BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the matter of GTE North Incorporated of Westfield, Indiana, for authority to file tariffs increasing rates for telephone service Missouri Division of its system.	CASE NO. TR-89-182 (REMAND)
In the matter of the tariffs of GTE North Incorporated for billing and collection services.	CASE NO. TR-89-238 (REMAND)
The Staff of the Missouri Public Service Commission, Complainant, v. GTE North Incorporated, Respondent.	CASE NO. TC-90-75 (REMAND)
In the matter of the application requesting authority (1) for GTE North Incorporated to transfer certain assets to GTE Midwest Incorporated, (2) for the merger of Contel of Iowa, Inc., Contel of Missouri, Inc., Contel of Minnesota, Inc., The Kansas State Telephone Company, Contel of Kansas, Inc., into GTE Midwest Incorporated, and (3) for the transfer of certificates of public convenience and necessity.	CASE NO. TM-93-1
In the matter of the local exchange telecommunications companies' modernization plans pursuant to 4 CSR 240-32.100.	CASE No. TO-93-309

APPEARANCES:

James C. Stroo, Associate General Counsel, 1000 GTE Drive Wentzville, Missouri 63385 for GTE Midwest Incorporated.

Katherine C. Swaller, Attorney at Law, 100 North Tucker Blvd. Suite 630, St. Louis, Missouri 63101-1976, and

James M. Fischer, Attorney at Law, 102 East High Street, Suite 200, Jefferson City, Missouri 65101, For: Southwestern Bell Telephone Company.

William M. Barvick, Attorney at Law, 240 East High Street, Suite 202, Jefferson City, Missouri 65102, For: Midwest Independent Coin Payphone Association.

Paul S. DeFord, Attorney at Law, Lathrop & Norquist, 2345 Grand Avenue, Suite 2600, Kansas City, Missouri 64108, For: AT&T Communications of the Southwest, Inc.

Edward J. Cadieux, Senior Attorney, 100 South Fourth Street, Suite 200, St. Louis, Missouri 63102, and

Carl J. Lumley, Attorney at Law, Curtis, Oetting, Heinz, Garrett & Soule, P.C., 130 South Bemiston, Suite 200, Clayton, Missouri 63105, For: MCI Telecommunications Corporation.

Thomas A. Grimaldi, Senior Attorney, 5454 West 110th Street, Overland Park, Kansas 66211, For: United Telephone Company of Missouri.

Martha S. Hogerty, Public Counsel, P. O. Box 7800, Jefferson City, Missouri 65102, For: the Office of the Public Counsel and the Public.

Steve Dottheim, Deputy General Counsel, P. O. Box 360, Jefferson City, Missouri 65102, For: the Staff of the Missouri Public Service Commission.

HEARING EXAMINER: **Elaine E. Bensavage**

REPORT AND ORDER

Procedural History

On September 29, 1989, the Commission consolidated Case Nos. TR-89-182, TR-89-238, and TC-90-75 in an order authorizing the Commission's Staff to file a complaint against GTE North Incorporated, with TR-89-182 being designated the lead case for filing purposes. On February 9, 1990, the Commission issued a Report and Order disposing of the issues in all three cases. Subsequently the matter was appealed to the Missouri Court of Appeals, Western District, which issued its opinion on May 26, 1992, affirming the Commission in part, and reversing and remanding for further proceedings as to that portion of the Commission's decision pertaining to intraLATA/interLATA switched access charges. **State ex rel. GTE North v. Missouri Public Service Commission**, 835 S.W.2d 356 (Mo. App. W.D. 1992). During the pendency of the appeal, GTE Corporation purchased the old Contel Telephone System, and subsequently merged GTE North Incorporated and the former Contel companies into GTE Midwest Incorporated (GTE or Company) pursuant to a Report and Order issued on December 8, 1992 in Case No. TM-93-1, therefore GTE North Incorporated no longer exists as a separate regulated entity. On September 10, 1993, the Circuit Court of Cole County, Missouri issued an order remanding this cause to the Commission for further proceedings consistent with the mandate and opinion of the Missouri Court of Appeals, Western District.

On September 24, 1993, the Commission issued an order setting a prehearing conference with respect to the remanded cases, to allow the parties an opportunity to identify what further action might be required, such as the necessity for additional evidence and hearings, and to resolve the remaining substantive issues if possible. Pursuant to the Commission's order, a prehearing conference was held on October 27, 1993, at which time counsel for GTE indicated his belief that the consolidated tariffs which GTE was required to file pursuant to the Commission's order in the merger case, Case No. TM-93-1, would ameliorate the parties' positions on the remanded issues, and asked that a second prehearing conference be scheduled for six months' hence. In response to that request, a second prehearing conference was scheduled for April 18, 1994.

Midwest Independent Coin Payphone Association (MICPA) filed separate applications to intervene in TM-93-1, which was granted on May 6, 1994, and in the remanded cases, which was granted on May 20, 1994. No party objected to the interventions, but MICPA's intervention in the remanded cases was limited to tariffs concerning connection rates for customer-owned coin telephones.

The second prehearing conference scheduled for April 18, 1994 was cancelled and rescheduled a number of times, until the parties finally met for a second prehearing conference on July 8, 1994. At that time the Commission was informed that some of the parties had executed a Stipulation and Agreement with regard to the remanded cases of TR-89-182, TR-89-238, and TC-90-75; with regard to the merger case, TM-93-1; and also with regard to the Commission's docket for the filing of network modernization plans pursuant to 4 CSR 240-32.100, TO-93-309. This Stipulation and Agreement was signed by GTE, the Staff of the

Missouri Public Service Commission (Staff), the Office of the Public Counsel (Public Counsel), and Southwestern Bell Telephone Company (Southwestern Bell). On July 13, 1994, the Commission issued an order and notice of hearing scheduling a hearing for the formal presentation of the Stipulation and Agreement on July 20, 1994, and giving notice thereof.

On July 20, 1994, the Commission commenced a hearing on the Stipulation and Agreement. At that time a second Stipulation and Agreement was offered and admitted into evidence, which was signed by GTE and Staff. The second Stipulation was identical to the first Stipulation except for the addition of one paragraph which did not change the substance of the agreement, but addressed a procedural matter instead. Mr. Charles J. Fain, Assistant Prosecuting Attorney of Taney County, Missouri, appeared at the hearing and filed a motion for a continuance, with respect to a complaint filed against GTE by Taney County in Case No. TC-94-284, and which involves the network modernization component of this Stipulation, Case No. TO-93-309. As a result of the hearing on the Stipulation the Commission decided that two local public hearings were necessary to allow comment from the public about the agreement, and the Commission subsequently scheduled and held local public hearings in Columbia, Missouri on August 11, 1994, and in Cameron, Missouri on August 18, 1994. The Commission also held a second hearing on August 24, 1994 to consider alternatives to the rate design proposed as part of the Stipulation.

Findings of Fact

The Missouri Public Service Commission, having considered all of the competent and substantial evidence upon the whole record, makes the following findings of fact:

GTE provides telephone service to customers through approximately 360,000 access lines in 219 exchanges in portions of Missouri. Company's address is located at 1000 GTE Drive, P. O. Box 307, Wentzville, Missouri 63385.

The Stipulation and Agreement filed at the hearing as Exhibit 2, and attached hereto as Attachment 1 and incorporated herein by reference, purports to be a settlement of all issues pertaining to the remanded cases, as well as all issues pertaining to the required consolidated tariffs in Case No. TM-93-1, and all issues pertaining to network modernization in Case No. TO-93-309. The Stipulation also makes reference to specimen tariffs which were admitted into evidence at the prehearing conference on July 8, 1994, as Exhibit 1. Due to the voluminous nature of the specimen tariffs and considering that this Stipulation requires the Company to subsequently file tariffs in conformity with the specimen tariffs, the Commission will not include Exhibit 1 as part of the Stipulation and Agreement attached hereto as Attachment 1. Based upon the Stipulation and the hearing on the Stipulation, the Commission finds that the Stipulation has three main components: (1) the remanded intraLATA/interLATA switched access charge issue; (2) the required consolidated tariffs for GTE Midwest; and (3) the issue of network modernization. The consolidated tariffs also incorporate the results of a limited review of GTE's earnings conducted by the Staff. The Stipulation results in a revenue reduction on an annual basis of $16,587,043, exclusive of license, occupation, franchise, gross receipts, or other similar fees or taxes.

(1) Access Charges

The Stipulation provides for the uniformity of access rates among the former companies merged into GTE Midwest, and includes various changes including intraLATA/interLATA parity. Overall access charges will be reduced by the amount of $7,072,356, which represents an approximate 10 percent overall reduction in access charges, although some access elements may go up because of the consolidation of tariffs. The originating premium carrier common line charge (CCLC) for originating a call would be set at 3.26 cents per minute, and the terminating CCLC for terminating a call would be set at 7.14 cents per minute. The Stipulation also provides that when the anticipated primary toll carrier reconfiguration occurs in Case No. TT-94-119, the originating CCLC will be reduced from .0326708 to .02990131. The reduction in access charges will benefit the public with respect to certain types of long-distance calls, as AT&T Communications of the Southwest, Inc. (AT&T) is obligated by agreement to flow through to its customers on a dollar-for-dollar basis this type of access rate reduction, and counsel for MCI Telecommunications Corporation (MCI) indicated that MCI intended to respond with a reduction of its own in order to remain competitive.

(2) Consolidation Of Tariffs

Since the time of the merger of the former Contel companies and GTE North into GTE Midwest, the customers of those former companies have continued to be billed at rates established by the tariffs of the separate companies. GTE Midwest is obligated under the Commission's Report and Order authorizing the merger, Case No. TM-93-1, to file consolidated tariffs to replace the tariffs of the individual companies. The Stipulation provides for an overall reduction in GTE's yearly revenue of $16,587,043, which includes the $7,072,356 reduction in access charges discussed supra, and which excludes the $8 million yearly amortization discussed infra. The Staff of the Commission conducted a limited audit of GTE's earnings situation over the course of six to eight weeks. This preliminary or limited audit led Staff to conclude that GTE's earnings should be adjusted in the amount of approximately $24 million. Staff also concluded that it was reasonable to reduce rates by approximately $16.6 million, with the remaining $8 million amortized to fund modernization costs, as discussed infra.

