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STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held at its office  
in Jefferson City on the 21st  
day of October, 1998.

In the Matter of the Investigation by the Staff )  
of the Missouri Public Service Commission into ) Case No. TR-98-346  
the Earnings of Citizens Telephone Company of )  
Higginville, Missouri, Inc. )

**ORDER APPROVING REVISED STIPULATION AND AGREEMENT**

The Staff of the Commission (Staff) and Citizens Telephone Company of Higginville, Missouri, Inc. (Citizens) entered into a Stipulation and Agreement that would result in a reduction to Citizen's rates of approximately \$170,024. Staff and Citizens jointly filed a motion on February 13, 1998 asking the Commission to open a case to consider approval of the stipulation.

The Commission issued an order establishing Case No. TR-98-346 and giving notice to interested parties. Timely applications to intervene were filed by Southwestern Bell Telephone Company (SWBT) and AT&T Communications of the Southwest, Inc. (AT&T). The Commission granted the interventions on April 10, set a prehearing conference for May 1, and directed the parties to file a procedural schedule by May 11. The parties ultimately filed a Revised Stipulation and Agreement on June 17. SWBT, AT&T, and OPC were not signatories to the agreement but each filed a letter advising the Commission that it had no objection to approval of the Revised Stipulation and Agreement.

The Commission directed Citizens to file a supplemental pleading giving further information regarding the proposed changes in depreciation

rates and reconciling an arithmetical inconsistency within the Revised Stipulation and Agreement. Citizens made its supplemental filing on October 13.

The Revised Stipulation and Agreement (Revised Agreement) was the result of an investigation into Citizens' earnings conducted by Staff, and subsequent negotiations between Staff and Citizens. Staff conducted an audit based on the 12 months ending December 31, 1996, updated for known and measurable changes that occurred during 1997.

The Revised Agreement (Exhibit A to this order) filed on June 17, 1998 calls for a reduction in Citizens' earnings of approximately \$170,121<sup>1</sup>. The specific rate reductions are set out in Attachment A to the Revised Agreement. They include a reduction of \$0.10 in residential rates from \$8.50 per month to \$8.40 per month, and a 50 percent reduction in the installation fee to \$15.00. The total impact of these two reductions is \$6,902.

The Revised Agreement provides for a reduction in the rates Citizens charges other carriers for billing and collection which will reduce its total revenues by \$53,593. The CCL (carrier common line) rates for terminating interLATA traffic will be reduced in order to move closer to parity with similar rates for terminating intraLATA traffic, for an overall impact of \$109,626.

Finally, the parties agreed to new depreciation rates specified in Attachment B to the Revised Agreement. In its Supplemental Filing Citizens set out the schedule of depreciation rates and demonstrated the

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<sup>1</sup> In its Supplemental Filing Citizens indicated that the correct amount of the total rate reduction is \$170,121 and that discrepancies between the figures in the Revised Agreement were the result of changes to the CCL (carrier common line) rates, the calculated effects of which were not rounded off.

proposed changes. The new depreciation schedule calls for depreciation of poles at 6.19 percent annually, compared to the current rate of 18.7 percent; and for depreciation of aerial cable at 5.52 percent, compared to the current rate of 21.9 percent. These changes will reduce Citizens' overall intrastate revenue requirement by \$23,514.

The Commission has reviewed the proposed Revised Agreement, Citizens' supplemental filing, and the official case file and finds that the Stipulation and Agreement filed by Staff and Citizens should be approved without an evidentiary hearing. The requirement for a hearing is met when the opportunity for hearing has been provided and no proper party has requested the opportunity to present evidence. State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission, 776 S.W.2d 494, 496 (Mo. App. 1989). Since no one has requested a hearing, the Commission may grant the relief requested based on the Agreement submitted and the filed letters stating the intentions of the intervenors. The Commission may accept a Stipulation and Agreement offered by the parties as a resolution of the issues raised in this case, pursuant to Section 536.060, RSMo Supp. 1997.

The Commission finds that the rate reductions proposed by the parties is in the public interest. The Commission finds that the movement toward parity between interLATA and intraLATA access rates is in keeping with the move to a more competitive toll market. The Commission will direct Citizens to file tariffs to implement the revenue changes approved and to give notice to its customers of the local rate reductions. The proposed notice shall be filed for Staff review of the notice language. Any objection to the proposed notice language must be made by motion.

