

Exhibit No.:
Issue: *Surcharge Calculation*
Witness: *William A. Meyer, JR., CPA*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case No.: *TT-2001-328*

FILED
MAR 01 2001

Missouri F
Service Commission

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

REBUTTAL TESTIMONY

OF

WILLIAM A. MEYER, JR., CPA

OREGON FARMERS MUTUAL TELEPHONE COMPANY

CASE NO. TT-2001-328

Jefferson City, Missouri
March 2001

Rebuttal Testimony of
William A. Meyer, Jr., CPA

1 National Association of Regulatory Utility Commissioners (NARUC) Staff
2 Subcommittee on Accounts. During that time I held various positions of responsibility
3 for the NARUC Staff Subcommittee on Accounts.

4 Q. Have you previously testified before this Commission?

5 A. Yes, I have. Please refer to Schedule 1, attached to my rebuttal testimony,
6 for a list of cases in which I have previously filed testimony.

7 Q. In reference to Case No. TT-2001-328, have you made an investigation or
8 study of the request of Oregon Farmers Mutual Telephone Company (Company) to make
9 permanent its interim surcharge implemented in Case Nos. TO-99-254 and TO-99-518?

10 A. Yes, I have, with the assistance of other members of the Staff.

11 Q. On what areas will you be testifying?

12 A. I am providing alternative Staff testimony addressing whether the
13 Commission should approve the Company's request to make the interim tariffs permanent or
14 recommend that the Company be required to refund all or part of the interim tariffs collected
15 subject to refund solely on the basis that interim rate collections have over recovered the
16 revenue losses associated with elimination of the Primary Toll Carrier (PTC) plan.

17 Q. Why did you state "alternative Staff testimony"?

18 A. The Staff's primary recommendations are addressed in the rebuttal
19 testimonies of Mark L. Oligschlaeger and Steve M. Traxler of the Accounting Department.
20 My testimony is intended to address solely the Company's contention that no refund to
21 customers is required as it alleges that the Company revenues do not exceed the PTC revenue
22 neutrality levels, as discussed by the Company in the direct testimony of Robert C.
23 Schoonmaker.

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1 Q. In your opinion have the Company's revenues exceeded the PTC revenue
2 neutrality levels once the PTC plan was eliminated?

3 A. No, when looking only at the narrow issue of whether revenue losses from a
4 loss in pre-PTC access minutes charged at the pre-interim rates were offset by revenue gains
5 from an increased tariff rate charged on the new level of access minutes.

6 Q. What is the annualized impact of the interim rates?

7 A. The Company, as adjusted for anomalies in recorded minutes of use, has
8 collected \$67,168 subject to refund for the period August 1999 through December 2000.

9 Q. Please describe the adjustments in recorded minutes you have made.

10 A. Schedule 2, attached to this testimony, is a chart which depicts the unadjusted
11 Intrastate Interlata and Intralata terminating minutes of use that shows large variations in
12 minutes of use data that occurred at the time the PTC plan was eliminated and interim rates
13 implemented. Separate analysis of recorded revenues did not support the above variations.
14 Therefore, I eliminated the material variations in recorded minutes of use for October 1999
15 through January 2000 and September 2000. Schedule 3 depicts this same data after my
16 adjustments.

17 Q. Please identify the revenue stream associated with the interim rates.

18 A. I have prepared Schedule 4, which depicts the trend in Carrier Common Line
19 Access revenues (CCL) revenues collected by the Company with and without the interim
20 rate. You will note a major trend upward in CCL revenues starting in late 1997 until the PTC
21 plan was eliminated.

22 Q. Can you explain why there was a major trend upward in CCL revenues during
23 that period?

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1 A. I believe the primary reason for this trend is found on Schedule 5. From late
2 1997 through early 1999 the number of originating minutes of use doubled. In my opinion,
3 the increased long distance minutes should be attributed to the growing internet access
4 market use of discounted COS tariffs in place of providing local access.

5 Q. By your calculation, what annualized level of CCL would the Company have
6 received if the PTC plan had not been terminated?

7 A. Due to the trends discussed above, certain assumptions are necessary. For this
8 case, I used the period December 1998 through July 1999 as a base level of usage to calculate
9 an annualized level of \$517,968 in CCL revenues using pre-PTC access minutes.

10 Q. What annualized level of CCL, including the incremental change, has the
11 Company received under the interim rates?

