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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 30th
day of December, 1994.

In the matter of the Joint Application for)
permission for Eastern Missouri Telephone)
Company and Missouri Telephone Company to)
merge with and into ALLTEL Missouri, Inc.) Case No. TM-95-87

ORDER DENYING HEARING

On December 20, 1994, the Office of the Public Counsel (OPC) filed its Request for Hearing in the above-referenced case. This docket involves the joint application requesting authority for Eastern Missouri Telephone Company (Eastern) and Missouri Telephone Company (MTC) to merge with ALLTEL Missouri, Inc. (ALLTEL).

In support of its Request for Hearing OPC has stated that it has begun its investigation of the proposed merger through the submission of data requests of the companies. OPC is currently examining the responses to those data requests and based upon those responses OPC believes that the companies are significantly overearning, in the aggregate. OPC has stated its belief that further investigation into the proposed merger is necessary to determine whether or not it is detrimental to the public interest. OPC has stated that it is also reviewing the requested approval of the composite depreciation rates of the surviving corporation.

On December 27, 1994, the applicant and the Commission staff each filed a response to OPC's request for hearing. Both parties note that the issues raised by OPC are not appropriate for disposition within this docket. The applicant has specifically cited a leading case in this area,

State ex rel. Fee Fee Trunk Sewer v. Litz, 596 S.W.2d 466 (Mo. App. 1980) for the proposition that the standard for approval of a statutory merger is whether the results of the transaction would be detrimental to the public interest.

Pursuant to 4 CSR 240-2.060(4)(D), the appropriate standard for a Commission decision in this case is a finding that the proposed merger is not detrimental to the public interest. By framing the standard in this way and reviewing OPC's application in light of this standard the question becomes whether or not there is an aspect to this merger which would be detrimental to the public interest. The thrust of OPC's Application appears to go to the issue of alleged overearning. If, for the sake of argument, this condition does exist, there is still no indication that the consummation of this merger would have a direct effect on the status of the earnings. Therefore, the issue raised by OPC's Application is not case dispositive as it does not address the standard for approval in a merger case.

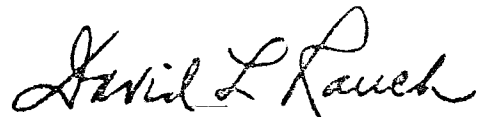
The Commission has reviewed the Application for Hearing as filed by the OPC and the entirety of the file and makes the following findings of fact. The Commission finds that in the case at hand the degree to which the company might be overearning would not be changed by virtue of the merger in and of itself. The Commission finds that any party which chooses to do so has a forum available to it by virtue of the complaint process with the Commission. If OPC, or any other party, believes that this or any other utility is overearning, the proper recourse would be to file a complaint against that utility. Inasmuch as the Commission would include in an order approving merger "*that nothing in this order shall be considered as a finding of the Commission of the reasonableness of the*

value for ratemaking purposes of the properties herein involved, or as an acquiescence in the value placed upon said properties by the applicants and the Commission reserves the right to consider the ratemaking treatment to be afforded this merger transaction and its results in any later proceeding" the Commission must therefore find that this docket is not the proper forum for the issue which OPC alleges in its Application for Hearing. The Commission finds that OPC has failed to raise an issue which addresses the standard of approval for a merger case and for that reason its request for Hearing will be denied. However, the Commission expects the Applicant to maintain sufficient records so that any future ratemaking decisions may be made based upon premerger information where appropriate.

IT IS THEREFORE ORDERED:

1. That the Application for Hearing as filed by the Office of Public Counsel in this docket is hereby denied.
2. That ALLTEL Missouri, Inc., shall maintain sufficient records so that any future ratemaking decisions may be made based upon premerger information where appropriate.
3. That this order shall become effective on the date hereof.

BY THE COMMISSION



David L. Rauch
Executive Secretary

(S E A L)

McClure, Perkins, Kincheloe
and Crumpton, CC., Concur.
Mueller, Chm., Absent.