



Missouri Public Service Commission

Area Code 314
751-3234

P.O. BOX 360
JEFFERSON CITY
MISSOURI 65102

April 27, 1987

Commissioners:

VILLIAM D. STEINMEIER
Chairman
CHARLOTTE MUSGRAVE
ALLAN G. MUELLER
CONNIE B. HENDREN
JAMES M. FISCHER

ROBERT J. SCRIBNER
Staff Director

HARVEY G. HUBBS
Secretary

WILLIAM C. HARRELSON
General Counsel

Mr. Harvey G. Hubbs
Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

RE: Case No. AO-87-48 - In the matter of the investigation of the revenue effects upon Missouri utilities of the Tax Reform Act of 1986; and

Case No. TR-87-126 - In the matter of ALLTEL Missouri, Inc. for authority to file tariffs decreasing rates for telephone service provided to customers in the Missouri Service area of the Company.

Dear Mr. Hubbs:

Enclosed for filing in the above-captioned cases is an original and fourteen (14) copies of a Stipulation And Agreement. Copies have been sent to all parties of record.

Thank you for your assistance in bringing this matter to the Commission's attention.

Sincerely,

Thomas M. Byrne
Assistant General Counsel

TMB/mjm

Enclosures

cc: Bob Schallenberg
Greg Meyer
Tom Imhoff

FILED

APR 27 1987

PUBLIC SERVICE COMMISSION

FILED
APR 27 1987
PUBLIC SERVICE COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the investigation)
of the revenue effects upon)
Missouri utilities of the Tax)
Reform Act of 1986.)

Case No. AO-87-48 ✓

In the matter of ALLTEL Missouri,)
Inc. for authority to file tariffs)
decreasing rates for telephone)
service provided to customers in)
the Missouri service area of the)
Company.)

Case No. TR-87- 126

STIPULATION AND AGREEMENT

On or about December 15, 1986, and March 2, 1987, ALLTEL caused to be filed with the Commission, in Case No. AO-87-48, certain information concerning the impact on ALLTEL of the Tax Reform Act of 1986. Commencing in February, 1987, the Staff of the Missouri Public Service Commission ("Staff") conducted a review of the books and records of ALLTEL Missouri, Inc. ("ALLTEL"). Subsequently, representatives of Staff, the Office of the Public Counsel ("Public Counsel") and ALLTEL engaged in discussions concerning the impact of the Federal Tax Reform Act of 1986 on Company's revenue requirement and the results of Staff's review of ALLTEL's books and records. As a result of these discussions, the parties stipulate and agree as follows:

1. That effective June 1, 1987, ALLTEL be authorized to implement revised tariffs for certain categories of telephone service designed to decrease Missouri jurisdictional gross annual

revenues by \$800,000, exclusive of license, occupation, franchise, sales, gross receipts or other similar fees or taxes;

2. That the specific rates to be reduced and the approximate annual effect of said rate reductions are as follows¹:

- a). local exchange access line rates
(an approximate 24.7% reduction) (\$616,600)
- b). mileage charges (an approximate 61.5%
reduction) (\$183,400)

3. That this Stipulation and Agreement is a negotiated dollar settlement. For purposes of Staff's review of ALLTEL's books and records and Case No. AO-87-48, "In the matter of the investigation of the revenue effects upon Missouri utilities of the Tax Reform Act of 1986", this Stipulation and Agreement is intended to include, reflect, and fully dispose of any decreases in ALLTEL's gross annual revenue requirement for its Missouri jurisdictional operations which presently have been determined to result from the provisions of the Federal Tax Reform Act of 1986. In addition, ALLTEL shall not be subject to any present or future requirements of the Commission's Federal Tax Reform Act docket, Case No. AO-87-48; it being understood, however, that neither

1. The actual rates by rate group are shown on Appendix "A" attached hereto.

Staff or any other party is bound in any proceeding other than the above-captioned dockets regarding the effects of the Tax Reform Act on ALLTEL's revenue requirement;

4. That this Stipulation and Agreement is intended to be binding on the parties and the Commission in regard to Staff's review of ALLTEL's books and records and Case No. AO-87-48 (as it relates to Alltel); that none of the provisions of this Stipulation and Agreement, however, shall prejudice, bind or otherwise affect any party should the Commission decide not to approve this Stipulation and Agreement in its entirety or in any way condition its approval of same;

