

BEFORE THE PUBLIC SERVICE COMMISSION

STATE OF MISSOURI

In the matter of MFS Communications Company, Inc.,)	
Petition for Arbitration Pursuant to 47 U.S.C.)	<u>Case No. TO-97-23</u>
Section 252 (b) of Interconnection Rates, Terms, and)	
Conditions With Southwestern Bell Telephone Company.)	

Concurring Opinion of Commissioner Crumpton

In principle I agree with the majority's findings concerning the loop facilities Southwestern Bell Telephone Company (SWBT or Company) will make available to MFS Communications Company, Inc. (MFS), and the pre-modified prices for those loops. I also agree that some modifications in prices may be in order, but only after sufficient study and debate. However, the majority's reliance upon recommendations made by the Staff of the Missouri Public Service Commission (Staff) as advisors without the benefit of cross examination, causes me grave concern. The majority has merely accepted the regulatory biases of Staff and imposed these biases upon a pre-emergent competitive industry without the benefit of cross examination.

A case in point is the majority's acceptance of Staff's "Modification to Depreciation Schedules" dissertation. In its decision, the majority accepted Staff's recommendation that SWBT's depreciation rate schedules contained very short asset lives and low to negative salvage values, and therefore should be rejected. So does the "Southwestern Bell Telephone Company Missouri Intrastate Depreciation Parameters, Effective Date-January 1, 1996," (see attached). As one can see, the Commission has previously approved depreciation rates with short asset lives and low to negative salvage values. Therefore Staff's claim does not rise to the level of evidence in

support of a denial of the requested depreciation schedule.

A second case in point is the majority's acceptance of Staff's recommendation to reject income tax recovery. I assume that the majority approves of its modified prices which should include TELRIC, a contribution to joint and common costs and a reasonable profit. In order for the Company to obtain that profit, the Company must adjust the allowed price by the appropriate tax rate. This is a marketing, accounting, and economics 101 principle. The majority is applying incorrect principles supplied by Staff, to the emerging competitive market. If Staff is to be of value to this process, recommendations supplied by Staff should be provided to the parties so that the parties can receive due process.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Harold Crumpton", written in a cursive style.

Harold Crumpton, Commissioner

Dated at Jefferson City, Missouri, on
this 15th day of November, 1996.

Southwestern Bell Telephone Company - Missouri
Intrastate Depreciation Parameters
Effective Date - January 1, 1996

Account	Description		Projection Life	Intrastate Reserve %	FNS %	Remaining Life	Depreciation Rate
2112	Motor Vehicles	***	9.3	62.24%	10.0%	4.1	6.8%
2115	Garage Work Equipment	***	14.0	4.40%	5.0%	8.2	11.0%
2116	Other Work Equipment	***	17.0	50.60%	3.0%	9.2	5.0%
2121	Buildings	***	Note 1	22.12%	4.0%	42.0	1.8%
2122	Furniture		23.0	59.16%	7.0%	13.6	2.5%
2123.1	Office Support Equipment	***	15.0	-1.85%	0.0%	8.0	12.7%
2123.2	Company Communications Equipment	***	9.0	42.96%	11.0%	4.9	9.4%
2124	General Purpose Computers	***	6.8	42.00%	5.0%	3.5	15.1%
2211	Analog ESS	***	Note 2	38.91%	0.0%	6.4	9.5%
2212	Digital ESS		17.5	20.13%	10.0%	10.8	6.5%
2220	Operator Systems	***	15.0	70.91%	3.0%	8.7	3.0%
2231	Radio Equipment		14.5	29.20%	10.0%	8.8	6.9%
2232.1	Digital Data Systems Circuit	***	7.0	50.02%	0.0%	3.4	14.7%
2232.1	Digital Circuit - Other		15.0	27.65%	1.0%	8.5	8.4%
2232.2	Analog Circuit	***	11.5	51.06%	-3.0%	5.2	10.0%
2311	Station Apparatus		6.9	74.93%	-2.0%	4.2	6.4%
2341	Large PBX		9.0	27.97%	6.0%	5.8	11.4%
2351	Public Telephones	***	13.0	80.70%	15.0%	7.8	0.6%
2362	Other Terminal Equipment	***	7.0	42.96%	1.0%	3.7	15.1%
2411	Poles		36.0	65.86%	-100.0%	22.0	6.1%
2421.11	Aerial Cable - Exchange Metallic		28.0	47.72%	-30.0%	15.8	5.2%
2421.12	Aerial Cable - Toll Metallic		8.0	54.80%	-9.0%	2.6	20.8%
2422.11	Underground Cable - Exchange Metallic		30.0	42.70%	-25.0%	16.9	4.9%
2422.12	Underground Cable - Toll Metallic		11.5	-3.81%	6.0%	6.4	15.3%
2422.21	Underground Cable - Exchange Fiber		35.0	17.78%	-5.0%	21.0	4.2%
2422.22	Underground Cable - Toll Fiber		30.0	24.03%	-8.0%	16.1	5.2%
2423.11	Buried Cable - Exchange Metallic		28.0	35.63%	-10.0%	17.5	4.2%
2423.12	Buried Cable - Toll Metallic	***	12.5	0.70%	-1.0%	3.6	27.9%
2423.21	Buried Cable - Exchange Fiber		30.0	16.16%	-5.0%	22.0	4.0%
2423.22	Buried Cable - Toll Fiber		30.0	9.71%	-5.0%	16.7	5.7%
2424	Submarine Cable		22.0	35.37%	1.0%	11.9	5.3%
2426	Intrabuilding Network Cable		30.0	26.85%	-17.0%	19.7	4.6%
2431	Aerial Wire		Note 3	124.35%	-139.0%	5.4	21.2%
2441	Conduit Systems		65.0	24.46%	-6.0%	47.0	1.7%

*** - Asterisks indicate accounts where depreciation rates and parameters will change from those addressed in Case No. TC-93-224, and ordered in TAO 996 dated May 12, 1995.

Note 1: Dial and Admin Bldgs = 47 years, One Bell Center = 75 years, Other = 32 years.

Note 2: Analog ESS Average Year of Final Retirement is 2001.5.

Note 3: Aerial Wire - Exchange Single = 16 years, Aerial Wire - Exchange Pair = 12 years.

Note 4: Intrastate Rates and Underlying Parameters that do not change were addressed in Case No. TC-93-224 and ordered in TAO 996 dated May 12, 1995.