12 A. After considering the adjustments I previously discussed, I determined that the
13 adjusted test year, which ended December 2000, represented a normal level of activity. From
14 this data, I have calculated an annualized level of \$236,893 CCL revenues, including \$41,967
15 in interim rates subject to refund.

16 Q. Do you believe limiting a Staff review of interim rates, including the
17 possibility of Company refunds to customers, to the narrow scope identified above is
18 appropriate?

19 A. No. As demonstrated above, if you accept the revenue neutrality argument,
20 the current interim CCL rate would need to be nearly tripled at this time. It is the Staff's
21 position, as more fully discussed in Staff witness Oligschlaeger's rebuttal testimony, that the
22 review should be based on an examination of all relevant factors pertaining to the Company's
23 overall earnings. Considering the Commission's intent in authorizing the surcharge and the

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1 Staff's calculated excess earnings identified by Staff witness Traxler, it is my opinion that all
2 interim rates should be refunded.

3 Q. Does this conclude your rebuttal testimony?

4 A. Yes, it does.

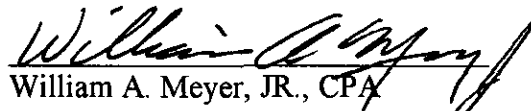
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In The Matter Of The Access Tariff Filing)
Of Oregon Farmers Mutual Telephone)
Company) Case No. TT-2001-328

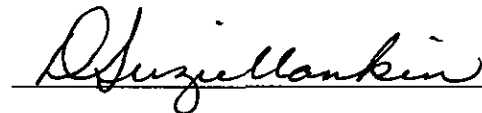
AFFIDAVIT OF WILLIAM A. MEYER, JR., CPA

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

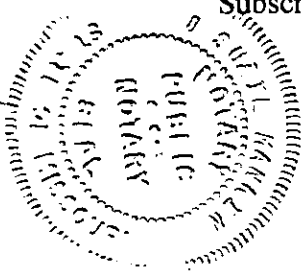
William A. Meyer, JR., CPA, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of 5 pages to be presented in the above case; that the answers in the foregoing Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.


William A. Meyer, JR., CPA

Subscribed and sworn to before me this 27th day of February 2001.



D SUZIE MANKIN
NOTARY PUBLIC STATE OF MISSOURI
COLE COUNTY
MY COMMISSION EXP. JUNE 21, 2004



LIST OF CASES FILED WITH TESTIMONY

WILLIAM A. MEYER, JR.

COMPANY NAME

CASE NUMBER

Airsignal International, Inc.	TR-79-236
Arkansas Power and Light Company	ER-81-364
Arkansas-Missouri Power Company	EF-79-260
Arkansas-Missouri Power Company	ER-80-32
Associated Natural Gas Company	GM-81-368
Boone Electric Service Company	EA-87-99
Capital City Telephone Company	18,617
Capital City Water Company	18,099
Capital City Water Company	WR-81-193
Capital City Water Company	WR-88-215
Capital City Water Company	WR-90-118
Carter County Telephone Company	TR-81-306
Central Telephone Company of Missouri	18,698
Citizens Electric Company	ER-83-61
Cuivre River Electric Service Company	EA-87-102
Empire District Electric Company	ER-77-210
Fidelity Telephone Company	18,318
General Telephone Company of the Midwest	TR-83-164
Goodman Telephone Company	TR-82-103
Great River Gas Company	GR-82-235
Green Hills Telephone Corporation	TT-2001-115
Holway Telephone Company	TR-83-287
Holway Telephone Company	TT-2001-119
Howard Electric Service Company	EA-88-113
I.H. Utilities	18,196
IAMO Telephone Company	TT-2001-116
Imperial Utilities Corporation	SR-83-319
Kansas City Power and Light Company	EF-81-366
KLM Telephone Company	TT-2001-120

