

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Earnings Review)
of Stoutland Telephone Company.)

Case No. TO-96-349

DISSENTING OPINION OF COMMISSIONER KENNETH MCCLURE

I respectfully, but strongly, dissent from the decision of my colleagues to reject the Stipulation and Agreement (S & A) in this case. In my opinion, it should be approved. Stoutland presently has the highest rates for switched access of any local exchange company in the state. Indeed, over 86% of its total revenue stream comes from access. Even if the S & A was to be accepted in its entirety, Stoutland's dependence upon access charges is still unacceptably high.

In reaching its decision, the Commission appears to be making unfounded assumptions. Its suggested rates of \$8.75 and \$13.25 for residential and business, respectively, are arbitrary numbers. There has been no cost of service study conducted for Stoutland to determine whether or to what degree basic local residential and business rates are being subsidized. The high level of access, coupled with the fact that Stoutland is a recipient of universal service funds, leads one to conclude that, at least as far as Stoutland is concerned, there is some degree of subsidy. In addition, the Commission is assuming that the current level of universal service funding will at least be maintained.

This situation is somewhat analogous to what the Commission has been seeing with energy companies. Simply because local ratepayers contribute to Stoutland's total revenues, it does not necessarily follow that they are entitled to a reduction in an overearnings investigation. It is much too

premature to reach that conclusion. I would urge the Commission to tread very lightly down the direction in which it seems to be heading.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read 'Kenneth McClure', written in dark ink.

Kenneth McClure
Commissioner

Dated at Jefferson City, Missouri,
this 21st day of August, 1996.