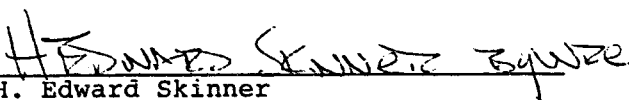
5. That except as otherwise expressly provided herein, the parties to this Stipulation and Agreement shall not be deemed to have approved of or acquiesced in any express or implied ratemaking principle, valuation method, cost of service method, or rate design proposal;

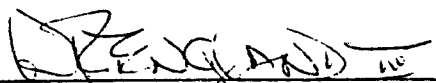
6. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their respective rights to present oral arguments or written briefs, pursuant to Section 536.080(1), RSMo 1986, and their respective rights to judicial review regarding the disposition of these matters, pursuant to Section 386.510, RSMo 1986;

7. That the agreements contained in this Stipulation and Agreement have resulted from extensive negotiations among the signatory parties and are interdependent; that in the event that


the Commission does not approve and adopt the terms of this Stipulation and Agreement and in the event the tariffs agreed to herein do not become effective in accordance with the provisions contained herein, this Stipulation and Agreement shall be void and no party shall be bound by any of the agreements or provisions hereof.

Respectfully submitted,

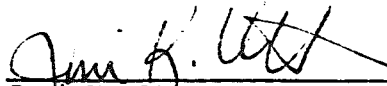

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Attorneys for the Office of the
Public Counsel

Dated: April 27, 1987

ALLTEL PROPOSED RATE DESIGN

GROUP I-A

SVC. TYPE	QUANTITIES	EXT. RATES	PRO. RATES (NICKEL ROUNDED)	PERCENTAGE	RATE DIFFER- ENTIAL	ANNUAL REVENUE DIFFERENTIAL
R1	1478	\$6.50	\$4.85	25.50	\$1.65	\$29,264.40
R2	3	\$4.90	\$3.80	22.50	\$1.10	\$39.60
R4	2880	\$6.85	\$5.10	25.50	\$1.75	\$60,480.00
B1 ROT	0	\$14.00	\$10.45	25.50	\$3.55	\$0.00
B1 NON ROT	254	\$13.05	\$9.75	25.50	\$3.30	\$10,058.40
B4	107	\$8.15	\$6.05	26.00	\$2.10	\$2,696.40
KEY SYS	27	\$14.00	\$14.00	0.00	\$0.00	\$0.00
PBX TK	0	\$19.55	\$14.00	28.00	\$5.55	\$0.00
SEMI PUB	4	\$19.55	\$14.00	28.00	\$5.55	\$266.40

 \$102,805.20

RATE II-A

SVC. TYPE	QUANTITIES	EXT. RATES	PRO. RATES (NICKEL ROUNDED)	PERCENTAGE	RATE DIFFER- ENTIAL	ANNUAL REVENUE DIFFERENTIAL
R1	1212	\$6.95	\$5.20	25.00	\$1.75	\$25,452.00
R2	22	\$5.20	\$3.90	25.00	\$1.30	\$343.20
R4	2049	\$7.30	\$5.45	25.00	\$1.85	\$45,487.80
B1 ROT	0	\$15.00	\$11.20	25.00	\$3.80	\$0.00
B1 NON ROT	242	\$13.95	\$10.35	26.00	\$3.60	\$10,454.40
B4	69	\$8.75	\$7.00	20.00	\$1.75	\$1,449.00
KEY SYS	60	\$15.00	\$15.00	0.00	\$0.00	\$0.00
PBX TK	2	\$20.95	\$15.00	28.00	\$5.95	\$142.80
SEMI PUB	6	\$20.95	\$15.00	28.00	\$5.95	\$428.40

 \$83,757.60

RATE I-B

SVC. TYPE	QUANTITIES	EXT. RATES	PRO. RATES (NICKEL ROUNDED)	PERCENTAGE	RATE DIFFER- ENTIAL	ANNUAL REVENUE DIFFERENTIAL
R1	739	\$7.50	\$5.55	26.00	\$1.95	\$17,292.60
R2	0	\$0.00	\$0.00	0.00	\$0.00	\$0.00
R4	0	\$0.00	\$0.00	0.00	\$0.00	\$0.00
B1 ROT	0	\$11.10	\$11.95	26.00	\$4.15	\$0.00
B1 NON ROT	38	\$16.00	\$11.05	26.00	\$3.95	\$1,801.20
B4	0	\$0.00	\$0.00	0.00	\$0.00	\$0.00
KEY SYS	0	\$16.10	\$15.90	1.00	\$0.20	\$0.00
PBX TK	0	\$22.15	\$15.90	28.00	\$6.25	\$0.00
SEMI PUB	0	\$22.15	\$15.90	28.00	\$6.25	\$0.00
						<hr/> \$19,093.80

