

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 30th
day of January, 1991.

In the matter of Contel of Missouri, Inc., for authority to)
file tariffs to implement Community Optional Service (COS),)
and to implement an interim local access end user charge to) Case No. TR-90-277
recover net revenue losses associated with provision of COS.)
)

In the matter of Contel System of Missouri, Inc., for)
authority to file tariffs to implement Community Optional)
Service (COS), and to implement an interim local access end) Case No. TR-90-278
user charge to recover net revenue losses associated with)
provision of COS.)
)

In the matter of The Kansas State Telephone Company, d/b/a)
Contel of Eastern Missouri, for authority to file tariffs to)
implement Community Optional Service (COS), and to implement) Case No. TR-90-279
an interim local access end user charge to recover net)
revenue losses associated with provision of COS.)
)

ORDER APPROVING MOTION TO APPROVE STIPULATION AND AGREEMENT
AND IMPLEMENT TARIFFS ON LESS THAN THIRTY DAYS NOTICE

On April 11, 1990, Contel of Missouri, Inc., Contel System of Missouri, Inc., and The Kansas State Telephone Company, d/b/a Contel of Eastern Missouri, (hereinafter collectively referred to as Contel) filed tariffs to implement Community Optional Service (COS) and effect an interim local charge to recover net revenue losses projected to result from the provision of COS. By an order issued May 4, 1990, Contel's tariffs were permitted to go into effect on an interim basis subject to refund commencing on May 9, 1990.

As a result of earnings investigations performed by the Office of Public Counsel (Public Counsel) and the Staff of the Missouri Public Service Commission, followed by discussions with Contel, the Public Counsel, Staff, and Contel have filed a proposed Stipulation And Agreement under which Contel shall eliminate its Interim Local Charge, resulting in the reduction of Contel's Missouri jurisdictional gross

annual revenues by approximately \$3.2 million. In addition, Contel will refund to its customers all moneys, together with interest thereon, which Contel has collected pursuant to the Interim Local Charge since May 9, 1990. The Stipulation And Agreement, which is attached hereto as Appendix A, also includes a forbearance by Contel of the filing of any tariffs designed to increase the aggregate level of Contel's Missouri jurisdictional gross annual revenues for a period up to and including July 1, 1992.

The Public Counsel, Staff, and Contel have also filed a joint motion seeking approval of the Stipulation And Agreement and the implementation of the tariffs on less than 30 days notice. The Commission is of the opinion and concludes that the proposed Stipulation And Agreement is reasonable and proper and should be adopted. The Commission also concludes that good cause exists for approval of the proposed tariffs on less than 30 days notice, since the proposed tariffs will result in an immediate reduction in rates, and refund, to Contel's local exchange customers.

IT IS THEREFORE ORDERED:

1. That the Stipulation And Agreement attached hereto as Appendix A be hereby adopted for disposition of all outstanding matters in these cases.

2. That the Motion To Approve Stipulation And Agreement And Implement Tariffs On Less Than Thirty Days Notice filed herein on January 23, 1991, be granted and the following tariff sheets be approved for service rendered on and after February 11, 1991.

The Kansas State Telephone Company, d/b/a Contel of Eastern Missouri:

PSC Mo. No. 1, Section 4, Second Revised Sheet 9
Canceling First Revised Sheet 9

Contel System of Missouri, Inc.:

PSC Mo. No. 3, Section 4, Second Revised Sheet 9
Canceling First Revised Sheet 9

Contel of Missouri, Inc.:

PSC Mo. No. 10, Section 4, Second Revised Sheet 10.2
Canceling First Revised Sheet 10.2

3. That Contel shall perform all acts provided for in Appendix A attached hereto and any and other acts necessary to effect the reduction and refund herein provided for.

4. That this order shall become effective on the date hereof.

BY THE COMMISSION

Brent Stewart

Brent Stewart
Executive Secretary

(S E A L)

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

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Contel of Missouri,)	
Inc., for Authority to File Tariffs)	
to Implement Community Optional Service)	
(COS), and to Implement an Interim)	Case No. TR-90-277
Local Access End User Charge to Recover)	
Net Revenue Losses Associated with)	
Provision of COS.)	

In the Matter of Contel System of)	
Missouri, Inc., for Authority to File)	
Tariffs to Implement Community Optional)	
Service (COS), and to Implement an)	Case No. TR-90-278
Interim Local Access End User Charge to)	
Recover Net Revenue Losses Associated)	
with Provision of COS.)	

In the Matter of Kansas State Telephone)	
Co. d/b/a Contel of Eastern Missouri,)	
for Authority to File Tariffs to)	
Implement Community Optional Service)	
(COS), and to Implement an Interim)	Case No. TR-90-279
Local Access End User Charge to Recover)	
Net Revenue Losses Associated with)	
Provision of COS.)	