**IT IS THEREFORE ORDERED:**

1. That the Revised Stipulation and Agreement filed by the Staff of the Commission and Citizens Telephone Company of Higginsville, Missouri, Inc. on June 17, 1998, is approved. The Revised Agreement shall become effective on the effective date of tariffs filed in conformance with this order to implement the authorized rate changes.

2. That Citizens Telephone Company of Higginsville, Missouri, Inc. shall file 30-day tariff sheets designed to implement the rate changes set out in the Revised Stipulation and Agreement approved by this order no later than ten days after the effective date of this order.

3. That Citizens Telephone Company of Higginsville, Missouri, Inc. shall provide notice to its customers of the local rate reductions as required by this order.

4. That this order shall become effective on November 3, 1998.

**BY THE COMMISSION**



**Dale Hardy Roberts**  
**Secretary/Chief Regulatory Law Judge**

( S E A L )

Lumpe, Ch., Drainer, Murray  
and Schemenauer, CC., concur.  
Crompton, C., dissents, with  
dissenting opinion to follow.

Wickliffe, Deputy Chief Regulatory Law Judge

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

**FILED**  
JUN 17 1998  
Missouri Public  
Service Commission

In the matter of the investigation into the       )  
earnings of Citizens Telephone Company       )  
of Higginsville, Missouri, Inc.               )  
Case No. TR-98-346

**REVISED**  
**STIPULATION AND AGREEMENT**

In May of 1997, the Staff of the Missouri Public Service Commission (Staff) began a per books review of the earnings of the Citizens Telephone Company of Higginsville, Missouri, Inc. (Company). Staff's audit was based upon the twelve (12) months ending December 31, 1996 updated for known and measurable changes occurring during 1997. Upon completion of its preliminary earnings analysis, the Staff began discussions with the Company. As a result of extensive negotiations, the Company and Staff entered into a Stipulation and Agreement which was filed with the Commission on or about February 13, 1998.

On February 27, 1998, the Commission issued its Order Establishing and Giving Notice of Case which, among other things, established March 30, 1998, as the date by which any interested party wishing to intervene should file its application to intervene.

On or about March 30, 1998, Southwestern Bell Telephone Company (SWBT) and AT&T Communications of the Southwest, Inc. (AT&T) filed applications to intervene.

On April 10, 1998, the Commission issued its Order Granting Intervention and Scheduling Prehearing Conference.

On May 1, 1998, representatives of the Company, Staff, the Office of Public Counsel (Public Counsel), SWBT and AT&T participated in the prehearing conference as directed by the Commission. As a result of that prehearing conference, the Company, Staff and Public Counsel agreed to submit a Revised Stipulation and Agreement. The remaining parties indicated that they

would have no objections to such a Revised Stipulation and Agreement. Accordingly, the Company, Staff and Public Counsel stipulate and agree as follows:

1. This Revised Stipulation and Agreement supersedes and replaces the Stipulation and Agreement previously filed on February 13, 1998, in this case.
2. The Company's intrastate revenues will be reduced by approximately \$170,024 on an annual basis. This overall reduction in revenues is to be accomplished as a result of changes in certain intrastate rates as more specifically described in Revised Attachment A, which is attached hereto and incorporated herein by reference.
3. The Company will prepare draft tariff sheets incorporating the rate changes identified in Revised Attachment A and provide such drafts to Staff and Public Counsel no later than July 1, 1998.
4. Beginning January 1, 1998, the Company shall be authorized to accrue depreciation expense based on the depreciation rates set forth in Attachment B, which is attached hereto and incorporated herein by reference.
5. The approval of this Revised Stipulation and Agreement in its entirety by the Commission will conclude Staff's per books earnings investigation of the Company upon which this settlement was based.
6. None of the signatories to this Revised Stipulation and Agreement shall have been deemed to have approved or acquiesced in any ratemaking or procedural principle or any method of cost determination or cost allocation, or any service or payment standard and none of the signatories shall be prejudiced or bound in any manner by the terms of this Revised Stipulation and Agreement in this or any other proceeding, except as otherwise expressly specified herein.

7. This Revised Stipulation and Agreement has resulted from extensive negotiations among the signatories and the terms hereof are interdependent. In the event the Commission does not approve and adopt this Revised Stipulation and Agreement in its entirety, then this Revised Stipulation and Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof.

