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BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the matter of the application of Citizens )  
Telephone Company of Higginsville, Missouri, )  
Inc. for authority to file, establish and put ) Case No. TR-93-268  
into effect new, increased or revised rates and )  
charges for telephone service. )

APPEARANCES

W. R. England, III, Brydon, Swearingen & England, P.O. Box 456, 312 East Capitol,  
Jefferson City, Missouri 65102, for Citizens Telephone Company of  
Higginsville, Missouri, Inc.

Randy Bakewell, Assistant Public Counsel, Office of Public Counsel, P.O. Box  
7800, Jefferson City, Missouri 65102, for the Office of Public Counsel and the  
public.

Colleen M. Dale and Bill Shansey, Missouri Public Service Commission, P.O. Box  
360, Jefferson City, Missouri 65102, for the staff of the Missouri Public  
Service Commission.

Paul DeFord, Lathrop & Norquist, 2345 Grand Ave., Suite 2600, Kansas City,  
Missouri, 64108, for AT&T Communications of the Southwest, Inc.

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

Darryl Howard, Southwestern Bell Telephone, 100 N. Tucker, Room 630, St. Louis,  
Missouri, 63101-1976, for Southwestern Bell Telephone.

HEARING EXAMINER: Dale Hardy Roberts

REPORT AND ORDER

On March 25, 1993, Citizens Telephone Company of  
Higginsville, Missouri, Inc. (Citizens or Company) submitted  
revised tariffs designed to produce an annual aggregate revenue  
increase of fourteen thousand dollars (\$14,000). The tariff  
submitted was designed to implement new, revised or increased local

rates with the desired result of recovering the revenue loss of one hundred and eighty-three thousand dollars (\$183,000) which would result from the proposed exchange consolidation. Citizens indicated in the proposed tariff that it intended to consolidate the Missouri exchanges of Mayview and Corder within the Higginsville exchange and to make certain other changes in its services. The tariff also sought to reduce access rates. The proposed tariff bore an effective date of April 24, 1993.

On April 16, 1993, the Commission issued its Suspension Order and Notice of Proceedings. The proposed tariff was filed pursuant to 392.230(5) RSMo Supp. 1992 which limits the suspension period to one hundred and fifty (150) days. On March 25, 1993, Citizens filed a Motion for Protective Order and this order was granted by the Commission on May 18, 1993. On April 6, 1993 and May 17, 1993, respectively, Southwestern Bell Telephone Company (SWBT) and AT&T Communications of the Southwest, Inc. (AT&T) applied for intervention which was granted to both parties on June 22, 1993. A separate order was issued by the Commission on June 22, 1993, in which the Commission waived certain minimum filing requirements pursuant to a request of Citizens. Pursuant to the terms of the Suspension Order and Notice of Proceedings, a prehearing conference was convened on June 30, 1993, at which all parties participated. As a result of this prehearing conference a Stipulation and Agreement ("Agreement") in which the Company, Commission Staff (Staff) and the Office of the Public Counsel (OPC) agreed upon a revenue requirement was filed with the explanation that although AT&T and SWBT had not signed the Agreement neither

party opposed it. On July 22, 1993, an evidentiary hearing was held at the offices of the Commission.

On September 7, 1993, the Commission issued a scenario, "Scenario I", and on September 8, 1993, the Commission issued its "Scenario I Revised." The Commission issues a scenario when it desires computation of the inter-relationships of one rate upon another. Both scenarios were delivered to all of the parties herein with the requirement that any response be returned by September 8, 1993, at 12:01 p.m. However, due to the revised scenario the Commission did indicate it would accept late filed documents. The scenario and the responses provided to it were marked as Exhibit No. 28 and will be admitted into the record in this Report and Order. The additional data submitted by Citizens as "Scenario II" is unsolicited hearsay and shall be admitted only for the weight which it is due.