(A) Rate Design. With the merger of the old Contel Telephone System into GTE, GTE acquired approximately 30 different rate groups. The Stipulation provides that these rate groups would be consolidated into five rate groups plus a metropolitan group. The rate groups and corresponding rates for basic residential service are as follows:

	Group Size	Basic Rate
Rate Group 1	1 to 1,060	$ 6.50
Rate Group 2	1,061 to 2,900	7.00
Rate Group 3	2,901 to 7,000	7.50
Rate Group 4	7,001 to 25,000	8.00
Rate Group 5	25,000+	8.50
Metropolitan Area		10.40

As structured under the Stipulation, the consolidation of the rate groupings would have a revenue impact of increasing revenues by approximately $30,020. Viewed in isolation, the rate group consolidation would increase local rates for approximately 60 percent of GTE's customers; however when other factors such as the elimination of Touchtone charges and zone and mileage charges, discussed infra, are included, approximately 31 percent of customers would receive increases and 69 percent would receive decreases. Additional customers could also see decreases in their bills depending on their long-distance calling pattern, due to the changes in toll charges discussed infra, and access charges, discussed supra.

Charts containing a breakdown of the residential one-party and business one-party rate impacts are contained in Exhibit 4, which was admitted into evidence at the hearing on July 20, 1994. Due to the voluminous nature of this exhibit, it is not attached to this Report and Order. At the hearing the parties indicated that in assessing various rate design possibilities, they were concerned with accomplishing the required consolidation of tariffs without having too great an impact on any particular service or group of customers. The Commission finds that the rate design utilized in the Stipulation represents a reasonable attempt at consolidating the many rate groups currently in place.

(B) Extended Area Service (EAS) Rates. EAS adjustments were proposed in the Stipulation in order to redistribute some of the rate impacts to different exchanges. For some exchanges the EAS rate was increased, and for other exchanges which had extended area service without a corresponding charge, EAS rates were established. The EAS adjustments were made to exchanges in the former Contel of Missouri and Contel Systems. The establishment and increase of EAS rates resulted in a proposed revenue increase of $918,142.

(C) Elimination of Touchtone Charges, Zone/Mileage Charges, and Line Hunting Charge. As part of the Stipulation, GTE proposes to eliminate charges for touch tone service, which would result in a revenue reduction of $5,371,249; eliminate zone and mileage charges, which would result in a revenue reduction of $2,670,162; and eliminate the charge for line hunting, which would result in a revenue reduction of $24,271. Presently the penetration of Touchtone service is approximately 70 percent of the residential one-party customers across GTE's system, with the penetration higher than 70 percent in metropolitan areas. The cost for Touchtone service also varies, depending on what was charged by the former companies prior to the merger into GTE Midwest, thus the amount of savings may vary from customer to customer. In addition, savings from the elimination of zone and mileage charges will benefit customers living in particular areas, generally outside the base rate area.

(D) Toll Charges And Service Connection Charges. The Stipulation contemplates that initially there will be two sets of toll tariffs, but that rates will ultimately move to one rate structure using the lowest respective rates from the two sets of toll tariffs at the time that the primary toll carrier reconfiguration occurs pursuant to Case No. TT-94-119, regardless of the overall rate reduction in the Southwestern Bell complaint case. This will result in a revenue reduction for toll charges of $1,957,457. In addition, service connection charges would be made uniform and set at the lowest existing rate, which would result in a revenue reduction of $166,290.

(E) Private Payphones. The Stipulation provides that the usage charge component of private pay phone rates would be eliminated, which results in a revenue reduction of $273,420. The usage component involves per-call charges of approximately 16 to 18 cents, or a surrogate charge of approximately $35 per month for those exchanges where per-call charges cannot be calculated. GTE also agreed to consolidate screening charges for fraud protection, which ranged from $4 to $6 per month per line, to $4.10. In addition, GTE also agreed to change the language of its tariff provision pertaining to the notice requirements imposed on pay phone providers, to make those notice requirements uniform with the requirements imposed by the FCC and this Commission. The change in this tariff language is reflected in Exhibit 3, which is a specimen tariff sheet admitted into evidence at the hearing.

(F) Other Rate Structure Consolidations. Although there would be no revenue impact associated with other rate structure consolidations, the Stipulation anticipates that rates for all vertical services will be consolidated, and CentraNet/Centrex tariffs would also be consolidated. Existing rates for special access and private line services would for the time being remain separate; however, GTE would be required to consolidate the respective rates for these services on a revenue neutral basis within one year of the effective date of the Stipulation and Agreement.

(G) Consolidation Of Exchanges. The specimen tariffs referenced in the Stipulation and contained in Exhibit 1 reflect the consolidation of the Harrisburg exchange, which includes approximately 720 to 730 total lines, with the Columbia exchange. GTE did not consider the consolidation of exchanges other than the Harrisburg-Columbia consolidation.

(H) Rate Moratorium. The Stipulation further provides that no general or limited rate increase case may be filed by GTE pursuant to either existing or future statutes, and no rate reduction case may be filed by the Staff or Public Counsel prior to January 1, 1997. This rate moratorium does not prevent the Staff and Public Counsel from commencing an earnings audit prior to

January 1, 1997, and does not relieve GTE of any requirements, obligations, or commitments not addressed in the Stipulation and Agreement.

(I) Reporting Requirements. The Stipulation also requires GTE to provide Staff and Public Counsel with certain information presently being recorded. This provision would not require any new reports to be developed by GTE, but includes the following information:

- Annual: Missouri budgets (Operating & Construction) beginning in 1995.
- Monthly: Missouri actual operating results including balance sheet.
- Monthly: explanation of Missouri variances between actual results and budget.
- Annual: explanation of significant expense changes in Missouri budget versus prior year actual results.
- Quarterly: intra-state Missouri results using actual separation factors. (This will be delayed until actual factors are available.)
- Semiannual: affiliated transactions, for Missouri operations by affiliate.
- Company's cost allocation manual with all subsequent updates.
- Company's accounting manual with all subsequent updates.

GTE and Staff have further agreed that GTE's monthly surveillance report may be filed based on GTE's total system, rather than filing separate reports for the former Contel properties and GTE properties.

(3) Network Modernization.

All local telephone companies regulated by the Commission were required to submit network modernization plans pursuant to the Commission's rule in 4 CSR 240-32.100. GTE submitted such a plan in Case No. TO-93-309, the docket opened for this purpose. In that docket GTE submitted a ten-year plan, which GTE recommended as its optimal plan for when modernization would be completed. GTE also submitted a five-year and seven-year plan as required by the Commission's rule. The Stipulation provides that GTE must be in compliance with 4 CSR 240-

32.100 by December 31, 1999, under an approved plan substantially the same as the five-year plan submitted by GTE on June 24, 1994.

The modernization plan would eliminate all multi-party lines and electro-mechanical switches, provide dual tone multifrequency signaling, custom-calling features and E-911 access capability in all exchanges, provide interLATA presubscription in all exchanges, provide SS7 down to the tandem level of switching hierarchy, and provide digital interoffice transmission between central office buildings, excluding analog private line service. In addition, all construction must be completed by December 31, 1999, and the level of analog carriers should not increase in the GTE system beyond the current level. GTE also committed to providing broadband interactive services using T-1 technology over current facilities and any added facilities upon request by public and private schools and hospitals/rural medical clinics at tariffed rates.

The Stipulation also addresses the funding of modernization costs. GTE anticipates that it will spend approximately $170 million over the five-year period for modernization costs. The costs will be spread relatively evenly over the five-year period. The Stipulation provides that GTE will book a minimum additional $8 million per annum in amortization expenses for the duration of the modernization plan, and GTE intends to reflect at least this amount in its surveillance and other financial reports. However, in the event that a rate increase or rate decrease case is filed after the end of the moratorium period in 1997, amortization of the $8 million will not continue beyond the effective date of the Report and Order in that rate case. No party, including Staff or Public Counsel, would be required to use any amortization amount in its calculation of GTE's revenue requirement for the duration of the modernization plan. GTE views the $8 million as accelerated capital recovery, whereas Staff views the $8 million as the revenue requirement associated with modernization, and as part of its assessment of GTE's earnings situation, but in any event the

$8 million will be used to fund the modernization program per year, and will not be reflected in rate base.

The Stipulation and Agreement contains an attachment designated as Attachment 1, which lists GTE's exchanges and the planned conversion year for modernization. The Stipulation also contains an attachment designated as Attachment 2, which lists the information GTE is required to provide to the Staff and Public Counsel under the terms of the Stipulation, in the form of semi-annual progress reports identifying the status of the modernization plan. Counsel for GTE indicated that the decision as to the order in which the exchanges would be modernized was made in conjunction with the division manager from the Missouri division, division management personnel, and district and local managers that report through the division structure. The factors utilized in making the decision included such considerations as the type of equipment currently present in a particular exchange, the age and maintainability of that equipment, the number of four-party lines in the exchange, the amount of work necessary to upgrade the exchange, and the number of complaints received from customers out of that exchange.

(4) Motion Filed On Behalf Of Taney County

On July 20, 1994, the day of the hearing on the Stipulation and Agreement, Mr. Charles J. Fain filed a Motion For Continuance on behalf of Taney County, Missouri, with respect to an original complaint filed against GTE and designated Case No. TC-94-284. That complaint was based upon the lack of private party service in three exchanges in Taney County -- Protem, Bradleyville, and Cedar Creek. In an order dated May 6, 1994, the Commission referred the allegations relating to multiline service to Case No. TO-93-309, and dismissed the balance of the complaint. Mr. Fain states in his motion that Complainant has requested an investigation of its complaint, and requested that hearings be held on the complaint. Mr. Fain further requests that the matter involving the

Stipulation and Agreement be continued until such time as the Complainant can be heard; that the Complainant was neither contacted nor consulted regarding the Stipulation and Agreement, and had no input on the question of multi-party line service in Taney County; and that the denial to Complainant of participation in this matter would violate its procedural due process rights.

Apparently GTE and Mr. Fain were able to work out an agreement prior to the commencement of the hearing on the record. Counsel for GTE explained the offer to Mr. Fain as follows: "If the Commission is going to act based on this hearing and the only thing holding it up is Mr. Fain's motion, then we are willing to move the two exchanges that are currently in the second year, Cedar Creek and Bradleyville, and move them into the first year as a way to settle Mr. Fain's concern so that we can move on. But, if we are going to go to hearings, then I think we've all agreed we'll go to hearings and try the issue at that point." Tr. at 858, lines 6 through 13. This position was again reiterated at the end of the hearing: "What we agreed to was that, if the Commission went ahead with the further hearings, including public hearings, then we would go ahead and try the issue because there would be time to at least give him a hearing on those issues. If the only thing holding up getting this thing done by the August 1 time frame was Mr. Fain's issue, then we've agreed to move those exchanges forward." Tr. at 1002, lines 3 through 9.