STIPULATION AND AGREEMENT

In September, 1990, the Office of Public Counsel (Public Counsel) initiated its investigation of the earnings of Contel of Missouri, Inc., Contel System of Missouri, Inc. and The Kansas State Telephone Company d/b/a Contel of Eastern Missouri (hereinafter collectively referred to as "Contel"). In October of 1990, the Staff of the Missouri Public Service Commission (Staff) initiated its investigation of the earnings of Contel. At the conclusion of these investigations, Public Counsel and Staff met with representatives of Contel to discuss Public Counsel's and Staff's findings. As a result of those meetings, the undersigned

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Parties offer the following Stipulation and Agreement to the Missouri Public Service Commission (Commission) for its approval:

1. Contel shall eliminate its Interim Local Charge for bills rendered on and after March 1, 1991, or as soon as practicable following a Commission order approving this Stipulation and Agreement. The elimination of the Interim Local Charge will result in a reduction of Contel's jurisdictional gross annual revenues by approximately \$3.2 million. In addition, Contel will refund to its customers all monies (including interest thereon as provided in the Interim Local Charge tariff) which Contel has collected pursuant to said Interim Local Charge since May 9, 1990. The Parties agree that the elimination of the Interim Local Charge and the resulting annual revenue reduction of \$3.2 million (including the refund of the monies collected pursuant to said Charge), will satisfy any and all obligation Contel may have to reduce its rates as a result of the Public Counsel's and Staff's aforementioned earnings investigations, as well as any obligation to otherwise refund monies collected pursuant to the Interim Local Charge currently in effect. It will also eliminate the need for an audit by Staff of the monies which Contel has collected pursuant to the Interim Local Charge.

2. Contel shall notify its customers by a notice in its bills of the deletion of the Interim Local Charge. That notice shall be the same as the language contained in Attachment 1. Contel shall provide to Staff and Public Counsel a copy of any news

release prepared by it concerning the elimination of the Interim Local Charge prior to its release to the news services.

3. Any refunds or credits issued by Contel to its customers as required by paragraph 1 of this Stipulation and Agreement shall be made in accordance with the following procedure:

- A. Within one hundred and twenty (120) days of elimination of the Interim Local Charge, Contel shall credit the accounts of those customers remaining on its system. Contel shall notify its customers of the credits being given at the time such credits are made by providing a notice with customer bills. The notice given shall be provided to Staff and Public Counsel for their review before Contel's customers receive it.
- B. Within one hundred and twenty (120) days of elimination of the Interim Local Charge, Contel shall issue checks to those who are entitled to refunds and who are no longer customers of Contel provided that no one who has left Contel's system is entitled to a refund if the amount that would be paid is less than one dollar (\$1.00). Refund checks issued to those who are no longer customers of Contel shall be mailed to the last known address and shall bear a statement that the check is void ninety (90) days after the issuance thereof.
- C. At least thirty (30) days prior to issuing any credit or refund, Contel shall provide to Staff and Public Counsel

such information as is necessary to verify that Contel's method of calculating credits and refunds is accurate.

- D. Within ninety (90) days after the date that unnegotiated refund checks become void, Contel shall submit to Staff and Public Counsel a report containing the results of the credit and refund program.

4. Commencing on the effective date of the tariff eliminating the Interim Local Charge as provided in paragraph 1, supra, and for the period up to and including July 1, 1992, Contel shall not file tariffs for intrastate telecommunication services with the Commission which are designed to increase the aggregate level of Contel's Missouri jurisdictional gross annual revenues, exclusive of franchise, gross receipts, sales or other taxes above the aggregate level of revenues produced by Contel's intrastate telecommunications tariffs in effect on said effective date.

5. Commencing on the effective date of the tariff eliminating the Interim Local Charge as provided in paragraph 1, supra, and for the period up to and including July 1, 1992, the Staff and Public Counsel shall not perform or conduct any on-site investigation of the earnings of Contel nor shall they cause to be filed with the Commission any complaint, petition, application or other pleading, document or request, written or oral, alleging that Contel's earnings are excessive and requesting that Contel reduce the aggregate level of its Missouri jurisdictional gross annual revenues produced by Contel's intrastate telecommunications tariffs in effect on said effective date or the effect of which is to cause

the issuance by the Commission of a notice of complaint or show cause order involving a proposed reduction of Contel's rates or revenues or which may result in a determination that Contel's earnings are excessive or that its rates are not just and reasonable; however, the provisions of this paragraph shall not be construed to prevent the Commission from exercising its other statutory rights, duties and obligations with respect to Contel.