#### Findings of Fact

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

The Stipulation and Agreement which was filed on July 9, 1993 is attached hereto, as "Attachment A" and incorporated herein by reference. This Agreement sets out the intent of the parties that, inter alia, 1) Citizens shall be authorized to file revised tariffs (for intrastate telecommunications services) which are designed to reduce jurisdictional gross annual revenues (exclusive of applicable gross receipts and franchise taxes) by one hundred five thousand dollars (\$105,000) from the present annual revenues; 2) That effective October 1, 1993, Citizens shall be authorized to

begin accruing new or revised depreciation expense rates and in addition the parties agreed that Citizens shall be authorized to amortize certain expenses over a five (5) year period beginning October 1, 1993; 3) The Company agreed to establish and maintain a mechanized continuing property record (CPR) system and to provide the Staff with a status report of its compliance with this undertaking every six (6) months; 4) As of October 1, 1993 and for a period of three (3) years thereafter until October 1, 1996, Company shall not submit tariffs for intrastate telecommunications services with the Commission which are designed to increase the aggregate level of its Missouri jurisdictional gross annual revenues, exclusive of franchise, gross receipts, sales taxes or other taxes, above the aggregate level of revenues produced by its intrastate telecommunications tariffs in effect on October 1, 1993; and, similarly, 5) Commencing October 1, 1993 and for a period of three (3) years thereafter until October 1, 1996, the Staff and Public Counsel shall not file any complaint, petition, application or other pleading, document or request, written or oral, alleging that Company's earnings are excessive and requesting that Company reduce the aggregate level of its Missouri jurisdictional gross annual revenues produced by Company's intrastate telecommunications tariffs in effect on October 1, 1993; other items contained in the Agreement do not require individual enumeration.

The Commission finds that the Stipulation and Agreement (hereafter "Agreement") of the parties seeks to settle and remove from debate the issues of revenue requirement, consolidation of exchanges, elimination of toll and zone charges, consolidation of touch tone charges into basic service, restructuring and repricing

of certain services, changes in certain directory and miscellaneous charges, implementation of a moratorium involving the submission of tariffs and filing of complaints or other filings affecting revenues, and certain bookkeeping issues involving items of depreciation and the CPR system.

The Commission generally encourages agreements in which the parties themselves are able to resolve the revenue requirement and especially so when the revenue requirement agreed to results in an overall revenue reduction, as is the case here. 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 is also supportive of the concept of consolidating certain services, such as "touch tone", and their respective individual charges, such as the one dollar charge for touch tone, into one basic service with one single basic charge. The Commission finds the Agreement as to the restructuring and repricing of these specific services to be reasonable and in the public interest and further, the Commission finds the Agreement as to the three (3) year moratorium of the filings set out to be reasonable under these circumstances. Lastly, the Commission finds the Agreement as to the bookkeeping and depreciation issues also to be reasonable. Based upon these findings and for the foregoing reasons the Commission will accept and approve the Agreement with the limitation only that in any instance where there may be a conflict between the Agreement and this order then the provisions

of this order shall prevail and not be limited by the provisions of the Agreement.

Citizens has requested authority to adopt the Oregon Farmers Access Tariff. No party voiced opposition to this proposal but it has been noted that the implementation of this tariff might require certain changes in rates and tariffs, or in rate design, which the Commission might otherwise not approve. The record suggests that the Oregon Farmers Access Tariff is essentially a master tariff which was first approved for the Oregon Farmers Access Tariff local exchange company and has since been adopted by approximately thirty (30) other small local exchanges. A benefit to the adopting company is that it may share in the maintenance and revisions of that tariff so that each individual LEC may perhaps pay only its pro-rata share of the cost as opposed to maintaining an entire tariff of its own. The Commission does not oppose this concept and recognizes the financial benefit which may eventually inure to the ratepayer. For that reason the Commission finds that the adoption of the Oregon Farmers Access Tariff is reasonable so long as it will allow the rate design set out herein and the rates established in this order. Citizens will be authorized to adopt the Oregon Farmers Access Tariff so long as its provisions are consistent with the provisions of this order.