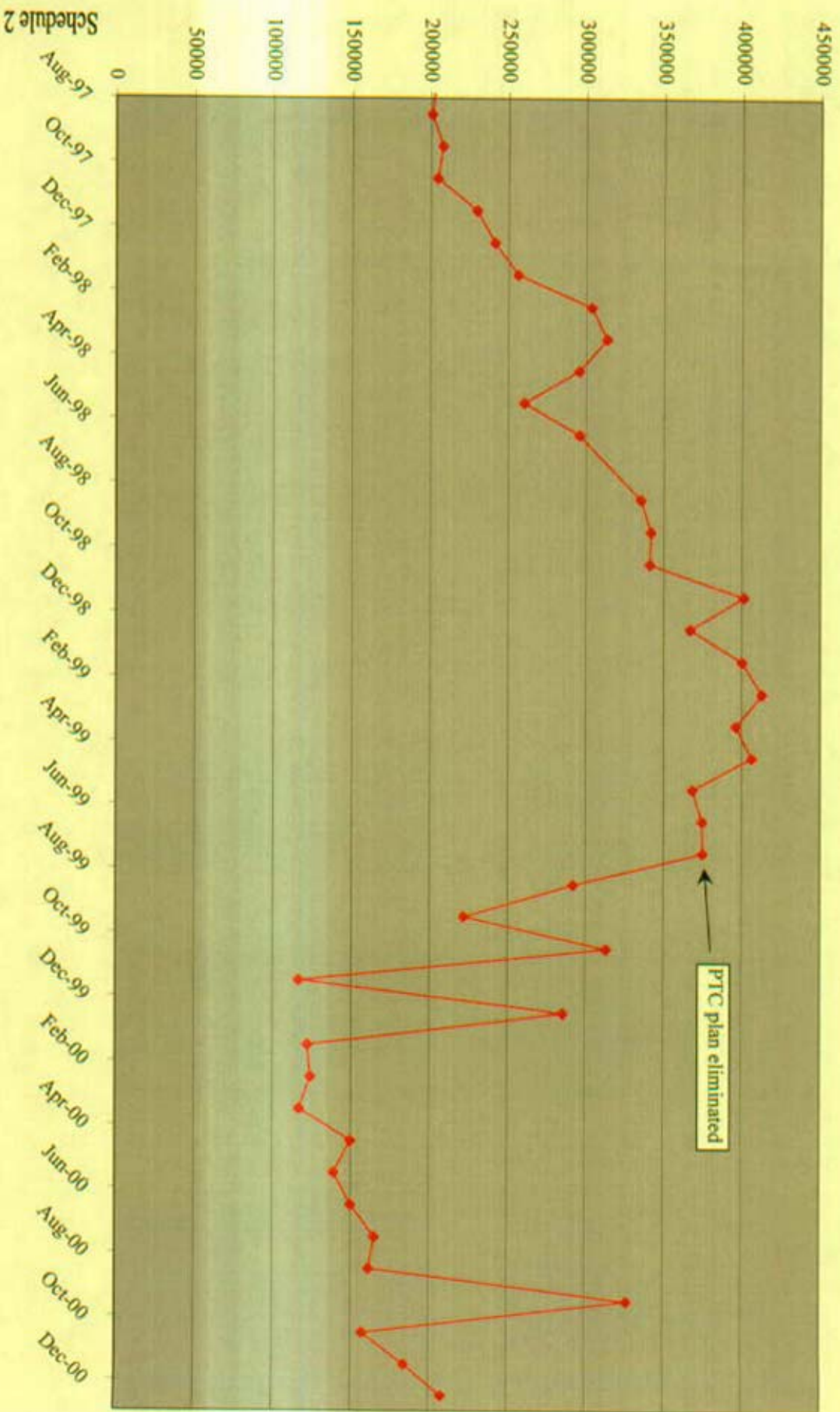
COMPANY NAME**CASE NUMBER**

Martigney Creek Sewer Company	18,390
Martigney Creek Sewer Company	18,732
Midstate Telephone Company	18,617
Missouri Cities Water Company	SM-81-217
Missouri Cities Water Company	WM-82-147
Missouri Cities Water Company	WM-82-192
Missouri Cities Water Company	SM-86-94
Missouri Cities Water Company	SM-87-8
Missouri Power and Light Company	GR-78-123
Missouri Public Service Company	18,502
Missouri Telephone Company	TM-91-348
Missouri Utilities Company	18,246
Missouri Utilities Company	18,352
Missouri Utilities Company	18,371
Missouri Water Company	WR-81-40
North Electric Service Company	EA-88-33
Northeast Missouri Rural Telephone Company	TR-85-23
Northeast Missouri Rural Telephone Company	TR-2001-344
Osage Water Company	WA-97-332
Ozark Shores Water Company	WA-97-332
Ozark Telephone Company	TT-2001-117
Ozark Telephone Company	TC-2001-402
Peace Valley Telephone Company, Inc.	TT-2001-118
Ralls Electric Service Company	EA-88-21
Raytown Water Company	WR-79-137
Raytown Water Company	WR-81-92
Raytown Water Company	WR-92-85
Saline Sewer Company	SR-77-7
Seneca Telephone Company	TR-81-105
St. Joseph Light and Power Company	ER-77-107
St. Louis County Sewer Company	18,598
Sho-Me Power Corporation	ER-86-27
Sho-Me Power Corporation	ER-91-298
Terre Du Lac Utilities Corporation	WR-83-6

