B
A
20

319

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Investigation into the Earnings of Le-Ru Telephone Company.	)))	**CASE NO. TR-98-372**

ORDER ESTABLISHING CASE, GIVING NOTICE, AND SETTING INTERVENTION PERIOD

The Staff of the Missouri Public Service Commission (Staff) filed a Motion to Open Docket on February 27, 1998, asking the Commission to approve a Stipulation and Agreement between Staff and Le-Ru Telephone Company (Le-Ru).

Staff stated that it conducted a per book review of Le-Ru's earnings based upon the 12 months ending December 31, 1996, updated for known and measurable changes occurring during 1997. Staff and Le-Ru executed a Stipulation and Agreement (Attachment A to this order) resolving the issues surrounding Staff's audit. The agreement calls for a reduction in Le-Ru's gross intrastate revenues by approximately $312,010 annually. The reduction would be accomplished by changes in certain intrastate rates which are more specifically set forth in Attachment A to the Stipulation. The parties also agreed that beginning January 1, 1998, Le-Ru shall be authorized to accrue depreciation expense based on the depreciation rates set forth in Attachment B to the Stipulation. The Stipulation states that Le-Ru will provide draft tariff sheets incorporating the rate changes to Staff no later than March 20. The agreement states that none of the signatories have approved or acquiesced in any particular ratemaking or procedural principle or method of cost determination or allocation.

The Commission finds that the motion to open a case to address the Stipulation and Agreement should be granted. The Commission finds that interested persons should receive notice and an opportunity to intervene. The Commission's Records Department should send a copy of this order to the County Commissioners of McDonald and Newton counties, and to the mayor of every city located in these counties. The Records Department should also send a copy of this order to all certificated telecommunications carriers in Missouri. Any party wishing to intervene must file a written application to intervene no later than April 8, 1998, with the Secretary of the Missouri Public Service Commission, Post Office Box 360, Jefferson City, Missouri 65102. Copies of the application must be served on:

W.R. England, III
Brydon, Swearengen & England, P.C.
312 Capitol Avenue
P.O. Box 456
Jefferson City, Missouri 65102-0456

IT IS THEREFORE ORDERED:

1. That the Motion to Open Docket filed by the Commission's Staff on February 27, 1998 is granted.

2. That parties wishing to intervene shall file an application to intervene no later than April 8, 1998.

3. That the Commission's Records Department shall give notice as described in this order.

4. That this order shall become effective on March 9, 1998.

BY THE COMMISSION

Dale Hardy Roberts

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Elaine E. Bensavage, 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 9th day of March, 1998.

FILED
FEB 27 1998
MISSOURI
PUBLIC SERVICE COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the investigation into the earnings of Le-Ru Telephone Company.	))	Case No. TR-98-372

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 Le-Ru Telephone Company (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 signatories hereto stipulate and agree as follows:

1. The Company's gross intrastate revenues will be reduced by approximately $312,010 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 set forth in Attachment A, which is attached hereto and incorporated herein by reference.

2. The Company will prepare draft tariff sheets incorporating the rate changes identified in Attachment A and provide such drafts to Staff no later than March 20, 1998. (Permanent tariff sheets will not be filed with the Commission until it has approved this Stipulation and Agreement.)

3. 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.

4. The approval of this 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.

5. None of the signatories to this 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 Stipulation and Agreement in this or any other proceeding, except as otherwise expressly specified herein.

6. This 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 Stipulation and Agreement in its entirety, then this Stipulation and Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof.

7. In the event the Commission accepts the specific terms of this 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.

8. 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 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 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 Stipulation and Agreement, whether or not the Commission approves this Stipulation and Agreement.

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

Respectfully submitted,

Marc Poston, Mo. Bar No. 45722
Assistant General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102
(573) 751-8701
(573) 751-9285/Fax
Attorney for the
Missouri Public Service Commission

W.R. England, III, Mo. Bar No. 23975
Brydon, Swearengen & England P.C.
P.O. Box 456
Jefferson City, MO 65102
(573) 635-7166
(573) 634-7431/Fax

Attorneys for
Le-Ru Telephone Company

Certificate of Service

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

Michael Dandino
Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

____

Le-Ru Telephone Company
Rate Design Changes

1. Touch Calling Rates $ (20,218)

Activity	Old Rate	New Rate
Touch Calling Additive	$2.00	None

2. Local Service Rates $ (62,777)

Service	Current Rate	Proposed Rate
Business-	$23.35	$17.00
Business-School Discount	$18.68	$13.60
Residence	$14.65	$10.50
Residence-Vacation	$7.33	$5.25

3. Directory Assistance Charging $ 2,014

Charge will be $0.45 per call with a two free call allowance for each customer each month. Language regarding exemptions for physically handicapped from Citizens Telephone Company tariff will be included in the Le-Ru tariff.

4. Billing and collecting rates $ (26,188)

Rate Element	Old Rate	New Rate
Recording	$0.0483	$0.0250
Bill Processing	$0.0459	$0.0300
Message Bill Service	$0.7010	$0.2016
Data Transmission	$0.0084	$0.0030
Sample Message Data	$0.0163	$0.0023

6. Switched Access Rates: $(204,854)

The Carrier Common Line (CCL) intraLATA cap and intraLATA discounted CCL rates will be eliminated. CCL rates for interLATA and intraLATA will be brought into parity. Line Termination, End Office Switching, and Directory Surcharge rates will be combined into a single Local Switching Rate. The following switched access rates will be established:

Rate Element	Old Rate	New Rate
CCL - InterLATA Originating	$0.09410	$0.02671
CCL - InterLATA Terminating	$0.16120	$0.04567
CCL - IntraLATA Orig. Full	$0.08120	$0.02671
CCL - IntraLATA Term. Full	$0.13920	$0.04567
CCL - IntraLATA Orig. Disc.	$0.02280	None
CCL - IntraLATA Term. Disc.	$0.03910	None
Local Transport	$0.01910	$0.01910
Directory Surcharge	$0.000397	None
End Office Switch - LS1	$0.00770	None
End Office Switch - LS2	$0.01180	$0.02710
Line Termination	$0.01490	None

Total Rate Design Changes $(312,023)

Le-Ru Telephone Company
Depreciation Rates

2112.000	Motor Vehicles	10.23%
2114.000	Special Purpose Vehicles	6.71%
2121.000	Buildings	2.80%
2122.000	Furniture	6.71%
2123.000	Office Support Equipment	9.70%
2124.000	Gen Purpose Computers	13.59%
2212.000	Digital Elec. Switching	6.67%
2232.000	Circuit Equipment	10.30%
2362.000	Other Terminal Equipment	11.49%
2411.000	Poles	6.19%
2421.000	Aerial Cable	5.52%
2423.000	Buried Cable	4.29%

Attachment B