The Stipulation requested a Report and Order from the Commission before August 1, 1994, but counsel for GTE indicated at the hearing that GTE particularly needed to know whether the Commission intended to approve its modernization plan by September 1, 1994, in order for it to start ordering equipment and do planning for the next year, so that it could meet its modernization commitment. Due to the complexity of the issues raised in this proceeding and the rate impacts, the Commission determined that it was appropriate to schedule two local public hearings to allow comments from the public about the agreement, thus the Commission was unable to meet the requested August 1, 1994 deadline. The necessity of the further hearings therefore would appear to invalidate the agreement between GTE and Mr. Fain. Under these circumstances the agreement between GTE and Mr. Fain may not be considered as part of the Stipulation and Agreement presented to the Commission for its consideration. However, if GTE chooses to accommodate Taney County under the terms offered at the July 20, 1994 hearing, it may do so.

As was indicated at the hearing, Taney County is not formally a party to any of the cases involved in the Stipulation and Agreement, therefore the Motion For Continuance will be treated as a request for intervention. The Commission has reviewed the background of the modernization docket, TO-93-309, and determines that it would not be in the public interest to allow Taney County intervention. The purpose of establishing the modernization docket was to create a vehicle through which the Commission could monitor and review the plans of regulated telephone companies for compliance with the Commission's network modernization rule. No intervention deadline was set in conjunction with the opening of this docket, nor were interventions allowed with respect to the network modernization plans filed by any particular telephone company. Under these circumstances it would be inequitable to allow Taney County to intervene where no other similarly situated entity was given an opportunity to intervene. If a formal intervention period was permitted, the Commission would be unable to issue a Report and Order approving GTE's network modernization plan prior to September 1, 1994, which would hinder GTE from timely ordering the proper equipment and making the proper plans for the implementation of modernization, thus posing a delay in modernization to all the exchanges in GTE's plan. Although the modernization docket merely implements the Commission's rule on modernization, and neither the docket nor the rule contemplates an intervention period, public comment was sought and encouraged during the course of the rulemaking proceeding establishing the Commission's network modernization rule, 4 CSR 240-32.100.

Under GTE's plan, the Protem exchange is currently scheduled for modernization in 1995, and the Bradleyville and Cedar Creek exchanges are scheduled for modernization in 1996. As a practical matter, modernization can only be completed over a period of time, even though each individual exchange may wish to be the first in line to receive the benefits of modernization. The Commission, on the other hand, has the broader goal of ensuring that the benefits of modernization are extended to all Missourians as expeditiously and economically as possible. The Commission has reviewed the network modernization plan submitted as part of this Stipulation, and finds that GTE's plan, as well as the method used by GTE to determine the order in which exchanges are to be modernized, is just and reasonable and in the public interest as a whole.

The Commission is further of the opinion that Taney County has not been deprived of any procedural due process to which it is entitled, as it has cited no substantive right to which it can lay claim, which the deprivation of procedural due process would endanger. Taney County has no constitutional right to receive network modernization at a given point in time; rather, whatever legal right it may have to modernization flows from the Commission's rule requiring modernization, and at best it can only claim a right to enforce the Commission's rule on its own behalf. The Commission finds that the concerns raised by Taney County regarding multiline service contained in its original complaint, Case No. TC-94-284, have been adequately addressed by the modernization plan filed by GTE as part of the Stipulation, and thus the allegations relating to multiline service in Case No. TC-94-284, which were referred to Case No. TO-93-309, are hereby dismissed.

The Commission, after considering the aforesaid Stipulation and Agreement and attachments thereto, the exhibits admitted into evidence at the prehearing conference and at the hearing, and the examination of the parties at the hearing, determines that this Stipulation and Agreement is just and reasonable as to all provisions contained therein. The Commission also specifically finds that the provision providing for interLATA/intraLATA parity adequately addresses the concerns expressed by the Missouri Court of Appeals, Western District, and that no further findings on that issue are necessary.

The Commission also notes that on the record no party voiced opposition to the Stipulation and Agreement; rather each party either recommended approval thereof or expressed its neutrality with respect to the Stipulation. The nonsignatory parties also voiced their reasons for not wishing to sign the Stipulation. Those reasons involved either discomfort with the addition of the procedural paragraph referenced above, or with concern about signing a Stipulation which addressed issues and cases to which they were not a party.

In restating portions of the Stipulation, the Commission is not changing the language and terms of the Stipulation, but adopts it in full as resolving all issues which were set out therein. The Commission in adopting this Stipulation is satisfied that the negotiated settlement represents a reasoned and fair resolution of the issues in this case and that it would be in the best interest of all parties for the Commission to adopt this Stipulation.

Although the Commission does find that the provisions of the Stipulation represent a just and reasonable settlement of the issues in this proceeding, the Commission must also express its disappointment that the Company and Staff have missed a golden opportunity to consolidate exchanges as a way of addressing some of the rate design issues. For the most part, the technology in existence today no longer conforms to that of the past, as some exchanges no longer have true central offices with switches. Similarly, population densities have decreased in rural areas, and communities of interest have expanded outward, away from the self-contained communities which were more the norm in the past.

Regulated telephone companies should in the future generally move toward the consolidation of exchanges, particularly the consolidation of exchanges without true central office switches. Such a movement toward the consolidation of exchanges will on the whole result in the more equal pricing of basic service and more satisfied customers, while still respecting value of service pricing. Nevertheless, the Commission still finds it appropriate to approve the Stipulation presented to it, so that customers may begin receiving the benefits of GTE's revenue reduction and modernization plan as soon as possible.

Conclusions of Law

The Missouri Public Service Commission has arrived at the following conclusions of law:

GTE Midwest Incorporated is a public utility subject to the jurisdiction of the Commission pursuant to Chapters 386 and 392, RSMo 1986, as amended.

Pursuant to Section 536.060, RSMo 1986, the Commission may approve a stipulation and agreement concluded among the parties as to any issues in a contested case. The standard for Commission approval of a stipulation and agreement is whether it is just and reasonable. The Commission, in accordance with its statutory power, has determined that this Stipulation and Agreement which settles all issues raised in this case is just and reasonable and appropriate, and therefore should be approved in full.

Based upon the Commission's findings of fact in this case and conclusions of law, the Commission determines that just and reasonable consolidated tariffs in substantially the form as set forth in the specimen tariffs contained in Exhibit 1 should be filed by the company, designed to reduce in the aggregate its annual Missouri telecommunications revenue, exclusive of license, occupation, franchise, gross receipts or other similar fees or taxes, by $16,587,043. Said consolidated tariffs and rate schedules shall be effective for telecommunications service rendered on and after September 15, 1994.

IT IS THEREFORE ORDERED:

1. That the Missouri Public Service Commission hereby approves and adopts all provisions of the Stipulation and Agreement filed on July 20, 1994, which Stipulation was agreed to and signed by GTE Midwest Incorporated and the Staff of the Missouri Public Service Commission, and which is incorporated herein by reference and attached hereto as Attachment 1.

2. That GTE Midwest Incorporated be and is hereby authorized to file consolidated tariffs for the approval of the Commission consistent with the specimen consolidated tariffs contained in Exhibit 1 and admitted into evidence on July 8, 1994.

3. That the consolidated tariffs authorized to be filed pursuant to Ordered Paragraph 3 shall be designed to reduce in the aggregate the annual Missouri telecommunications revenues of GTE Midwest Incorporated by $16,587,043, exclusive of license, occupation, franchise, gross receipts, or other similar fees or taxes, and be consistent with the Stipulation and Agreement and this Report and Order.

4. That the consolidated tariffs referenced in Ordered Paragraph 3 be filed with an effective date of September 15, 1994.

5. That the allegations relating to multiline service by Taney County, Missouri in Case No. TC-94-284, which were referred to Case No. TO-93-309 by Commission order dated May 6, 1994, are hereby dismissed.

6. That this Report and Order shall become effective on September 15, 1994

BY THE COMMISSION

David L. Rauch

David L. Rauch
Executive Secretary

(S E A L)

McClure, Kincheloe, and
Crumpton, CC., Concur.
Mueller, Chm., and Perkins, C.,
Dissent in separate opinions.

Dated at Jefferson City, Missouri,
on this 29th day of August, 1994.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of GTE North Incorporated of Westfield, Indiana, for authority to file tariffs increasing rates for telephone service in the Missouri Division of its system.	CASE NO. TR-89-182 **(REMAND)**
In the matter of the tariffs of GTE North Incorporated for billing and collection services.	CASE NO. TR-89-238 **(REMAND)**
The Staff of the Missouri Public Service Commission, Complainant, v. GTE North Incorporated, Respondent.	CASE NO. TC-90-75 **(REMAND)**
In the matter of the application requesting authority (1) for GTE North Incorporated to transfer certain assets to GTE Midwest Incorporated, (2) for the merger of Contel of Iowa, Inc., Contel of Missouri, Inc., Contel of Minnesota, Inc., The Kansas State Telephone Company, Contel of Kansas, Inc., into GTE Midwest Incorporated, and (3) for the transfer of certificates of public convenience and necessity.	CASE NO. TM-93-1 FILED JUL 20 1994 MISSOURI PUBLIC SERVICE COMMISSION
In the matter of the local exchange telecommunications companies' modernization plans pursuant to 4 CSR 240-32.100.	CASE NO. TO-93-309

STIPULATION AND AGREEMENT

As a result of discussions among the signatories hereto, said signatories, in settlement of all issues in the above captioned cases, hereby submit to the Commission for its consideration and approval the following:

1. If the Commission issues a Report And Order approving this Stipulation And Agreement before August 1, 1994, then

commencing with telephone service provided on and after August 1, 1994, GTE Midwest Incorporated (GTE) shall reduce in the aggregate the annual Missouri telecommunications revenues of GTE, exclusive of license, occupation, franchise, gross receipts, or other similar fees or taxes, by $16,587,043.[1] If the Commission issues a Report And Order approving this Stipulation And Agreement on or after August 1, 1994, then GTE shall make the above referenced reduction in the aggregate annual Missouri telecommunications revenues of GTE on the first day of the first month after the month in which the Commission issues its Report And Order. The four separate sets of tariffs left in place in Missouri as a result of the Commission's December 8, 1992 Report And Order in Case No. TM-93-1 will be consolidated ultimately into one set of tariffs pursuant to the instant Stipulation And Agreement. The aggregate annual dollar impact of the instant Stipulation And Agreement is as follows:

- Local Service Combined into 5 Rate Groups and a single rate for OBRA/IBRA for the Metro I rate group	$ 30,020
- Zone/Mileage Charges Eliminated	($ 2,670,162)
- Touchtone Charges Eliminated	($ 5,371,249)
- Service Connection Charges Made Uniform (set at lowest existing rate)	($ 166,290)
- Toll Charges[2]	($ 1,957,457)

[1] On December 8, 1992, the Commission issued a Report And Order in Case No. TM-93-1 authorizing the merger of (1) GTE North Incorporated; (2) Contel of Missouri, Inc., d/b/a GTE Missouri; (3) Contel System of Missouri, Inc., d/b/a GTE Systems of Missouri; (4) Contel of Iowa, Inc., d/b/a GTE Iowa (Contel of Iowa); and (5) The Kansas State Telephone Company, d/b/a GTE of Eastern Missouri. The merger of these five legal entities left in place in Missouri the tariffs of four former companies: GTE North, Contel, Contel Systems, and Eastern Missouri.