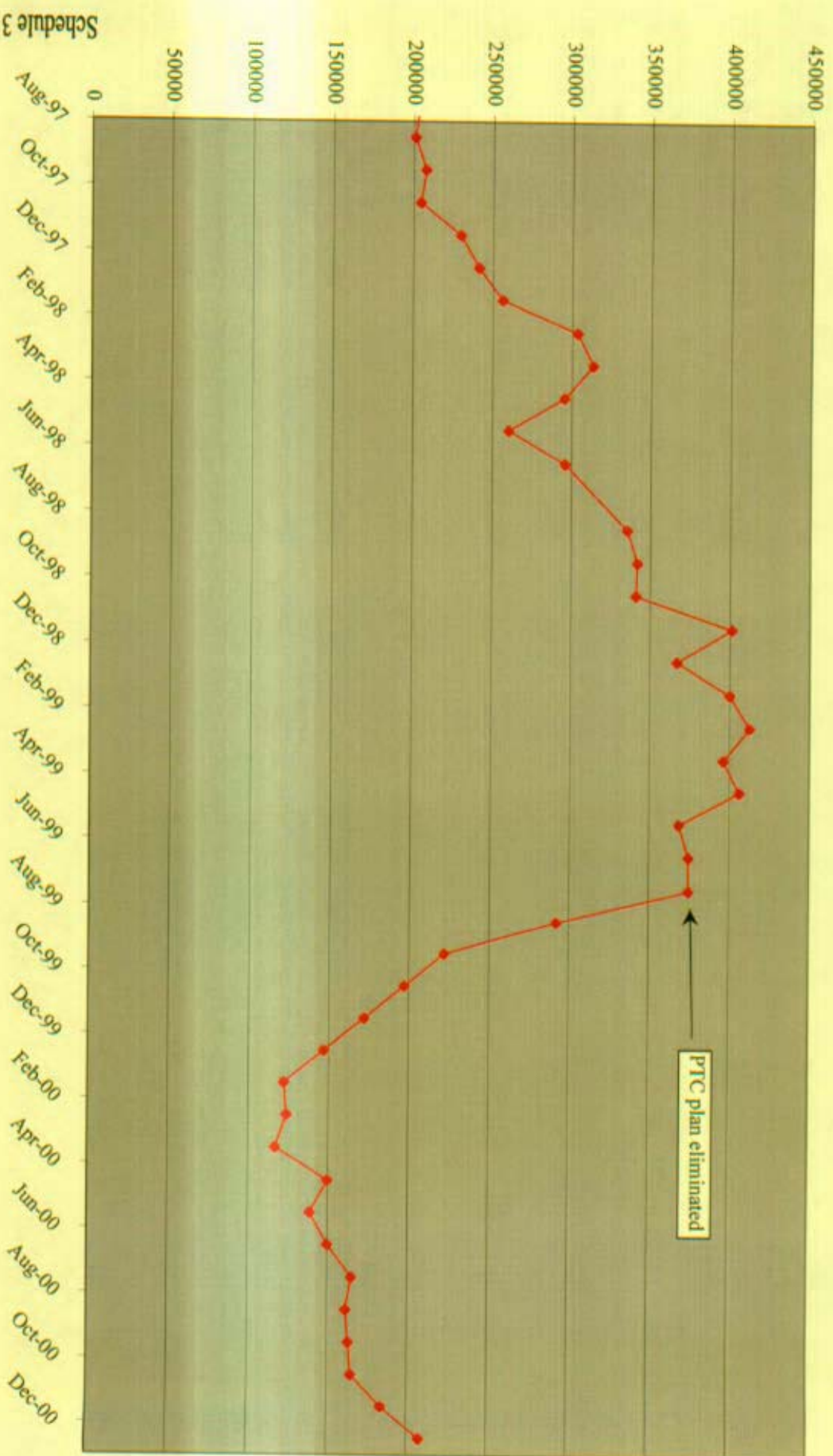
COMPANY NAME**CASE NUMBER**

Terre Du Lac Utilities Corporation	SR-83-7
Terre Du Lac Utilities Corporation	SR-83-69
Terre Du Lac Utilities Corporation	WR-83-70
Union Electric Company	EA-87-159
United Cities Gas Company	GR-91-249
United Telephone Company of Missouri	18,617
Webster County Telephone Company	TR-84-94
West Elm Place Corporation	SR-82-64
West Elm Place Corporation	SR-84-225
West Elm Place Corporation	SO-85-131
West Elm Place Corporation	SO-88-140

