

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Review of the)
Competitive Classification of the)
Exchanges of Embarq Missouri, Inc., d/b/a)
Embarq)

Case No. IO-2008-_____

STAFF REPORT

COMES NOW the Staff of the Missouri Public Service Commission and for its report states:

1. Section 392.245.5 RSMo (Cum. Supp.), as amended effective August 28, 2005, provides a two-track procedure for a price-cap regulated incumbent local exchange telecommunications company to petition the Commission for competitive classification for its business service or its residential service, or both, in an exchange.

2. In Case No. IO-2003-0281, which pre-dated the amendment to Section 392.245.5 RSMo, the Commission's Report and Order granted Sprint Missouri (now known as Embarq¹) competitive classification for business services in 3 exchanges and for residential services in the same 3 exchanges. In Case No. IO-2006-0092, the Commission's Report and Order, effective September 29, 2005, granted Sprint competitive classification for business services in 4 exchanges and for residential services in 3 exchanges. In Case No. TO-2006-0375, the Commission's Order Granting Competitive Classification granted Embarq competitive classification for business services in 1 more exchange and for residential services in the same exchange. In Case No. IO-2006-0551, the Commission's Report and Order granted Embarq competitive classification for residential services in 5 more exchanges. In Case No. TO-2007-0301, the Commission's Order Granting Competitive Classification granted Embarq competitive

¹ In Case No. TN-2006-0416, the Commission recognized the name change from Sprint Missouri, Inc., to Embarq Missouri, Inc., d/b/a Embarq.

classification for business services in one more exchange. In Case No. TO-2008-0028, the Commission's Order Granting Competitive Classification granted Embarq competitive classification for residential services in one more exchange.

3. Section 392.245.5 directs:

The commission shall, *at least every two years*, or where an incumbent local exchange telecommunications company increases rates for basic local telecommunications services in an exchange classified as competitive, review those exchanges where an incumbent local exchange carrier's services have been classified as competitive, to determine if the conditions of this subsection for competitive classification continue to exist in the exchange and if the commission determines, after hearing, that such conditions no longer exist for the incumbent local exchange telecommunications company in such exchange, it shall reimpose upon the incumbent local exchange telecommunications company, in such exchange, the provisions of paragraph (c) of subdivision (2) of subsection 4 of section 392.200 and the maximum allowable prices established by the provisions of subsections 4 and 11 of this section, and, in any such case, the maximum allowable prices established for the telecommunications services of such incumbent local exchange telecommunications company shall reflect all index adjustments which were or could have been filed from all preceding years since the company's maximum allowable prices were first adjusted pursuant to subsection 4 or 11 of this section. (emphasis added)

4. In the attached verified Memorandum, the Staff discusses its review of the continued competitive classification for all of Embarq's competitively classified exchanges. In Staff's opinion, conditions for competitive classification continue to exist in Embarq's competitively classified exchanges.

WHEREFORE, the Staff requests the Commission to make Embarq a party to this case, to provide Embarq the opportunity to file a response to the Staff Report, and to review if the conditions for competitive classification continue to exist for all of Embarq's competitively classified exchanges.

Respectfully submitted,

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to the following this 28th day of September 2007.

/s/ William K. Haas

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