[2] Initially there will be two sets of toll tariffs. Rates ultimately will move to one rate structure using the lowest respective rates from the two sets of toll tariffs when the primary toll carrier reconfiguration occurs (Case No. TT-94-119), regardless of the overall rate reduction in the SWB complaint case.

-	Access Rates Made Uniform (various changes including interLATA/intraLATA parity)[3]	($ 7,072,356)
-	Private Payphone Rates-Usage Charge Component Eliminated	($ 273,420)
-	EAS Rates Established/Increased	$ 918,142
-	Line Hunting Charge Eliminated	($ 24,271)
-	Other Rate Structure Consolidations[4]	$ 0
	Total Revenue Reduction	($16,587,043)

There is a total revenue reduction on an annual basis of $16,587,043, exclusive of license, occupation, franchise, gross receipts, or other similar fees or taxes, but some customers will receive a rate increase as a result of the tariff consolidation affected by this Stipulation And Agreement. Also, although the change in rates or charges will occur for service rendered on and after August 1, 1994, the change may not be reflected on customers' bills before bills rendered in September or even October, 1994 when credits or debits will appear. Customers will receive an explanation in the bill which reflects the change, and possibly also in a bill prior to the reflection of the change.

2. By December 31, 1999, GTE must attain compliance with the Commission's Modernization Rule, 4 CSR 240-32.100, pursuant to an approved plan substantially the same as GTE's submitted 5-year plan. By "substantially the same," it is meant that GTE may make

[3] When the primary toll carrier reconfiguration occurs (Case No. TT-94-119), the originating CCLC will be reduced from .03267508 to .02990131.

[4] No revenue impact, but consolidation of rates, for all vertical services. Consolidation of CentraNet/Centrex tariffs is based on a $0 revenue impact. Existing rates for special access and private line services will remain separate; however, GTE will take steps to consolidate the respective rates for these services, on a revenue neutral basis, so that consolidation will be completed within one year of the effective date of this Stipulation And Agreement.

minor changes to its submitted 5-year plan, but the changes should not be a major reshuffling of its submitted 5-year plan.

GTE submitted its modernization plan to the Staff and Public Counsel on June 24, 1994. The Staff and Public Counsel have completed their review of the modernization plan submitted by GTE, Attachment 1 hereto. The Staff and Public Counsel are not opposed to the plan, and recommend Commission approval.

If during the implementation of the plan, GTE seeks to alter the plan by changing the modernization schedule without going beyond the December 31, 1999 completion date, GTE will seek the concurrence of the Staff and Public Counsel. If the Staff and Public Counsel are not opposed to the change, they will recommend approval. If the Staff or Public Counsel is opposed to the change, then recourse to the Commission may be sought. All Commission decisions on the matter addressed in this paragraph are final from which judicial review will not be sought.

3. All construction pursuant to the modernization plan must be completed by December 31, 1999. Analog carrier should not increase in the GTE system beyond the current level.

The Staff and Public Counsel would entertain consideration of a GTE request for a "variance" from the December 31, 1999 compliance date to completion of construction by December 31, 2000, but such variance may be sought and granted only if it is based on extraordinary matters beyond GTE's control that could not have been addressed at the time of the execution of this Stipulation And Agreement.

If the Staff and Public Counsel are not opposed to the variance request, they will recommend approval. If the Staff or Public Counsel is opposed to the variance request, then recourse to the Commission may be sought. All Commission decisions on requests for variances are final from which judicial review will not be sought. The variance granted in Case No. TO-90-1 is an example of a past variance request to which the Staff was not opposed.

As set out in 4 CSR 240-32.100, GTE's modernization plan shall:

- Eliminate all multi-party lines and electro-mechanical switches
- Provide dual tone multifrequency signaling, custom calling features and E-911 access capability in all exchanges
- Provide interLATA presubscription in all exchanges
- Provide SS7 down to tandem level of switching hierarchy
- Provide digital interoffice transmission between central office buildings, excluding analog private line service

4. Regarding the availability of interactive telecommunications services to all public and private schools and hospitals/rural medical clinics within its service territory, GTE's position is that if requested by said schools and hospitals/rural medical clinics, GTE is committed to providing broadband interactive services using T-1 technology over current facilities and those facilities added through the modernization plan at tariffed rates.

5. GTE will submit to the Staff and Public Counsel semiannual progress reports identifying the status (including the

date of completion, where applicable) of each item required by the approved modernization plan. The report shall contain the information identified in Attachment 2 hereto.

6. Compliance with the modernization requirements will require expenditures by GTE to December 31, 1999. GTE will book a minimum additional $8,000,000 per annum in amortization expense for the duration of the modernization plan unless the circumstances identified below occur. Nothing in this Stipulation And Agreement requires the Staff, Public Counsel, or any other party to use, nor is anything in this Stipulation And Agreement intended to suggest that the Staff, Public Counsel, or any other party, other than GTE, will use any amortization amount in its calculation of GTE's revenue requirement for the duration of the modernization plan. GTE intends to reflect at least $8,000,000 per annum amortization in its surveillance and other financial reports. GTE will do so during the life of the modernization plan unless the circumstances identified below occur.

If from the conclusion of the moratorium period to the conclusion of the modernization period, GTE does not file a rate increase case and neither the Staff nor Public Counsel files a rate decrease case, the amortization will continue until the conclusion of the modernization period. If after the conclusion of the moratorium period, but prior to the conclusion of the modernization period, GTE files a rate increase case or the Staff or Public Counsel files a rate decrease case, the amortization will not continue beyond the effective date of the Commission's Report And

Order setting new rates (unless the Commission directs the continuation of the amortization).

The application of § 392.280.2 RSMo Supp. 1993 is unchanged as a result of this Stipulation And Agreement.

7. No general or limited rate increase case pursuant to either existing or future statutes, will be filed by GTE, and no rate reduction case will be filed by the Staff or Public Counsel prior to January 1, 1997. The Staff and Public Counsel may commence earnings audits but not file rate reduction cases prior to January 1, 1997. This moratorium/stay out provision applies only to general or limited rate increases and rate reduction cases. This Stipulation And Agreement does not relieve GTE of any requirements, obligations, or commitments not addressed in this Stipulation And Agreement. For example, GTE is not relieved from providing back-up or supporting information as requested by the Staff and Public Counsel, addressing service complaints, and keeping appropriate continuing property records.

8. The following information will be provided to the Staff and Public Counsel. The Staff and Public Counsel are not asking that any new reports be developed by GTE but that information presently being recorded and maintained by GTE be provided to the Staff and Public Counsel. The Staff and Public Counsel will talk further with GTE regarding how the information listed below will be provided:

- Annual: Missouri budgets (Operating & Construction) beginning in 1995.

- Monthly: Missouri actual operating results including balance sheet.
- Monthly: explanation of Missouri variances between actual results and budget.
- Annual: explanation of significant expense changes in Missouri budget versus prior year actual results.
- Quarterly: intra-state Missouri results using actual separation factors. (This will be delayed until actual factors are available.)
- Semiannual: affiliated transactions, for Missouri operations by affiliate.
- Company's cost allocation manual with all subsequent updates.
- Company's accounting manual with all subsequent updates.

9. None of the parties to this Stipulation And Agreement shall be deemed to have approved or acquiesced in, including but not limited to, any question of Commission authority, accounting authority order principle, cost of capital methodology, capital structure, ratemaking principle, valuation methodology, cost of service methodology or determination, depreciation principle or method, rate design methodology, cost allocation, cost recovery, or prudence, that may underlie this Stipulation And Agreement, or for which provision is made in this Stipulation And Agreement.

10. This Stipulation And Agreement represents a negotiated settlement. Except as specified herein, the signatories to this Stipulation And Agreement shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation And Agreement: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve this Stipulation And

Agreement in the instant proceeding, or in any way condition its approval of same.

11. The provisions of this Stipulation And Agreement have resulted from negotiations among the signatories and are interdependent. In the event that the Commission does not approve and adopt the terms of this Stipulation And Agreement in total, it shall be void and no party hereto shall be bound, prejudiced, or in any way affected by any of the agreements or provisions hereof.

12. In the event the Commission accepts the specific terms of this Stipulation And Agreement, the signatories waive their respective rights to present oral argument and written briefs pursuant to Section 536.080.1 RSMo 1986; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo 1986; and their respective rights to judicial review pursuant to Section 386.510 RSMo 1986. This waiver applies only to a Commission Report And Order issued in this proceeding, and does not apply to any matters raised in any subsequent Commission proceeding, or any matters not explicitly addressed by this Stipulation And Agreement.

13. Pursuant to Section 392.220.2 RSMo Supp. 1993, the Commission for good cause shown may allow changes in rates or changes without requiring thirty days' notice. Good cause exists for allowing changes in GTE's rates or charges without requiring thirty days' notice in that in the aggregate the changes constitute a $16,587,043 rate reduction per annum. The tariff sheets proposed by the signatories to go into effect for service rendered on and

after August 1, 1994 result in a reduction of GTE's rates in the aggregate in excess of approximately $1 million per month (exclusive of license, occupation, franchise, gross receipts, or other similar fees or taxes).

14. If the Commission approves this Stipulation And Agreement before August 1, 1994, GTE shall file tariff sheets for Commission approval consistent with the tariff sheets marked as Exhibit 1, bearing an effective date of August 1, 1994. If the Commission approves this Stipulation And Agreement on or after August 1, 1994, GTE shall file tariff sheets for Commission approval consistent with Exhibit 1, bearing an effective date of the first day of the first month after the month in which the Commission approves this Stipulation And Agreement.

15. Attachment 3 hereto shows, in part, the impact of the rates adopted by this Stipulation And Agreement which rates are contained in the tariff sheets marked as Exhibit 1.