6. The provisions of paragraph 4, supra, are not intended and shall not be construed to prevent Contel from filing revised intrastate telecommunications tariffs which redesign all or a portion of Contel's intrastate telecommunications rates, but which do not increase the aggregate level of its Missouri jurisdictional gross annual revenues produced by its intrastate telecommunications tariffs in effect on the date the Interim Local Charge is eliminated, or from filing tariffs to implement new services, or from filing any pleading pursuant to the provisions of Chapters 386 and 392, RSMo 1986, as amended, or the Commission's Rules of Practice and Procedure other than a tariff filing as described in paragraph 4, supra. For example, Contel may refile an Interim Local Charge as a result of the future implementation of Community Optional Service (COS) routes which post-date those specified in the Commission's November 30, 1990 Order Approving Stipulations and Agreements in Case No. TO-90-232, as long as said charge maintains "revenue neutrality." Staff and Public Counsel do not hereby commit to recommend approval of any filings contemplated by this

paragraph, but they agree such proposals will be treated in the normal course of business.

7. Notwithstanding the provisions of paragraphs 4, 5, and 6, supra, no Party shall be precluded from filing a tariff, complaint, petition, application, or other pleading which would have the effect of increasing or decreasing the aggregate level of Contel's jurisdictional gross annual revenues produced by Contel's intrastate telecommunications tariffs in effect on the date the Local Interim Charge is eliminated, in the event extraordinary circumstances arise (such as statutory, regulatory or judicial actions) which are beyond the control of Contel, Staff or Public Counsel and which would cause the continued adherence to this Stipulation and Agreement to become unfair and unreasonable. The burden will be upon the Party making such filing prior to July 1, 1992, to demonstrate that extraordinary circumstances have arisen which are beyond the control of Contel, Staff or Public Counsel and which would cause the continued adherence to the Stipulation and Agreement to be unfair and unreasonable.

8. This Stipulation and Agreement represents a negotiated dollar settlement for the purpose of disposing of Staff's and Public Counsel's pending earnings investigations and any issues which may exist concerning Contel's Interim Local Charge (Commission Cases No. TR-90-277, TR-90-278 and TR-90-279) and none of the signatories to this Stipulation and Agreement shall be prejudiced or bound by the terms of this Stipulation and Agreement in any other proceeding, or in this proceeding, in the event the

Commission does not approve this Stipulation and Agreement in its entirety.

9. The Parties to this Stipulation and Agreement shall not be deemed to have approved of or acquiesced in any ratemaking principle, valuation method, cost of service method, or rate design proposals; that any number used in this Stipulation and Agreement or in the rates and tariffs provided for by this Stipulation and Agreement shall not prejudice, bind or affect any Party thereto except to the extent necessary to effectuate the terms of this Stipulation and Agreement.

10. In the event the Commission accepts the specific terms of this Stipulation and Agreement, the Parties waive their rights to present oral argument and written briefs pursuant to Section 536.080(1), RSMo 1986, as amended; their rights pertaining to the reading of the transcript by the Commission pursuant to §536.080, RSMo 1986, as amended, and their rights to judicial review pursuant to §386.510, RSMo 1986, as amended.

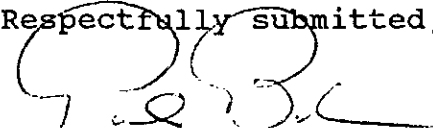
11. The agreements in this Stipulation and Agreement have resulted from extensive negotiations among the signatory Parties and are interdependent. In the event the Commission does not approve and adopt the terms of this Stipulation and Agreement in its entirety, the Parties agree that this Stipulation and Agreement shall be void and no Party shall be bound by any of the agreements or provisions hereof.

12. The Staff shall have the right to submit to the Commission, in memorandum form, an explanation of its rationale for

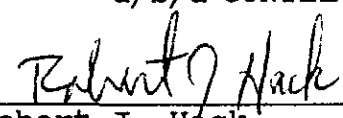
entering into this Stipulation and Agreement, and to provide to the Commission whatever further explanation the Commission requests. The Staff's memorandum shall not bind or prejudice the Staff in any future proceeding or in this proceeding in the event the Commission does not approve the Stipulation and Agreement. Any rationales advanced by Staff in such a memorandum are its own and not acquiesced in or otherwise adopted by the other stipulating parties.

Dated this 23rd day of January, 1991

Respectfully submitted,



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-IMPORTANT NOTICE-

COS INTERIM CHARGE DISCONTINUED

Effective with this bill, the monthly interim local charge for Community Optional Service (COS) has been discontinued. The monthly rate of \$1.05 for residential customers and \$2.10 for business customers was first charged in May, 1990. Its purpose was to compensate for projected revenue losses caused by implementing COS routes prior to April, 1991.

After independent reviews of Contel's operating revenues in Missouri, the Missouri Public Service Commission, the Office of the Public Counsel, and Contel agreed to discontinue the interim local charge. Customers will also receive one-time credits, plus nine percent interest for the amount of the surcharge paid since May, 1990.

The one-time credit will appear on your bill within the next one hundred twenty days.

This decision will result in a \$3.2 million annual reduction in Contel's operating revenues.

Thank you.