The remaining issue relates to the appropriate level of rates. Any reduction in access rates will be dependent upon the amount of rate increase elsewhere. This is not a question of how much revenue is required overall but rather: "What rate design will properly identify the sum and the source from which that revenue shall flow?" The possibilities are access fees paid by the

interexchange carrier (AT&T) and the primary toll carrier (SWBT) (both intervenors herein) and local exchange rates provided by the ratepayers. Rate design is a two-edged sword in that the Commission must not only ascertain the appropriate rates for access and for ratepayers but, having done so, the Commission has been asked by Citizens to establish parity between the allocation of the interlata and intralata access fees. Due to the consolidation of the exchange(s) and the inclusion of touch tone, etc., into the basic rate the ratepayer will already see a new rate which may appear to be an increase even if it is only, in fact, the total of the previous individual parts. The benefit to the customer will be that the exchange consolidation will remove the necessity and uncertainty of monthly zone and toll charges. The new basic rate will not only include touch tone but also the unlimited ability to call between the several communities without incurring any additional charge(s).

Numerous rate design issues must be discussed and disposed of before addressing the actual rates. Citizens has proposed to use the additional revenue earned from the increased rates by applying that amount toward the reduction of access fees and to alter the ratio by which access fees are assessed. Citizens also requests approval of a costing method which uses the costing rules outlined in Part 69 of the FCC rules. The Commission has not accepted costing under FCC Part 69 in the past and is unprepared to do so at this time. The Citizens proposal does not merely request an increase in the rates but rather seeks an entire new rate design which would change the calculation for assessment of access revenues, shift approximately twenty per cent (20%) of the Non

Traffic Sensitive costs (NTS costs) onto ratepayers and "cap" the existing intralata rate. Finally, the Citizens rate design proposal requires not only an overhaul of its own rate design but the implementation of methods which have heretofore not been approved for use in this state.

The Commission is concerned about the assertion of dramatic disparity between the primary toll carrier and the interexchange carrier. The uncontroverted evidence in this case would suggest that, indeed, Citizens enjoys some of the highest access fees in the state. And, the Commission fully intends to address that matter to the extent possible within this docket. However, the Commission is disheartened by the dearth of data presented on these rather complex economic policy concerns. It has been asserted that this is a case of first impression and that this is the first case in which the issue of pricing access based upon a relationship to the cost of providing service has been directly presented to the Commission. Moreover, the parties have alluded to the fact that the Commission's decision may influence and shape the direction in which the telecommunication industry in Missouri develops. Yet, for all the significance attributed to these issues, when any formula (much less the competent and substantial evidence in substantiation for a formula) is sought the Commission finds the silence deafening.

The Commission finds that Citizens has failed to meet its burden in providing competent and substantial evidence upon which the Commission could make a fully informed, fair and final decision on the intricacies of access rate design. The response of staff may be appealing but does little to rebut the evidence presented by

Citizens or to contribute to a final solution. SWBT has made a compelling argument to the effect that any correction to the alleged disparity in access rate "ratios" which might be accomplished in this docket, via interlata/intralata parity, could just as easily be frustrated elsewhere. The Commission simply cannot make potentially far-reaching policy decisions based upon the shortsighted arguments and evidence offered in support of the proposals herein.

The Commission finds for these reasons that it would neither be reasonable nor in the public interest to implement newly designed access rates, implement FCC Part 69 costing, attempt to eliminate disparity between intralata-interlata CCL rates, "cap" existing intralata rates or to begin to shift NTS costs onto ratepayers in a docket where the issues cannot be adequately examined and where a three (3) year moratorium could serve to delay timely review of the effects of such decisions. And, therefore, these tariff provisions will be denied.