16. At the Commission's request, the Staff shall have the right to submit to the Commission, in confidential memorandum or oral briefing form, an explanation of its rationale for entering into this Stipulation And Agreement, and to provide to the Commission whatever further explanation the Commission requests. The Staff's confidential memorandum or oral briefing shall not become part of the record of this proceeding and shall not bind or prejudice the Staff in any future proceeding. In the event the Commission does not approve this Stipulation And Agreement, the Staff's confidential memorandum or oral briefing shall not bind or

prejudice the Staff in this proceeding. Any rationales advanced by the Staff in such a confidential memorandum or oral briefing are its own and are not acquiesced in or otherwise adopted by the other signatories.

Respectfully submitted,

James C. Stroo
GTE Midwest Incorporated
1000 GTE Drive
P.O. Box 307
Wentzville, Missouri 63385

Steven Dottheim
Deputy General Counsel
Staff of the Missouri
Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

Randy Bakewell
Martha S. Hogerty
Office of the Public Counsel
P.O. Box 7800
Jefferson City, Missouri 65102

Thomas A. Grimaldi
United Telephone Company of
Missouri
5454 West 110th Street
Overland Park, Kansas 66211

Edward J. Cadieux
MCI Telecommunications Corp.
100 S. Fourth Street
2nd Floor
St. Louis, Missouri 63102

Carl J. Lumley
Curtis, Oetting, Heinz,
Garrett & Soule, P.C.
130 S. Bemiston, Suite 200
St. Louis, Missouri 63105

Gloria Salinas
AT&T Communications of the
Southwest, Inc.
8911 Capitol of Texas Highway
Suite 1100
Austin, Texas 78759

Paul S. DeFord
Lathrop & Norquist
2345 Grand Avenue
Suite 2600
Kansas City, Missouri 64108

James M. Fischer
102 E. High Street
Jefferson City, Missouri 65101

Katherine C. Swaller
Alfred G. Richter, Jr.
Southwestern Bell Telephone
Company
100 N. Tucker, Room 618
St. Louis, Missouri 63101-1976

William M. Barvick
240 E. High Street
Suite 202
Jefferson City, Missouri 65101

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown above this 20th day of July, 1994.

Steven Dottheim

ATTACHMENT 1

GTE MISSOURI - CON[illegible]ION OF REMAINING NON-DIGITAL OFFICES AND ON[illegible]ARTY UPGRADES

5 YEAR PLAN

EXCHANGE	SWITCH TYPE	CONVERSION YEAR	FORECAST ACCESS LINES	MULTI-PARTY REGRADES
AMAZONIA	EXIST DIGIT	1995	312	13
ANNAPOLIS	REMOTE	1995	747	263
ASHLAND	EXIST DIGIT	1995	2,090	49
AVENUE CITY	EXIST DIGIT	1995	353	7
BOLCKOW	EXIST DIGIT	1995	255	6
BUFFALO	EXIST DIGIT	1995	3,962	425
CAULFIELD	REMOTE	1995	1,302	670
CLARK	EXIST DIGIT	1995	350	3
CLARKSDALE	EXIST DIGIT	1995	326	8
CONWAY	EXIST DIGIT	1995	1,545	615
COSBY	EXIST DIGIT	1995	188	1
CRANE	REMOTE	1995	1,274	24
DALTON	EXIST DIGIT	1995	75	8
DORA	REMOTE	1995	462	251
EASTON	EXIST DIGIT	1995	295	15
EMINENCE	REMOTE	1995	1,028	197
FILLMORE	EXIST DIGIT	1995	255	11
GALENA	EXIST DIGIT	1995	997	187
HALLSVILLE	EXIST DIGIT	1995	1,645	13
HELENA	EXIST DIGIT	1995	301	9
HERMANN	EXIST DIGIT	1995	2,488	156
HUMANSVILLE	REMOTE	1995	1,212	51
JENKINS	REMOTE	1995	281	151
LICKING	EXIST DIGIT	1995	1,956	616
MAYSVILLE	REMOTE	1995	1,475	68
OSBORN	EXIST DIGIT	1995	340	7
OSCEOLA	HOST	1995	1,495	58
PARIS	REMOTE	1995	1,366	0
PROTEM	REMOTE	1995	391	243
ROCHEPORT	EXIST DIGIT	1995	419	15
ROSENDALE	EXIST DIGIT	1995	395	8
STURGEON	EXIST DIGIT	1995	828	14
SUMMERSVILLE	REMOTE	1995	1,226	614
THEODOSIA	EXIST DIGIT	1995	912	236
TURNEY	EXIST DIGIT	1995	164	2
VAN BUREN	REMOTE	1995	1,220	163
WASHBURN	EXIST DIGIT	1995	528	9
WHITESVILLE	EXIST DIGIT	1995	187	8
	YEAR 1 TOTALS		34,645	5,194

GTE MISSOURI - CON. ION OF REMAINING NON-DIGITAL OFFICES AND ON. PARTY UPGRADES

5 YEAR PLAN

EXCHANGE	SWITCH TYPE	CONVERSION YEAR	FORECAST ACCESS LINES	MULTI-PARTY REGRADES
BELGRADE	REMOTE	1996	433	63
BELLE	REMOTE	1996	1,261	133
BOSS	REMOTE	1996	336	25
BRADLEYVILLE	REMOTE	1996	403	137
BRAYMER	REMOTE	1996	737	13
BRUNSWICK/TRIPLETT	REMOTE	1996	799	72
BUNKER	REMOTE	1996	541	170
CANTON	EXIST DIGIT	1996	2,306	166
CEDAR CREEK	REMOTE	1996	260	175
COLLINS	REMOTE	1996	487	24
EDGAR SPRINGS	REMOTE	1996	801	391
ELMER	REMOTE	1996	140	41
GAINESVILLE	EXIST DIGIT	1996	1,653	500
GOWER	REMOTE	1996	1,024	15
HARTVILLE	REMOTE	1996	1,170	414
KEYTESVILLE	EXIST DIGIT	1996	547	76
LA PLATA	REMOTE	1996	1,244	83
LOWRY CITY	REMOTE	1996	1,131	47
MT STERLING	REMOTE	1996	675	165
NIANGUA	REMOTE	1996	599	222
PITTSBURG	EXIST DIGIT	1996	659	271
RAYMONDVILLE	REMOTE	1996	410	0
ROBY	REMOTE	1996	1,025	383
SHELBYVILLE	REMOTE	1996	496	86
THAYER	EXIST DIGIT	1996	2,045	207
WEAUBLEAU	REMOTE	1996	474	14
WHEATLAND	EXIST DIGIT	1996	1,549	963
WINONA	REMOTE	1996	786	47
	YEAR 2 TOTALS		23,991	4,903

ATTACHMENT 1

GTE MISSOURI - CONVERSION OF REMAINING NON-DIGITAL OFFICES AND ONE PARTY UPGRADES

5 YEAR PLAN

EXCHANGE	SWITCH TYPE	CONVERSION YEAR	FORECAST ACCESS LINES	MULTI-PARTY REGRADES
ALTON	EXIST DIGIT	1997	1,389	374
ARCOLA	REMOTE	1997	201	60
BIRCH TREE	REMOTE	1997	949	109
BLAND	REMOTE	1997	786	96
CAMERON	EXIST DIGIT	1997	4,124	40
CENTRALIA	EXIST DIGIT	1997	2,698	52
CHAMOIS	REMOTE	1997	471	41
CLEVELAND	REMOTE	1997	737	0
CONCORDIA	EXIST DIGIT	1997	1,914	140
CROSS TIMBERS	REMOTE	1997	557	256
DADEVILLE	EXIST DIGIT	1997	329	138
DREXEL	REMOTE	1997	990	270
GROVE SPRING	REMOTE	1997	505	244
HERMITAGE	EXIST DIGIT	1997	1,000	208
JAMESTOWN	REMOTE	1997	451	0
KIDDER	REMOTE	1997	353	11
KINGSTON	EXIST DIGIT	1997	437	25
MONTAUK	REMOTE	1997	230	62
MORRISON	REMOTE	1997	468	85
NORWOOD	REMOTE	1997	837	346
PRAIRIE HOME	REMOTE	1997	248	47
SARCOXIE	EXIST DIGIT	1997	1,477	439
SELBINA	REMOTE	1997	1,543	217
SHELDON	EXIST DIGIT	1997	631	191
SOUTHWEST CITY	REMOTE	1997	899	92
STEWARTSVILLE	REMOTE	1997	566	1
URBANA	REMOTE	1997	1,119	620
WASOLA	REMOTE	1997	506	121
WAYLAND	EXIST DIGIT	1997	816	36
	YEAR 3 TOTALS		27,231	4,321

5 YEAR PLAN

EXCHANGE	SWITCH TYPE	CONVERSION YEAR	FORECAST ACCESS LINES	MULTI-PARTY REGRADES
AVA	EXIST DIGIT	1998	4,222	249
AVILLA	REMOTE	1998	521	217
BELLEVIEW	REMOTE	1998	381	103
BERNIE	HOST	1998	1,126	3
BRONAUGH	REMOTE	1998	396	137
CALEDONIA	REMOTE	1998	448	30
COLUMBIA	EXIST DIGIT	1998	62,181	186
CREIGHTON	REMOTE	1998	401	92
ELLISNORE	REMOTE	1998	786	167
EVERTON	EXIST DIGIT	1998	492	146
GARDEN CITY	REMOTE	1998	1,212	288
GOLDEN CITY	REMOTE	1998	856	212
GORIN	REMOTE	1998	140	28
JERICO SPRINGS	REMOTE	1998	493	180
KAHOKA	EXIST DIGIT	1998	1,683	21
LADDONIA	REMOTE	1998	466	76
LESTERVILLE	REMOTE	1998	369	90
LEWISTOWN	REMOTE	1998	463	0
MANSFIELD	EXIST DIGIT	1998	1,421	19
MONTICELLO	REMOTE	1998	204	0
PARMA	REMOTE	1998	413	1
REVERE	EXIST DIGIT	1998	200	69
SAFE	REMOTE	1998	377	171
SANTA FE	REMOTE	1998	128	46
SAVANNAH	EXIST DIGIT	1998	3,340	18
SCHELL CITY	REMOTE	1998	472	150
ST JAMES	EXIST DIGIT	1998	3,454	53
VANZANT	REMOTE	1998	427	275
VICHY	REMOTE	1998	448	145
WALKER	REMOTE	1998	329	56
WOOLRIDGE	REMOTE	1998	139	1
	YEAR 4 TOTALS		87,988	3,229