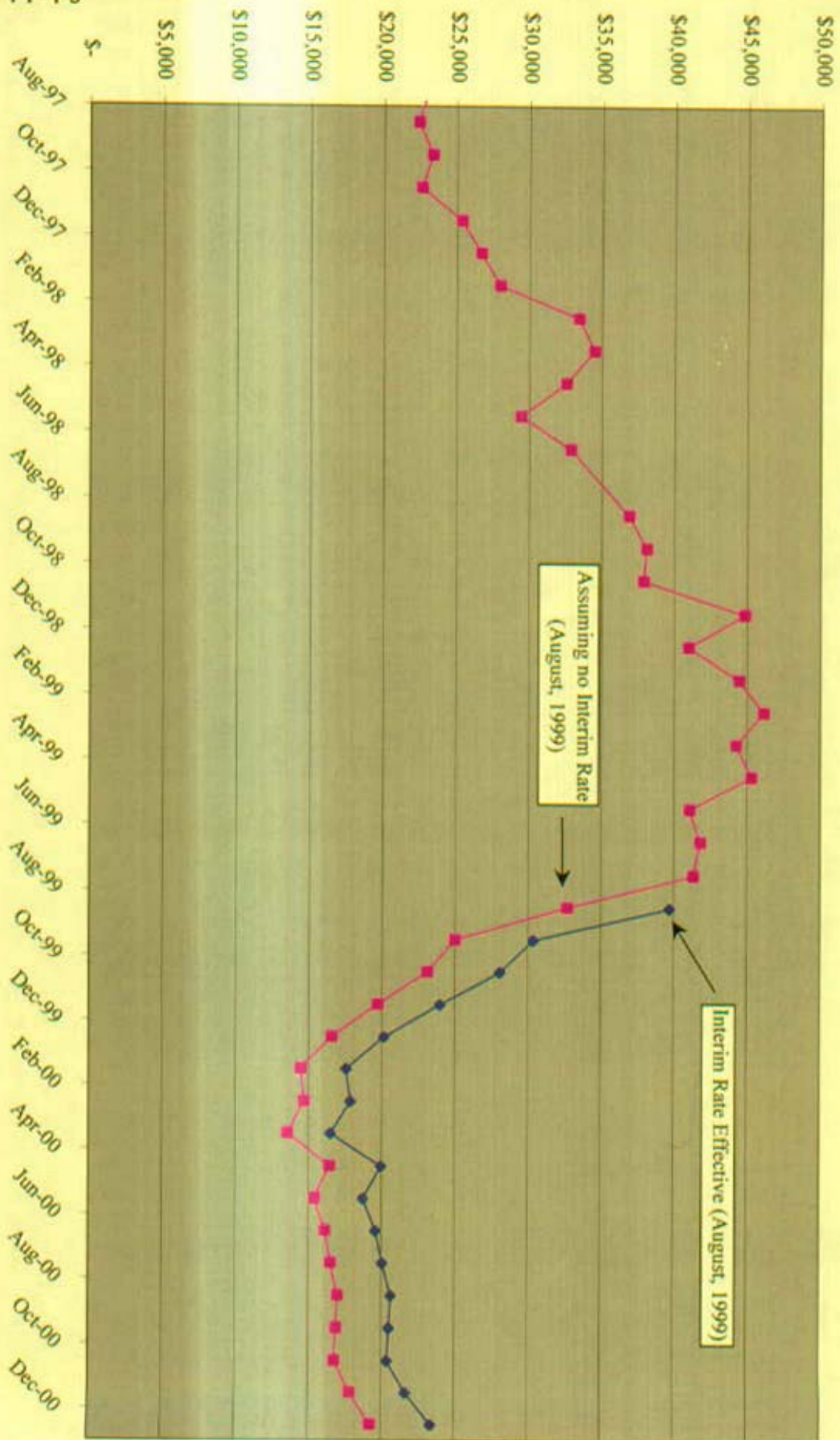
Oregon Farmers Mutual Telephone Company Total IntraState Terminating Minutes



Oregon Farmers Mutual Telephone Company IntraState Termination Minutes as Adjusted



Oregon Farmers Mutual Telephone Company IntraState CCL Revenues using Adjusted Minutes



Oregon Farmers Mutual Telephone Company
Total IntraState Originating Minutes