RATE II-B

SVC. TYPE	QUANTITIES	EXT. RATES	PRO. RATES (NICKEL ROUNDED)	PERCENTAGE	RATE DIFFER- ENTIAL	ANNUAL REVENUE DIFFERENTIAL
R1	1151	\$8.00	\$5.90	26.00	\$2.10	\$29,005.20
R2	0	\$0.00	\$0.00	0.00	\$0.00	\$0.00
R4	0	\$0.00	\$0.00	0.00	\$0.00	\$0.00
B1 ROT	0	\$17.20	\$12.75	26.00	\$4.45	\$0.00
B1 NON ROT	113	\$16.05	\$11.90	26.00	\$4.15	\$5,627.40
B4	0	\$0.00	\$0.00	0.00	\$0.00	\$0.00
KEY SYS	39	\$17.20	\$17.05	1.00	\$0.15	\$70.20
PBX TK	2	\$23.75	\$17.05	28.00	\$6.70	\$160.80
SEMI PUB	3	\$23.75	\$17.05	28.00	\$6.70	\$241.20
						<hr/> \$35,104.80

RATE III-B

SVC. TYPE	QUANTITIES	EXT. RATES	PRO. RATES (NICKEL ROUNDED)	PERCENTAGE	RATE DIFFER- ENTIAL	ANNUAL REVENUE DIFFERENTIAL
R1	973	\$8.60	\$6.35	26.00	\$2.25	\$26,271.00
R2	0	\$0.00	\$0.00	0.00	\$0.00	\$0.00
R4	0	\$0.00	\$0.00	0.00	\$0.00	\$0.00
B1 ROT	0	\$18.50	\$13.70	26.00	\$4.80	\$0.00
B1 NON ROT	90	\$17.20	\$12.75	26.00	\$4.45	\$4,806.00
B4	0	\$0.00	\$0.00	9.00	\$0.00	\$0.00
KEY SYS	26	\$18.50	\$18.25	1.00	\$0.25	\$78.00
PBX TK	4	\$25.50	\$18.25	28.00	\$7.25	\$348.00
SEMI PUB	3	\$25.50	\$18.25	28.00	\$7.25	\$261.00
						<u>\$31,764.00</u>

RATE IV-B

SVC. TYPE	QUANTITIES	EXT. RATES	PRO. RATES (NICKEL ROUNDED)	PERCENTAGE	RATE DIFFER- ENTIAL	ANNUAL REVENUE DIFFERENTIAL
R1	0	\$9.00	\$6.65	26.00	\$2.35	
R2	0				\$0.00	
R4	0				\$0.00	
B1 ROT	0	\$19.35	\$14.25	26.00	\$5.10	
B1 NON ROT	0	\$18.00	\$13.30	26.00	\$4.70	
B4	0				\$0.00	
KEY SYS	0	\$19.35	\$19.00	2.00	\$0.35	
PBX TK	0	\$26.60	\$19.00	29.00	\$7.60	
SEMI PUB	0	\$26.60	\$19.00	29.00	\$7.60	

GRAND TOTAL OF ALL ANNUAL REVENUE DIFFERENTIALS =

\$616,612.80

Please Wait...

MILEAGE

MILEAGE	QUANTITY	PRESENT RATE	PRESENT REVENUE	PROPOSED RATE	PROPOSED REVENUE
1 LEAD	317	\$1.30	\$412.10	\$0.50	\$158.50
1 LEM2	289	\$2.60	\$751.40	\$1.00	\$289.00
1 LESP	785	\$1.30	\$1,020.50	\$0.50	\$392.50
1 LMLA	363	\$1.30	\$471.90	\$0.50	\$181.50
1 LML1	98	\$3.90	\$382.20	\$1.50	\$147.00
1 LXB1	16771	\$1.30	\$21,802.30	\$0.50	\$8,385.50
TOTAL REVENUES			\$24,840.40		\$9,554.00
TOTAL REVENUES X 12 MONTHS			\$298,084.80		\$114,648.00

*Decrease
mi. Chgs.*

(#183,436.80)