In turning its attention to the rates themselves the Commission finds numerous alternatives which would result in the revenue needed to offset the revenue reduction resulting from the exchange consolidation to contribute to a reduction in access. The rates for Residence one-party (R1), Business one-party (B1) and Semi-Public phone (SP), offered to accomplish this, are as follows:

PROPOSED RATES AS SUPPORTED BY THE PARTIES

	STAFF	CITIZENS FILING	CITIZENS FINAL	OPC "PROPOSED"	OPC "POSSIBLE"	SWBT
R1	\$6.50	\$10.80	\$9.25	\$6.50	\$8.00	\$9.85
B1	\$11.00	\$16.15	\$13.70	\$13.70	\$14.25	\$14.80
(SP)	\$15.50	\$21.00	\$17.80	n/a	n/a	\$19.25

Staff has proposed local rates which would result in approximately forty-six thousand dollars (\$46,000) being available for reduction of access rates. The Commission finds that the rates recommended by Staff are inadequate to produce the necessary access rate reduction and may not be at all reflective of the value of the service being provided.

OPC joined in Staff's recommendation but, in the Rebuttal Testimony of OPC's witness, Dr. Philip B. Thompson, OPC offered the "Current and Possible Basic Local Rates" wherein Dr. Thompson set out the possible rates as eight dollars (\$8.00) for R1 and fourteen dollars and twenty-five cents (\$14.25) for B1. These are the rates the Commission has employed in arriving at its final determination. Dr. Thompson's testimony suggests that using the "possible" rates would allow the entire revenue reduction of one hundred five thousand dollars (\$105,000). (from the Agreement) for the reduction of access rates.

The Commission finds that the reduction of access rates by one hundred five thousand dollars (\$105,000) is a good beginning but it may not be a sufficient conclusion. The Commission is persuaded that access rates are too high. Regrettably, the Commission finds no persuasive evidence which can clearly define how great a shift must occur. The Commission finds that a reduction of approximately one hundred and forty thousand dollars (\$140,000) would more adequately address the problem. The Commission finds that by using the OPC "possible" rates and increasing the possible residential rate by fifty cents (\$0.50) per month the resulting revenue available for reduction of access rates

is approximately one hundred forty thousand two hundred three dollars (\$140,203).

By making this adjustment the Commission finds it will alleviate the problem involving access rates as well as possible under the circumstances. However, due to the constraints which the parties have placed upon the Commission it shall be noted that the decision of the Commission herein is based upon the evidence in this case and should not be taken as a statement of current or future policy on this issue. It should be noted that these shifts are accomplished within a revenue reduction case.

#### IMPLEMENTATION DATE OF NEW RATES

Citizens has requested that the new tariffs not be implemented until October 1st, 1993. The primary justification given for this was that starting the new rates on the first of the month would reduce customer confusion which would result from receiving monthly statements with fractional computations for approximately two thirds of a month at one rate and one third of a month at a different rate. Initiating the new rates on the first day of a month, it was alleged, would thereby ease the transition for both the customer and the company. Staff opposed this proposition and opined that the implementation must take place on the operation of law date, September 21, 1993. The Commission finds that the requested delay of approximately ten (10) days not only allows the benefit of making the transition on the first of the month but also delays the increased rates for the ratepayers for an additional ten (10) days. For these reasons the Commission finds that it is reasonable and in the public interest to delay the implementation of the new rates until 12:01 a.m. on October 1st,

1993. Citizens' current tariff shall remain in effect for the period from September 21st, 1993 until 12:01 a.m. on October 1st, 1993.

#### INTEREST PAID ON SECURITY DEPOSITS

Citizens currently pays nine per cent (9%) interest on those security deposits which it requires of its customers. Citizens has requested authority to reduce the interest rate to be paid to five per cent (5%). The Commission is often faced with a decision where it must somehow foretell the future, usually based upon information from the present and the past. However, in this instance, the Commission is handicapped by a lack of that history. Again, this is an issue where the file is lacking. It is not clear from the evidence adduced how many customers are required to place deposits, for what length of time the deposits remain with the company, or the total dollar amount of the security deposits. Neither is it clear whether the deposits are placed in a trust account to which the company does not have ready access so that the company too is deprived of the benefit of the funds for use as cash working capital. Without this information the Commission is somewhat confined. However, the Commission is well aware that there have been periods of significant fluctuation in interest rates within the past ten (10) years. The Agreement herein suggests that the Commission will not have the opportunity to order changes in the company's tariff for at least three (3) years. The Commission notes well that these deposits are required by Citizens from customers prior to the provision of telecommunication service and for that reason this would not be considered an area where the parties have equal bargaining power. Rather, in an instance where

