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2/10/97

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of the Investigation into the )  
Earnings of Fidelity Telephone Company and ) Case No. TR-98-344  
Bourbeuse Telephone Company. )  
)

**ORDER ESTABLISHING CASE, GIVING NOTICE,  
AND SETTING INTERVENTION PERIOD**

The Staff of the Missouri Public Service Commission (Staff) filed a Motion to Open Docket on February 13, 1998, asking the Commission to approve a Stipulation and Agreement between Staff and Bourbeuse Telephone Company and Fidelity Telephone Company (collectively, Fidelity).

Staff stated that it conducted a per book review of Fidelity's earnings based upon the 12 months ending December 31, 1996, updated for known and measurable changes during 1997. Staff and Fidelity executed a Stipulation and Agreement (Attachment 1 to this order) resolving the issues surrounding Staff's audit. The agreement calls for a reduction in Fidelity's intrastate revenues of approximately \$799,923 annually. This overall reduction in revenues is partially the result of Fidelity's commitment to invest approximately \$275,000 in digital carrier equipment which will eliminate all analog carrier equipment currently used in its network. This investment in equipment accounts for approximately \$50,000 of the revenue reduction; the remaining reduction in revenues (\$749,923) would result in changes in intrastate rates specifically set out in Attachment A to the Stipulation and Agreement. Fidelity has agreed to file illustrative tariff sheets to be submitted to Staff by March 6. The agreement states that none of the signatories have approved or acquiesced in any particular

ratemaking or procedural principle or method of cost determination or allocation.

The Commission finds that the motion to open a case to address the Stipulation and Agreement should be granted. Fidelity may submit illustrative tariff sheets to Staff for review. However, until the Commission has reviewed and approved the stipulation of the parties, and the rate reduction and rate design changes it represents, Fidelity may not file tariff sheets in the Official Case File for approval.

The Commission finds that interested persons should receive notice and an opportunity to intervene. The Commission's Records Department should send a copy of this order to the County Commissioners of Crawford, Franklin, Gasconade and Washington Counties, and to the mayor of every city located in these counties. The Records Department should also send a copy of this order to all certificated telecommunications carriers in Missouri. Any party wishing to intervene must file a written application to intervene no later than [30 days] with the Secretary of the Missouri Public Service Commission, Post Office Box 360, Jefferson City, Missouri 65102. Copies of the application must be served on:

W.R. England, III  
Brydon, Swearngen & England P.C.  
312 East Capital Avenue  
Post Office Box 456  
Jefferson City, Missouri 65102

**IT IS THEREFORE ORDERED:**

1. That the Motion to Open Docket filed by the Commission's Staff on February 13, 1998 is granted.
2. That parties wishing to intervene shall file an application to intervene no later than March 30, 1998.

3. That the Commission's Records Department shall give notice as described in this order.

4. That this order shall become effective on February 27, 1998.

**BY THE COMMISSION**



**Dale Hardy Roberts**  
**Secretary/Chief Regulatory Law Judge**

(S E A L)

L. Anne Wickliffe, Deputy Chief  
Regulatory Law Judge, by delegation  
of authority pursuant to 4 CSR  
240-2.120(1) (November 30, 1995)  
and Section 386.240, RSMo 1994.

Dated at Jefferson City, Missouri,  
on this 27th day of February, 1998.

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the matter of the investigation into the )  
earnings of Fidelity Telephone Company ) Case No. TR-98-344  
and Bourbeuse Telephone Company. )

FILED  
FEB 13 1998  
MISSOURI  
PUBLIC SERVICE COMMISSION

**STIPULATION AND AGREEMENT**

In May of 1997, the Staff of the Missouri Public Service Commission (Staff) began a per books review of the earnings of Fidelity Telephone Company (Fidelity) and Bourbeuse Telephone Company (Bourbeuse) (or collectively referred to as Companies). Staff's audit was based upon the twelve (12) months ending December 31, 1996, updated for known and measurable changes occurring during 1997. Upon completion of its preliminary earnings analysis, the Staff began discussions with the Companies. As a result of extensive negotiations, the signatories hereto stipulate and agree as follows:

1. The Companies' gross intrastate revenues will be reduced by approximately \$799,923 on an annual basis.
2. This overall reduction in revenues occurs partially as a result of the Companies' commitment to invest approximately \$275,000 in digital carrier equipment which will eliminate all analog carrier equipment currently existing in the Companies' networks. (The annual revenue impact associated with this investment is approximately \$50,000.)
3. The remaining reduction in gross intrastate revenues (i.e., \$749,923) is to be accomplished as a result of changes in intrastate rates as more specifically set forth in Attachment A, which is attached hereto and incorporated herein by reference.
4. The Companies will prepare draft tariff sheets incorporating the rate changes identified on Attachment A and provide such drafts to Staff no later than March 6, 1998.