5 YEAR PLAN

EXCHANGE	SWITCH TYPE	CONVERSION YEAR	FORECAST ACCESS LINES	MULTI-PARTY REGRADES
CENTERVILLE	REMOTE	1999	227	0
CLARENCE	REMOTE	1999	791	0
EAST LYNNE	REMOTE	1999	504	110
EWING	REMOTE	1999	456	1
FREMONT	REMOTE	1999	164	25
HUNNEWELL	REMOTE	1999	220	39
IRONDALE	REMOTE	1999	489	22
KOSHKONONG	REMOTE	1999	340	31
LA BELLE	REMOTE	1999	477	0
LEASBURG	REMOTE	1999	532	0
LOUISBURG	REMOTE	1999	356	142
MANES	EXIST DIGIT	1999	539	355
MEMPHIS	REMOTE	1999	1,386	7
MILO	EXIST DIGIT	1999	458	163
NEBO	EXIST DIGIT	1999	371	236
NOEL	REMOTE	1999	980	133
OATES	REMOTE	1999	313	155
PERRY	EXIST DIGIT	1999	789	126
PRESTON	REMOTE	1999	334	83
QUEEN CITY	REMOTE	1999	558	15
ROCKVILLE	EXIST DIGIT	1999	361	198
SELIGMAN	REMOTE	1999	757	194
STEELE	REMOTE	1999	1,762	14
STOUTSVILLE	REMOTE	1999	104	0
THOMASVILLE	REMOTE	1999	341	69
TIMBER	REMOTE	1999	144	47
UNIONVILLE	REMOTE	1999	1,778	29
	YEAR 5 TOTALS		15,531	2,194

ATTACHMENT 1

GTE MISSOURI - CON. ,ION OF REMAINING NON-DIGITAL OFFICES AND ON. ARTY UPGRADES

5 YEAR PLAN
($ in 000)

	FORECAST ACCESS LINES	OFFICE MODERN CAPITAL COSTS	ONE PARTY UPGRADE CAPITAL COSTS	TOTAL CAPITAL COSTS	ONE PARTY UPGRADE EXPENSE COSTS	OFFICE MODERN EXPENSE COSTS	TOTAL OFFICE EXPENSE COSTS	MULTI-PARTY REGRADES
5-YEAR PLAN TOTAL	189,386	$53,654	$102,394	$156,048	$11,368	$992	$12,360	19,841

Switch Conversions

- Date Completed
- Exchange Name
- DTMF Availability date
- 911 Availability date
- Custom Calling Features
  - Features Available
  - Availability date
- Total Access Lines
  - Single Party
  - Multi Party
- Type of switch
- Budgeted
  - Total Dollars
    - Capital Dollars
    - Expense Dollars
- Actual
  - Total Dollars
    - Capital Dollars
    - Expense Dollars
- Explain differences over 10%

Equal Access Conversions

- Date Implemented
- Exchange Name
- Total Access Lines
- Budgeted
  - Total Dollars
    - Capital Dollars
    - Expense Dollars
- Actual
  - Total Dollars
    - Capital Dollars
    - Expense Dollars
- Explain differences over 10%

Interexchange Conversions

- Date Completed
- Route
- Miles Converted
- Previous Facility Type
- Previous Facility Capacity
- New Facility Type
- New Facility Capacity
- Budgeted
  - Total Dollars
    - Capital Dollars
    - Expense Dollars
- Actual
  - Total Dollars
    - Capital Dollars
    - Expense Dollars
- Explain differences over 10%

R4 Upgrades

- Date Construction completed
- Date Tariff effective
- Exchange Name
- Total Access Lines
- Number of upgrades
- Budgeted
  - Total Dollars
    - Capital Dollars
    - Expense Dollars
- Actual
  - Total Dollars
    - Capital Dollars
    - Expense Dollars
- Explain differences over 10%

ATTACHMENT 2

	Group Size
Rate Group 1	1 to 1,060
Rate Group 2	1,061 to 2,900
Rate Group 3	2,901 to 7,000
Rate Group 4	7,001 to 25,000
Rate Group 5	25,000+

GTE Local Exchange Rate Structure

	Ratio	Rate Groups					Metro	
Service	to R1	1	2	3	4	5	IBRA	OBRA
Business								
One-Party	2.00	$13.00	$14.00	$15.00	$16.00	$17.00	$20.22	$20.22
Trunk	2.50	$16.25	$17.50	$18.75	$20.00	$21.25	$31.67	$31.67
Key	2.50	$16.25	$17.50	$18.75	$20.00	$21.25	$31.67	$31.67
Four-Party	2.00	$13.00	$14.00	$15.00	$16.00	$17.00	n/a	$20.22
Semi-Public	2.50	$16.25	$17.50	$18.75	$20.00	$21.25	$31.67	$31.67
COCOT	n/a	$26.95	$26.95	$26.95	$26.95	$26.95	$26.95	$26.95
Centrex B1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Centrex Key	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Residential								
One-Party	1.00	$6.50	$7.00	$7.50	$8.00	$8.50	$10.40	$10.40
Two-Party	0.80	$5.20	$5.60	$6.00	$6.40	$6.80	n/a	n/a
Four-Party	0.65	$4.23	$4.55	$4.88	$5.20	$5.53	n/a	$6.76
Key	1.00	$6.50	$7.00	$7.50	$8.00	$8.50	$10.40	$10.40
Centrex	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Lifeline One-Party		$6.50	$7.00	$7.50	$8.00	$8.50	$10.40	$10.40
Lifeline Four-Party		$4.23	$4.55	$4.88	$5.20	$5.53	n/a	$6.76

		Average Rate
Proposed Rate Structure Revenues:	$37,696,063	$9.16
- Existing Rate Structure Revenues:	($37,666,043)	$9.15
Revenue Impact:	$30,020	$0.01

Residential One-Party

Company	Current Rate Schedules: Schedule		Mileage Application	IBRA Lines	IBRA Impact	OBRA Lines	OBRA Impact	Proposed Rate
Contel			$.75 per quarter mile					
	A1	$4.95	1 none but OBRA pays $8.60	149	$1.55	410	($2.10)	$6.50
			2 $8.60 (local+mile) cap	85	$1.55	139	$1.55	
			3. mileage applies	370	$1.55	32	$1.55	
	A2	$5.20	1 none but OBRA pays $8.95	957	$1.30	1,224	($2.45)	$6.50
			2. $8.95 (local+mile) cap	692	$1.30	475	$1.30	
			3. mileage applies	3,070	$1.30	293	$1.30	
	A3	$5.55	1. none but OBRA pays $9.25	574	$0.95	1,365	($2.75)	$6.50
			2. $9.25 (local+mile) cap	995	$0.95	1,215	$0.95	
			3. mileage applies	5,035	$0.95	597	$0.95	
	A4	$5.85	1. none but OBRA pays $9.55	1,341	$1.15	2,175	($2.55)	$7.00
			2. $9.55 (local+mile) cap	39	$0.65	198	$0.65	$6.50
			2. $9.55 (local+mile) cap	663	$1.15	365	$1.15	$7.00
			3. mileage applies	1,098	$0.65	167	$0.65	$6.50
			3. mileage applies	6,789	$1.15	1,048	$1.15	$7.00
	A5	$6.10	1 none but OBRA pays $9.75	294	$0.40	857	($3.25)	$6.50
			1. none but OBRA pays $9.75	1,662	$0.90	3,588	($2.75)	$7.00
			1 none but OBRA pays $9.75	5,412	$1.40	5,155	($2.25)	$7.50
			2. $9.75 (local+mile) cap	116	$0.40	444	$0.40	$6.50
			2. $9.75 (local+mile) cap	373	$0.90	903	$0.90	$7.00
			3. mileage applies	1,605	$0.40	174	$0.40	$6.50
			3. mileage applies	921	$0.90	127	$0.90	$7.00
	A6	$6.40	1 none but OBRA pays $10.05	418	$0.10	736	($3.55)	$6.50
			1. none but OBRA pays $10.05	5,448	$1.10	7,550	($2.55)	$7.50
			3. mileage applies	739	$0.10	184	$0.10	$6.50
			3. mileage applies	625	$0.60	112	$0.60	$7.00
	A7	$6.75	1 none but OBRA pays $10.45	1,455	$0.75	2,457	($2.95)	$7.50
			3. mileage applies	881	($0.25)	112	($0.25)	$6.50
	B3	$6.95	No mileage	125	($0.45)	379	($0.45)	$6.50
	B4	$7.40	No mileage	1,192	($0.40)	3,411	($0.40)	$7.00
	B5	$7.65	No mileage	1,932	($0.65)	3,925	($0.65)	$7.00
	B6	$8.10	No mileage	161	($1.10)	880	($1.10)	$7.00
				665	($0.60)	1,897	($0.60)	$7.50
	B7	$8.50	No mileage	1,347	($1.50)	1,176	($1.50)	$7.00
				1,788	($1.00)	2,766	($1.00)	$7.50
				2,806	($0.50)	5,783	($0.50)	$8.00
	C1	$7.25	No mileage	166	($0.75)	135	($0.75)	$6.50
				2,352	$0.25	1,587	$0.25	$7.50
	M1 IBRA:	$9.90		19,720	$0.50	9,822	($3.70)	$10.40
	OBRA:	$14.10	No mileage					$10.40
	M2 IBRA:	$7.55		327	$2.85	490	($1.15)	$10.40
	OBRA:	$11.55	No mileage					$10.40
			Totals	74,383		64,350		
Eastern			Zon1($2.35), Zon2($4.65) Zon3($7.00), Zon4($9.30)					
	1	$3.75		282	$2.75	85	$2.75	$6.50
				1,236	$3.25	587	$3.25	$7.00
	2	$4.25		1,809	$2.75	1,223	$2.75	$7.00
			Totals	3,327		1,895		
GTE North			Zon1($1.75), Zon2($3.70), Zon3($5.65), Zon4($7.60), Zon5($9.55)					
	1	$4.65		3,958	$1.85	4,312	$1.85	$6.50
	2	$5.40		315	$1.10	547	$1.10	$6.50
				9,543	$1.60	8,497	$1.60	$7.00
				7,640	$2.10	3,866	$2.10	$7.50
	3	$6.50		27,365	$2.00	11,389	$2.00	$8.50
			Totals	48,820		28,610		
Systems			$.75 per quarter mile					
	1	$6.15	1. none but OBRA pays $9.55	440	$0.35	441	($3.05)	$6.50
			2. $9.55 (local+mile) cap	86	$0.35	63	$0.35	
	2	$6.60	1. none but OBRA pays $10.00	762	($0.10)	619	($3.50)	$6.50
			3. mileage applies	1,178	($0.10)	117	($0.10)	
	3	$7.05	1. none but OBRA pays $10.45	1,064	($0.05)	1,180	($3.45)	$7.00
			3 mileage applies	1,831	($0.05)	229	($0.05)	
	4	$7.55	1. none but OBRA pays $10.95	127	($1.05)	219	($4.45)	$6.50
			1. none but OBRA pays $10.95	5,062	($0.55)	6,142	($3.95)	$7.00
			1. none but OBRA pays $10.95	4,911	($0.05)	3,557	($3.45)	$7.50
	5	$8.05	1. none but OBRA pays $11.45	3,189	($0.05)	4,289	($3.45)	$8.00
	7	$9.65	3. mileage applies	128	($3.15)	10	($3.15)	$6.50
			Totals	18,777		16,866		

Proposed Rate Structure for "One Party" Customers

Rate Groups: 1	2	3	4	5	Metro I
(1 to 1,060)	(to 2,900)	(to 7,000)	(to 25,000)	(25,000+)	
$6.50	$7.00	$7.50	$8.00	$8.50	$10.40
[redacted]					
Overall Impact of Proposed Rate Structure:					$30,020

Current Touchtone Rates		
Contel	$1.65	75%
Eastern	$1.25	55%
GTE North	$0.45	70%
Systems	$1.65	67%

Figures only reflect the impact of local rate changes. The impact of touchtone and zone/mileage elimination are not included.