a security deposit is demanded by the company it would appear that the potential customer must succumb or go without a basic service. It would seem inappropriate to lower the interest rate to a point where the consumer is essentially mandated into subsidizing low interest loans to the utility. For the foregoing reasons and in consideration of the fact that this is an issue which the Commission may not be able to revisit in the near future the Commission finds that it would be appropriate for Citizens to pay an interest rate on security deposits which bears some relationship to the current interest rate(s) on an ongoing basis. The Commission will authorize an interest rate which is equal to a rate of one per cent (1%) above the prime lending rate as published in the Wall Street Journal. This rate shall be implemented on October 1st, 1993 and shall be set at the amount which is published in the Wall Street Journal for the last business day of September, 1993. This amount shall be adjusted annually by again using the prime lending rate published in the Wall Street Journal for the last business day of September of each year with the revised rate to be implemented on the first of October of each year.

#### Conclusions of Law

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

The applicant has met the procedural requirements of the Commission in terms of providing the documentation and pleadings as required by 4 CSR 240-30.060(5) (A), (B) and (H).

The Commission has jurisdiction over the applicant pursuant to RSMo 386.010 (1986) et seq., and the Commission has the specific authority to approve the tariff consisting of changes in

services and charges for "small telephone companies" pursuant to 392.230(5) RSMo Supp. 1992. Applicant is a public utility subject to Commission jurisdiction pursuant to the provisions of Chapters 386 and 392, RSMo 1986.

The Commission concludes that it has the inherent legal authority to accept a unanimous Stipulation and Agreement as offered by the parties herein as a resolution of the issues contained in the Agreement.

The Commission concludes the Findings of Fact herein are competent and substantial for the conclusion that the rate design devised by this order is reasonable and in the public interest.

**IT IS THEREFORE ORDERED:**

1. That the tariff submitted on March 25, 1993, by Citizens Telephone Company of Higginsville, Missouri, Inc. designed to produce an annual aggregate revenue increase of fourteen thousand dollars (\$14,000), to consolidate the Missouri exchanges of Mayview and Corder within the Higginsville exchange and to make certain other changes in their services tariffs and access rates is hereby rejected.

2. That the Stipulation and Agreement is hereby accepted by the Commission for implementation except as may be limited by the specific provision of this order.

3. That the company shall file its tariff consistent with the rates and rate design designated as reasonable and set out within this order by the effective date of this order. The aforesaid tariff shall become effective at 12:01 a.m. on October 1st, 1993, as set out in this order.

4. That the Oregon Farmers Access Tariff may be adopted by Citizens if, and only if, Citizens may do so and remain consistent with the entirety of this order.

5. That Citizens shall pay an interest amount on security deposits of one per cent (1%) above the prime interest rate as set out herein.

6. Exhibit No. 28 is hereby admitted into the record subject to the limitations set out above.

7. That this Report and Order shall become effective on September 21, 1993, however the current Citizens rates shall continue to be effective until 12:01 a.m. on October 1st, 1993, at which time the new rates shall take effect, subject to proper filing by the company and approval by the Commission.

BY THE COMMISSION

  
David L. Rauch  
Executive Secretary

(S E A L)

Mueller, Chm., McClure, Perkins  
and Crumpton, CC., Concur and certify  
compliance with the provisions of  
Section 536.080, RSMo 1986.  
Kincheloe, C., Dissents with Opinion.

Dated at Jefferson City, Missouri,  
on this 10th day of September, 1993.

