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March 12, 2003

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Mr. Dale Hardy Roberts
Secretary
Missouri Public Service Commission
P.O. Box 300
Jefferson City, MO 65102

Missouri Public
Service Commission

Re: BPS Telephone Company
Annual Change for maximum allowable prices under § 392.245.4(1), RSMo.

IO-2003-0012

Dear Mr. Roberts:

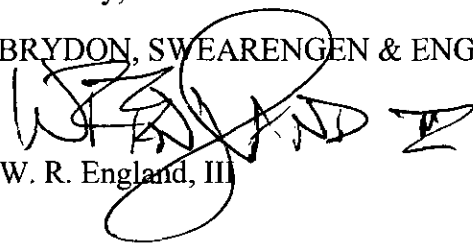
BPS Telephone Company first filed its written notice of election to be regulated under price cap regulation on March 13, 2002. Subsequently, BPS filed a second notice of election on July 17, 2002, after certain issues raised by the Missouri Public Service Commission Staff had been resolved. Staff and the Office of Public Counsel disputed BPS's right to elect price cap regulation, and a hearing was held before the Commission on February 7, 2003, at which the validity of the price cap election was challenged. Briefs have yet to be filed in that case, and a decision by the Commission cannot reasonably be expected for several weeks.

Pursuant to the requirements of the price cap statute, BPS is required to file its annual change to the maximum allowable prices for exchange access and basic local telecommunications services on or before March 13, 2003. BPS believes that its first election to be regulated under the price cap statute was valid, and, therefore, BPS is notifying the Commission that, after consideration of the slight increase in the Consumer Price Index - Telecommunication Services (CPI-TS), BPS does not intend to make any change to its maximum allowable prices for "basic" services at this time.

Sincerely,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:


W. R. England, III

cc: Office of Public Counsel
John Van Eschen
Mr. W. F. Provance