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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 22nd
day of August, 1997.

Southwestern Bell Telephone Company's)
Application for a Variance from)
4 CSR 240-10.080.)

CASE NO. TO-97-384

ORDER GRANTING VARIANCE

On March 17, 1997, Southwestern Bell Telephone Company (SWBT) filed an application for a variance from Commission rule 4 CSR 240-10.080. This rule requires the Company to file an annual report by April 15th of each year. SWBT requests approval to: (1) continue to file a copy of the Automated Reporting and Management Information System (ARMIS) report with supplements to meet the annual report filing requirement; (2) modify the reporting for Schedule 2 of the form report; and (3) late-file its 1997 supplemental schedules.

SWBT states in its application that it has historically complied with the annual reporting requirement by filing with the Commission a copy of its ARMIS report which is also filed with the Federal Communications Commission. SWBT states it has historically filed supplemental schedules for additional information requested in the Commission's Form M as requested by Staff. In addition, because of its large number of employees, SWBT traditionally reported on Schedule 2 of the form only employees earning over \$100,000 instead of all those earning over \$50,000. SWBT filed this application for variance because the Commission amended 4 CSR 240-10.080 effective October 30, 1996, mandating the use of its own form or a computer-generated replica. Attached to

SWBT's application as Attachment 2 is a schedule comparing the Form M filing requirements with items contained in the SWBT filing package.

SWBT maintains that since its Automated Reporting and Management Information System (ARMIS) report is substantially similar to the Commission's Form M, this variance will save SWBT substantial effort in recompiling and reformatting the data and will not materially impact the Commission or its use of the information. SWBT requests the Commission to issue a variance permitting it to: (1) continue to use its ARMIS report, as supplemented, to meet the annual filing requirement; (2) continue reporting only employees earning over \$100,000 per year on Missouri PSC Form - Schedule 2; and, (3) to file its supplemental schedules using existing company reports and to file the 1997 supplemental schedules thirty days after the filing deadline. In addition, SWBT requests a further extension if the Commission needs additional time to review this application.

The Office of the Public Counsel (Public Counsel) filed its response to SWBT's application for variance on April 22. Public Counsel requested that SWBT be required to supplement its annual filing with the 43-03 ARMIS Joint Cost Report or with some similar report which provides Missouri specific expenses and operating statements for the reporting year. Public Counsel further requested that SWBT report employees earning more than \$50,000 per year and provide all the data at the time the report is filed without requiring subsequent requests for data.

On May 2 SWBT filed its reply to Public Counsel's response. SWBT argued the ARMIS Report 43-03 is not the best source for the information requested by Public Counsel because it includes additional information regarding regulated and nonregulated activities not otherwise required to be filed with the Commission. SWBT stated that the following

reports, produced in the normal course of preparing its accounting books, provide the Missouri specific expenses and operations:

CAP 1 - Expense Matrix Total by Final Account for Missouri
MR Report No. 101 - Income Statement
MR Report No. 6 - Changes in Telecommunications Plant Accounts
MR and FR Report No. 16 - Accumulated Depreciation and Amortization

SWBT states it is willing to include these reports as a supplement to its annual filing package.

In response to Public Counsel's concerns, SWBT states that the \$50,000 threshold for total salary and other compensation is no longer representative of executive level compensation, especially in metropolitan areas. Therefore, SWBT concludes that continued reporting at the \$100,000 level provides more meaningful information and complies with the spirit of the rule.

On August 12 the Staff of the Commission (Staff) filed a memorandum in the official case file which indicated that most of the data requested on the Commission's form is contained in the ARMIS report. Staff therefore recommended that the Commission approve SWBT's request to substitute the ARMIS Report for the Missouri Public Service Commission (PSC) annual report form, subject to SWBT providing the missing information in supplemental schedules and including an index or cross reference chart at the front of the report to assist the reader.

Staff's report stated that after further discussion with the parties, Public Counsel no longer objected to SWBT's request to submit salary information only for employees earning over \$100,000. Staff recommends that, based on the past practice of reporting only employees earning over \$100,000, the Commission should approve SWBT's request.

Staff notes that the request for a 30-day extension pertains to information contained in Missouri PSC annual report form Schedules 1, 2,

4, 7, 9, 16, 19, 20, 21 and 24 which is not contained in the ARMIS report. Staff reports that SWBT filed Schedules 2, 4, and 21 on April 23, 1997; however, SWBT has not filed the remaining information. Since the May 15, 1997 date is now moot, Staff recommends that SWBT submit the remaining data within 30 days of receiving a copy of Staff's recommendation.

The Commission has reviewed the application filed by SWBT, the response filed by Public Counsel, the reply filed by SWBT and the Staff's memorandum. The Commission finds that the request for variance is reasonable and should be granted subject to conditions recommended by Staff. The Commission finds that SWBT should be permitted to file its ARMIS report instead of the Missouri PSC annual report form and provide the missing information in supplemental schedules, including an index or cross reference chart at the front of the report. The Commission finds that SWBT should continue to report Schedule 2 information only for employees earning over \$100,000 per year. The Commission further finds that SWBT should supply the remaining information required in Missouri PSC annual report form Schedules 1, 7, 9, 16, 19, 20 and 24 which is not contained in the ARMIS report on or before September 15, 1997.

IT IS THEREFORE ORDERED:

1. That the Application for Variance filed by Southwestern Bell Telephone Company on March 17, 1997, is granted subject to the conditions set forth in Ordered Paragraph 2.

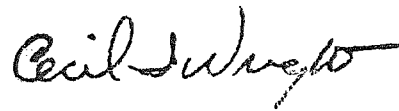
2. That Southwestern Bell Telephone Company is granted a variance from 4 CSR 240-10.080 to substitute the Automated Reporting and Management Information System (ARMIS) Report for the Missouri Public Service Commission annual report form, to provide the missing information from the Missouri Public Service Commission annual report form in supplemental schedules, including an index or cross reference chart-at the

front of the report, and to report Schedule 2 information only for employees earning over \$100,000 per year.

3. That Southwestern Bell Telephone Company shall supply supplemental schedules concerning the information required in Missouri PSC annual report form Schedules 1, 7, 9, 16, 19, 20 and 24 on or before September 15, 1997.

4. That this order shall become effective on September 2, 1997.

BY THE COMMISSION

A handwritten signature in dark ink, appearing to read "Cecil I. Wright", with a stylized flourish at the end.

**Cecil I. Wright
Executive Secretary**

(S E A L)

Lumpe, Ch., Crumpton, Murray,
and Drainer, CC., concur.

ALJ: George