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the matter of the application of Citizens )  
Telephone Company of Higginsville, Missouri, ) Case No. TR-93-268  
Inc. for authority to file, establish and put )  
into effect new, increased or revised rates and )  
charges for telephone service. )

STIPULATION AND AGREEMENT

As a result of the prehearing conference, Citizens Telephone Company of Higginsville, Missouri, Inc. ("Citizens" or "Company"), the Office of the Public Counsel ("OPC") and the Staff of the Missouri Public Service Commission ("the Staff"), referred to collectively as "the Parties", agree and stipulate as follows:

1. Citizens shall be authorized to file revised tariffs for intrastate telecommunications services that are designed to reduce jurisdictional gross annual revenues (exclusive of applicable gross receipts and franchise taxes) by \$105,000 from the present annual revenues. The specific rate levels necessary to generate this revenue requirement remain in dispute and will be the subject of the Hearing Memorandum to be filed in this docket.

**FILED**

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2. The Parties stipulate and agree that, effective October 1, 1993, Citizens shall be authorized to begin accruing depreciation expense at the rates set forth in Exhibit 1, which is attached hereto and incorporated herein by reference. In addition, the Parties agree that Citizens shall be authorized to amortize to expense over a five-year period beginning October 1, 1993, the debit depreciation reserves associated with Account 2215 - Step x Step Switching and Account 2231 - Other Radio Facilities; and the net of the investment in Account 2431 - Aerial Wire and its associated depreciation reserve.

3. The Company agrees to establish and maintain a mechanized continuing property record (CPR) system within a period of two years from October 1, 1993. In addition, the Company agrees to provide the Staff with a status report of its compliance with this undertaking every 6 months.

4. Commencing on October 1, 1993 and for a period of three years thereafter until October 1, 1996, Company shall not file tariffs for intrastate telecommunications services with the Commission which are designed to increase the aggregate level of its Missouri jurisdictional gross annual revenues, exclusive of franchise, gross receipts, sales taxes or other taxes, above the aggregate level of revenues produced by its intrastate telecommunications tariffs in effect on October 1, 1993.

5. Commencing on October 1, 1993 and for a period of three years thereafter until October 1, 1996, the Staff and Public Counsel shall not file with the Commission any complaint, petition, application or other pleading, document or request, written or oral, alleging that Company's earnings are excessive and requesting that Company reduce the aggregate level of its Missouri jurisdictional gross annual revenues produced by Company's intrastate telecommunications tariffs in effect on October 1, 1993. During such three-year period, the Staff and OPC shall not seek the issuance by the Commission of a notice of complaint or show cause order involving a proposed reduction of Company's rates or revenues or which may result in a determination that Company's earnings are excessive or that its rates are not just and reasonable. The provisions of this paragraph shall not be construed to prevent the Commission from exercising its other statutory rights, duties and obligations with respect to Company, or prohibit the Staff or Public Counsel from conducting an investigation or audit during the three year period ending October 1, 1996, for purposes of examining whether the intrastate telecommunications rates of Company are "just and reasonable" or excessive.

6. That the provisions of paragraph 4, supra, are not intended and shall not be construed to prevent Company from filing revised intrastate telecommunications tariffs which redesign all or a portion of the Company's intrastate telecommunications rates, but which do not increase the aggregate level of its Missouri jurisdictional gross annual revenues produced by its intrastate telecommunications tariffs in effect October 1, 1993, or from filing

any pleading pursuant to the provisions of Chapters 386 and 392, RSMo Supp. 1992, or the Commission's Rules of Practice and Procedure other than a tariff filing as described in paragraph 4, supra.

7. Notwithstanding the provisions of paragraphs 4, 5, and 6, supra, no party shall be precluded from filing a tariff, complaint, petition, application, or other pleading which would have the effect of increasing or decreasing the aggregate level of Citizens' jurisdictional gross annual revenues produced by Citizens' intrastate telecommunications tariffs in effect on October 1, 1993, in the event that an unusual event that would have a significantly adverse impact on telecommunications operations occurs, namely an act of God, a significant change in the federal or state tax laws, or a significant change in regulations applicable to public utility accounting and/or separations, which results in a net effect of a 10% increase or decrease in annual earnings. In the event any party files for a rate change pursuant to any of the above exceptions, any other party may file for or may recommend a different change in Citizens' Missouri revenues.