5. The approval of this Stipulation and Agreement in its entirety by the Commission will conclude Staff's per books earnings investigation of the Companies upon which this settlement was based.

6. None of the signatories to this Stipulation and Agreement shall have been deemed to have approved or acquiesced in any ratemaking or procedural principle or any method of cost determination or cost allocation, or any service or payment standard 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, except as otherwise expressly specified herein.

7. 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 and adopt this Stipulation and Agreement in its entirety, then this Stipulation and Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof.

8. In the event the Commission accepts the specific terms of this Stipulation and Agreement, the Parties waive, with respect to the issues resolved herein: their respective rights to present testimony, to cross-examine witnesses, and to present oral argument and written briefs pursuant to Section 536.080.1 RSMo. 1994; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo. 1994; and their respective rights to judicial review pursuant to Section 386.510 RSMo. 1994.

9. If requested by the Commission, the Staff shall have the right to submit to the Commission a memorandum explaining its rationale for entering into this Stipulation and Agreement. Each Party of record shall be served with a copy of any memorandum and shall be

entitled to submit to the Commission, within five (5) days of receipt of the Staff's memorandum, a responsive memorandum which shall also be served on all Parties. All memoranda submitted by the Parties 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 Parties, and shall not become a part of the record of this proceeding or bind or prejudice the Party 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 Party are its own and are not acquiesced in or otherwise adopted by the other signatories to the Stipulation and Agreement, whether or not the Commission approves this Stipulation and Agreement.

WHEREFORE, the signatories respectfully request that the Commission issue its order approving the terms of this Stipulation and Agreement and for such other orders as are reasonable in the circumstances.

Respectfully submitted,

*Carol Keith* by *psb*

Carol Keith, Mo. Bar No. 45065  
Assistant General Counsel  
Missouri Public Service Commission  
P.O. Box 8706  
Jefferson City, MO 65102  
(573) 751-4140  
(573) 751-9285/Fax  
Attorney for the  
Missouri Public Service Commission

*W.R. England III*

W.R. England, III, Mo. Bar No. 23975  
Brydon, Swearngen & England P.C.  
P.O. Box 456  
Jefferson City, MO 65102  
(573) 635-7166  
(573) 634-7431/Fax  
Attorneys for  
Fidelity Telephone Company and  
Bourbeuse Telephone Company

Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to the following:

Michael Dandino  
Office of the Public Counsel  
P.O. Box 7800  
Jefferson City, MO 65102

*Penny G Baker*

**Fidelity Telephone Company and Bourbeuse Telephone Company  
Rate Design Change**

Revenue Enhancement:

1. Merge Bourbeuse into Fidelity, converting Bourbeuse's rates to Fidelity's.

\$49,717

| Bourbeuse Local Rates    | Old Rate | New Rate |
|--------------------------|----------|----------|
| Residential in city      | \$4.00   | \$7.55   |
| Res. outside city        | \$7.50   | \$7.55   |
| Business in city         | \$7.00   | \$14.25  |
| Business outside city    | \$12.75  | \$14.25  |
| Bus. trunks inside city  | \$10.50  | \$21.90  |
| Bus. trunks outside city | \$19.15  | \$21.90  |

Revenue Reductions:

2. Expanded Calling Scope

(\$330,955)

Remove all toll charges for calls between all Fidelity exchanges and between Bourbeuse and all Fidelity exchanges. This will increase the number of lines in the local calling scope to 15,248.

3. Access Rate Adjustment

(\$224,081)

Modify originating and terminating CCL rates as follows:

| CCL Rate          | Old Rate   | New Rate   |
|-------------------|------------|------------|
| Fidelity - orig.  | \$0.033273 | \$0.038073 |
| Fidelity - term.  | \$0.057024 | \$0.038073 |
| Bourbeuse - orig. | \$0.031519 | \$0.038073 |
| Bourbeuse - term. | \$0.054022 | \$0.038073 |

4. IntraLATA Toll Rate Reduction

(\$132,381)

Initial Minutes:

| Mileage | Old Rate | New Rate |
|---------|----------|----------|
| 51-60   | \$0.48   | \$0.44   |
| 61-80   | \$0.50   | \$0.44   |
| 81-100  | \$0.50   | \$0.44   |
| 101-125 | \$0.51   | \$0.45   |
| 126-150 | \$0.54   | \$0.46   |
| 151-190 | \$0.57   | \$0.47   |
| 191-300 | \$0.59   | \$0.47   |