Business One-Party

Company	Schedule	Current Rate	Mileage Application	IBRA Lines	IBRA Impact	OBRA Lines	OBRA Impact	Proposed Rate
Contel			$.75 per quarter mile					
	A1	$9.95	1. none but OBRA pays $12.85	29	$3.05	21	$0.15	$13.00
			2. $12.85 (local+mile) cap	13	$3.05	2	$3.05	
			3. mileage applies	46	$3.05	0	$3.05	
	A2	$10.40	1. none but OBRA pays $13.50	123	$2.60	91	($0.50)	$13.00
			2. $13.50 (local+mile) cap	97	$2.60	39	$2.60	
			3. mileage applies	364	$2.60	6	$2.60	
	A3	$10.95	1. none but OBRA pays $14.30	134	$2.05	80	($1.30)	$13.00
			2. $14.30 (local+mile) cap	202	$2.05	75	$2.05	
			3. mileage applies	1,071	$2.05	31	$2.05	
	A4	$11.45	1. none but OBRA pays $14.95	303	$2.55	113	($0.95)	$14.00
			2. $14.95 (local+mile) cap	4	$1.55	7	$1.55	$13.00
			2. $14.95 (local+mile) cap	109	$2.55	9	$2.55	$14.00
			3. mileage applies	231	$1.55	5	$1.55	$13.00
			3. mileage applies	1,478	$2.55	49	$2.55	$14.00
	A5	$12.05	1. none but OBRA pays $15.80	72	$0.95	46	($2.80)	$13.00
			1. none but OBRA pays $15.80	406	$1.95	257	($1.80)	$14.00
			1. none but OBRA pays $15.80	1,363	$2.95	309	($0.80)	$15.00
			2. $15.80 (local+mile) cap	23	$0.95	29	$0.95	$13.00
			2. $15.80 (local+mile) cap	63	$1.95	57	$1.95	$14.00
			3. mileage applies	231	$0.95	10	$0.95	$13.00
			3. mileage applies	181	$1.95	2	$1.95	$14.00
	A6	$12.60	1. none but OBRA pays $16.65	53	$0.40	28	($3.65)	$13.00
			1. none but OBRA pays $16.65	1,463	$2.40	525	($1.65)	$15.00
			3. mileage applies	82	$0.40	0	$0.40	$13.00
			3. mileage applies	211	$1.40	11	$1.40	$14.00
	A7	$13.10	1. none but OBRA pays $17.55	471	$1.90	200	($2.55)	$15.00
			3. mileage applies	84	($0.10)	3	($0.10)	$13.00
	B3	$13.80	No mileage	23	($0.80)	23	($0.80)	$13.00
	B4	$14.35	No mileage	290	($0.35)	336	($0.35)	$14.00
	B5	$15.20	No mileage	392	($1.20)	332	($1.20)	$14.00
	B6	$15.80	No mileage	34	($1.80)	82	($1.80)	$14.00
				206	($0.80)	144	($0.80)	$15.00
	B7	$16.45	No mileage	243	($2.45)	109	($2.45)	$14.00
				465	($1.45)	227	($1.45)	$15.00
				2,058	($0.45)	937	($0.45)	$16.00
	C1	$14.30	No mileage	17	($1.30)	1	($1.30)	$13.00
				520	$0.70	68	$0.70	$15.00
	M1 IBRA:	$19.25		2,903	$0.97	705	($5.48)	$20.22
	OBRA:	$25.70	No mileage					$20.22
	M2 IBRA:	$14.85		72	$5.37	29	$0.62	$20.22
	OBRA:	$19.60	No mileage					$20.22
			Totals	16,129		4,997		
Eastern			Zon1($2.35), Zon2($4.65) Zon3($7.00), Zon4($9.30)					
	1	$7.50		37	$5.50	6	$5.50	$13.00
				206	$6.50	60	$6.50	$14.00
	2	$8.65		438	$5.35	123	$5.35	$14.00
			Totals	681		189		
GTE North			Zon1($1.75), Zon2($3.70), Zon3($5.65), Zon4($7.60), Zon5($9.55)					
	1	$8.70		592	$4.30	204	$4.30	$13.00
	2	$10.30		54	$2.70	21	$2.70	$13.00
				2,134	$3.70	512	$3.70	$14.00
				1,533	$4.70	327	$4.70	$15.00
	3	$14.40		5,354	$2.60	930	$2.60	$17.00
			Totals	9,667		1,994		
Systems			$.75 per quarter mile					
	1	$11.75	1. none but OBRA pays $15.15	121	$1.25	25	($2.15)	$13.00
			2. $15.15 (local+mile) cap	15	$1.25	2	$1.25	
	2	$12.65	1. none but OBRA pays $16.05	138	$0.35	33	($3.05)	$13.00
			3. mileage applies	231	$0.35	6	$0.35	
	3	$13.80	1. none but OBRA pays $17.20	259	$0.20	102	($3.20)	$14.00
			3. mileage applies	336	$0.20	11	$0.20	
	4	$14.90	1. none but OBRA pays $17.20	22	($1.90)	15	($4.20)	$13.00
			1. none but OBRA pays $17.20	1,187	($0.90)	420	($3.20)	$14.00
			1. none but OBRA pays $17.20	1,071	$0.10	248	($2.20)	$15.00
	5	$15.50	1. none but OBRA pays $18.90	774	$0.50	383	($2.90)	$16.00
	7	$18.55	3. mileage applies	54	($5.55)	3	($5.55)	$13.00
			Totals	4,208		1,248		

Proposed Rate Structure for "One Party" Customers					
Rate Groups					
1	2	3	4	5	Metro I
(1 to 1,080)	(to 2,900)	(to 7,000)	(to 25,000)	(25,000+)	
$13.00	$14.00	$15.00	$16.00	$17.00	$20.22
[redacted]					
Overall Impact of Proposed Rate Structure:					$30,020

Current Touchtone Rates		
Contel	$3.95	88%
Eastern	$2.00	76%
GTE North	$0.75	85%
Systems	$3.95	84%

Figures only reflect the impact of local rate changes. The impact of touchtone and zone/mileage elimination are not included.

EAS Adjustment

Residential One-Party Inside Base Rate Area Initial Local Impact
+ Residential Touchtone Impact
- $.50
= If Net is Negative, the Number is an Exchange's Additional EAS Amount

(A residential IBRA touchtone customer should have a $.50/month savings.)

EAS Adjustment will be same $ amount for res. & bus. customers

Exceptions (noted by shaded proposed EAS rates):
1. St. James exchange would have a $.10 EAS rate.
2. A $3.65 EAS rate cap for all exchanges listed below.

The following exchanges currently have EAS but no EAS rates:

Exchange	Mile Appl	In RG	Prop. RG	Total Lines	Res. Local Impact	TT Impact	Net	Proposed EAS Rate	Current EAS rate	EAS Net	Monthly Impact	Annual Impact
Bradleyville	1	A5	1	397	$0.40	($1.65)	($1.25)	$0.75	$0.00	$0.75	$298	$3,573
St. James	1	A5	3	3,197	$1.40	($1.65)	($0.25)	$0.10	$0.00	$0.10	$320	$3,836
Cedar Creek	3	A5	1	251	$0.40	($1.65)	($1.25)	$0.75	$0.00	$0.75	$188	$2,259
Protem	3	A5	1	373	$0.40	($1.65)	($1.25)	$0.75	$0.00	$0.75	$280	$3,357
Sale	3	A5	1	376	$0.40	($1.65)	($1.25)	$0.75	$0.00	$0.75	$282	$3,384
Forsyth		B8	3	3,121	($0.60)	($1.65)	($2.25)	$1.75	$0.00	$1.75	$5,462	$65,541
Highlandville		B7	2	1,168	($1.50)	($1.65)	($3.15)	$2.65	$0.00	$2.65	$3,095	$37,142
Branson West		B7	2	1,919	($1.50)	($1.65)	($3.15)	$2.65	$0.00	$2.65	$5,085	$61,024
Ozark		B7	3	5,691	($1.00)	($1.65)	($2.65)	$2.15	$0.00	$2.15	$12,236	$146,828
Branson		B7	4	14,136	($0.50)	($1.65)	($2.15)	$1.65	$0.00	$1.65	$23,324	$279,893
Elkland		C1	1	331	($0.75)	($1.65)	($2.40)	$1.90	$0.00	$1.90	$629	$7,547
Marshfield		C1	3	4,871	$0.25	($1.65)	($1.40)	$0.90	$0.00	$0.90	$4,384	$52,607
											Annual Impact	$666,991

The following exchanges have EAS and currently have an EAS rate:

Contel

Exchange	Mile Appl	In RG	Prop. RG	Total Lines	Res. Local Impact	TT Impact	Net	Proposed EAS Rate	Current EAS rate	EAS Net	Monthly Impact	Annual Impact
Alton	3	A4	2	1,305	$1.15	($1.65)	($0.50)	$1.80	$1.80	$0.00	$0	$0
Arcola	3	A4	1	184	$0.65	($1.65)	($1.00)	$3.20	$2.70	$0.50	$92	$1,104
Cassville	1	A6	3	2,959	$1.10	($1.65)	($0.55)	$2.90	$2.85	$0.05	$148	$1,775
Caulfield	3	A5	2	1,310	$0.90	($1.65)	($0.75)	$3.10	$2.85	$0.25	$328	$3,930
Dora	3	A5	1	450	$0.40	($1.65)	($1.25)	$3.65	$2.95	$0.70	$315	$3,780
Eldorado Springs	1	A6	3	3,658	$1.10	($1.65)	($0.55)	$2.45	$2.40	$0.05	$183	$2,195
Elmer	3	A4	1	140	$0.65	($1.65)	($1.00)	$3.20	$2.70	$0.50	$70	$840
Exeter	1	A6	1	641	$0.10	($1.65)	($1.55)	$3.65	$2.70	$0.95	$609	$7,307
Foley	1	A5	1	365	$0.40	($1.65)	($1.25)	$3.45	$2.70	$0.75	$274	$3,285
Gainesville	3	A6	2	1,606	$0.60	($1.65)	($1.05)	$3.65	$3.25	$0.40	$642	$7,709
Greenfield	1	A4	2	1,346	$1.15	($1.65)	($0.50)	$1.80	$1.80	$0.00	$0	$0
Grovespring	3	A5	1	505	$0.40	($1.65)	($1.25)	$3.65	$2.95	$0.70	$354	$4,242
Hartville	3	A5	2	1,167	$0.90	($1.65)	($0.75)	$2.95	$2.70	$0.25	$292	$3,501
Hawk Point	1	A6	1	652	$0.10	($1.65)	($1.55)	$3.65	$2.55	$1.10	$717	$8,606
Jenkins	3	A5	1	289	$0.40	($1.65)	($1.25)	$3.65	$2.85	$0.80	$231	$2,774
Koshkonong	2	A5	1	341	$0.40	($1.65)	($1.25)	$3.15	$2.40	$0.75	$256	$3,069
La Plata	2	A4	2	1,256	$1.15	($1.65)	($0.50)	$1.80	$1.80	$0.00	$0	$0
Manes	3	A5	1	519	$0.40	($1.65)	($1.25)	$3.65	$2.95	$0.70	$363	$4,360
Mano		B6	2	1,193	($1.10)	($1.65)	($2.75)	$3.65	$2.70	$0.95	$1,133	$13,600
Milo	3	A7	1	416	($0.25)	($1.65)	($1.90)	$3.65	$3.10	$0.55	$229	$2,746
Moscow Mills	3	A7	1	862	($0.25)	($1.65)	($1.90)	$3.65	$2.25	$1.40	$1,207	$14,482
Old Monroe	1	A5	1	688	$0.40	($1.65)	($1.25)	$3.30	$2.55	$0.75	$516	$6,192
Revere	3	A4	1	193	$0.65	($1.65)	($1.00)	$2.90	$2.40	$0.50	$97	$1,158
Roby	3	A5	1	834	$0.40	($1.65)	($1.25)	$3.45	$2.70	$0.75	$626	$7,506
Rockville	3	A3	1	358	$0.95	($1.65)	($0.70)	$2.00	$1.80	$0.20	$72	$859
Schell City	3	A8	1	456	$0.10	($1.65)	($1.55)	$3.65	$3.10	$0.55	$251	$3,010
Sheldon	3	A4	1	571	$0.65	($1.65)	($1.00)	$2.60	$2.10	$0.50	$286	$3,426
Thayer	1	A5	2	2,010	$0.90	($1.65)	($0.75)	$2.35	$2.10	$0.25	$503	$6,030
Theodosia	3	A5	1	876	$0.40	($1.65)	($1.25)	$3.65	$3.10	$0.55	$482	$5,782
Thomasville	2	A4	1	327	$0.65	($1.65)	($1.00)	$3.20	$2.70	$0.50	$164	$1,962
Troy	1	A7	3	5,091	$0.75	($1.65)	($0.90)	$2.50	$2.10	$0.40	$2,036	$24,437
Walker	3	A6	1	290	$0.10	($1.65)	($1.55)	$3.65	$3.25	$0.40	$116	$1,392
Washburn	3	A6	1	504	$0.10	($1.65)	($1.55)	$3.65	$2.95	$0.70	$353	$4,234
Wasola	2	A5	1	464	$0.40	($1.65)	($1.25)	$3.65	$3.10	$0.55	$255	$3,062
Winfield	2	A5	2	1,514	$0.90	($1.65)	($0.75)	$2.35	$2.10	$0.25	$379	$4,542
Wright City	1	A5	2	2,412	$0.90	($1.65)	($0.75)	$1.90	$1.65	$0.25	$603	$7,236
				37,752							Annual Impact	$170,132

Contel Systems

Exchange	Mile Appl	In RG	Prop. RG	Total Lines	Res. Local Impact	TT Impact	Net	Proposed EAS Rate	Current EAS rate	EAS Net	Monthly Impact	Annual Impact
Dalton	3	2	1	68	($0.10)	($1.65)	($1.75)	$2.35	$1.10	$1.25	$85	$1,020
Houston	1	4	2	2,658	($0.55)	($1.65)	($2.20)	$2.80	$1.10	$1.70	$4,519	$54,223
Keytesville	3	2	1	530	($0.10)	($1.65)	($1.75)	$2.35	$1.10	$1.25	$663	$7,950
Raymondville	1	4	1	397	($1.05)	($1.65)	($2.70)	$3.30	$1.10	$2.20	$873	$10,481
West Quincy	3	7	1	240	($3.15)	($1.65)	($4.80)	$3.65	$1.10	$2.55	$612	$7,344
											Annual Impact	$81,018

Summary

	Annual Impact
Exchanges with no EAS rates:	$666,991
Contel exchanges with EAS rates	$170,132
Contel Systems exchanges with EAS rates	$81,018
Total	$918,142

DISSENTING OPINION OF CHAIRMAN ALLAN G. MUELLER
CASE NO. TR-89-182 (Remand), TR-89-238 (Remand), TR-90-75 (Remand),
TM-93-1, and TO-93-309 - GTE Midwest Incorporated

I respectfully dissent from the majority position regarding the Stipulation and Agreement as it relates to TM-93-1 and TO-93-309.

In my opinion, the parties to this Stipulation have missed an opportunity to recognize and balance telecommunications cost of service with its value of service since the Stipulation does not recognize the need for consolidation of exchanges and does not more fully recognize the true cost of service throughout the system. As the result of this Stipulation the Company's revenues will be reduced by $16.6 million, which would have gone a long way in consolidating exchanges and giving the customer a wider calling scope at a more realistic cost.

The Stipulation sends the wrong price signals to many of the rural customers, especially those outside the base rate area which in some cases will have their local rates reduced by fifty percent (50%) or more. Considering that everyone will no longer have zone and mileage charges and eventually get Touch Tone as part of basic service, I believe the pricing of service in Rate Groups I, II, III and IV completely arbitrary and without reasonable justification. In my eleven years here at the Commission it has been my experience that the customer is willing to pay for a larger and more reasonable calling scope. In the many public hearings I have attended and from legislative inquiries, the issue of calling scope is always brought to the attention of the Commission.

A glaring example of the inequity in the Stipulation is the residential rate for the metropolitan customers, primarily in St. Charles County who will be paying $10.40 for local service with a calling scope of approximately 30,000 people. On the other hand, we have the City of Columbia which will pay $8.50 for a local service with a calling scope of 51,000 access lines. This is not fair or equitable. In addition, there are four other rate groups ranging from $6.50 to $8.00 which do not reflect, in my opinion, the true cost of service as well as the right price signals to the customers in those various exchanges.

My position is not new on this issue. There is an old Yiddish saying which is, "Every man has his own mishegoss (madness)". Maybe I have a madness for consolidation of exchanges and a reduction of rate groupings. However, this should not be a surprise to any of the parties.

In my dissent in Case No. TO-87-131, dated January 4, 1990 "No Free Lunch Doctrine", I objected to the fact that telecommunications service was substantially underpriced in some exchanges. I stated that this underpricing is done at the expense of the general body of ratepayers who in the long run receive no benefit from this pricing mechanism but yet will pay a portion of the cost.

In my dissenting opinion, "Just Say Whoa", involving Cases TO-87-131 through TR-90-300, I stated the following:

> "As a result of today's order, many tariffs will be filed with additives to recover the revenue deficiencies created by the various COS routes. Many telephone users will be unjustly burdened by the costs of COS and will never be able to participate in its benefits. There is still time to say "whoa".
>
> Many of the COS problems could be mitigated if the telephone companies would recognize the demographical shifts in the state population and consolidate some of the outdated exchange boundaries. In this way new boundaries could be established and new nonoptional higher rates for

local service could reflect the expanded calling scope for these customers."

And, finally, in Case No. TR-93-268, the Report and Order dated September 10, 1993, stated the following:

> "Similarly, the Commission supports and promotes efforts to consolidate exchanges, where appropriate. Citizens requests the authority to consolidate the three exchanges and simultaneously to eliminate the "zone" or "mileage" charges which the customers have previously had to pay in order to call another location which may be but a few miles away."

The Commission's final goal in a situation like this is to give the customer the best value of service at a price which provides the Company adequate return. In this case, GTE will be reducing its revenues $16.6 million, and this could have gone a long way in providing better service to the customer rather than maintaining outdated concepts. For this reason, I respectfully dissent.

Respectfully submitted,

Allan G. Mueller

Allan G. Mueller, Chairman

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the matter of GTE North Incorporated of Westfield, Indiana, for authority to file tariffs increasing rates for telephone service in the Missouri Division of its system.	)	**Case No. TR-89-182** (REMAND)
In the matter of the tariffs of GTE North Incorporated for billing and collection services.	)	**Case No. TR-89-238** (REMAND)
The Staff of the Missouri Public Service Commission, Complainant, v. GTE North Incorporated, Respondent.	)	**Case No. TC-90-75** (REMAND)
In the matter of the application requesting authority (1) for GTE North Incorporated to transfer certain assets to GTE Midwest Incorporated, (2) for the merger of Contel of Iowa, Inc., Contel of Missouri, Inc., Contel of Minnesota, Inc., The Kansas State Telephone Company, Contel of Kansas, Inc., into GTE Midwest Incorporated, and (3) for the transfer of certificates of public convenience and necessity.	)	**Case No. TM-93-1**
In the matter of the local exchange telecommunications companies' modernization plans pursuant to 4 CSR 240-32.100.	)	**Case No. TO-93-309**

DISSENTING OPINION OF COMMISSIONER PATRICIA D. PERKINS

I agree with the logic and reasoning of Chairman Mueller and therefore concur in his dissent.

Respectfully submitted,

Patricia D. Perkins

Commissioner

Dated at Jefferson City, Missouri,
on this 29th day of August, 1994.