8. The Staff shall have the right to submit to the Commission, in memorandum or verbal 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 memorandum or briefing shall not become part of the record of this

proceeding and shall not bind or prejudice the Staff in any further proceeding. In the event the Commission does not approve this Stipulation and Agreement, the Staff's memorandum or briefing shall not bind or prejudice the Staff in this proceeding. Any rationales advanced by the Staff in such a memorandum or briefing are its own and are not acquiesced in or otherwise adopted by the other signatories.

9. This Stipulation and Agreement represents a negotiated settlement. Except as specified herein, the parties to this Stipulation and Agreement shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation and Agreement in any future proceeding, any proceeding currently pending under a separate docket, or this proceeding, should the Commission not approve this Stipulation and Agreement.

10. None of the parties to this Stipulation and Agreement shall be deemed to have approved of or acquiesced in any ratemaking principal or method of cost of service determination or cost allocation underlying the revenue requirement for which provision is made in this Stipulation and Agreement.

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

WHEREFORE, the signatories respectfully request that the Commission issue an order that approves this Stipulation and Agreement and directs Citizens to file a tariff that conforms to the terms hereof.

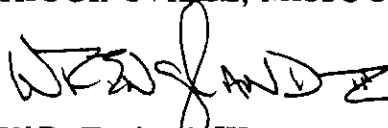
Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL



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CITIZENS TELEPHONE COMPANY OF  
HIGGINSVILLE, MISSOURI, INC.



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MISSOURI PUBLIC SERVICE COMMISSION



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# CITIZENS TELEPHONE CO.

TR-93-268

Effective October 1, 1993

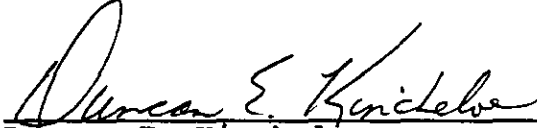
<u>Account Number</u>	<u>Account Name</u>	<u>Approved Depreciation Rate</u>
2112.0000	Motor Vehicles	4.3 %
2116.0000	Other Work Equipment	4.2 %
2121.0000	Buldings	2.6 %
2122.0000	Furniture	5.1 %
2123.1000	Office Support Equipment	18.6 %
2123.2000	Company Communications Eq.	11.3 %
2124.0000	General Purpose Computers	21.0 %
2212.0000	Digital Electronic Switching	6.8 %
2215.0000	Step x Step Switching	Amort. 5yr
2231.2000	Other Radio Facilities	Amort. 5yr
2232.0000	Circuit Equipment	11.8 %
2351.0000	Public Telephone Term Equip.	6.9 %
2411.0000	Poles	18.7 %
2421.0000	Aerial Cable	21.9 %
2422.0000	Underground Cable	4.2 %
2423.0000	Buried Cable	4.2 %
2431.0000	Aerial Wire	Amort. 5yr
2441.0000	Conduit System	2.0 %

DISSENTING OPINION OF COMMISSIONER DUNCAN E. KINCHELOE  
Citizens Telephone Company of Higginsville, Missouri, Inc.  
Case No. TR-93-268

I do not differ with the reasoning nor with the general policy direction of the Commission's order. However, the local increase and resultant basic rate is somewhat more than I consider reasonable. In view of the relatively substantial access rate relief (particularly for the intraLATA primary toll carrier) provided by the overall result of this docket, I would have treated the local rates described as "possible" by the Office of Public Counsel as the upper limit of a just and reasonable range in this case.

For this reason, I respectfully dissent.

Respectfully submitted,

  
\_\_\_\_\_  
Duncan E. Kincheloe,  
Commissioner

Dated at Jefferson City, Missouri,  
on this 10th day of September, 1993.