4. IntraLATA Toll Rate Reduction (cont.)

Additional Minutes:

| Mileage | Old Rate | New Rate |
|---------|----------|----------|
| 51-60   | \$0.29   | \$0.26   |
| 61-80   | \$0.31   | \$0.26   |
| 81-100  | \$0.32   | \$0.26   |
| 101-125 | \$0.34   | \$0.27   |
| 126-150 | \$0.37   | \$0.28   |
| 151-190 | \$0.39   | \$0.29   |
| 191-300 | \$0.41   | \$0.29   |

5. Digital Carrier

(\$50,000)

Replace all analog carrier in Fidelity and Bourbeuse exchanges at total capital expenditure of \$275,000.

6. Touch-tone

(\$41,634)

Remove all Touch-tone charges for all Fidelity and Bourbeuse customers. Current Touch-tone charges are \$.25 per line for residence, \$.50 per line for business customers and \$.50 per business trunk.

7. CLASS Rate Reduction

(\$25,182)

| Feature                | Old Rate | New Rate |
|------------------------|----------|----------|
| Call Waiting           | \$2.85   | \$2.75   |
| Caller ID              | \$5.00   | \$3.75   |
| Speed Call 30          | \$3.90   | \$2.50   |
| Auto Call-back         | \$3.00   | \$2.50   |
| Auto-Redial            | \$3.00   | \$2.50   |
| Hot Line               | \$3.00   | \$2.50   |
| Selective Accept.      | \$3.00   | \$2.50   |
| Selective Rejection    | \$3.00   | \$2.50   |
| Selective Dist. Alert. | \$3.00   | \$2.50   |
| Selective Call Fwd.    | \$3.00   | \$2.50   |

8. Private Line Rate Reduction

(\$24,629)

Eliminate surcharge on foreign exchange private lines.

9. Educational Discounts ( \$11,621)

Provide 50% discount to schools on all telecommunications services. Fidelity has developed a set of criteria to determine if an institution qualifies for the discount. The criteria have been included as Exhibit 1.

10. E911 Rate Reduction ( \$9,250)

Remove all mileage charges on E911 trunks. Fidelity will introduce a new section in its local tariff to specifically tariff the provision of trunks for E911 service. After elimination of the mileage charges, Fidelity's rate for E911 trunks will be a flat \$21 monthly.

Total Rate Design Changes:

|                     |             |
|---------------------|-------------|
| Total Over-earnings | \$799,923   |
| Additional Revenue  | \$49,717    |
| Revenue Reductions  | (\$849,733) |

**FIDELITY TELEPHONE COMPANY and  
BOURBEUSE TELEPHONE COMPANY**

Exhibit 1

**MISSOURI SCHOOL DISCOUNT PROGRAM**

1. A discount from all Missouri intrastate tariffed items may be allowed in connection with service through the Missouri School Discount Program, pursuant to the Video Instructional Development and Educational Opportunity Program, as enacted by the Missouri State Legislature.
2. Upon the customer's request, a discount of Fifty percent (50%) from all Missouri intrastate tariffed items may be allowed to educational institutions within the Company's certified area, as determined in Paragraph .3, following.
3. An educational institution shall be defined as an accredited public or private school in the State of Missouri. Private schools must be accredited by either the Missouri Chapter of the National Federation of non-Public Schools Accrediting Association, Independent Schools Association of the Central States, North Central Association of Colleges and Schools, and/or the University of Missouri-Columbia. Public schools must be accredited by the Department of Elementary and Secondary Education for the State of Missouri and/or the North Central Association of Colleges and Schools.
4. The qualifying discount will be permitted only where the predominate use is providing educational and instructional programs for the educational institutions' administrative use. The discount is not allowed to residential complexes associated with the institution.
5. The qualifying discount will not apply to any federal, state, county, local taxes Subscriber Line Charges, E911 taxes, and Relay Missouri Surcharge.
6. In addition to meeting the qualification specified in Paragraph .3 preceding an eligible customer must sign an affidavit certifying that the qualification is met. The affidavit will be retained on file with the Company.
7. The customer should request to receive the discount on all subsequent additions of eligible services, which are ordered. There will be no additional affidavits required.

- \* Indicates new rate or text
- + Indicates change

Issued: \_\_\_\_\_

Issuing Officer:  
Kent Bliss, VP Revenues  
64 North Clark  
Sullivan, MO 63080

Effective Date: \_\_\_\_\_

**RECEIVED**

FEB 27 1998

COMMISSION COUNSEL  
PUBLIC SERVICE COMMISSION