8. In the event the Commission accepts the specific terms of this Revised Stipulation and Agreement, the Parties waive, with respect to the issues resolved herein: their respective rights to present testimony, to cross-examine witnesses, and to present oral argument and written briefs pursuant to Section 536.080.1 RSMo. 1994; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo. 1994; and their respective rights to judicial review pursuant to Section 386.510 RSMo. 1994.

9. If requested by the Commission, the Staff shall have the right to submit to the Commission a memorandum explaining its rationale for entering into this Revised Stipulation and Agreement. Each Party of record shall be served with a copy of any memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of the Staff's memorandum, a responsive memorandum which shall also be served on all Parties. All memoranda submitted by the Parties shall be considered privileged in the same manner as are settlement discussions under the Commission's rules, shall be maintained on a confidential basis by all Parties, and shall not become a part of the record of this proceeding or bind or prejudice the Party submitting such memorandum in any future proceeding or in this proceeding whether or not the Commission approves this Revised Stipulation and Agreement. The contents of any memorandum provided by any Party are its own and are not acquiesced in or otherwise adopted

by the other signatories to the Revised Stipulation and Agreement, whether or not the Commission approves this Revised Stipulation and Agreement.

WHEREFORE, the signatories respectfully request that the Commission issue its order approving the terms of this Revised Stipulation and Agreement and for such other orders as are reasonable in the circumstances.

Respectfully submitted,

Carol Keith By WRE

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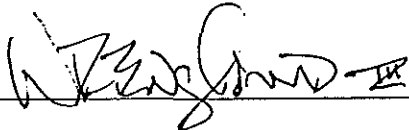


Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to the following:

Mr. Leo Bub  
Southwestern Bell Telephone Company  
One Bell Center, Room 3518  
St. Louis, MO 63101

Paul DeFord  
Lathrop & Gage L.C.  
2345 Grand Blvd.  
Kansas City, MO 64108



A handwritten signature, likely of Paul DeFord, is written over a horizontal line. The signature is in cursive and includes a small mark at the end that resembles a stylized 'M' or 'D'.

**Citizens Telephone Company of Higginsville, MO**  
**Rate Design Changes**

1. Local Rates - \$(3,512)  
 - It is proposed that Citizens' residence one-party rates be reduced by \$0.10 per month.  
 Citizens does not have any Touch calling additive rate.

Category	Current Rate	Proposed Rate	Revenue Change
Residence One-Party	\$8.50	\$8.40	\$(3,512)
Business One-Party	\$14.25	\$14.25	\$0
Total			\$(3,512)

2. Customer Activity Charges \$ (3,390)

Activity	Old Rate	New Rate
Service Installation	\$30.00	\$15.00

3. Billing and collecting rates \$ (53,593)

Rate Element	Old Rate	New Rate
Recording	\$0.0483	\$0.025
Message Bill Service	\$0.7203	\$0.26519

4. Switched Access Rates: \$(109,626)

The Carrier Common Line (CCL) rates for terminating interLATA traffic will be reduced toward parity with the terminating intraLATA rate to produce the full amount of the access rate reduction.

Rate Element	Old Rate	New Rate
CCL - InterLATA Originating	\$0.04450	\$0.04450
CCL - InterLATA Terminating	\$0.14408	\$0.08198
CCL - IntraLATA Orig. Full	\$0.04450	\$0.04450
CCL - IntraLATA Term. Full	\$0.07571	\$0.07571
Local Transport	\$0.02048	\$0.02048
Local Switching	\$0.02680	\$0.02680

Total Rate Design Changes \$(170,121)

**Citizens Telephone Company of Higginsville, MO  
Depreciation Rates**

2112.000	Motor Vehicles	4.30%
2116.000	Other Work Equipment	4.20%
2121.000	Buildings	2.60%
2122.000	Furniture & Office Equipment	5.10%
2123.100	Office Support Equipment	18.60%
2123.200	Company Comm Equipment	11.30%
2124.000	Gen Purpose Computers	21.00%
2210.000	Central Office Switching	6.80%
2232.000	Circuit Equipment	11.80%
2351.000	Public Tel Term Eq.	6.90%
2411.000	Poles	6.19%
2421.000	Aerial Cable	5.52%
2422.000	Underground Cable	4.20%
2423.000	Buried Cable	4.20%
2431.000	Aerial Wire	4.50%
2441.000	Conduit Systems	2.00%

Attachment B

RECEIVED

OCT 21 1998

COMMISSION COUNSEL  
PUBLIC SERVICE COMMISSION