

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 23rd
day of February, 1990.

In the matter of GTE North Incorporated of)
Westfield, Indiana, for authority to file)
tariffs increasing rates for telephone service) Case No. TR-89-182
to customers in the Missouri Division of its)
system.)

In the matter of the tariffs of GTE North)
Incorporated for billing and collection services) Case No. TR-89-238

The Staff of the Missouri Public Service)
Commission,)
Complainant,)
v.) Case No. TC-90-75
GTE North Incorporated,)
Respondent.)

ORDER

It has come to the Commission's attention that two errors in its Report and
Order issued February 9, 1990, require correction.

The figure \$3,051,049 contained in line 5 of page 56 should be corrected to
read \$311,049.

When the Report and Order was printed the discussion concerning the issue
of Direct Inward Dialing (DID) was omitted. The Commission's Report and Order should
be amended by the insertion of the following material at page 43 at the conclusion of
Section XII, 2:

Another priority increase proposed by the Company is in the
amount of \$6,966 for Direct Inward Dialing (DID). Staff opposes this
increase. DID is the capability of the individual stations in a large

customer's phone system to be reached directly without operator supervision.

The Staff's objection is that the Company has not proposed an increase for its one customer served out of an electro-mechanical switch and has not completed a study for blocks of twenty (20) to one hundred (100) DID numbers. The Company's current tariff includes a distinction between digital and nondigital central offices. The Company is proposing to divide the nondigital category to distinguish between those central offices equipped with Stored Program Control and Electro Mechanical. Staff criticizes the Company's proposal because inadequate studies were performed on which to base the results. For an example, in response to a Staff data request, the Company responded that nonrecurring charges are not cost based but rather that the rates are market based. The same data request, however, indicates that no market study was performed. The Staff is also critical of the Company's proposal to make the rate structure for DID service dependent on the type of central office rendering service. The Commission agrees that charging the customers based on the type of central office rendering service is not fair since the customer does not have any control over the type of central office the Company chooses to use. Company's proposal for DID rates should be rejected.

On February 16, 1990, GTE North Incorporated filed a timely Application For Rehearing in which it alleges that the Commission's Report and Order is unreasonable and unlawful in a number of respects resulting in an inadequate revenue award.

On February 16, 1990, MCI Telecommunications Corporation filed a timely Application For Rehearing in which it alleges that GTE North's interLATA and intraLATA access charges must be the same. Upon consideration of the two Applications For Rehearing, and the allegations contained therein, the Commission is of the opinion that both should be denied.

On February 22, 1990, GTE North filed tariffs, with the proposed effective date of February 24, 1990, purportedly in compliance with the Commission's Report and Order issued herein. The Commission Staff has reviewed the proposed tariff sheets and verified that all of the rate changes and text changes are in compliance with the Commission's Report and Order issued herein, except for the basic local rates. As stated in the cover letter accompanying the proposed tariff sheets, rates contained in the tariffs were based upon 1988 test year units or customer volumes. The Commission Staff proposes rejection of the proposed tariffs because the calculation

of proposed increases based upon mid-1988 customer counts results in a generation of approximately \$18,764 more than the authorized increase when applied to the present number of customers. The Staff has calculated its proposed rates based on December, 1989 customer counts as reflected in Attachment A to this Order.

In the Commission's opinion the Staff's recommendation should be adopted and the tariffs filed by GTE on February 22, 1990, should be rejected. The Company should refile, for Commission approval, tariffs which propose to allocate the amount of the authorized increase in rates between the number of customers actually served.

It is, therefore,

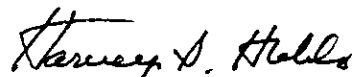
ORDERED: 1. That the Commission's Report and Order issued herein on February 9, 1990, is hereby corrected to the extent herein indicated.

ORDERED: 2. That Applications For Rehearing filed on February 16, 1989, by GTE North Incorporated and MCI Telecommunications Corporation be, and the same are, hereby denied.

ORDERED: 3. That the tariffs filed herein by GTE North Incorporated on February 22, 1990, be, and the same are, hereby rejected and the Company shall file, for Commission approval, tariffs consistent with the recitation in this Order.

ORDERED: 4. That this Order shall become effective on the date hereof.

BY THE COMMISSION



Harvey G. Hubbs
Secretary

(S E A L)

Steinmeier, Chm., Mueller and
Rauch, CC., Concur and certify
compliance with the provisions
of Section 536.080, RSMo 1986.
McClure and Letsch, CC.,
Not Participating.

GTE NORTH LOCAL EXCHANGE RATES

ATTACHMENT A

		PRESENT RATES	GTE PROPOSED RATES	STAFF PROPOSED RATES
RATE GROUP I				
RESIDENCE	1-PARTY	\$4.35	\$4.70	\$4.65
	2-PARTY	\$3.75	\$4.00	\$3.95
	4-PARTY	\$2.95	\$3.30	\$3.25
BUSINESS	1-PARTY	\$8.05	\$8.75	\$8.70
	B TRUNK	\$10.30	\$11.30	\$11.30
	A TRUNK	\$15.25	\$11.30	\$11.30
	SEMI-PUBLIC	\$10.05	\$11.00	\$10.95
RATE GROUP II				
RESIDENCE	1-PARTY	\$4.70	\$4.70	\$4.65
	2-PARTY	\$4.10	\$4.00	\$3.95
	4-PARTY	\$3.25	\$3.30	\$3.25
BUSINESS	1-PARTY	\$8.75	\$8.75	\$8.70
	B TRUNK	\$11.20	\$11.30	\$11.30
	A TRUNK	\$16.65	\$11.30	\$11.30
	SEMI-PUBLIC	\$10.95	\$11.00	\$10.95
RATE GROUP III				
RESIDENCE	1-PARTY	\$5.00	\$5.40	\$5.40
	2-PARTY	\$4.40	\$4.85	\$4.80
	4-PARTY	\$3.45	\$3.75	\$3.75
BUSINESS	1-PARTY	\$9.50	\$10.35	\$10.30
	B TRUNK	\$12.20	\$13.95	\$13.95
	A TRUNK	\$18.10	\$13.95	\$13.95
	SEMI-PUBLIC	\$11.90	\$12.95	\$12.90
RATE GROUP IV				
RESIDENCE	1-PARTY	\$5.35	\$5.40	\$5.40
	2-PARTY	\$4.70	\$4.85	\$4.80
	4-PARTY	\$3.75	\$3.75	\$3.75
BUSINESS	1-PARTY	\$10.30	\$10.35	\$10.30
	B TRUNK	\$13.15	\$13.95	\$13.95
	A TRUNK	\$19.55	\$13.95	\$13.95
	SEMI-PUBLIC	\$12.90	\$12.95	\$12.90
RATE GROUP V				
RESIDENCE	1-PARTY	\$6.25	\$6.50	\$6.50
	2-PARTY	\$5.60	\$5.85	\$5.85
	4-PARTY	\$4.65	\$4.80	\$4.85
BUSINESS	1-PARTY	\$13.80	\$14.45	\$14.40
	B TRUNK	\$17.70	\$20.75	\$20.65
	A TRUNK	\$26.25	\$20.75	\$20.65
	SEMI-PUBLIC	\$17.25	\$18.05	\$18.00
REVENUE INCREASE			\$356,440	\$337,484
(BASED ON 12/89 QUANTITIES)				
COMMISSION ORDERED AMOUNT			<u>\$337,676</u>	<u>\$337,676</u>
DIFFERENCE			\$18,764	(\$192)