone Company.

3. That the Commission's Records Department and Information Officer shall send notice as described in this order.

4. That parties wishing to intervene shall file an application to intervene no later than March 30, 1998.

5. That this order shall become effective on February 27, 1998.

BY THE COMMISSION



(S E A L)

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

Amy E. Randles, Regulatory Law
Judge, by delegation of authority
pursuant to 4 CSR 240-2.120(1)
(November 30, 1995) and
Section 386.240, RSMo 1994.

Dated at Jefferson City, Missouri,
on this 27th day of February, 1998.

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**COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION**