

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application	)	
of Fidelity Telephone Company	)	
for authority to file, establish,	)	Case No. IR-2004-0272
and put into effect new, increased,	)	
or revised rates and charges for	)	
telephone service.	)	

Stipulation and Agreement

COME NOW Fidelity Telephone Company (Fidelity or Company), the Office of Public Counsel (OPC), the Staff of the Missouri Public Service Commission (Staff), Southwestern Bell Telephone L.P. d/b/a SBC Missouri (SBC Missouri) and AT&T Communications of the Southwest, Inc. (AT&T) and respectfully state to the Missouri Public Service Commission (Commission) that as a result of extensive negotiations, the undersigned Parties (Signatories), with the exception of SBC Missouri and AT&T (who do not oppose this Stipulation, as more fully described herein), have reached the following stipulations and agreements:

1. **Revenue Requirement.** Fidelity shall be authorized to file revised sheets containing rate schedules for telecommunication services (exclusive of gross receipt and other applicable taxes) which are designed to produce an additional One Million Six Hundred Twenty-Five Thousand dollars (\$1,625,000) on an annualized basis.
2. **Rate Design.** In order to generate the additional \$1,625,000 in annual revenues, Fidelity shall be authorized to implement revised rates for various local and access telecommunications services as more specifically set forth in Attachment 1, attached hereto and incorporated herein by reference.
3. **Depreciation Rates.** Effective July 1, 2004, Fidelity shall be authorized to

implement new depreciation rates for its depreciable plant accounts as set forth in Attachment 2, attached hereto and incorporated herein by reference.

4. Notification of Lifeline and Linkup Services. Fidelity agrees to notify its customers, via a bill insert, of the availability of its Lifeline and Linkup services. Such notification will be spread out over regular customer billings during the months of September, October and November, 2004.

5. Nonsignatories. While SBC Missouri and AT&T do not join in this Stipulation and Agreement and believe the level of access charges are excessive, they recognize the concessions made by the parties to this Stipulation and Agreement. In an effort to avoid further litigation in this proceeding, SBC Missouri and AT&T state that they do not oppose the Commission's approving this Stipulation and Agreement and do not request a hearing concerning the issues addressed by this Stipulation and Agreement.

6. All of the prefiled testimonies submitted in this case, including schedules attached thereto, shall be received into evidence without the necessity of the respective witness(es) taking the witness stand.

7. Approval of this Stipulation and Agreement in its entirety by the Commission will resolve all issues in this matter.

8. This Stipulation and Agreement is being entered into solely for the purpose of resolving all issues in this case. None of the Signatories to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking, accounting or procedural principle, including, without limitation, any method of cost determination or cost allocation or revenue related methodology, and none of the Signatories shall be prejudiced or bound in any manner by the terms of this Stipulation

and Agreement in this or any other proceeding, whether this Stipulation and Agreement is approved or not, except as otherwise expressly specified herein.

9. This Stipulation and Agreement has resulted from extensive negotiations among the Signatories and the terms hereof are interdependent. In the event the Commission does not approve this Stipulation and Agreement by the issuance date of its Report and Order in this case, or approves this Stipulation and Agreement with modifications or conditions that a Signatory objects to prior to the effective date of the Order approving this Stipulation and Agreement, then this Stipulation and Agreement shall be void and no Signatory shall be bound by any of the agreements or provisions hereof, except as referenced in paragraph 8 above.

10. If the Commission does not unconditionally approve this Stipulation and Agreement without modification, and notwithstanding its provision that it shall become void therein, neither this Stipulation and Agreement, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any Signatory has for a contested case hearing and a decision in accordance with §536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the Signatories shall retain all procedural and due process rights as fully as though this Stipulation and Agreement had not been presented for approval, and any suggestions or memoranda, testimony or exhibits that have been offered or received in support of this Stipulation and Agreement shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.

11. In the event the Commission accepts the specific terms of this Stipulation

and Agreement, the Signatories waive their respective rights to present testimony, to cross-examine witnesses and to present oral argument and written briefs pursuant to §536.080.1 RSMo 2000; their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2 RSMo 2000; their respective rights to seek rehearing, pursuant to §386.500 RSMo 2000; and their respective rights to judicial review pursuant to §386.510 RSMo 2000. This waiver applies only to a Commission Report and Order respecting this Stipulation and Agreement issued in this proceeding, and does not apply to any matters raised in any prior or subsequent Commission proceeding, or any matters not explicitly addressed by this Stipulation and Agreement.

12. The Staff shall file suggestions or a memorandum in support of this Stipulation and Agreement and serve a copy of same upon all other Signatories. All other Signatories shall have the right to file, within five (5) business days of receipt of Staff's memorandum, a responsive memorandum that shall also be served on all Signatories.

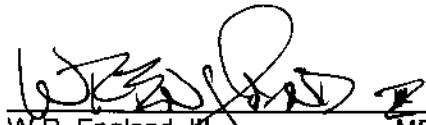
13. The Staff also shall have the right to provide, at any agenda meeting at which this Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, provide the other Signatories with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from the Staff. The Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any protective order issued in this case.

14. At the request of the Commission, the Staff shall have the right to submit to the Commission a supplemental memorandum explaining its rationale for entering

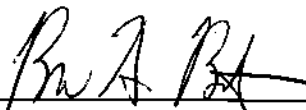
into this Stipulation and Agreement. Each of the Signatories shall be served with a copy of any such memorandum and shall be entitled to submit to the Commission, within five days of receipt of Staff's memorandum, a responsive memorandum which shall also be served on all Signatories. All memoranda submitted by the Signatories shall be considered privileged in the same manner as are settlement discussions under the Commission's rules; shall be maintained on a confidential basis by all Signatories; and shall not become a part of the record of this proceeding or bind or prejudice the Signatory submitting such memorandum in any future proceeding or in this proceeding, whether or not the Commission approves this Stipulation and Agreement. The contents of any memorandum provided by any Signatory are its own and are not acquiesced in or otherwise adopted by the other Signatories to this Stipulation and Agreement, whether or not the Commission approves and adopts this Stipulation and Agreement.

WHEREFORE, for the foregoing reasons, the undersigned Signatories respectfully request that the Commission issue its Order approving all of the specific terms and conditions of this Stipulation and Agreement and for such other orders as are reasonable in the circumstances.

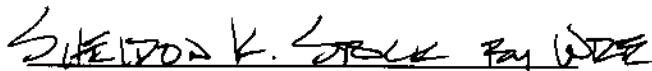
Respectfully submitted,



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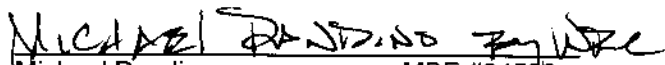
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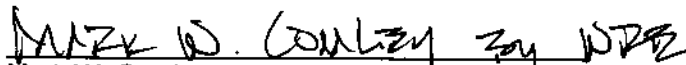
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Fidelity Telephone Company
Stipulated Rates for Rate Case Settlement

Attachment 1

	Service Description	Current Rate	Stipulated Rates
Phone lines	Residential One Party Line	\$7.55	\$10.25
	Business One Party Line	\$14.25	\$19.95
	Trunking Service	\$21.40	\$28.70
Dedicated Services	DID 1st 100 Numbers	\$235.00	\$265.00
	DID 2nd 100 Numbers	\$50.00	\$60.00
	DID 1st 20 Numbers	\$60.00	\$70.00
	ISDN SL Res	\$40.00	\$45.00
	ISDN SL Bus	\$50.00	\$55.00
	ISDN PRI 5 Yr Contract	\$575.00	\$625.00
	ISDN PRI 3 Yr Contract	\$620.00	\$675.00
	ISDN PRI 6 Month Contract	\$690.00	\$750.00
	Loop Charge	\$8.00	\$10.25
Payphones	All	\$14.75	\$19.95
Installations/Moves/Changes (NRC)	Installation Res Line	\$25.00	\$35.00
	Move Res Service	\$15.00	\$22.00
	Installation Loop	\$15.00	\$22.00
	Installation Smartfeatures	\$5.00	\$6.25
	Installation Business Lin	\$40.00	\$50.00
	Installation Business - Additional Lines	\$10.00	\$15.00
	Move Business Service	\$30.00	\$36.00
	Move Business Service - Additional Lines	\$5.00	\$8.00
	Name or Number Change	\$5.00	\$8.00
	Reconnect Charge After Suspension	\$20.00	\$32.00
Calling Features	EBS-I Package of 6 Add-on Features	\$13.00	\$18.00
	EBS-II Package of 6 Add-on Features	\$15.00	\$20.00
	Smart Call Forwarding	\$2.00	\$3.00
	Smart Call Forwarding/Busy Line	\$0.75	\$1.25
	Smart Call Waiting	\$2.75	\$3.25
	Smart Automatic Call Back	\$2.50	\$3.25
	Smart Caller ID Number Delivery	\$3.75	\$6.00
	Smart Caller ID Name & Number Delivery - Res	\$6.00	\$7.50
	Smart Caller ID Name & Number Delivery - Bus.	\$10.00	\$12.00
	Smart Selective Call Rejection	\$2.50	\$3.25
	Smart Economy Package	\$6.00	\$7.95
	Smart Family Package	\$9.00	\$10.95
	Smart The Ultimate Package	\$10.00	\$11.95
IntraLATA Toll Calling Plans	OCA 2 Hour Plan - Bus	\$10.80	\$12.00
	OCA 5 Hour Plan - Bus	\$24.50	\$27.00
	OCA 2 Hour Plan - Res	\$9.60	\$10.80
	OCA 5 Hour Plan - Res	\$21.85	\$24.50
Directory/Operator	DA First 1 Per Month	\$0.00	\$0.00
	DA Calls 2 and 3 per month	\$0.00	\$0.60
	DA Per Call After 3	\$0.45	\$0.60
	Busy Line Status Verification	\$1.00	\$1.50
	Busy Line Interrupt	\$1.25	\$1.75
	Directory Listing - Nonpub	\$1.00	\$1.60
	Directory Listing - Unlisted	\$1.00	\$1.60
	Directory Listing - Additional - Vanity	\$1.00	\$1.80
	Directory Listing - Additional - Extra	\$1.00	\$1.80
Other	Late Payment Charge	\$5.00	\$6.00
Access Services			
	Local Transport Band 1	\$ 0.006492	\$ 0.007676
	Local Transport Band 2	\$ 0.024872	\$ 0.029407
	Local Transport Band 3	\$ 0.038679	\$ 0.045731
	Local Transport Band 4	\$ 0.075347	\$ 0.089085
	Carrier Common Line	\$ 0.038073	\$ 0.045015
	Local Switching	\$ 0.011083	\$ 0.019386
	Directory Assistance Information Surcharge	\$ 0.000238	\$ -
	Access Line Termination	\$ 0.005075	\$ -
	8xx Queries	\$ 0.003100	\$ 0.003665

Fidelity Telephone Company
Depreciation Rates
IR-2004-0272

Attachment 2

USOA Account Number	General Ledger Account Number	Description	Depreciation Rate	ASL
2112	2112	Vehicles	10.23%	8.6
2116	2116	Other Work Equipment	7.69%	13
2121	2121	Buildings	2.86%	35
2122	2122	Furniture	4.55%	14
2123.1	2123	Office Equipment	9.09%	10
2123.2	2125	Communications Equipment	5.00%	8.4
2124	2124	General Purpose Computers	13.59%	6.4
2212	2212	COE Digital	6.67%	15
2232.1	2232	COE Toll Circuit	10.00%	10
2232.1	2233	COE Subscriber Circuit	10.00%	10
2232.1	2234	COE Fiber Circuit	10.00%	10
2411	2411	Poles	1.00%	21
2421.1	2451	Aerial Cable - Fiber	4.76%	21
2421.2	2421	Aerial Cable - Metallic	4.76%	21
2421.2	2461	Aerial Cable - Drop	4.76%	21
2422.1	2452	Underground Cable - Fiber	3.57%	28
2422.2	2422	Underground Cable - Metallic	3.85%	26
2423.1	2453	Buried Cable - Fiber	3.57%	28
2423.2	2423	Buried Cable - Metallic	4.17%	24
2423.2	2463	Buried Cable - Drop	4.17%	24
2431	2431	Aerial Wire	0.00%	
2441	2441	Conduit Systems	2.00%	50